

THIS CIRCULAR TO SHAREHOLDERS OF SCGM BHD ("SCGM" OR OUR "COMPANY") IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

SHAREHOLDERS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS CIRCULAR. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY SHAREHOLDERS, SEE "RISK FACTORS" COMMENCING ON PAGE 39.

The Securities Commission Malaysia ("SC") has approved the Proposed Regularisation Plan (as defined herein) save for the Proposed Exemption (as defined herein). The approval of the Proposed Regularisation Plan (save for the Proposed Exemption) should not be taken to indicate that the SC recommends the Proposed Regularisation Plan or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Circular. The SC has not, in any way, considered the merits of the Proposed Regularisation Plan being tabled for shareholders' approval.

Pursuant to subparagraph 4.08(3) of the Rules on Take-overs, Mergers and Compulsory Acquisitions ("Rules"), the SC had on 26 June 2026 notified that it has no further comments to the contents of this Circular (including the independent advice letter ("IAL")) in respect of the Proposed Exemption. However, such notification shall not be taken to suggest that the SC recommends the Proposed Exemption, agrees with the recommendation of the independent adviser or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this Circular (including the IAL).

The SC is not liable for any non-disclosure on the part of our Company, Vendors (as defined herein) or Eramas Global Group Sdn Bhd and its subsidiaries (collectively, the "Eramas Group") and takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Circular.

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Circular.



SCGM BHD

SCGM BHD

(Registration No. 200701021012 (779028-H))

(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS OF SCGM IN RELATION TO

PART A

PROPOSED REGULARISATION PLAN

PART B

INDEPENDENT ADVICE LETTER FROM BDO CAPITAL CONSULTANTS SDN BHD TO OUR DIRECTORS AND NON-INTERESTED SHAREHOLDERS IN RELATION TO THE PROPOSED ACQUISITION (AS DEFINED HEREIN) AND PROPOSED EXEMPTION

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser and Placement Agent



BERJAYA
Berjaya Securities

Berjaya Securities Sdn Bhd

(formerly known as Inter-Pacific Securities Sdn Bhd)

(Registration No. 197201001092 (12738-U))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

Independent Adviser



BDO Capital Consultants Sdn Bhd

(Registration No. 199601032957 (405309-T))

(Incorporated in Malaysia)

The Extraordinary General Meeting ("EGM") of SCGM will be held at Creator Hotel Ballroom, 2nd Floor, Kulai Centre Point, Lot 1566, Batu 20, Jalan Kulai-Air Hitam, 81000 Kulai, Johor, Malaysia on Thursday, 16 July 2026 at 10.30 a.m., or at any adjournment thereof for the purpose of considering the Proposed Regularisation Plan. The Notice of the EGM together with the Form of Proxy for the EGM are enclosed in this Circular.

If you decide to appoint a proxy or proxies for the EGM, you must complete and deposit the Form of Proxy for the EGM at the office of our Share Registrar, Aldpro Corporate Services Sdn Bhd at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than 48 hours before the time appointed for holding the EGM or at any adjournment thereof. The completion and lodging of the Form of Proxy for the EGM will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so and in such an event, your Form of Proxy for the EGM shall be deemed to have been revoked.

Last day, date and time for lodging the Form of Proxy : Tuesday, 14 July 2026 at 10.30 a.m.

Day, date and time of the EGM : Thursday, 16 July 2026 at 10.30 a.m.

This Circular is dated 29 June 2026

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE FOLLOWING:

PART A

- (I) PROPOSED CASH DISTRIBUTION OF APPROXIMATELY RM48.14 MILLION OR RM0.25 PER ORDINARY SHARE IN SCGM (“SCGM SHARE”) HELD BY THE SHAREHOLDERS OF SCGM ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED AT A LATER DATE (“PROPOSED SPECIAL DIVIDEND”);**
- (II) PROPOSED ACQUISITION BY SCGM OF THE ENTIRE EQUITY INTEREST IN ERAMAS GLOBAL GROUP SDN BHD FROM 7 INDIVIDUAL VENDORS (“VENDORS”) FOR A TOTAL PURCHASE CONSIDERATION OF RM207.94 MILLION WHICH WILL BE FULLY SATISFIED THROUGH THE ISSUANCE OF 569,698,630 NEW SCGM SHARES AT AN ISSUE PRICE OF RM0.365 EACH (“PROPOSED ACQUISITION”);**
- (III) PROPOSED OFFER FOR SALE BY THE VENDORS OF UP TO 95,300,000 SCGM SHARES (“OFFER SHARES”) TO BUMIPUTERA INVESTORS APPROVED OR RECOGNISED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY, INSTITUTIONAL INVESTORS AND SELECTED INVESTORS AT AN OFFER PRICE OF RM0.365 EACH (“PROPOSED OFFER FOR SALE”); AND**
- (IV) PROPOSED EXEMPTION UNDER SUBPARAGRAPH 4.08(1)(A) OF THE RULES FOR THE VENDORS AND PERSONS ACTING IN CONCERT WITH THEM FROM THE OBLIGATION TO UNDERTAKE A MANDATORY TAKE-OVER OFFER TO ACQUIRE THE REMAINING SCGM SHARES NOT ALREADY OWNED BY THEM UPON COMPLETION OF THE PROPOSED ACQUISITION (“PROPOSED EXEMPTION”),**

(COLLECTIVELY REFERRED TO AS THE “PROPOSED REGULARISATION PLAN”)

PART B

INDEPENDENT ADVICE LETTER FROM BDO CAPITAL CONSULTANTS SDN BHD TO OUR DIRECTORS AND NON-INTERESTED SHAREHOLDERS IN RELATION TO THE PROPOSED ACQUISITION AND PROPOSED EXEMPTION

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

RESPONSIBILITY STATEMENTS

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

The Vendors collectively and individually accept full responsibility for the accuracy of the information relating to the Vendors and Eramas Group in this Circular. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement relating to the Vendors and Eramas Group in this Circular false or misleading.

The directors of Eramas Global Group Sdn Bhd collectively and individually accept full responsibility for the accuracy of the information relating to the Eramas Group in this Circular. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement relating to the Eramas Group in this Circular false or misleading.

Further, the Directors of SCGM have seen and approved the IAL. Their responsibility in respect of the independent advice and expression of opinion by BDO Capital Consultants Sdn Bhd ("**BDOCC**") in relation to the Proposed Acquisition and Proposed Exemption as set out in the IAL is to ensure that all statements, facts and/or information in relation to SCGM that are relevant to BDOCC's evaluation of the Proposed Acquisition and Proposed Exemption, have been reasonably, accurately and completely disclosed and provided to BDOCC and is free from material omission.

Berjaya Securities Sdn Bhd (formerly known as Inter-Pacific Securities Sdn Bhd), being the Principal Adviser, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Circular (save for the independent advice and expression of opinion by BDOCC) constitutes a full and true disclosure of all material facts concerning the Proposed Regularisation Plan.

STATEMENTS OF DISCLAIMER

The valuation utilised for the purpose of the Proposed Acquisition should not be construed as an endorsement by the SC on the value of the subject assets.

INDICATIVE TIMETABLE

Subject to all relevant approvals being obtained, the Proposed Regularisation Plan is expected to be completed by the 4th quarter of year 2026.

The indicative timetable for the implementation of the Proposed Regularisation Plan is as follows:-

Events	Date
EGM for the Proposed Regularisation Plan	16 July 2026
Submission of the application for the Proposed Exemption to the SC	Mid-July 2026
Receipt of approval from the SC in relation to the Proposed Exemption	End-July 2026
Entitlement date for the Proposed Special Dividend	August 2026
Completion of the Proposed Acquisition and Proposed Offer for Sale	September 2026 / October 2026
Listing and quotation of the Consideration Shares and Offer Shares on the Main Market of Bursa Malaysia Securities Berhad	
Completion of the Proposed Regularisation Plan	

Any change to the indicative timetable will be announced on Bursa Malaysia Securities Berhad.

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DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

Acquisition of Eramas Ingredients	: Acquisition by Eramas Global Group of 100% equity interest in Eramas Ingredients from Chin Kok Tian, Yan Hua Lan, Tan Ah Tek, Gan Chuan Lee and Tan Tai Chong for a total purchase consideration of RM62.50 million, which was completed on 1 March 2024
Acquisition of Eramas International Holdings	: Acquisition by Eramas Global Group of 100% equity interest in Eramas International Holdings from Chin Kok Tian, Yan Hua Lan, Tan Ah Tek, Gan Chuan Lee, Tey Chee Shin, Tan Tai Chong and Lau Sie Khian for a total purchase consideration of RM156.25 million, which was completed on 28 February 2024
Acquisition of Eramas Marketing	: Acquisition by Eramas International Holdings of 100% equity interest in Eramas Marketing from Chin Kok Tian, Yan Hua Lan, Tan Ah Tek, Gan Chuan Lee, Tey Chee Shin, Tan Tai Chong and Lau Sie Khian for a total purchase consideration of RM1.00 million, which was completed on 27 December 2023
Acquisition of Erapoly Global	: Acquisition by Eramas International Holdings of 100% equity interest in Erapoly Global from Chin Kok Tian, Yan Hua Lan and Tey Chee Shin for a total purchase consideration of RM7.50 million, which was completed on 27 December 2023
Acquisition of PT Eramas	: Acquisition by Eramas Global Group of 35% equity interest in PT Eramas from Chin Kok Tian, Yan Hua Lan and Tan Ah Tek for a total purchase consideration of RM6,999,900, which was completed on 9 July 2024
Act	: Companies Act, 2016
AGM	: Annual general meeting
BDOCC or the Independent Adviser	: BDO Capital Consultants Sdn Bhd (Registration No. 199601032957 (405309-T)), incorporated in Malaysia
Berjaya Securities or the Principal Adviser or the Placement Agent	: Berjaya Securities Sdn Bhd (formerly known as Inter-Pacific Securities Sdn Bhd) (Registration No. 197201001092 (12738-U)), incorporated in Malaysia
Board	: Board of Directors of SCGM
Board Committees	: Collectively, the Audit Committee, Nomination Committee and Remuneration Committee
Bursa Depository or the Depository	: Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W)), incorporated in Malaysia
Bursa Securities	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W)), incorporated in Malaysia
Business Day	: A day (other than a Saturday, Sunday or a public holiday) on which banks are open for business in Selangor and Kuala Lumpur
CAGR	: Compound annual growth rate
Capital Reduction and Repayment 2023	: Capital reduction and repayment exercise under Section 116 of the Act, of which a cash distribution of RM0.36 per Share was paid on 4 January 2023

DEFINITIONS *(cont'd)*

Cash Company	: A listed issuer whose assets on a consolidated basis, consist of 70% or more of cash or short term investments, or a combination of both, and has been considered by Bursa Securities as a Cash Company under paragraph 8.03(1) of the Listing Requirements
CCC	: Certificate of Completion and Compliance
CFO	: Certificate of Fitness for Occupation
Circular	: This circular to our Shareholders in relation to the Proposed Regularisation Plan
CMSA	: Capital Markets and Services Act, 2007
Completion Date	: The date of completion of the Proposed Acquisition which shall be the date on which our Company is entered into the Register of Members of Eramas Global Group as the holder of the Sale Shares
Consideration Shares	: 569,698,630 new SCGM Shares to be issued to the Vendors pursuant to the Proposed Acquisition
Constitution	: Constitution of our Company
COVID-19	: Coronavirus disease 2019
CPO	: Crude palm oil
Cut-Off Date	: A date falling 9 months from the date of the SSA or such other later date as may be agreed upon between SCGM and the Vendors as the last date by which the conditions precedents as set out in Section 5, Appendix I of this Circular must be fulfilled. Pursuant to an addendum to the share sale agreement dated 24 September 2025 and 2 nd addendum to the share sale agreement dated 14 May 2026, our Company and the Vendors mutually agreed to extend the period for the satisfaction or fulfilment of the conditions precedent under the SSA until 31 December 2026
DCF	: Discounted cash flow
Director	: A director of our Company and shall have the meaning given in subsection 2(1) of the CMSA and where it relates to Chapter 10 of the Listing Requirements, this shall include any person who is or was within the preceding 6 months of the date on which the terms of the Proposed Acquisition were agreed upon, a director or a chief executive of a corporation, its subsidiary or holding company
Disposal of LSSPI	: Disposal of 100% equity interest in LSSPI by our Company to Mitsui & Co., Ltd and FP Corporation for a total cash consideration of approximately RM556.99 million (including an additional disposal consideration of RM12.61 million, which was determined following the post completion adjustments pursuant to the share sale agreement dated 9 May 2022 (as varied and amended pursuant to an addendum letter to the share sale agreement dated 24 June 2022)), which was completed on 31 August 2022
Disposal of PT Eramas	: Disposal by Eramas Global Group of 35% equity interest in PT Eramas to PT Pulaumas Moromulia for a cash consideration of RM7.00 million, which was deemed completed on 29 August 2025. Further details of the Disposal of PT Eramas are set out in Section 2.1(v), Appendix III(A) of this Circular

DEFINITIONS *(cont'd)*

DOSH	: Department of Occupational Safety and Health Malaysia
EGM	: Extraordinary general meeting
Enlarged SCGM Group	: Collectively, the SCGM Group and the Eramas Group following the completion of the Proposed Acquisition
Entitlement Date	: A date to be determined by our Board and announced later after the approvals from the relevant authorities and our Shareholders for the Proposed Regularisation Plan have been obtained, on which the names of our Shareholders must appear in the Record of Depositors of our Company as at 5.00 pm in order to participate in the Proposed Special Dividend
EPS	: Earnings per share
Equity Guidelines	: Equity Guidelines issued by the SC
Eramas Group	: Collectively, (1) Eramas Global Group and its subsidiaries, namely (2) Eramas International Holdings, (3) Erapoly Global, (4) Eramas Marketing and (5) Eramas Ingredients, in accordance with MFRS 10 Consolidated Financial Statements
Eramas Shares	: Ordinary shares in Eramas Global Group
Financial Years Under Review	: Collectively, FYE 2019, FYE 2020, FYE 2021, FYE 2022, FYE 2023, FYE 2024 and FYE 2025
FSSC 22000	: Food Safety System Certification 22000
FYE	: Financial year ended / ending 31 December
Government	: Government of Malaysia
GP	: Gross profit
Guaranteed Net Profit	: Consolidated PAT of RM18.00 million to be achieved by the Eramas Group for FYE 2025
HACCP	: Hazard Analysis and Critical Control Point
HOA	: Heads of agreement dated 20 March 2024 entered into between our Company and the Vendors for the proposed acquisition by SCGM of the entire equity interest in Eramas Global Group from the Vendors (as amended and varied by an addendum to the HOA dated 16 October 2024)
HOA LTD	: 19 March 2024, being the last trading date prior to the date of the HOA
IAL	: Independent advice letter from BDOCC dated 29 June 2026 to our Directors and non-interested Shareholders in relation to the Proposed Acquisition and Proposed Exemption
IMR Report	: Independent market research report dated 3 June 2026 on the coconut products, palm oil products and dairy products industries in Malaysia prepared by Protégé Associates
Indicative Valuation	: Indicative fair value for the entire equity interest in Eramas Global Group as at the evaluation date of 29 May 2026

DEFINITIONS (*cont'd*)

Interested Parties	: Collectively, Chin Kok Tian and Yan Hua Lan who are interested in the Proposed Acquisition, Proposed Offer for Sale and Proposed Exemption
Internal Restructuring of Eramas Group	: Internal restructuring exercise of the Eramas Group which had been completed and comprises the following corporate proposals which are further detailed in Section 2.1, Appendix III(A) of this Circular:- (i) Acquisition of Erapoly Global; (ii) Acquisition of Eramas Marketing; (iii) Acquisition of Eramas International Holdings; (iv) Acquisition of Eramas Ingredients; and (v) Acquisition of PT Eramas PT Eramas subsequently ceased to be an associate of Eramas Global Group as a result of the Disposal of PT Eramas which was deemed completed on 29 August 2025
JAKIM	: Department of Islamic Development Malaysia
KCI	: Kapar Coconut Industries Sdn Bhd (Registration No. 197801001708 (38727-D)), incorporated in Malaysia
Key Senior Management	: Key senior management of the Enlarged SCGM Group, comprising key senior management of the Eramas Group
Listing Requirements	: Main Market Listing Requirements of Bursa Securities
Lot 4089 Kajang	: Lot 4089, Jalan P4/8, Seksyen 4, Bandar Teknologi Kajang, 43500 Semenyih, Selangor
Lot 34719 Enstek	: Lot 34719, Lengkok Teknologi, Taman Teknologi Enstek (Techpark @ Enstek), 71760 Bandar Baru Enstek, Negeri Sembilan
LPD	: 29 May 2026, being the latest practicable date prior to the printing of this Circular
LSSPI	: Lee Soon Seng Plastic Industries Sdn Bhd (Registration No. 198401006602 (119117-M)), incorporated in Malaysia
Major Shareholder	: A person who has an interest or interests in one or more voting shares in a corporation and the number or aggregate number of those shares, is:- (i) 10% or more of the total number of voting shares in the corporation; or (ii) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation. For the purpose of this definition, “interest” shall have the meaning of “interest in shares” given in Section 8 of the Act. Where it relates to Chapter 10 of the Listing Requirements, a “Major Shareholder” shall include any person who is or was within the preceding 6 months of the date on which the terms of the Proposed Acquisition were agreed upon, a major shareholder of the listed issuer or any other corporation which is its subsidiary or holding company
Mandatory Offer	: Mandatory take-over offer pursuant to subparagraph 4.01(a) of the Rules

DEFINITIONS (cont'd)

Market Day	: A day on which the stock market of Bursa Securities is open for trading in securities, which may include a Surprise Holiday. A “ Surprise Holiday ” means a day that is declared as a public holiday in the Federal Territory of Kuala Lumpur that has not been gazetted as a public holiday at the beginning of the calendar year
Maximum Shareholding Scenario	: Illustration of the maximum collective shareholdings of the Vendors and PACs in SCGM after the Proposed Regularisation Plan based on the assumption that:- (i) all existing non-public Shareholders (other than the Vendors and PACs) dispose of their Shares to public Shareholders prior to the completion of the Proposed Regularisation Plan; (ii) 45,280,877 existing Shares held by the Vendors (but none of the Consideration Shares) are subscribed by public Shareholders under the Proposed Offer for Sale; and (iii) arising therefrom, our Company has a public shareholding spread of 25% upon completion of the Proposed Regularisation Plan, comprising the Shares held by all our Shareholders (other than the Vendors and PACs)
MCCG	: Malaysian Code on Corporate Governance
MCO	: Movement control order imposed by the Government under the Prevention and Control of Infectious Diseases Act, 1988 and the Police Act, 1967 as a measure to contain the outbreak of COVID-19
MeSTI	: Makanan Selamat Tanggungjawab Industri
MFRS	: Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board
Minimum Shareholding Scenario	: Illustration of the minimum collective shareholdings of the Vendors and PACs in SCGM after the Proposed Regularisation Plan based on the assumption that:- (i) all existing non-public Shareholders (other than the Vendors) continue to hold their existing Shares after the completion of the Proposed Regularisation Plan; (ii) all 95,300,000 Offer Shares (including 48,185,000 Consideration Shares) are fully subscribed under the Proposed Offer for Sale; and (iii) arising therefrom, our Company has a public shareholding spread of 28.65% upon completion of the Proposed Regularisation Plan
MITI	: Ministry of Investment, Trade and Industry of Malaysia
MOH	: Ministry of Health Malaysia
Moratorium Period	: 6 months from the date the Consideration Shares are listed on Bursa Securities
Moratorium Requirement	: Moratorium which will be imposed on the Consideration Shares to be received by the Vendors pursuant to paragraph 7.19(a) of the Equity Guidelines
MPOB	: Malaysian Palm Oil Board
NA	: Net assets

DEFINITIONS *(cont'd)*

Offer Shares	: Up to 95,300,000 SCGM Shares to be offered by the Vendors under the Proposed Offer for Sale
Official List	: A list specifying all securities listed on Bursa Securities
PACs	: Persons acting in concert with the Vendors who hold SCGM Shares as at the LPD, in accordance with subsections 216(2) and 216(3) of the CMSA, namely (1) Tan Lee Eng and (2) Chin Kai Ying
PAT	: Profit after taxation
PBT	: Profit before taxation
PE or PE Multiple	: Price-to-earnings multiple
Pledged Entitlements	: Any dividends, distributions and additional securities declared and paid or issued by SCGM in respect of the Pledged Shares
Pledged Shares	: Consideration Shares to be pledged by the Vendors to secure their obligations in respect of the Profit Guarantee pursuant to the SSA
Profit Guarantee	: Irrevocable and unconditional guarantee provided by the Vendors, jointly and severally, to our Company that the Eramas Group shall achieve the Guaranteed Net Profit
Proposed Acquisition	: Proposed acquisition by SCGM of the entire equity interest in Eramas Global Group from the Vendors for a total purchase consideration of RM207.94 million which will be fully satisfied through the issuance of 569,698,630 Consideration Shares at an issue price of RM0.365 each
Proposed Directors	: Collectively, Chin Kok Tian, Yan Hua Lan, Tan Ah Tek and Dr. May Luwe Chin Kei who will be appointed as our Directors upon completion of the Proposed Regularisation Plan
Proposed Exemption	: Proposed exemption under subparagraph 4.08(1)(a) of the Rules for the Vendors and PACs from the obligation to undertake a Mandatory Offer to acquire the remaining SCGM Shares not already owned by them upon completion of the Proposed Acquisition
Proposed Offer for Sale	: Proposed offer for sale of up to 95,300,000 Offer Shares, representing up to 12.50% of the enlarged total number of SCGM Shares after the Proposed Acquisition, at an offer price of RM0.365 per Offer Share to comply with the Bumiputera equity requirement as stipulated by the SC for public listed companies and the public shareholding spread requirement pursuant to paragraph 3.06 of the Listing Requirements
Proposed Regularisation Plan	: Collectively, the Proposed Special Dividend, Proposed Acquisition, Proposed Offer for Sale and Proposed Exemption
Proposed Special Dividend	: Proposed cash distribution of approximately RM48.14 million or RM0.25 per SCGM Share held by our Shareholders on the Entitlement Date
Protégé Associates	: Protégé Associates Sdn Bhd (Registration No. 200401037256 (675767-H)), incorporated in Malaysia
PT Eramas	: PT Eramas Coconut Industries (Registration No. 8120100841237), incorporated in Indonesia

DEFINITIONS *(cont'd)*

Purchase Consideration	:	Purchase consideration of RM207.94 million payable by our Company to the Vendors in relation to the Proposed Acquisition
R&D	:	Research and development
Record of Depositors	:	A record provided by Bursa Depository to our Company under the Rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991, including the Securities Industry (Central Depositories) Amendment Act, 1998
Rules	:	Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the SC
Sale Shares	:	225,749,903 Eramas Shares, representing the entire equity interest in Eramas Global Group
SC	:	Securities Commission Malaysia
SCGM or our Company	:	SCGM Bhd (Registration No. 200701021012 (779028-H)), incorporated in Malaysia
SCGM Group or our Group	:	SCGM and our subsidiary
SCGM Shares or our Shares	:	Ordinary shares in SCGM
Share Registrar or our Registrar	:	Aldpro Corporate Services Sdn Bhd (Registration No. 202101043817 (1444117-M)), incorporated in Malaysia
Shareholders	:	Shareholders of our Company
Special Dividend 2022	:	Special cash dividend of RM1.85 per Share, which was paid on 29 September 2022
SSA	:	Conditional share sale agreement dated 27 December 2024 entered into between our Company and the Vendors for the Proposed Acquisition (as amended and varied by an addendum to the share sale agreement dated 24 September 2025 and 2 nd addendum to the share sale agreement dated 14 May 2026)
SSA LTD	:	26 December 2024, being the last trading date prior to the date of the SSA and announcement of the Proposed Regularisation Plan
SST	:	Sales tax and service tax
Trustee	:	Independent trustee to be appointed by SCGM
US	:	United States of America
Vendors	:	Collectively, (1) Chin Kok Tian, (2) Yan Hua Lan, (3) Tan Ah Tek, (4) Gan Chuan Lee, (5) Tey Chee Shin, (6) Tan Tai Chong and (7) Lau Sie Khian
VWAP	:	Volume-weighted average market price
WYNCORP or the Independent Business Valuer	:	WYNCORP Advisory Sdn Bhd (Registration No.: 200301029902 (632322-H)), incorporated in Malaysia

DEFINITIONS (*cont'd*)

YA : Year of assessment

EXISTING 100%-OWNED SUBSIDIARY OF SCGM

Habipack : Habipack Sdn Bhd (Registration No. 202201021571 (1467268-T)), incorporated in Malaysia

PROPOSED 100%-OWNED SUBSIDIARIES OF SCGM

Eramas Global Group : Eramas Global Group Sdn Bhd (Registration No. 202401007159 (1553009-D)), incorporated in Malaysia, being the target asset to be acquired in relation to the Proposed Acquisition

Eramas Ingredients : Eramas Ingredients Sdn Bhd (Registration No. 201401044733 (1120915-W)), incorporated in Malaysia

Eramas International Holdings : Eramas International Holdings Sdn Bhd (Registration No. 202301041091 (1535010-K)), incorporated in Malaysia

Eramas Marketing : Eramas Marketing (SEA) Sdn Bhd (Registration No. 201901034886 (1344216-X)), incorporated in Malaysia

Erapoly Global : Erapoly Global Sdn Bhd (Registration No. 200801028569 (829896-X)), incorporated in Malaysia

CURRENCIES

IDR : Indonesian Rupiah

PHP : Philippine Peso

RM and sen : Ringgit Malaysia and sen

SGD : Singapore Dollar

THB : Thai Baht

USD : United States Dollar

UNIT OF MEASUREMENTS

% : Per centum or percentage

g : Gram

kg : Kilogram

MT : Metric tonne

sq ft : Square feet

GLOSSARY OF TECHNICAL TERMS

Except where the context otherwise requires, the following technical terms used throughout this Circular shall have the meaning as set out below:-

Blending tank	: A specialised vessel used to mix and combine various liquid and powdered ingredients to ensure a homogenous mixture
Boiler	: An industrial device designed to generate steam or hot water by heating water providing heat energy required for operations such as pasteurisation, drying and sterilisation
Carrageenan-free	: Used to describe food and beverages that do not contain carrageenan additive, a natural thickening and stabilising agent
Chemical wash	: An equipment cleaning process using chemical solutions to remove contaminants, residues or microorganisms to ensure hygiene and compliance with quality and safety standards
Cold storage container	: A type of insulated container unit designed to maintain low temperatures for storage and/or transportation of temperature sensitive products to preserve freshness and quality of food products
Contaminants	: Unwanted substances or impurities that can compromise the quality, safety or functionality of products during manufacturing process
Cross contamination	: Refers to the unintentional transfer of contaminants such as microorganisms, allergens or chemical residues from one substance, surface or material to another and poses a significant risk to product safety and quality
Dairy-free	: A product labelled as "dairy-free" does not contain milk or any milk-derived ingredients, such as butter or cream
Dehydration process	: A process that involves the removal of water or moisture from raw materials or products to extend shelf life, reduce weight and maintain quality
Drying chamber	: A specialised enclosed space used in manufacturing process to reduce or eliminate moisture content in materials or products through heating and airflow
Emulsifier	: A substance that is used to stabilise and maintain uniform mixture of two or more liquids and is crucial in creating consistent liquid texture
Halal	: Used to describe a product is qualified to be consumed by Muslims, which means that the food or goods does not contain any harmful or any part of matter that was forbidden by the Shariah law
Homogeniser	: An equipment designed to achieve uniform and stable mixture of liquid
Kosher	: Used to describe the food that is suitable for a Jew to eat
MCT	: Medium-chain triglyceride, a type of fat commonly found in coconut oil, palm kernel oil, and dairy products. It is easily absorbed and metabolised due to its composition and is generally used in health and dietary supplements

GLOSSARY OF TECHNICAL TERMS *(cont'd)*

Metallic impurities	: Refers to metal particles that may unintentionally contaminate raw materials, equipment or finished products during manufacturing processes. These impurities can arise due to equipment wear, environmental exposure or raw material contamination
OEM	: Original equipment manufacturer
Oil palm fruit	: The fruit of the oil palm tree that is used to produce palm oil and palm kernel oil and are typically grown in large bunches. The fruit, which can be broken down into the outer flesh and inner kernel, allows for the harvest or extraction of palm oil and palm kernel oil
Palm fatty acid	: A by-product derived from the processing of palm oil. It is commonly used in the production of soaps, detergents, and other industrial products due to its cleansing and emulsifying properties
Palm kernel	: The seed found inside the fruit of the oil palm tree. It is primarily used to produce palm kernel oil, an ingredient typically used in food, cosmetics, and industrial products
Palm olein	: The liquid fraction obtained from the fractionation of palm oil and is commonly used as cooking oil and in the manufacturing of processed foods. Fractionation is a process used to separate a mixture into components based on differences in physical properties such as melting points to separate oil into solid and liquid fractions
Palm oleochemicals	: A compound derived from palm oil and palm kernel oil and is typically used as materials in the production of industrial products such as soaps and detergents
Pasteuriser	: A machine or system used to heat liquids or semi-liquid products to a specific temperature for a set period to destroy harmful microorganisms and is widely used in food and beverage production
Planting material	: Refers to seeds, seedlings, cuttings, or other vegetative parts used to propagate and cultivate crops
Production downtime	: Periods when manufacturing processes are halted due to various reasons which include equipment failure, maintenance, supply chain delays or other operational issues
Racking system	: A structured framework used for organised storage of materials or products in warehouses and manufacturing facilities to optimise space and improve accessibility
RBD	: Refined, bleached and deodorised, a process applied to raw oils such as palm oil or coconut oil to improve their quality, appearance and shelf life. This process removes impurities, odour and colour while retaining the oil's nutritional value and usability in food and industrial applications
Reach truck	: A type of forklift designed for use in warehouses and manufacturing facilities to lift and transport materials or products in shelving systems
SKU	: Stock keeping unit, an identification of a particular product that is used in inventory management to measure the distinct types of items for sale. Each SKU is distinguished based on attributes such as product category, brand and packing size

GLOSSARY OF TECHNICAL TERMS *(cont'd)*

Solidifier	: A substance used in manufacturing processes to convert liquids or semi-liquids into solid form to achieve desired texture and stability
Spray drying	: A process that converts liquid substances into powdered form by spraying the liquid into a fine mist within drying chamber that results in rapid drying
Stabiliser	: An additive used in manufacturing to maintain the consistency, texture, and quality of a product by preventing separation or degradation
Stearin	: The solid fraction that is obtained during the fractionation of palm oil or other fats
UHT	: Ultra High Temperature, a processing method that involves heating liquids such as milk to a very high temperature for a few seconds to eliminate harmful microorganisms and extends shelf life without refrigeration
Vegan	: Used to describe plant-based products made entirely from plants, and excludes meat, dairy, and any other ingredients derived from animals
Viscosity	: Viscosity is the measure of a fluid's resistance to flow. A fluid with low viscosity has little resistance to flow and hence, will flow easily and quickly

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PRESENTATION OF INFORMATION

All references to “our Company” and “SCGM” in this Circular are to SCGM Bhd and references to “our Group” or “SCGM Group” are to our Company and our subsidiary. All references to “we”, “us”, “our” and “ourselves” are to our Company, and where the context requires, our Group or our subsidiary. All references to “you”, “your”, “yourselves” and “our Shareholders” in this Circular are to the shareholders of SCGM.

The word “approximately” used in this Circular indicates that a number is not exact. Certain numbers presented in this Circular have been subjected to rounding adjustments. Any discrepancies in the tables or charts included in this Circular between the amounts listed and totals are due to rounding adjustments.

Words denoting the singular shall, where applicable, include the plural and *vice versa* and words denoting the masculine gender shall, where applicable, include the feminine gender and neuter gender and *vice versa*. Reference to persons shall, where applicable, include companies and corporations.

Any reference to provisions of the statutes, rules, regulations, enactments or rules of stock exchange shall (where the context admits), be construed as a reference to provisions of such statutes, rules, regulations, enactments or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactments to the statutes, rules, regulations, enactments or rules of stock exchange for the time being in force.

In accordance with the Equity Guidelines, the indirect shareholding in SCGM or Eramas Global Group as set out in this Circular includes shareholdings held by immediate family members. An immediate family member means a mother, father, child, brother, sister, an adopted child or a step child.

Any reference to a time or date shall be a reference to a time or date in Malaysia, unless otherwise stated.

Certain statements in this Circular are forward-looking in nature and are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board, the Vendors and the directors of Eramas Global Group after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty by our Group, our advisers, the Vendors and the Eramas Group that such plans and objectives will be achieved.

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STOCK EXCHANGE	: Main Market of Bursa Securities

APPROVALS AND CONDITIONS

The Proposed Regularisation Plan is subject to the following being obtained:-

- (i) the approval from the SC for the following:-
 - (a) the Proposed Regularisation Plan pursuant to subsection 214(1) of the CMSA, including the relief from complying with the requirements of paragraph 7.19(a) of the Equity Guidelines to allow up to 48,185,000 Consideration Shares, representing up to 6.32% of the enlarged total number of SCGM Shares after the Proposed Acquisition, to be offered for subscription under the Proposed Offer for Sale.

The Proposed Regularisation Plan is a proposal which would result in a significant change in the business direction or policy of our Company pursuant to paragraph 2.01 of the Equity Guidelines as it involves an acquisition of assets by our Company, which is classified as a Cash Company by Bursa Securities under Chapter 8 of the Listing Requirements, to regularise our Company's condition;
 - (b) the Proposed Regularisation Plan under the Bumiputera equity requirement for public listed companies; and
 - (c) the Proposed Exemption. The Vendors and PACs will only submit an application to seek the approval from the SC for the Proposed Exemption after the approval from our Shareholders is obtained.

The SC had, vide its letter dated 29 May 2025, approved:-

- (a) the application in relation to the Proposed Regularisation Plan (save for the Proposed Exemption) under subsection 214(1) of the CMSA, subject to the terms and condition as contained below; and
- (b) the application under the Bumiputera equity requirement for public listed companies pursuant to the Proposed Regularisation Plan, subject to SCGM allocating shares equivalent to 12.5% of its enlarged number of issued shares upon completion of the Proposed Regularisation Plan to Bumiputera investors to be approved by the MITI,

subject to the following terms and conditions:-

(a) Terms

- (1) Proposed cash distribution of approximately RM48.1 million or RM0.25 per SCGM Share held by our Shareholders on the Entitlement Date;
- (2) Proposed acquisition by SCGM of the entire equity interest in Eramas Global Group from the Vendors for a total purchase consideration of approximately RM207.9 million which will be fully satisfied through the issuance of 569,698,630 Consideration Shares at an issue price of RM0.365 per Consideration Share;
- (3) Proposed offer for sale by the Vendors of up to 95,300,000 Offer Shares to Bumiputera investors approved or recognised by the MITI, institutional investors and selected investors at an offer price of RM0.365 per Offer Share;
- (4) Proposed exemption under subparagraph 4.08(1)(a) of the Rules for the Vendors and PACs from the obligation to undertake a Mandatory Offer to acquire the remaining SCGM Shares not already owned by them upon completion of the Proposed Acquisition; and
- (5) Listing of and quotation for 569,698,630 new SCGM Shares to be issued pursuant to the Proposed Acquisition on the Main Market of Bursa Securities.

(b) Condition

No.	Condition imposed	Status of compliance
1.	Berjaya Securities (formerly known as Inter-Pacific Securities Sdn Bhd) and SCGM to fully comply with the requirements of the Equity Guidelines and Listing Requirements pertaining to the implementation of the Proposed Regularisation Plan	To be complied

- (ii) the approval from Bursa Securities for the listing and quotation of 569,698,630 Consideration Shares on the Main Market of Bursa Securities.

Bursa Securities had, vide its letter dated 13 May 2026, resolved to approve the listing and quotation of 569,698,630 new SCGM Shares to be issued to the Vendors pursuant to the Proposed Acquisition.

Berjaya Securities and/or SCGM are required to comply with the following:-

No.	Conditions imposed	Status of compliance
1.	Submission of the following information with respect to the moratorium on the shareholdings of the specified Shareholders to Bursa Depository:- (a) Name of Shareholders; (b) Number of Shares; and (c) Date of expiry of the moratorium for each block of Shares	To be complied
2.	Approvals from other relevant authorities have been obtained for implementation of the Proposed Regularisation Plan	To be complied
3.	Furnish Bursa Securities with certified true copy of the resolutions passed by the Shareholders at the EGM approving the Proposed Regularisation Plan	To be complied
4.	Furnish to Bursa Securities a copy of the schedule of distribution showing compliance with the public shareholding spread requirements at least 1 Market Day prior to the listing of and quotation for the new SCGM Shares to be issued pursuant to the Proposed Acquisition	To be complied
5.	Furnish to Bursa Securities a confirmation of compliance with paragraph 2.2(b)(ii)(aa) of Practice Note 5 of the Listing Requirements by all the directors at least 2 Market Days prior to the listing of and quotation for the new SCGM Shares to be issued pursuant to the Proposed Acquisition	To be complied

II APPROVALS AND CONDITIONS (cont'd)

No.	Conditions imposed	Status of compliance
6.	Berjaya Securities / SCGM are required to inform Bursa Securities upon completion of the Proposed Regularisation Plan and to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Regularisation Plan is completed	To be complied
7.	Berjaya Securities / SCGM are required to ensure full compliance with all requirements as provided under the Listing Requirements pertaining to the implementation of the Proposed Regularisation Plan	To be complied

- (iii) the approval from the MITI for the allocation of Offer Shares to Bumiputera investors approved or recognised by the MITI.

The MITI had, vide its letter dated 7 May 2025, notified that it has agreed with the Proposed Regularisation Plan, which will result in a total number of 762,259,671 SCGM Shares on the Main Market of Bursa Securities and SCGM will comply with the Bumiputera equity requirement by allocating 95,300,000 SCGM Shares, representing 12.50% of the enlarged total number of SCGM Shares after the Proposed Regularisation Plan, to Bumiputera investors approved or recognised by the MITI.

- (iv) your approval for the Proposed Regularisation Plan at the forthcoming EGM of our Company to be convened.

Subsequent to the approval from our Shareholders, the Vendors and PACs will submit an application to seek the approval from the SC for the Proposed Exemption. The Proposed Regularisation Plan will only be implemented after the SC's approval for the Proposed Exemption is obtained; and

- (v) the approvals / waivers / consents from any other relevant authorities and/or parties, if required.

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MORATORIUM

Pursuant to paragraph 7.19(a) of the Equity Guidelines, a moratorium will be imposed on the Consideration Shares to be received by the Vendors. The Vendors will not be allowed to sell, transfer or assign any of their Consideration Shares for 6 months from the date the Consideration Shares are listed on the Main Market of Bursa Securities.

On 30 December 2024, Berjaya Securities, on behalf of our Company, had submitted the applications in relation to the Proposed Regularisation Plan to the SC, including the relief from complying with the requirements of paragraph 7.19(a) of the Equity Guidelines to allow up to 48,185,000 Consideration Shares, representing up to 6.32% of the enlarged total number of SCGM Shares after the Proposed Acquisition, to be offered for subscription under the Proposed Offer for Sale. The SC had, vide its letter dated 29 May 2025, approved, amongst others, the application in relation to the Proposed Regularisation Plan (save for the Proposed Exemption) under subsection 214(1) of the CMSA, subject to the terms and condition as contained in the letter.

The number of Consideration Shares which will be subject to the Moratorium Requirement are as follows:-

Name	Maximum Shareholding Scenario		Minimum Shareholding Scenario	
	No. of Consideration Shares	%⁽¹⁾	No. of Consideration Shares	%⁽¹⁾
Chin Kok Tian	229,599,198	30.12	206,909,316	27.15
Yan Hua Lan	207,051,692	27.16	188,133,588	24.68
Tan Ah Tek	90,054,241	11.81	90,054,241	11.81
Gan Chuan Lee	27,481,910	3.61	23,499,697	3.08
Tey Chee Shin	8,995,642	1.18	7,490,838	0.98
Tan Tai Chong	6,006,173	0.79	5,001,452	0.66
Lau Sie Khian	509,774	0.07	424,498	0.06
Total	569,698,630⁽²⁾	74.74	521,513,630⁽³⁾	68.42

Notes:-

- (1) Based on 762,259,671 Shares (after excluding 1,038,600 treasury shares) in issue after the Proposed Regularisation Plan.
- (2) Based on the Maximum Shareholding Scenario, none of the Consideration Shares are subscribed under the Proposed Offer for Sale. Accordingly, all the 569,698,630 Consideration Shares will be subject to the Moratorium Requirement.
- (3) Based on the Minimum Shareholding Scenario, all 95,300,000 Offer Shares (including 48,185,000 Consideration Shares) are fully subscribed under the Proposed Offer for Sale. Accordingly, only the remaining 521,513,630 Consideration Shares will be subject to the Moratorium Requirement.

In the event that the Consideration Shares are not fully subscribed by Bumiputera investors approved or recognised by the MITI, institutional investors and/or selected investors, the Moratorium Requirement shall apply to all remaining Consideration Shares which are not subscribed under the Proposed Offer for Sale together with the other 521,513,630 Consideration Shares to be received by the Vendors pursuant to the Proposed Acquisition.

The Vendors have provided their respective letters of undertaking to the SC that they will not sell, transfer or assign any of their remaining Consideration Shares after the Proposed Offer for Sale for 6 months from the date the Consideration Shares are listed on the Main Market of Bursa Securities.

The moratorium restriction, which is fully accepted by the above parties, will be specifically endorsed on the share certificates representing the aforesaid Shares held by the respective parties (which are under moratorium) to ensure that the Share Registrar does not register any transfer(s) that contravenes such restriction.

THIS EXECUTIVE SUMMARY ONLY HIGHLIGHTS THE KEY INFORMATION FROM OTHER PARTS OF THIS CIRCULAR. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE WHOLE CIRCULAR (INCLUDING THE IAL AS SET OUT IN PART B OF THIS CIRCULAR) BEFORE MAKING A DECISION ON THE PROPOSED REGULARISATION PLAN.

1. DETAILS OF THE PROPOSED REGULARISATION PLAN

In order to regularise our Company's condition as a Cash Company in accordance with paragraph 8.03(5) of the Listing Requirements to maintain listing status on the Main Market of Bursa Securities, SCGM intends to undertake the Proposed Regularisation Plan which comprises the following:-

(I) **Proposed Special Dividend**

The Proposed Special Dividend involves a proposed cash distribution of RM0.25 per SCGM Share held by our Shareholders on the Entitlement Date. Based on 192,561,041 Shares (after excluding 1,038,600 treasury shares) in issue as at the LPD, the Proposed Special Dividend shall entail a total cash distribution of approximately RM48.14 million to our Shareholders on the Entitlement Date. In any event, the Entitlement Date shall be prior to the issuance of the Consideration Shares to the Vendors pursuant to the Proposed Acquisition.

(II) **Proposed Acquisition**

The Proposed Acquisition entails the acquisition by SCGM of the entire equity interest in Eramas Global Group from the Vendors for a total purchase consideration of RM207.94 million which will be fully satisfied through the issuance of 569,698,630 Consideration Shares at an issue price of RM0.365 each. The Proposed Acquisition is deemed as a related party transaction in accordance with paragraph 10.08 of the Listing Requirements by virtue of the interests of our Major Shareholders as set out in Section 12, Part A of this Circular.

Pursuant to the Proposed Acquisition, the Vendors jointly and severally, irrevocably and unconditionally guarantee to SCGM that the Eramas Group shall achieve a consolidated PAT of RM18.00 million for FYE 2025.

The salient terms of the SSA are set out in Appendix I of this Circular.

(III) **Proposed Offer for Sale**

Pursuant to the Proposed Offer for Sale, the Vendors will offer up to 95,300,000 Offer Shares, representing up to 12.50% of the enlarged total number of SCGM Shares after the Proposed Acquisition, for subscription by Bumiputera investors approved or recognised by the MITI, institutional investors and selected investors at an offer price of RM0.365 each. The Offer Shares are intended to be offered to investors who qualify under Schedule 6 or Schedule 7 of the CMSA via a private placement. The proceeds from the Proposed Offer for Sale will accrue to the Vendors.

In the event that the Offer Shares are not fully subscribed by Bumiputera investors approved or recognised by the MITI, such number of Offer Shares required for our Company to comply with the public shareholding spread requirement pursuant to paragraph 3.06 of the Listing Requirements shall be re-allocated for subscription by institutional investors and/or selected investors. The Moratorium Requirement shall apply to all remaining Consideration Shares held by the Vendors after the Proposed Offer for Sale. In the event that there is a low subscription rate for the Offer Shares under the Proposed Offer for Sale, our Company may not be able to comply with the public shareholding spread requirement pursuant to paragraph 3.06 of the Listing Requirements. Such event may cause a delay in or cancellation of the listing of the Consideration Shares (including the Offer Shares) on the Main Market of Bursa Securities. In the event that the Proposed Acquisition and Proposed Offer for Sale are not capable of being completed, the Proposed Regularisation Plan will not be completed. Consequently, the SCGM Shares may be suspended from trading on the Main Market of Bursa Securities and de-listed.

(IV) **Proposed Exemption**

Upon completion of the Proposed Acquisition, the shareholdings of the Vendors and PACs in SCGM will collectively increase from approximately 24.55% as at the LPD to approximately 80.94%. The Vendors and PACs will be obliged to undertake a mandatory take-over offer to acquire the remaining SCGM Shares not already owned by them upon completion of the Proposed Acquisition pursuant to subparagraph 4.01(a) of the Rules.

1. DETAILS OF THE PROPOSED REGULARISATION PLAN (cont'd)

As the Vendors and PACs do not intend to undertake the Mandatory Offer, they intend to seek the SC's approval for the Proposed Exemption pursuant to subparagraph 4.08(1)(a) of the Rules from the obligation to undertake the Mandatory Offer.

The Proposed Special Dividend, Proposed Acquisition, Proposed Offer for Sale and Proposed Exemption are to be undertaken as the Proposed Regularisation Plan of SCGM and hence, are inter-conditional upon each other in terms of our Shareholders' approval.

The indicative timetable for the implementation of the Proposed Regularisation Plan is as follows:-

Events	Date
• EGM for the Proposed Regularisation Plan	16 July 2026
• Submission of the application for the Proposed Exemption to the SC	Mid-July 2026
• Receipt of approval from the SC in relation to the Proposed Exemption	End-July 2026
• Entitlement date for the Proposed Special Dividend	August 2026
• Completion of the Proposed Acquisition and Proposed Offer for Sale	September 2026 / October 2026
• Listing and quotation of the Consideration Shares and Offer Shares on the Main Market of Bursa Securities	
• Completion of the Proposed Regularisation Plan	

Please refer to **Sections 2 to 5, Part A** of this Circular for further details.

2. USE OF OUR GROUP'S CASH RESERVES

Our Group will not raise any proceeds from the Proposed Regularisation Plan. As at 31 May 2026, our Group has cash and bank balances of approximately RM116.10 million, which were mainly proceeds from the Disposal of LSSPI and the disposal of 3 properties by Habipack. After deducting the proposed cash distribution of approximately RM48.14 million pursuant to the Proposed Special Dividend, our Group will have remaining cash and bank balances of approximately RM67.96 million. Upon completion of the Proposed Regularisation Plan, our Group intends to earmark the remaining cash and bank balances to be used in the following manner:-

Intended use of our Group's cash reserves	Estimated timeframe for use of our Group's cash reserves from completion of the Proposed Regularisation Plan	Amount	
		(RM'000)	(%)
(i) Expansion of existing manufacturing facility of Eramas Ingredients	Within 24 months	55,102	81.08
(ii) Marketing and advertising expenses	Within 12 months	1,500	2.21
(iii) Working capital	Within 12 months	10,035	14.76
(iv) Remaining estimated expenses for the Proposed Regularisation Plan	Immediate	1,324	1.95
Total		67,961	100.00

Please refer to **Section 6, Part A** of this Circular for further details.

3. RATIONALE FOR THE PROPOSED REGULARISATION PLAN
(I) Proposed Special Dividend

The Proposed Special Dividend is intended to reward you for your continuous support towards our Group by returning excess cash of our Group.

(II) Proposed Acquisition

The Proposed Acquisition is undertaken to allow SCGM to regularise our Company's condition as a Cash Company in accordance with paragraph 8.03(5) of the Listing Requirements to maintain listing status on the Main Market of Bursa Securities.

3. RATIONALE FOR THE PROPOSED REGULARISATION PLAN (cont'd)

The Proposed Acquisition presents an opportunity for our Group to acquire a profitable business in the food and beverage industry. Based on the historical financial performance of the Eramas Group, the Proposed Acquisition is expected to contribute positively to the future financial performance of the Enlarged SCGM Group.

The issuance of Consideration Shares to the Vendors to satisfy the Purchase Consideration will allow the Vendors to continue participating in and contributing to the future growth of the Eramas Group through SCGM.

(III) Proposed Offer for Sale

The Proposed Offer for Sale is undertaken to enable SCGM:-

- (i) to comply with the Bumiputera equity requirement as stipulated by the SC for public listed companies; and
- (ii) to comply with the public shareholding spread requirement pursuant to paragraph 3.06 of the Listing Requirements.

(IV) Proposed Exemption

The Proposed Exemption is undertaken to relieve the Vendors and PACs from the obligation to undertake a Mandatory Offer pursuant to subparagraph 4.01(a) of the Rules as it is not their intention to undertake the Mandatory Offer.

Please refer to **Section 7, Part A** of this Circular for further details.

4. FAIRNESS OPINION ON THE PROPOSED ACQUISITION

WYNCORP has been appointed by our Board to act as the Independent Business Valuer to prepare a report on fairness opinion on the Proposed Acquisition as the Proposed Acquisition falls within the scope as provided under paragraph 15.04 of Appendix 2A of the Equity Guidelines, whereby a valuation report on the target asset must be prepared for inclusion in this Circular. The name of the individual responsible for preparing the fairness opinion report is Moh Jiun Haur. His details are set out in Section I of this Circular.

WYNCORP had vide its fairness opinion report dated 22 June 2026 opined that the Purchase Consideration is fair and reasonable from a financial point of view. The Purchase Consideration of RM207.94 million falls within the Indicative Valuation range as appraised by WYNCORP using the primary valuation approach i.e. trading comparables method (between RM156.46 million and RM210.05 million). This Indicative Valuation range is cross-checked against the Indicative Valuation range as appraised by WYNCORP using the secondary valuation approach i.e. DCF method (between RM206.48 million and RM260.55 million).

Please refer to **Appendix IV** of this Circular for further details.

5. IAL IN RELATION TO THE PROPOSED ACQUISITION AND PROPOSED EXEMPTION

BDOCC has been appointed by our Board to act as the Independent Adviser to advise our Directors and non-interested Shareholders in respect of the Proposed Acquisition pursuant to paragraph 10.08 of the Listing Requirements and Proposed Exemption pursuant to subparagraph 4.08(3)(g) of the Rules. BDOCC has considered the following factors in its evaluation of the Proposed Regularisation Plan:-

No.	Consideration factors	Sections in the IAL
(i)	Rationale for the Proposed Regularisation Plan	8
(ii)	Evaluation of the Purchase Consideration for the Proposed Acquisition	9
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5. ANALYSIS IN RELATION TO THE PROPOSED ACQUISITION AND PROPOSED EXEMPTION (cont'd)

In evaluating the Purchase Consideration, BDOCC has adopted the DCF approach as the most appropriate valuation methodology to arrive at the fair value of the entire equity interest in Eramas Global Group. The Purchase Consideration of RM207.94 million is within the estimated fair value of Eramas Group of RM190.85 million to RM223.09 million.

BDOCC is of the view that the Proposed Regularisation Plan as a whole are **fair and reasonable and not detrimental** to our non-interested Shareholders. Accordingly, BDOCC recommends that our non-interested Shareholders **vote in favour** of the ordinary resolutions in respect of the Proposed Acquisition and Proposed Exemption to be tabled at the forthcoming EGM of our Company in relation to the Proposed Regularisation Plan.

Please refer to **Part B** of this Circular for further details.

6. BUSINESS MODEL OF THE ERAMAS GROUP

Eramas Global Group was incorporated in Malaysia on 22 February 2024 under the Act as a private limited company under the existing name. Eramas Global Group is an investment holding company. Through its subsidiaries, the Eramas Group is principally engaged in the manufacturing, trading, distribution and marketing of food products, supplying both the Malaysian and overseas markets, as further detailed below:-

Principal activities	Trading, distribution and marketing of food products				Manufacturing of powder-based products
Product categories	Coconut products	Oil and fats products	Dairy products	Specialty food ingredients and other products	Food related powder
Products	- UHT coconut cream / milk - Frozen coconut cream - Vegan and non-vegan coconut cream / milk powder - Coconut oil - Desiccated coconut - Toasted coconut paste - Coconut water - Coconut sugar	- Red palm oil - RBD palm olein - Palm shortening - Vegetable margarine - Vegetable ghee - Soap products	- Sweetened condensed milk - Evaporated filled milk - Whole milk powder and instant milk powder	- Vegan and non-vegan cheese powder - Non-dairy creamer - MCT oil powder - High fat powder - Keto coffee	- Vegan and non-vegan coconut cream / milk powder - Non-dairy creamer - MCT oil powder - High fat powder
In-house brands	- Cocoboy - Emma - ERA-KING - ISTIMA - Just Vegan - Medetop	- Bake Master - ERA-KING - ERA-OILS - ERATOP	- E.R.A - INSTANT GOLDFARM	E.R.A	- Emma - ISTIMA - Just Vegan

For the Financial Years Under Review, the Eramas Group exported its products to international customers in over 90 countries. The overseas sales generated 71.43% of the Eramas Group's total revenue for FYE 2025. For FYE 2025, the Eramas Group's overseas revenue was mainly derived from West Asia followed by Africa, America and Southeast Asia (excluding Malaysia).

Please refer to **Sections 4 and 5, Appendix III(B)** of this Circular for further details.

7. COMPETITIVE STRENGTHS, BUSINESS STRATEGIES AND FUTURE PLANS OF THE ERAMAS GROUP

Competitive strengths

- **The Eramas Group's trading and distribution business is well established, with a global reach via its network of international customers and suppliers.** For the Financial Years Under Review, the Eramas Group's products were exported to over 90 countries and sold to over 700 customers locally and overseas. The Eramas Group's revenue has increased from RM70.51 million for FYE 2019 to RM148.58 million for FYE 2025, representing a CAGR of approximately 13.2%.
- **Eramas Ingredients' manufacturing facility complies with local and international food quality and safety standards and allows the Eramas Group's involvement in the upstream activities.** The manufacturing facility of Eramas Ingredients has obtained food quality and safety certifications as set out in Section 11, Appendix III(B) of this Circular. With the manufacturing facility of Eramas Ingredients, the Eramas Group is able to participate in the upstream manufacturing activities. This enhances profitability of the Eramas Group and provides certainty on the production outputs.
- **The Eramas Group offers extensive product portfolio with continued innovation to cater to different markets and customers' requirements.** The Eramas Group supplies a broad range of products spread across 4 categories (namely coconut products, oil and fats products, dairy products as well as specialty food ingredients and other products) to cater to different markets and customers' requirements. The Eramas Group carries out research and product development activities as an ongoing process focusing on continuously expanding its product portfolio.
- **The Eramas Group's in-house brands are well received and recognised.** The Eramas Group's revenue from products marketed under its in-house brands has increased from RM28.54 million for FYE 2019 to RM54.83 million for FYE 2025, representing a CAGR of approximately 11.5%. As at the LPD, the Eramas Group's products under "Emma" brand achieved a distribution reach of over 4,000 outlets across Malaysia. In addition, in 2023, the Eramas Group was awarded the BrandLaureate SMEs BestBrands Award for its in-house brand "Emma" in the category of Best Choice, F & B - Coconut Based Products.
- **The Eramas Group is led by experienced and hands-on management team.** The directors of Eramas Global Group are industry veterans and have each participated in the food product industry for over 17 years. In addition, the key senior management team of the Eramas Group possesses relevant industry and functional expertise as a result of years of experience in their respective fields.

Business strategies and future plans

- **Growing the trading and distribution business of the Eramas Group, both in Malaysia as well as overseas.** The business development teams will continue to foster good relationships with existing customers of the Eramas Group while identifying new opportunities and potential areas of business growth. The Eramas Group will continue to participate in international food-related trade fairs to identify and connect with potential customers as well as to engage with its existing customers through customer visits to gather feedback and information.
- **Expanding manufacturing capabilities of the Eramas Group.** The Eramas Group intends to expand its manufacturing facility to increase production and warehousing capacity. The expansion plan is expected to mainly involve the following:-
 - (i) the construction of an extension to the existing manufacturing facility to house a new spray drying system and machineries to be acquired and an extension to the existing warehouse and packing area with an estimated cost of approximately RM12.50 million;
 - (ii) the purchase, installation and commissioning of a new spray drying system and machineries to increase production capacity with an estimated cost of approximately RM41.77 million; and
 - (iii) the purchase and installation of a new pallet racking system with a storage capacity of up to 1,500 pallets as well as the purchase of 2 reach trucks and 1 forklift with an estimated cost of approximately RM0.83 million.

7. COMPETITIVE STRENGTHS, BUSINESS STRATEGIES AND FUTURE PLANS OF THE ERAMAS GROUP (cont'd)

The total estimated costs for the expansion plan amount to RM55.10 million, which will be funded using our Group's cash and bank balances after the completion of the Proposed Regularisation Plan. Barring any unforeseen circumstances, the Eramas Group's expansion plan is expected to be completed by the 4th quarter of 2027.

- **Growing market share of its in-house brands in Malaysia.** The Eramas Group aims to increase its annual marketing and advertising expenditure for its marketing and advertising efforts such as increasing product displays on retailers' shelves, advertising and promotional activities via buntings and leaflets in retail outlets and participating in more product demonstrations at public events and in supermarkets. In addition, the Eramas Group will allocate an amount of RM1.50 million towards rental of billboards at strategic locations along major roads and highways throughout Peninsular Malaysia to promote its "Emma" brand (for its coconut products).

Please refer to **Sections 2 and 3, Appendix III(B)** of this Circular for further details.

8. RISK FACTORS

The risk factors include the following:-

(I) Risks relating to the Eramas Group's business and operations

- (1) The Eramas Group does not have long-term contracts with its customers.** The customers place their purchase orders on an as-needed basis. The absence of long-term contracts with its customers may result in fluctuations in the Eramas Group's financial performance as the customers are not obliged to purchase the Eramas Group's products. For the Financial Years Under Review, there were fluctuations in the revenue of the Eramas Group. The Eramas Group's total revenue decreased by RM17.32 million or 11.27% from RM153.63 million in FYE 2021 to RM136.31 million in FYE 2022. As a result, the Eramas Group's profitability in FYE 2022 was adversely impacted. The Eramas Group's PAT decreased by RM2.34 million or 39.26% from RM5.96 million in FYE 2021 to RM3.62 million in FYE 2022.
- (2) The Eramas Group is dependent on some of its major suppliers,** namely F & B Nutrition Sdn Bhd (dairy products) and PT Eramas, the then 35%-owned associate of the Eramas Group (coconut products), which contributed 26.43% and 25.85% to the total purchases of the Eramas Group for FYE 2025 respectively. Notwithstanding that PT Eramas ceased to be an associate of the Eramas Group as a result of the Disposal of PT Eramas, there has been no material change to the business relationship between the Eramas Group and PT Eramas and there has been no significant supply disruptions up to the LPD. Any loss of these major suppliers and inability to replace them in a timely manner will lead to disruptions in the supply of dairy products and coconut products to the Eramas Group. Such supply disruptions may cause shortages of trading goods and/or raw materials for the Eramas Group's business, preventing the Eramas Group from fulfilling its existing and/or potential sales orders. This will ultimately lead to loss of sales and/or potential claims for liquidated damages. Hence, the loss of F & B Nutrition Sdn Bhd and/or PT Eramas as a major supplier of the Eramas Group and inability to replace them in a timely manner will have a material adverse impact on the Eramas Group's business operations and financial performance.
- (3) The Eramas Group's financial performance is dependent on its reputation, product quality and in-house brands.** Over the years, the Eramas Group has established a track record in delivering quality and innovative products to its customers, earning the customers' confidence and satisfaction towards the products of the Eramas Group. This has contributed to the Eramas Group successfully expanding its business, growing its revenue at a CAGR of approximately 13.2% from FYE 2019 to FYE 2025 (revenue from products marketed under its in-house brands: CAGR of approximately 11.5%). Although there was no material adverse impact to the business operations and financial performance of the Eramas Group arising from negative reputation, poor product quality and/or unauthorised use of its brands and counterfeiting of its products by other parties for the Financial Years Under Review and up to the LPD, any such incident may lead to loss of customers' confidence and reduced demand for its products.

8. RISK FACTORS (cont'd)

- (4) **The Eramas Group may experience disruptions to its manufacturing operations.** Since the commencement of manufacturing operations of Eramas Ingredients in October 2022 and up to the LPD, the Eramas Group has not encountered any major incidents for its manufacturing operations including sudden breakdowns of plant and machinery, disruptions in the supply of electricity and water, accidents and other unforeseen events. Notwithstanding that, any major incidents which may occur in the future may temporarily halt manufacturing operations, resulting in interruptions to the Eramas Group's operations and adversely affect the business and financial performance of the Eramas Group.
- (5) **Failure to ensure food safety and regulatory compliance may lead to product liability claims, product recalls and regulatory enforcement actions.** The preparation, processing, storage and delivery of food products manufactured by Eramas Ingredients require careful handling as food products are susceptible to inherent risk of product deterioration, contamination or damage. The Eramas Group is also subject to the risk of product mislabelling. Since the commencement of manufacturing operations of Eramas Ingredients in October 2022 and up to the LPD, there have been no product liability claims, product recalls and regulatory enforcement actions which have materially and adversely impacted the financial position and financial performance of the Eramas Group. Notwithstanding that, lapses in quality assurance / quality control procedures may result in product quality and safety issues which will subject the Eramas Group to additional costs for rework or wastages or product liability claims, product recalls and regulatory enforcement actions.
- (6) **Failure to maintain or renew licenses, permits and approvals for the Eramas Group's business operations in a timely manner may result in operational constraints and/or enforcement actions.** The Eramas Group is required to obtain, hold and/or renew licenses, permits and approvals granted by various authorities and regulatory agencies for the conduct of its business operations. The licenses, permits and approvals may be suspended, withdrawn or cancelled if the Eramas Group fails to comply with the applicable requirements or any required conditions. The details of past non-compliance incidents of the Eramas Group are set out in Section 26, Appendix III(B) of this Circular.
- (7) **Business strategies and future plans of the Eramas Group may not be successfully implemented.** The Eramas Group's business strategies and future plans are focused on (i) growing the trading and distribution business of the Eramas Group, both in Malaysia as well as overseas, (ii) expanding manufacturing capabilities of the Eramas Group as well as (iii) growing market share of its in-house brands in Malaysia as detailed in Section 3, Appendix III(B) of this Circular, by leveraging on its competitive strengths. Failure in executing the business strategies and future plans may have a material and adverse impact on the future growth of the Eramas Group's business operations and financial performance.
- (8) **The Eramas Group is susceptible to disruptions in the global shipping industry** as it relies on sea freight for its overseas purchases and sales. The global outbreak of COVID-19 caused significant disruptions in the shipping industry, particularly during 2020 and 2021, which resulted in the Eramas Group experiencing longer delivery time and incurring higher freight and logistics charges (which increased from RM5.04 million for FYE 2020 to RM12.62 million for FYE 2021). For FYE 2024, the Eramas Group again experienced higher sea freight rates and shipment delays (especially for shipments to Africa and Europe) due to the Red Sea crisis. For FYE 2024, the Eramas Group's freight and logistics charges were RM6.20 million (FYE 2023: RM4.37 million).

Subsequent to the Financial Years Under Review, the outbreak of Iran war together with renewed aggression in the Red Sea caused naval disruptions and many international shipments to and from the Middle East were temporarily put on hold or cancelled. Some of the Eramas Group's customers from the West Asia region either deferred their purchases or requested the Eramas Group to postpone their product deliveries until the conflict situation stabilises. The export sales to the West Asia region for the first 5 months of FYE 2026 declined by approximately RM8.49 million and RM3.99 million (GP declined by approximately RM0.83 million and RM0.82 million) as compared to the corresponding periods in FYE 2024 and FYE 2025, respectively (GP margin for first 5 months: FYE 2024: 11.55%; FYE 2025: 16.39%; FYE 2026: 13.80%). In mid-June 2026, the US and Iran have signed a memorandum of understanding to end the Iran war. The negotiations to reach the final agreement on a peace deal are still ongoing.

8. RISK FACTORS (cont'd)

If the negotiations fall through and the Iran war escalates, the Eramas Group's business and financial performance may be adversely impacted. Further details on impacts of Iran war on the business operations and financial performance of the Eramas Group and the Proposed Acquisition are set out in Section 3.2, Part A of this Circular.

Any prolonged disruptions in the global shipping industry or sustained increase in sea freight rates may materially and adversely affect the Eramas Group's business and financial performance.

(II) Risk relating to the Proposed Regularisation Plan

- (1) The Proposed Regularisation Plan may not be completed or may be delayed in completion.** The completion of the Proposed Regularisation Plan is subject to, amongst others, your approval for the Proposed Regularisation Plan at the forthcoming EGM of our Company to be convened and the SC's approval for the Proposed Exemption being obtained. In the event such approvals are not obtained, the Proposed Regularisation Plan will not be completed. If the Proposed Regularisation Plan is not completed, the SCGM Shares may be suspended from trading on the Main Market of Bursa Securities and delisted if SCGM is not able to regularise our Company's condition as a Cash Company in accordance with paragraph 8.03(5) of the Listing Requirements to maintain listing status on the Main Market of Bursa Securities.

Please refer to **Section 8, Part A** of this Circular for further details.

9. DIRECTORS AND KEY SENIOR MANAGEMENT

The list of our Directors as at the LPD is as follows:-

Name	Designation
Dato' Sri Lee Hock Seng	Executive Chairman
Dato' Sri Lee Hock Chai	Managing Director
Patricia Rangene Packium	Senior Independent Non-Executive Director
Lim Peng Peng	Independent Non-Executive Director
Lee Yee Ling	Independent Non-Executive Director
Lee Lih Chyong	Alternate Director to Dato' Sri Lee Hock Seng

As at the LPD, the SCGM Group does not have any key senior management or key technical personnel as the SCGM Group currently does not have any business operations.

The list of our Directors, Proposed Directors and Key Senior Management upon completion of the Proposed Regularisation Plan is as follows:-

Name	Designation
<u>Directors</u>	
Dato' Sri Lee Hock Seng	Non-Independent Non-Executive Deputy Chairman
Patricia Rangene Packium	Senior Independent Non-Executive Director
Lim Peng Peng	Independent Non-Executive Director
Lee Yee Ling	Independent Non-Executive Director
<u>Proposed Directors</u>	
Chin Kok Tian	Non-Independent Non-Executive Chairman
Yan Hua Lan	Group Managing Director
Tan Ah Tek	Executive Director
Dr. May Luwe Chin Kei	Independent Non-Executive Director
<u>Key Senior Management</u>	
Tey Chee Shin	Head of Business Development (International)
Lau Sie Khian	Head of Business Development (Local)
Lee Kok Foo	Head of Operations
Lee Hung Hung	Head of Supply Chain
Lau Choon Guan	Factory Manager
Mohd Ruhaimin Bin Seman	Deputy Factory Manager
Loh Jian Wen	Chief Financial Officer

Please refer to **Sections 2 and 3, Appendix II(A)** of this Circular for further details.

10. FINANCIAL INFORMATION OF THE ERAMAS GROUP

Historical financial performance (Please refer to **Section 1.1, Appendix III(C)** of this Circular and **Appendices III(D) and VI** of this Circular for further details)

	Audited						
	FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)
Revenue	70,505	137,974	153,633	136,311	143,945	142,088	148,577
GP	8,364	10,810	11,690	10,358	22,256	25,379	32,895
PBT	5,921	8,064	6,545	4,399	16,808	18,233	24,518
PAT	5,669	7,519	5,956	3,623	13,742	14,096	18,580
PAT attributable to common controlling shareholders / owners of the Eramas Group	5,525	7,334	5,745	3,937	12,690	13,802	18,580
GP margin (%)	11.86	7.83	7.61	7.60	15.46	17.86	22.14
PBT margin (%)	8.40	5.84	4.26	3.23	11.68	12.83	16.50
PAT margin (%)	8.04	5.45	3.88	2.66	9.55	9.92	12.51
Basic / Diluted EPS (RM)	2.30	2.20	1.44	0.70	0.83	0.07	0.08

Historical financial position (Please refer to **Section 1.2, Appendix III(C)** of this Circular and **Appendices III(D) and VI** of this Circular for further details)

	Audited						
	As at 31 December						
	2019 (RM'000)	2020 (RM'000)	2021 (RM'000)	2022 (RM'000)	2023 (RM'000)	2024 (RM'000)	2025 (RM'000)
Non-current assets	17,120	22,435	25,539	29,163	50,093	55,337	47,493
Current assets	31,696	30,244	50,673	46,838	54,838	58,938	89,634
Total assets	48,816	52,679	76,212	76,001	104,931	114,275	137,127
Total equity / NA	20,369	19,688	15,644	21,287	63,029	84,125	102,705
Non-current liabilities	205	163	167	869	1,289	1,679	1,738
Current liabilities	28,242	32,828	60,401	53,845	40,613	28,471	32,684
Total equity and liabilities	48,816	52,679	76,212	76,001	104,931	114,275	137,127
Current ratio (times)	1.12	0.92	0.84	0.87	1.35	2.07	2.74
Gearing ratio (times)	0.01	0.01	1.18	0.44	0.16	0.15	0.13
NA per share (RM)	8.49	4.95	3.93	3.79	1.92	0.37	0.45

Historical cash flow position (Please refer to **Section 3.2, Appendix III(D)** of this Circular and **Appendix VI** of this Circular for further details)

	Audited						
	FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)
Net cash from / (used in):-							
- operating activities	10,281	4,401	(9,827) ⁽¹⁾	15,340	14,786	2,178	10,952
- investing activities	(16,977)	(5,688)	(3,403)	(4,675)	(19,039)	(1,103)	2,878
- financing activities	13,248	(7,065)	10,463	(9,754)	6,794	(2,444)	159
Cash and cash equivalents at the end of the financial year	19,972	11,673	8,985	9,890	12,429	11,060	25,049

10. FINANCIAL INFORMATION OF THE ERAMAS GROUP (cont'd)

Note:-

- (1) In FYE 2021, the Eramas Group recorded net cash used in operating activities of RM9.83 million mainly due to the increase in trade receivables, driven by the increase in revenue and large orders received from customers towards the end of the financial year.

11. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

Save as disclosed below, none of our Directors, Major Shareholders and/or persons connected with them have any interest, direct or indirect, in the Proposed Regularisation Plan:-

- (i) Chin Kok Tian, a Major Shareholder of our Company, is interested in the Proposed Acquisition, Proposed Offer for Sale and Proposed Exemption by virtue of him being one of the Vendors; and
- (ii) Yan Hua Lan, a Major Shareholder of our Company, is interested in the Proposed Acquisition, Proposed Offer for Sale and Proposed Exemption by virtue of her being one of the Vendors.

As the Proposed Special Dividend, Proposed Acquisition, Proposed Offer for Sale and Proposed Exemption are inter-conditional upon each other in terms of our Shareholders' approval, the Interested Parties will abstain and they have undertaken that they will ensure that persons connected with them will abstain from voting in respect of their respective direct and/or indirect shareholdings in our Company, if any, on the resolutions approving the Proposed Regularisation Plan at the EGM of our Company to be convened.

In addition, the other Vendors have undertaken that they will voluntarily abstain and will ensure that persons connected with them will abstain from voting in respect of their respective direct and/or indirect shareholdings in our Company, if any, on the resolutions approving the Proposed Regularisation Plan at the EGM of our Company to be convened.

As at the LPD, the shareholdings of the Vendors in our Company are as follows:-

Vendors	Relationship among the Vendors	Direct interest (%)	Indirect interest (%)
Chin Kok Tian	Spouse of Yan Hua Lan	8.05	8.08
Yan Hua Lan	Spouse of Chin Kok Tian	8.05	8.08
Tan Ah Tek	-	8.05	-
Gan Chuan Lee	-	0.32	0.06
Tey Chee Shin	-	-	-
Tan Tai Chong	-	-	-
Lau Sie Khian	-	-	-

Please refer to **Section 12, Part A** of this Circular for further details.

12. DIRECTORS' RECOMMENDATION

Our Board, after having considered all relevant aspects of the Proposed Regularisation Plan, including but not limited to the basis and justification for the Purchase Consideration and issue price of the Consideration Shares, use of our Group's cash reserves, rationale for the Proposed Regularisation Plan, risk factors, effects of the Proposed Regularisation Plan, salient terms of the SSA as well as the advice from the Independent Adviser, is of the opinion that the Proposed Regularisation Plan is in the best interests of our Company.

Accordingly, our Board recommends that you **vote in favour** of the resolutions to give effect to the Proposed Regularisation Plan at the forthcoming EGM of our Company.

Please refer to **Section 14, Part A** of this Circular for further details.

PART A

**LETTER TO OUR SHAREHOLDERS IN RELATION TO THE
PROPOSED REGULARISATION PLAN**



SCGM BHD

SCGM BHD

(Registration No. 200701021012 (779028-H))
(Incorporated in Malaysia)

Registered Office:

B-21-1, Level 21, Tower B
Northpoint Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur

29 June 2026

Board of Directors

Dato' Sri Lee Hock Seng (*Executive Chairman*)
Dato' Sri Lee Hock Chai (*Managing Director*)
Patricia Rangene Packium (*Senior Independent Non-Executive Director*)
Lim Peng Peng (*Independent Non-Executive Director*)
Lee Yee Ling (*Independent Non-Executive Director*)
Lee Lih Chyong (*Alternate Director to Dato' Sri Lee Hock Seng*)

To: Our Shareholders

- (I) **PROPOSED SPECIAL DIVIDEND;**
- (II) **PROPOSED ACQUISITION;**
- (III) **PROPOSED OFFER FOR SALE; AND**
- (IV) **PROPOSED EXEMPTION**

(COLLECTIVELY REFERRED TO AS THE "PROPOSED REGULARISATION PLAN")

1. INTRODUCTION

On 9 May 2022, SCGM entered into a conditional share sale agreement with Mitsui & Co., Ltd and FP Corporation (as varied and amended pursuant to an addendum letter to the share sale agreement dated 24 June 2022) for the Disposal of LSSPI. The Disposal of LSSPI was deemed as a major disposal pursuant to paragraph 10.11A of the Listing Requirements i.e. being a disposal of all or substantially all of SCGM's assets which may result in SCGM being no longer suitable for continued listing on the Official List.

The Disposal of LSSPI was completed on 31 August 2022 and LSSPI ceased to be a subsidiary of SCGM. Pursuant to the Disposal of LSSPI, SCGM received a total cash consideration of approximately RM556.99 million, of which our Company had utilised approximately RM356.24 million for the Special Dividend 2022 (paid on 29 September 2022) and approximately RM69.32 million for the Capital Reduction and Repayment 2023 (paid on 4 January 2023).

Following the completion of the Disposal of LSSPI, our Board announced on 2 September 2022 that Bursa Securities had, vide its letter dated 2 September 2022, notified our Company that SCGM is a Cash Company pursuant to paragraph 8.03(1) of the Listing Requirements upon completion of the Disposal of LSSPI.

Pursuant to the completion of the Disposal of LSSPI, SCGM had triggered paragraphs 8.03(1) and 8.03A(2) of the Listing Requirements. Therefore, our Company is required to comply with the provisions and requirements of paragraph 8.03 and Practice Note 16 of the Listing Requirements, which include amongst others, to regularise our Company's condition by (a) submitting a proposal to acquire a new core business to the SC for its approval within 12 months from the date of receipt of the notification from Bursa Securities that SCGM is a Cash Company i.e. by 1 September 2023; and (b) implementing the proposal within the timeframe prescribed by the SC.

On 21 August 2023, an application was submitted to Bursa Securities for an extension of time for SCGM to submit the proposal to the SC. Subsequently, Bursa Securities had, vide its letter dated 4 October 2023, granted our Company an extension of time of up to 1 March 2024 to submit the proposal to the SC.

On 27 February 2024, an application was submitted to Bursa Securities for a further extension of time for SCGM to submit the proposal to the SC. Subsequently, Bursa Securities had, vide its letter dated 16 April 2024, granted our Company a further extension of time of up to 1 September 2024 to submit the proposal to the SC.

On 20 March 2024, our Company entered into the HOA with the Vendors for the acquisition of the entire equity interest in Eramas Global Group for a purchase consideration to be determined later. On 16 October 2024, our Company and the Vendors mutually agreed to extend the period to execute a share sale agreement for the Proposed Acquisition until 31 December 2024.

On 22 August 2024, an application was submitted to Bursa Securities for a further extension of time for SCGM to submit the proposal to the SC by 31 December 2024. Subsequently, Bursa Securities had, vide its letter dated 26 September 2024, granted our Company a further extension of time of up to 31 December 2024 to submit the proposal to the SC.

On 27 December 2024, our Company entered into the SSA with the Vendors for the Proposed Acquisition and on even date, Berjaya Securities, on behalf of our Board, announced the Proposed Regularisation Plan to regularise our Company's condition as a Cash Company in accordance with paragraph 8.03(5) of the Listing Requirements. On 24 September 2025, our Company and the Vendors mutually agreed to extend the period for the satisfaction or fulfilment of the conditions precedent under the SSA until 30 June 2026. Further, on 14 May 2026, our Company and the Vendors mutually agreed to extend the period for the satisfaction or fulfilment of the conditions precedent under the SSA until 31 December 2026.

The Proposed Special Dividend, Proposed Acquisition, Proposed Offer for Sale and Proposed Exemption are to be undertaken as the Proposed Regularisation Plan of SCGM and hence, are inter-conditional upon each other in terms of our Shareholders' approval.

Pursuant to the Equity Guidelines, the Proposed Regularisation Plan is a proposal which would result in a significant change in the business direction or policy of our Company as it involves an acquisition of assets by our Company, which is classified as a Cash Company by Bursa Securities under Chapter 8 of the Listing Requirements, to regularise our Company's condition.

The Proposed Acquisition is deemed as a related party transaction in accordance with paragraph 10.08 of the Listing Requirements by virtue of the interests of our Major Shareholders as set out in Section 12, Part A of this Circular. In this regard, on 24 April 2024, BDOCC was appointed as the independent adviser to advise our Directors and non-interested Shareholders in respect of the Proposed Acquisition pursuant to paragraph 10.08 of the Listing Requirements and Proposed Exemption pursuant to subparagraph 4.08(3)(g) of the Rules.

The Proposed Acquisition falls within the scope as provided under paragraph 15.04 of Appendix 2A of the Equity Guidelines, whereby a valuation report on the target asset must be prepared for inclusion in this Circular. Accordingly, on 5 December 2024, WYNCORP was appointed as the Independent Business Valuer to prepare a report on fairness opinion on the Proposed Acquisition.

On 30 December 2024, Berjaya Securities, on behalf of our Board, announced that the applications in relation to the Proposed Regularisation Plan had been submitted to the SC on 30 December 2024.

On 31 December 2024, Berjaya Securities, on behalf of our Board, announced that an application had been submitted to the MITI on 31 December 2024 in relation to the Proposed Offer for Sale to Bumiputera investors approved or recognised by the MITI.

On 8 May 2025, Berjaya Securities, on behalf of our Board, announced that the MITI had, vide its letter dated 7 May 2025 (which was received on 8 May 2025), notified that it has agreed with the Proposed Regularisation Plan, which will result in a total number of 762,259,671 SCGM Shares on the Main Market of Bursa Securities and SCGM will comply with the Bumiputera equity requirement by allocating 95,300,000 SCGM Shares, representing 12.50% of the enlarged total number of SCGM Shares after the Proposed Regularisation Plan, to Bumiputera investors approved or recognised by the MITI.

On 30 May 2025, Berjaya Securities, on behalf of our Board, announced that the SC had, vide its letter dated 29 May 2025 (which was received on 30 May 2025), informed that the application in relation to the Proposed Regularisation Plan (save for the Proposed Exemption) has been approved by the SC under subsection 214(1) of the CMSA, subject to the terms and condition as set out in Section II of this Circular. The SC had also vide the same letter informed that the application under the Bumiputera equity requirement for public listed companies pursuant to the Proposed Regularisation Plan has been approved, subject to SCGM allocating shares equivalent to 12.5% of its enlarged number of issued shares upon completion of the Proposed Regularisation Plan to Bumiputera investors to be approved by the MITI.

On 14 November 2025, an application was submitted to the SC for an extension of time for SCGM to complete the Proposed Regularisation Plan. On 22 January 2026, Berjaya Securities, on behalf of our Board, announced that the SC had, vide its letter dated 21 January 2026 (which was received on 22 January 2026), informed that the application for an extension of time for our Company to complete the Proposed Regularisation Plan has been approved for 6 months until 28 May 2026, subject to the inclusion of the audited consolidated financial results of the Eramas Group for FYE 2025 in this Circular.

On 21 April 2026, an application was submitted to the SC for a further extension of time for SCGM to complete the Proposed Regularisation Plan. On 10 June 2026, Berjaya Securities, on behalf of our Board, announced that the SC had, vide its letter dated 9 June 2026 (which was received on 10 June 2026), informed that the application for extension of time of 6 month until 28 November 2026 has been approved, subject to the completion of the assessment on the impact of the Iran war on the business operations and financial performance of the Eramas Group, and its implications on the Proposed Acquisition, including the valuation of the Eramas Group and accordingly, the Purchase Consideration. Where the assessment indicates a material adverse impact, our Board should revise the terms of the Proposed Acquisition or provide justification demonstrating that the Proposed Acquisition remains fair and reasonable and is not detrimental to the interest of our minority Shareholders. In furtherance of the above, an assessment on the impact of the Iran war on the business operations and financial performance of the Eramas Group and its implications on the Proposed Acquisition has been conducted. Please refer to Section 3.2, Part A of this Circular for further details on the outcome of the assessment.

On 28 April 2026, Berjaya Securities, on behalf of our Board, announced that an application in relation to the listing and quotation of 569,698,630 Consideration Shares on the Main Market of Bursa Securities had been submitted to Bursa Securities on even date.

On 14 May 2026, Berjaya Securities, on behalf of our Board, announced that Bursa Securities had, vide its letter dated 13 May 2026, resolved to approve the listing and quotation of 569,698,630 new SCGM Shares to be issued to the Vendors pursuant to the Proposed Acquisition, subject to the conditions as set out in Section II of this Circular.

Further details of the Proposed Regularisation Plan are set out in the ensuing sections of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH RELEVANT INFORMATION ON THE PROPOSED REGULARISATION PLAN TOGETHER WITH THE VIEWS AND RECOMMENDATIONS OF OUR BOARD AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSED REGULARISATION PLAN WHICH WILL BE TABLED AT THE FORTHCOMING EGM OF OUR COMPANY. THE NOTICE OF EGM AND THE FORM OF PROXY FOR THE EGM ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR (INCLUDING THE IAL FROM BDOCC AS SET OUT IN PART B OF THIS CIRCULAR) BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED REGULARISATION PLAN AT THE FORTHCOMING EGM OF OUR COMPANY.

2. DETAILS OF THE PROPOSED SPECIAL DIVIDEND

The Proposed Special Dividend involves a proposed cash distribution of RM0.25 per SCGM Share held by our Shareholders on the Entitlement Date. The Proposed Special Dividend will be funded from existing cash and bank balances of SCGM, which were mainly proceeds from the Disposal of LSSPI.

Based on 192,561,041 Shares (after excluding 1,038,600 treasury shares) in issue as at the LPD, the Proposed Special Dividend shall entail a total cash distribution of approximately RM48.14 million to our Shareholders on the Entitlement Date.

The Entitlement Date shall be determined by our Board and announced later after the approvals from the relevant authorities and our Shareholders for the Proposed Regularisation Plan have been obtained. In any event, the Entitlement Date shall be prior to the issuance of the Consideration Shares to the Vendors pursuant to the Proposed Acquisition.

The Proposed Special Dividend is intended to reward our existing Shareholders for your continuous support towards our Group by returning excess cash of our Group after taking into consideration the intended amount earmarked for the financial requirements of the Enlarged SCGM Group. The Proposed Special Dividend would not affect the execution and implementation of the Enlarged SCGM Group's future plans or strategies moving forward.

3. DETAILS OF THE PROPOSED ACQUISITION

The Proposed Acquisition entails the acquisition by SCGM of the entire equity interest in Eramas Global Group, comprising 225,749,903 Sale Shares, from the Vendors for a total purchase consideration of RM207.94 million which will be fully satisfied through the issuance of 569,698,630 Consideration Shares at an issue price of RM0.365 each.

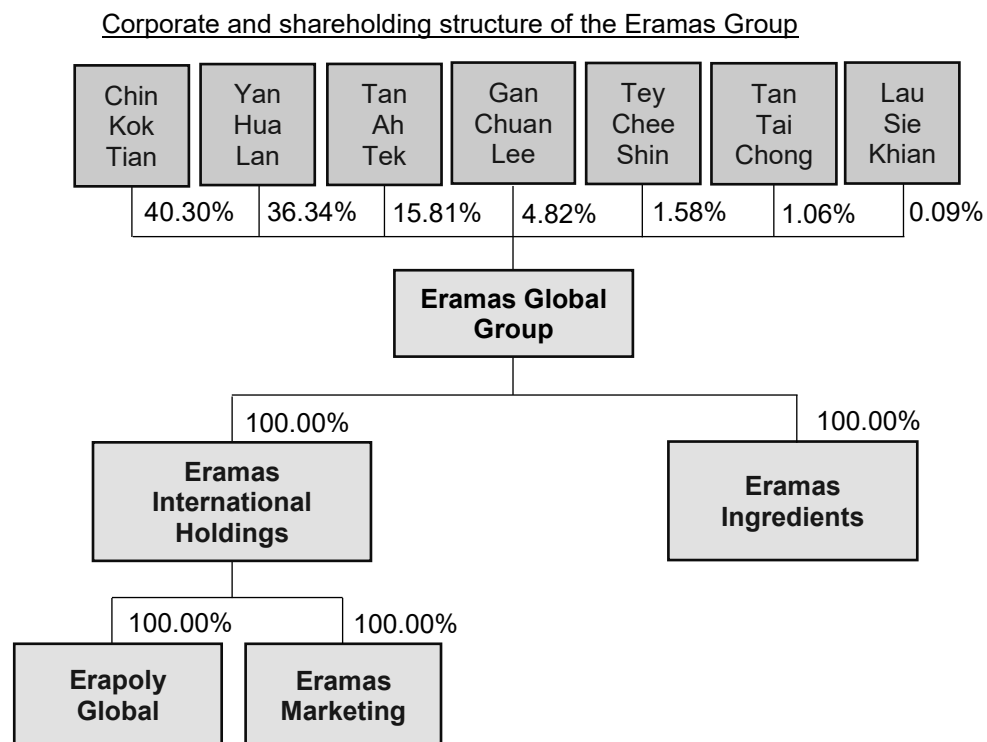
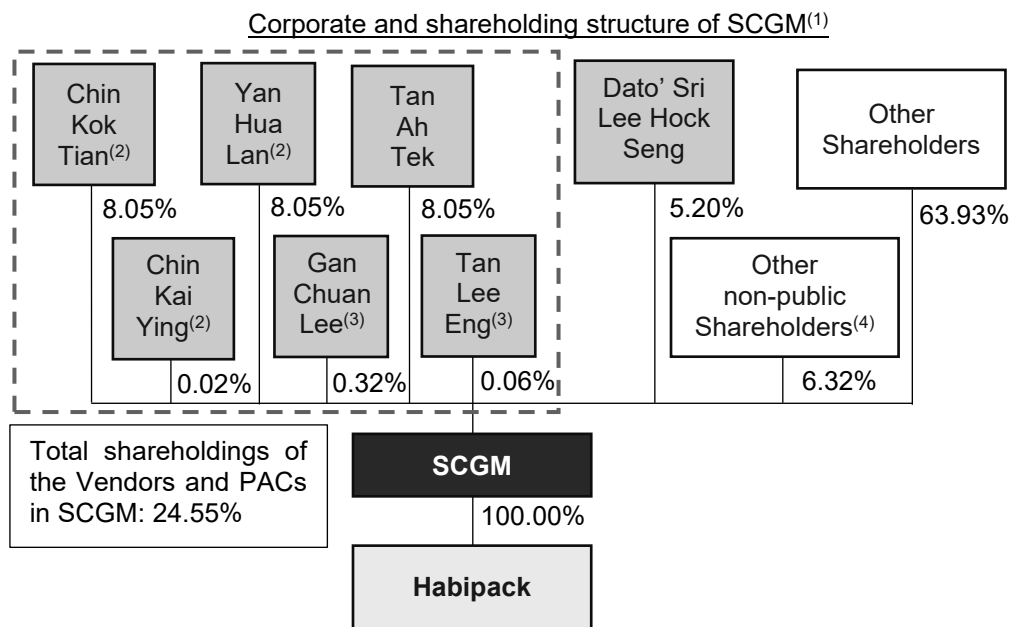
Subject to the terms and conditions in the SSA, the Vendors have agreed to sell and our Company has agreed to purchase the Sale Shares free from any encumbrances and together with all rights attaching to them on the Completion Date.

Upon completion of the Proposed Acquisition, Eramas Global Group will become a wholly-owned subsidiary of our Company.

The salient terms of the SSA are set out in Appendix I of this Circular.

The corporate and shareholding structure of our Company and the Eramas Group before and after the Proposed Regularisation Plan are as follows:-

Before the Proposed Regularisation Plan



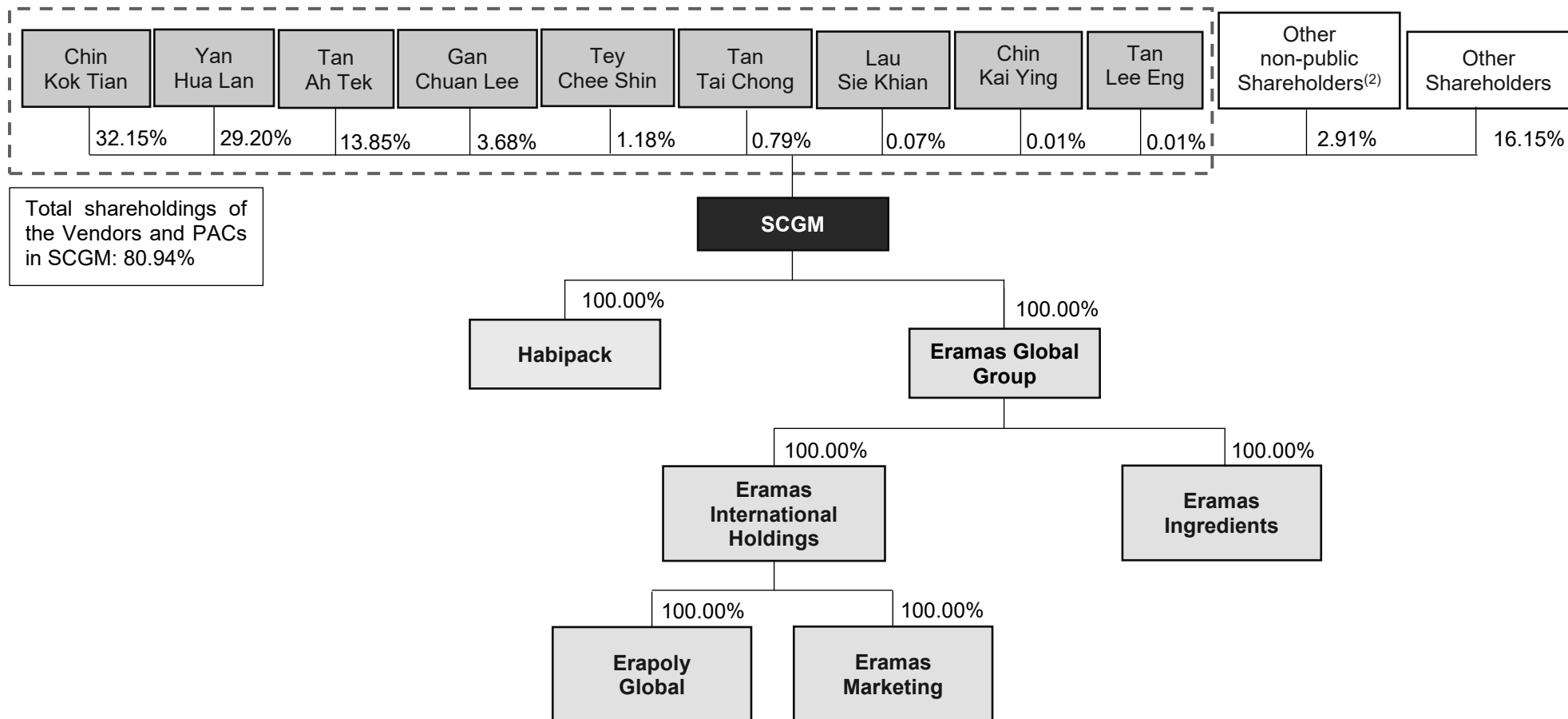
Notes:-

- (1) The shareholding structure of SCGM illustrates the direct shareholdings of the Vendors and PACs as well as Shareholders with a direct interest of not less than 5% of the issued share capital of SCGM.
- (2) Yan Hua Lan is the spouse of Chin Kok Tian. They are the parents of Chin Kai Ying.
- (3) Tan Lee Eng is the spouse of Gan Chuan Lee.
- (4) The other non-public Shareholders and their respective shareholdings in SCGM are as follows:-

	Relationship	Shareholdings in SCGM (%)
<u>Associates of Dato' Sri Lee Hock Seng</u>		
• Dato' Sri Lee Hock Guan	Brother	4.65
• Dato' Sri Lee Hock Chai	Brother	0.86
• Lee Sooi Choo	Sister	0.18
• Lew Han Yean	Son-in-law	0.15
• Lee Boi Choo	Sister	0.11
• Cheaw Poh Chooi	Daughter-in-law	0.11
• Tai Chin Lian	Son-in-law	0.10
• Lee Lih Chyong	Daughter	0.06
• Lee Li Ching	Daughter	0.05
• Lee Hock Lai	Brother	0.03
• Lee Wee Teck	Son	0.01
		6.31
<u>Associate of Lee Yee Ling</u>		
• Ho Ek Che	Mother	0.01
Total		6.32

After the Proposed Acquisition

Corporate and shareholding structure of the Enlarged SCGM Group⁽¹⁾



Notes:-

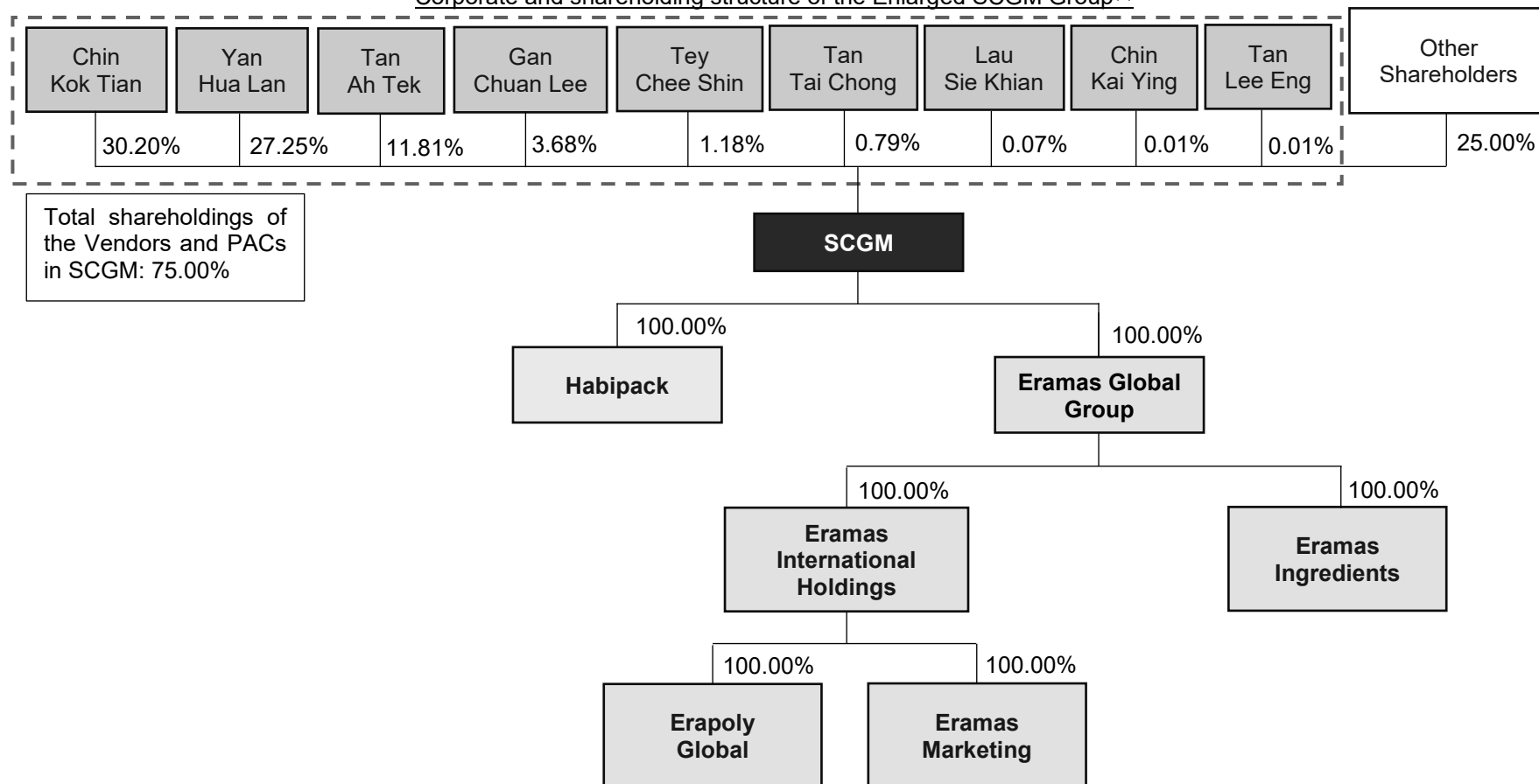
- (1) The shareholding structure of the Enlarged SCGM Group illustrates the direct shareholdings of the Vendors and PACs as well as Shareholders with a direct interest of not less than 5% of the issued share capital of SCGM.
- (2) The other non-public Shareholders and their respective shareholdings in SCGM are as follows:-

	Relationship	Shareholdings in SCGM (%)
<u>Dato' Sri Lee Hock Seng and his associates</u>		
• Dato' Sri Lee Hock Seng	-	1.31
• Dato' Sri Lee Hock Guan	Brother	1.17
• Dato' Sri Lee Hock Chai	Brother	0.22
• Lee Sooi Choo	Sister	0.05
• Lew Han Yean	Son-in-law	0.04
• Lee Boi Choo	Sister	0.03
• Cheaw Poh Chooi	Daughter-in-law	0.03
• Tai Chin Lian	Son-in-law	0.03
• Lee Lih Chyong	Daughter	0.01
• Lee Li Ching	Daughter	0.01
• Lee Hock Lai	Brother	0.01
• Lee Wee Teck	Son	*
		2.91
<u>Associate of Lee Yee Ling</u>		
• Ho Ek Che	Mother	*
Total		2.91

* indicates percentage less than 0.01%.

After the Proposed Acquisition and Proposed Offer for Sale / Proposed Regularisation Plan
(Based on the Maximum Shareholding Scenario)

Corporate and shareholding structure of the Enlarged SCGM Group⁽¹⁾

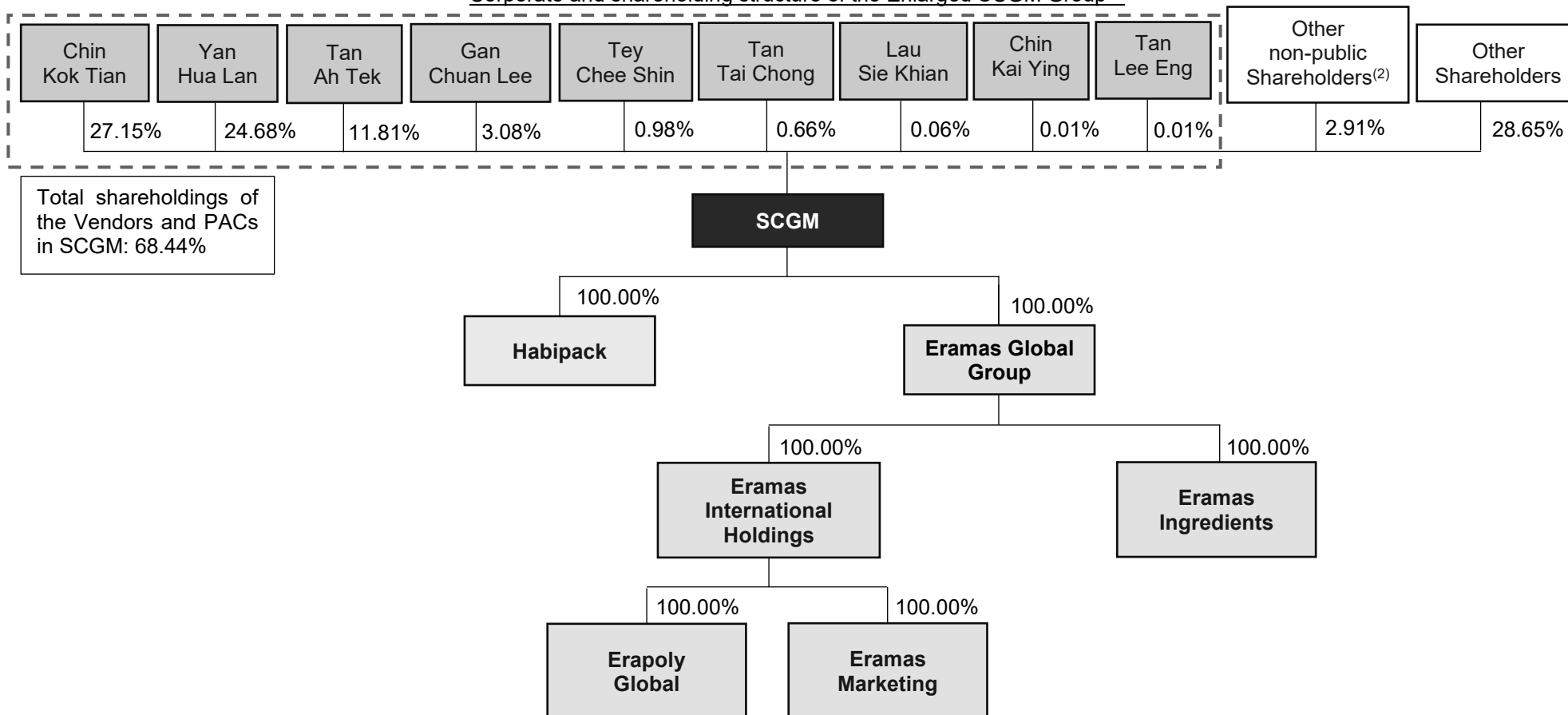


Note:-

- (1) The shareholding structure of the Enlarged SCGM Group illustrates the direct shareholdings of the Vendors and PACs as well as Shareholders with a direct interest of not less than 5% of the issued share capital of SCGM.

After the Proposed Acquisition and Proposed Offer for Sale / Proposed Regularisation Plan
(Based on the Minimum Shareholding Scenario)

Corporate and shareholding structure of the Enlarged SCGM Group⁽¹⁾



Notes:-

- (1) The shareholding structure of the Enlarged SCGM Group illustrates the direct shareholdings of the Vendors and PACs as well as Shareholders with a direct interest of not less than 5% of the issued share capital of SCGM.
- (2) The other non-public Shareholders and their respective shareholdings in SCGM are as follows:-

	Relationship	Shareholdings in SCGM (%)
<u>Dato' Sri Lee Hock Seng and his associates</u>		
• Dato' Sri Lee Hock Seng	-	1.31
• Dato' Sri Lee Hock Guan	Brother	1.17
• Dato' Sri Lee Hock Chai	Brother	0.22
• Lee Sooi Choo	Sister	0.05
• Lew Han Yean	Son-in-law	0.04
• Lee Boi Choo	Sister	0.03
• Cheaw Poh Chooi	Daughter-in-law	0.03
• Tai Chin Lian	Son-in-law	0.03
• Lee Lih Chyong	Daughter	0.01
• Lee Li Ching	Daughter	0.01
• Lee Hock Lai	Brother	0.01
• Lee Wee Teck	Son	*
		2.91
<u>Associate of Lee Yee Ling</u>		
• Ho Ek Che	Mother	*
Total		2.91

* indicates percentage less than 0.01%.

3.1 Background information on Eramas Global Group and the Vendors

Eramas Global Group was incorporated in Malaysia on 22 February 2024 under the Act as a private limited company under the existing name.

As at the LPD, the issued share capital of Eramas Global Group is RM225,749,903 comprising 225,749,903 Eramas Shares. As at the LPD, the shareholders of Eramas Global Group or the Vendors are Chin Kok Tian, Yan Hua Lan, Tan Ah Tek, Gan Chuan Lee, Tey Chee Shin, Tan Tai Chong and Lau Sie Khian.

The directors of Eramas Global Group as at the LPD are Chin Kok Tian, Yan Hua Lan and Tan Ah Tek.

Eramas Global Group is an investment holding company. Through its subsidiaries, the Eramas Group is principally engaged in the manufacturing, trading, distribution and marketing of food products, supplying both the Malaysian and overseas markets. The Eramas Group's head office is located at Lot 4089 Kajang while its manufacturing facility is located at Lot 34719 Enstek.

A summary of the financial information of the Eramas Group for the Financial Years Under Review is as follows:-

	Audited						
	FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)
Revenue	70,505	137,974	153,633	136,311	143,945	142,088	148,577
GP	8,364	10,810	11,690	10,358	22,256	25,379	32,895
Share of profit of an associate	-	-	-	-	-	156	-
PBT	5,921	8,064	6,545	4,399	16,808	18,233	24,518
PAT attributable to:-							
- common controlling shareholders / owners of the Eramas Group	5,525	7,334	5,745	3,937	12,690	13,802	18,580
- non-controlling interests ⁽¹⁾	144	185	211	(314)	1,052	294	-
PAT	5,669	7,519	5,956	3,623	13,742	14,096	18,580
GP margin (%)	11.86	7.83 ⁽²⁾	7.61	7.60	15.46 ⁽³⁾	17.86 ⁽⁴⁾	22.14 ⁽⁵⁾
PBT margin (%)	8.40	5.84	4.26	3.23	11.68	12.83	16.50
PAT margin (%)	8.04	5.45	3.88	2.66	9.55	9.92	12.51
Total equity / NA	20,369	19,688	15,644	21,287	63,029	84,125	102,705
Total borrowings and lease liabilities	292	256	18,427	9,278	10,265	12,569	13,763

Notes:-

- (1) The non-controlling interests refers to the shareholdings in the Eramas Group held by minority shareholders, namely Gan Chuan Lee, Tey Chee Shin, Tan Tai Chong and/or Lau Sie Khian. The non-controlling interests as at the end of respective Financial Years Under Review are as follows:-

	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Eramas International Holdings	-	-	-	-	4%	-	-
Erapoly Global	2%	2%	2%	2%	-	-	-
Eramas Marketing	-	12%	12%	13%	-	-	-
Eramas Ingredients	-	-	-	18%	18%	-	-

Upon completion of the Proposed Acquisition, SCGM will hold 100% equity interest in Eramas Global Group which in turn holds 100% equity interests in Eramas International Holdings, Erapoly Global, Eramas Marketing and Eramas Ingredients.

- (2) The GP margin of the Eramas Group decreased from 11.86% in FYE 2019 to 7.83% in FYE 2020, mainly due to the lower GP margin for oil and fats products achieved by the Eramas Group due to the volatility in global CPO prices resulting from COVID-19. The higher CPO prices in FYE 2020 compressed profit margins as the increases in price could not be fully passed on to end consumers.
- (3) The GP margin of the Eramas Group increased from 7.60% in FYE 2022 to 15.46% in FYE 2023, mainly due to changes in product sales mix, whereby the Eramas Group increased its sales focus on products that generate better profit margins such as UHT coconut cream / milk, coconut cream / milk powder, sweetened condensed milk, evaporated filled milk and vegetable ghee as well as the increased and more efficient in-house manufacturing operations under Eramas Ingredients in FYE 2023.
- (4) Despite the increase in freight and logistics charges in FYE 2024 arising from higher freight rates resulting from the Red Sea crisis, the GP margin of the Eramas Group increased from 15.46% in FYE 2023 to 17.86% in FYE 2024, mainly due to the Eramas Group's sales focus on coconut products (in particular, coconut cream / milk powder) which commanded higher GP margin than oil and fats products and dairy products as well as the increased in-house production of coconut cream / milk powder in FYE 2024. In FYE 2024, the Eramas Group's coconut cream / milk powder continued to receive encouraging demand from its customers due to the Eramas Group's sales and marketing efforts to increase the sales of coconut cream / milk powder.
- (5) The GP margin of the Eramas Group increased from 17.86% in FYE 2024 to 22.14% in FYE 2025, mainly due to higher GP margin achieved for the coconut products. The procurement and pricing strategies adopted by the Eramas Group had successfully led to the improvement in the Eramas Group's GP margin in FYE 2025 despite limited availability of coconut supplies and increase in coconut prices arising from coconut supply shortage due to adverse weather conditions in major coconut producing countries.

As set out in Section 8.2.3, Part A of this Circular, the imposition of the Reciprocal Tariff and global import surcharge by the US government is not expected to have any direct impact which may materially and adversely affect the Eramas Group's business and financial performance. For the Financial Years Under Review, the Eramas Group's sales to the US were not significant, constituting less than 1.50% of the revenue of the Eramas Group for each of the Financial Years Under Review. In addition, as set out in Sections 15 and 16, Appendix III(B) of this Circular, the principal sources of the Eramas Group's purchases are Malaysia, Indonesia and Vietnam and none of the Eramas Group's major suppliers are based in the US.

The outbreak of Iran war in 2026 had adversely impacted the Eramas Group's revenue and profitability as some of the Eramas Group's customers from the West Asia region either deferred their purchases or requested the Eramas Group to postpone their product deliveries until the conflict situation stabilises. This has led to a significant decline in the Eramas Group's export sales to the West Asia region in March 2026, with only one order to Qatar being fulfilled in early March 2026. The Eramas Group's export sales to the West Asia region have begun to recover in April 2026 as some customers (including Business Verity for Trading Ltd Co., one of the major customers of the Eramas Group) resumed their purchases and took product deliveries in April 2026. In addition, the management of the Eramas Group have put in place mitigating initiatives to reduce the potential adverse impacts arising from the Iran war. In mid-June 2026, the US and Iran have signed a memorandum of understanding to end the Iran war. The negotiations to reach the final agreement on a peace deal are still ongoing. If the negotiations fall through and the Iran war escalates, the Eramas Group's business and financial performance may be adversely impacted.

The export sales to the West Asia region for the first 5 months of FYE 2026 declined by approximately RM8.49 million and RM3.99 million as compared to the corresponding periods in FYE 2024 and FYE 2025, respectively. As a result, the GP in respect of the export sales to the West Asia region for the said period also declined by approximately RM0.83 million and RM0.82 million as compared to the corresponding periods in FYE 2024 and FYE 2025, respectively (GP margin for first 5 months: FYE 2024: 11.55%; FYE 2025: 16.39%; FYE 2026: 13.80%).

Further details on the mitigating initiatives and impacts of the Iran war on the business operations and financial performance of the Eramas Group and the Proposed Acquisition are set out in Section 3.2, Part A of this Circular.

Further information on Eramas Global Group and the Vendors are set out in Appendix III of this Circular.

3.2 Basis and justification for the Purchase Consideration

The Purchase Consideration of RM207.94 million in respect of the Sale Shares was arrived at on a willing-buyer willing-seller basis, based on an aggregate of:-

- (a) RM202.50 million for the Eramas Group, representing a PE Multiple of 11.25 times based on the Guaranteed Net Profit of RM18.00 million for FYE 2025; and
- (b) RM5.44 million for Eramas Global Group's then 35%-owned associate⁽¹⁾, PT Eramas, representing Eramas Global Group's 35% share of the unaudited NA attributable to the shareholders of PT Eramas as at 31 December 2023 of approximately IDR55.71 billion (which is equivalent to approximately RM15.54 million, based on an exchange rate of IDR100:RM0.0279 as at 30 October 2024).

For information purposes, the re-audited NA attributable to the shareholders of PT Eramas as at 31 December 2023 remains at approximately IDR55.71 billion. Based on an exchange rate of IDR100:RM0.0280 as at 29 November 2024, a 35% share of the re-audited NA attributable to the shareholders of PT Eramas will be approximately RM5.46 million (i.e. RM0.02 million higher than the initial negotiated price). In view of the insignificant variance, our Company and the Vendors have agreed to maintain the initial negotiated price of RM5.44 million as the purchase consideration for Eramas Global Group's then 35% investment in PT Eramas.

Note:-

- (1) The Purchase Consideration of RM207.94 million includes RM5.44 million attributable to Eramas Global Group's then 35% equity interest in PT Eramas as the Acquisition of PT Eramas was completed on 9 July 2024.

PT Eramas subsequently ceased to be an associate of Eramas Global Group as a result of the Disposal of PT Eramas pursuant to a share sale agreement dated 29 August 2025. Pursuant to the Disposal of PT Eramas, Eramas Global Group disposed of its 35% equity interest in PT Eramas to PT Pulaumas Moromulia for a cash consideration of RM7.00 million.

The Disposal of PT Eramas was undertaken due to the differences in view in terms of PT Eramas' strategic direction and future plans. Particularly, PT Pulaumas Moromulia planned to diversify the business operations of PT Eramas to include the production and sale of non-food and beverage products such as coconut-based activated carbon for industrial use. The said diversification is not aligned with Eramas Global Group's strategic focus on food and beverage industry.

In addition, such diversification would require additional capital injections into the new product segment of PT Eramas. Other than additional capital injections, the diversification of PT Eramas' business operations to include the production and sale of non-food and beverage products would require additional time commitment and efforts from the directors and management of Eramas Global Group. The new products segment is outside their expertise and experience in the food and beverage industry. These would detract their time and attention from focusing on the Eramas Group's core business in the food and beverage industry. Further details are set out in Section 2.1(v), Appendix III(A) of this Circular.

In view of the above, Eramas Global Group had then decided to divest its investment in PT Eramas and to focus on its business operations in Malaysia.

Notwithstanding that PT Eramas subsequently ceased to be an associate of Eramas Global Group as a result of the Disposal of PT Eramas (which was deemed completed on 29 August 2025), Eramas Global Group will receive disposal consideration of RM7.00 million for the 35% equity interest in PT Eramas disposed of. Accordingly, the disposal consideration in respect of the Disposal of PT Eramas (RM7.00 million) will form part of the target asset to be acquired by SCGM pursuant to the Proposed Acquisition instead of Eramas Global Group's then 35% equity interest in PT Eramas.

Pursuant to Clause 7(iii) in Appendix I of this Circular, the Vendors had notified SCGM of the Disposal of PT Eramas prior to the execution of the share sale agreement on 29 August 2025, which SCGM had acknowledged and accepted without any change to the terms of the SSA (including the Purchase Consideration) in view that the disposal consideration in respect of the Disposal of PT Eramas (RM7.00 million) which will be attributable to our Shareholders after the completion of the Proposed Acquisition is higher than and represents a premium against:-

- (i) the purchase consideration to be paid by SCGM to the Vendors attributable to Eramas Global Group's then 35% equity interest in PT Eramas (RM5.44 million) by 28.68%; and
- (ii) Eramas Global Group's 35% share of the audited NA attributable to the shareholders of PT Eramas as at 31 December 2024 (RM5.43 million) by 28.91%.

Notwithstanding the abovementioned premium represented by the disposal consideration in respect of the Disposal of PT Eramas, the Vendors have agreed that there will be no variation to the Purchase Consideration.

This is premised upon the following:-

- (i) the Vendors had already agreed to dispose of Eramas Global Group (including the then 35% equity interest in PT Eramas) to SCGM pursuant to the SSA prior to the Disposal of PT Eramas; and
- (ii) the disposal consideration of RM7.00 million arose from the disposal of PT Eramas, being part of the target asset which was already agreed to be acquired by SCGM pursuant to the Proposed Acquisition.

In justifying the Purchase Consideration, our Board has taken into consideration the following:-

- (i) the Purchase Consideration of RM207.94 million falls within the Indicative Valuation range of between RM156.46 million and RM210.05 million as at 29 May 2026 based on the independent equity valuation undertaken by the Independent Business Valuer.

In determining the Indicative Valuation, WYNCORP has adopted the trading comparables method based on the PE Multiple as the primary valuation approach, taking into consideration that valuation metrics of guideline publicly traded comparable companies are available for benchmarking purposes, the operations of the Eramas Group is relatively established with historical track record of profitability, and such trend of profitability is expected to continue in the future. The trading comparables method values a company by applying market trading multiples, such as the PE Multiple, derived from similar publicly listed companies. This method offers a market-driven perspective by reflecting industry-specific valuation benchmarks and current market conditions.

The selection criteria for the comparable companies are as follows:-

- (a) companies listed on the stock exchanges in Malaysia and within Southeast Asia operating in industries that are comparable to the Eramas Group, specifically within the manufacturing, trading and distribution of coconut, palm oil, dairy and/or food ingredient products.

The rationale for expanding the selection criteria beyond Malaysian companies to include comparable companies listed on stock exchanges within Southeast Asia is to establish adequate pool of comparable companies for a meaningful comparison, taking into consideration the lack of suitable Malaysian comparable companies that meet the selection criteria and the Eramas Group's relatively diversified sales exposure by geographical location rendering its operations not just exposed to domestic market and country risks;

- (b) revenue less than RM1 billion based on last annual audited financial statements.

Notwithstanding that the revenue generated by the Eramas Group was below RM200.00 million, the revenue ceiling is set at RM1 billion for selection criteria as this will help ensure a sufficient pool of comparable companies for a meaningful comparison and evaluation; and

- (c) 85% or more of their revenue are derived from coconut-based, dairy and/or food ingredient products based on last annual audited financial statements.

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The PE Multiples of the selected comparable companies are set out in the table below:-

Comparable companies	Principal activities	Country	Market capitalisation⁽¹⁾⁽²⁾ (RM'million)	Revenue⁽¹⁾⁽³⁾ (RM'million)	PAT⁽¹⁾⁽³⁾ (RM'million)	PE Multiple⁽³⁾ (times)
PT Indo Oil Perkasa Tbk	Engaged in producing and marketing its main product pure coconut oil or crude coconut oil (CNO) and CNO derivative products	Indonesia	28	252	2	12.03
Thai Coconut Public Company Limited	Coconut products manufacturer. Operates through four segments: coconut milk, coconut water, pet food, and others	Thailand	998	810	32	31.33
Axelum Resources Corp	Production, processing, and distribution of coconut-based products, including coconut water, coconut milk, and desiccated coconut	Philippines	580	666	63	9.20
75th percentile						21.68
Median						12.03
25th percentile						10.62

Notes:-

- (1) Based on Bank Negara Malaysia's middle exchange rate as at 5.00 p.m. on 29 May 2026 as follows:-
 - (i) IDR100:RM0.0222
 - (ii) THB100:RM12.1774
 - (iii) PHP100:RM6.4392
- (2) Based on 3-month VWAP to 29 May 2026.
- (3) Trailing 12 months to 29 May 2026. There was no exceptional item which was material and requires specific adjustment to the PAT for the individual comparable companies.

The computed PE Multiple range of 10.62 times to 21.68 times represents the 25th and 75th percentiles of the values observed for the selected comparable companies. As shown in the tabulation below, percentiles between 0 to 1 are assigned across the 3 data points arranged in ascending order.

Percentiles calculations

Comparable companies	PE Multiple ⁽¹⁾ (times)	Percentile
Axelum Resources Corp	PE ₁ = 9.20	p ₁ = 0
PT Indo Oil Perkasa Tbk	PE ₂ = 12.03	p ₂ = 1/2 or 50.00%
Thai Coconut Public Company Limited	PE ₃ = 31.33	p ₃ = 1 or 100.00%

Note:-

(1) Trailing 12 months to 29 May 2026.

To derive the 25th percentile PE Multiple, the following formula was applied:-

$$\begin{aligned}
 \text{25}^{\text{th}} \text{ percentile PE Multiple} &= \text{PE}_1 + \left(\frac{\text{PE}_2 - \text{PE}_1}{(p_2 - p_1)} \times 0.25 \right) \\
 &= 9.20 + \left(\frac{12.03 - 9.20}{(50.00\% - 0)} \times 0.25 \right) \\
 &= 10.62
 \end{aligned}$$

To derive the 75th percentile PE Multiple, the following formula was applied:-

$$\begin{aligned}
 \text{75}^{\text{th}} \text{ percentile PE Multiple} &= \text{PE}_3 - \left(\frac{\text{PE}_3 - \text{PE}_2}{(p_3 - p_2)} \times 0.25 \right) \\
 &= 31.33 - \left(\frac{31.33 - 12.03}{(100.00\% - 50.00\%)} \times 0.25 \right) \\
 &= 21.68
 \end{aligned}$$

By using the 25th and 75th percentiles of a valuation range, the impact of extreme outliers is minimised. This approach narrows the focus to a central 50% range of potential valuations, reducing the influence of unusually high or low trading multiples and offering a more reliable assessment of a company's worth.

Considering the wide spread of the 25th and 75th percentile PE Multiples, resulting from the notable gap in the trading PE Multiples observed for the selected comparable companies, WYNCORP has made further adjustments by adopting the median PE Multiple (being 12.03 times) and the average of the 25th and 75th percentile PE Multiples (being 16.15 times) in computing the Indicative Valuation for the Eramas Global Group, as a more reflective and normalised PE Multiple range.

Based on the median PE Multiple and the average of the 25th and 75th percentiles of the PE Multiples i.e. 12.03 times to 16.15 times, WYNCORP has arrived at the Indicative Valuation of between RM156.46 million and RM210.05 million as follows:-

	Low	High
PE Multiple (times)	12.03	16.15
Audited consolidated PAT of Eramas Global Group for FYE 2025 (RM'million)	18.58	18.58
Equity value of the Eramas Global Group (RM'million)	223.52	300.07
Indicative Valuation (after 30% illiquidity discount⁽¹⁾) (RM'million)	156.46	210.05

Note:-

- (1) The equity value is discounted by 30%, being the illiquidity discount applied to account for lack of liquidity for the Eramas Shares, which aligns with common valuation practices. In deriving the illiquidity discount, WYNCORP made reference to the study titled "Understanding the Southeast Asia Venture Capital Risk Premium" by Velocity Ventures dated 6 June 2021, which analysed the equity discount rates generally applied by investors for Southeast Asian market accounting for factors such as illiquidity, probability of failure, and the control premium (where the observed average discount rate for relatively established private companies was at 31.2%). As this illiquidity discount has accounted for the risks associated with investments within Southeast Asia as a whole, WYNCORP did not apply a separate adjustment for country risk as it would result in an overstatement of the overall risk profile.

As the secondary valuation approach, WYNCORP has used the DCF method to estimate the intrinsic value of the business by calculating the present value of projected free cash flows from operations available to the providers of capital (after taking into consideration all operating expenses, movement in working capital and net investing cash flows), taking into consideration that the Eramas Group's future financial performance is projected to grow notably upon completion of the planned expansion of production capacity and the DCF method will be able to capture the incremental income-producing ability of the Eramas Group upon completion of the planned expansion of production capacity. The DCF method offers a sense-check against the trading comparables method, aligning intrinsic value and market-based perspectives, thereby improving the reliability of the valuation conclusion.

The DCF method is an investment appraisal method that takes into consideration both the time value of money and the cash flow over a fixed period of time. Under this method, the projected free cash flows from the investment are discounted at a specified discount rate to arrive at the net present value. A key assumption for the DCF method is the choice of a discount rate that takes into account the relevant market interest and inflation rates as well as the business and financial risks relating to the business. In determining the discount rates for the Indicative Valuation, WYNCORP has selected the same comparable companies as set out above.

The DCF method was not used as the primary valuation approach due to the inherent complexities and assumptions required for its application, where the valuation outcome from the DCF method is highly sensitive and could vary significantly subject to the key bases and assumptions such as the discount rates, terminal value, and long-term growth rates. Considering that the Eramas Group is relatively established with historical track record of profitability where the future financial performance is projected to grow notably only upon completion of the planned expansion of production capacity, WYNCORP is of the view that the DCF method is more suitable to serve as the secondary valuation approach for cross-checking purposes.

Based on the secondary valuation approach i.e. DCF method, WYNCORP has arrived at the Indicative Valuation of between RM206.48 million and RM260.55 million.

The Indicative Valuation derived based on the primary valuation approach i.e. trading comparables method and the secondary valuation approach i.e. DCF method is as shown in the table below:-

	Trading comparables method		DCF method	
	Low	High	Low	High
Indicative Valuation (after considering illiquidity) (RM'million)	156.46	210.05	206.48	260.55

Please refer to Appendix IV of this Circular for WYNCORP's report on fairness opinion on the Proposed Acquisition;

- (ii) rationale for the Proposed Regularisation Plan as set out in Section 7, Part A of this Circular;
- (iii) competitive strengths of the Eramas Group as set out in Section 2, Appendix III(B) of this Circular as well as business strategies and future plans of the Eramas Group as set out in Section 3, Appendix III(B) of this Circular; and
- (iv) overview and outlook of the coconut products, palm oil products and dairy products industries in Malaysia as contained in the IMR Report in Appendix V of this Circular. As set out in the IMR Report:-
 - (1) exports of coconut products from Malaysia were valued at RM797.0 million in 2025 and are forecast to grow at a CAGR of 10.5% to RM1,188.1 million in 2029;
 - (2) exports of palm-based finished products from Malaysia were valued at RM4.87 billion in 2025 and are forecast to grow at a CAGR of 6.0% to RM6.14 billion in 2029; and
 - (3) exports of condensed, powdered and evaporated milk from Malaysia were valued at RM945.4 million in 2025 and are forecast to grow at a CAGR of 5.8% to RM1.19 billion in 2029.

Based on the above, our Board is of the opinion that the Purchase Consideration of RM207.94 million is fair and reasonable and not detrimental to our non-interested Shareholders.

Our Board takes note of the potential impacts of the ongoing Iran war to the business operations and financial performance of the Eramas Group.

As set out in Section 21.4 in Appendix III(B) of this Circular, the outbreak of Iran war together with renewed aggression in the Red Sea caused naval disruptions due to blockades at both critical Middle Eastern maritime corridors (i.e. the Strait of Hormuz and Bab al-Mandeb Strait) simultaneously. At the inception of the Iran war, many international shipments to and from the Middle East were temporarily put on hold or cancelled as a result of the blockades. The interruptions to shipping routes and schedules led to port congestion across regions as shipping queues built up, contributing to bottlenecks and shortages in shipment capacity as well as higher sea freight rates and logistics cost. Nonetheless, the Eramas Group has generally been able to pass on the higher freight and logistics costs to its customers. The Eramas Group does not expect any material risk that it will be unable to pass on increases in freight and logistics costs to its customers arising from the Iran war as it is an industry-wide issue and the Eramas Group's products comprise food products which are necessities. In addition, the Eramas Group has not experienced material incidences of being unable to deliver or material delays in delivery of goods to its customers in any regions (save for the West Asia region).

As a result of the war, some of the Eramas Group's customers from the West Asia region either deferred their purchases or requested the Eramas Group to postpone their product deliveries until the conflict situation stabilises. This has led to a significant decline in the Eramas Group's export sales to the West Asia region in March 2026, with only one order to Qatar being fulfilled in early March 2026. The export sales to Saudi Arabia began to recover in April 2026 as customers began adapting to the new industry norm and alternative shipping routes at higher costs and surcharges.

For information purposes, the export sales to the West Asia region were RM28.72 million and RM28.15 million, contributing to 20.22% and 18.95% of the total sales of the Eramas Group for FYE 2024 and FYE 2025 respectively.

The export sales by country, GP and average GP margin for the West Asia region for FYE 2024 and FYE 2025 are as follows:-

	FYE 2024		FYE 2025	
	(RM'000)	(%)(¹)	(RM'000)	(%)(¹)
Revenue				
Bahrain	474	0.33	360	0.24
Iraq	242	0.17	-	-
Jordan	-	-	569	0.38
Lebanon	1,626	1.15	1,109	0.75
Oman	406	0.29	413	0.28
Qatar	4,703	3.31	4,688	3.15
Saudi Arabia	19,673	13.85	20,499	13.80
Syria	218	0.15	-	-
The United Arab Emirates	747	0.53	513	0.35
Yemen	631	0.44	-	-
Total revenue	28,720⁽²⁾	20.22	28,151⁽³⁾	18.95
GP	3,308	13.03	4,818	14.65
GP margin (%)	11.52		17.11	

Notes:-

- (1) As a percentage of the audited consolidated revenue and GP of Eramas Global Group.
- (2) Derived from the export sales of dairy products (85.01%), coconut products (13.35%) and oil and fats products (1.64%).
- (3) Derived from the export sales of dairy products (75.71%), coconut products (22.70%), oil and fats products (1.22%) and specialty food ingredients and other products (0.37%).

The export sales to the West Asia region for the first 5 months of FYE 2026 declined by approximately RM8.49 million and RM3.99 million as compared to the corresponding periods in FYE 2024 and FYE 2025, respectively. As a result, the GP in respect of the export sales to the West Asia region for the said period also declined by approximately RM0.83 million and RM0.82 million as compared to the corresponding periods in FYE 2024 and FYE 2025, respectively (GP margin for first 5 months: FYE 2024: 11.55%; FYE 2025: 16.39%⁽¹⁾; FYE 2026: 13.80%⁽²⁾).

Notes:-

- (1) The increase in GP margin from 11.55% to 16.39% for the first 5 months of FYE 2025 was mainly attributable to better trading margins achieved for dairy products as the Eramas Group secured lower costs of dairy products sold to the West Asia region during the said period as well as higher revenue contribution from coconut products (in particular coconut cream / milk powder), which command higher GP margin than dairy products, representing 22.70% of the Eramas Group's total revenue (First 5 months of FYE 2024: 13.35%).
- (2) The decrease in GP margin from 16.39% to 13.80% for the first 5 months of FYE 2026 was mainly attributable to lower trading margins achieved for dairy products due to higher costs of dairy products sold to the West Asia region during the said period.

Our Board also takes note of the following recent developments and mitigating initiatives which have been put in place by the management of the Eramas Group which reduce the potential adverse impacts arising from the Iran war:-

- (i) the Eramas Group's export sales to Saudi Arabia began to recover in April 2026 as some customers (including Business Verity for Trading Ltd Co., one of the major customers of the Eramas Group) resumed their purchases and took product deliveries in April 2026. For information purposes, the export sales to Business Verity for Trading Ltd Co. in FYE 2025 constituted 52% of the total export sales of the Eramas Group to the West Asia region in FYE 2025 (First 5 months of FYE 2026: 64%). Up to the date of this Circular, there are more customers from the West Asia region who resumed their purchases from the Eramas Group;
- (ii) the Eramas Group also engages with its customers from other regions to explore the possibility of bringing forward their purchase orders and rescheduling deliveries to earlier dates. Up to the date of this Circular, the Eramas Group has managed to reschedule deliveries for a few existing purchase orders from the 4th quarter of 2026 to 3rd quarter of 2026. While such reschedulement is merely a re-timing of deliveries within the same financial year and does not give rise to additional purchase orders from the customers, this enables the Eramas Group to complete the orders earlier, conserving more capacity for the 4th quarter of 2026. For the avoidance of doubt, there are no price concessions, extended credit terms or other incentives provided to the customers in connection with the acceleration of purchase orders. Once the maritime traffic to the Middle East normalises upon stabilisation of the conflict situation, the Eramas Group will prioritise production and deliveries to the West Asia region;
- (iii) the Eramas Group expends continuous efforts to increase sales from domestic and non-West Asia markets. In the 2nd half of 2025 and up to the date of this Circular, the Eramas Group has successfully secured new customers (including larger consumer goods distribution companies) and the sales contribution from these new customers will contribute positively to the financial performance of the Eramas Group; and

- (iv) in mid-June 2026, the US and Iran have signed a memorandum of understanding to end the Iran war. The memorandum of understanding includes, amongst others, an immediate and permanent termination of military operations on all fronts, including in Lebanon, an extendable 60-day period for the US and Iran to negotiate and achieve a final peace deal and the reopening of the Strait of Hormuz. The US will fully end the naval blockade within 30 days while Iran will make arrangements using its best efforts for the safe passage of commercial vessels with no charge for 60 days, from the Persian Gulf to the Sea of Oman and vice versa. The negotiations to reach the final agreement on a peace deal are still ongoing. If the negotiations fall through and the Iran war escalates, the Eramas Group's business and financial performance may be adversely impacted.

With the abovementioned recovery of export sales to the West Asia region as well as mitigating initiatives which have been put in place, the Eramas Group recorded higher total revenue for the first 5 months of FYE 2026 as compared to the corresponding periods in FYE 2024 and FYE 2025, an increase of approximately 2.76% and 15.92% respectively. The improved performance was mainly driven by expansion of export sales of coconut products, dairy products and oil and fats products to Africa region in the first 5 months of FYE 2026. The Eramas Group expects to achieve its projected sales for the FYE 2026, supported by existing sales orders secured by the Eramas Group while its profitability margins will continue to be driven by coconut products which command higher GP margin than oil and fats products and dairy products.

Based on the latest unaudited management accounts for the 5-month period ended 31 May 2026, the Eramas Group recorded revenue of approximately RM57.01 million, GP of approximately RM9.27 million and PAT of approximately RM4.13 million, translating into GP margin and PAT margin of approximately 16.26% and 7.25% respectively. For illustration purposes, the Purchase Consideration of RM207.94 million in respect of the Sale Shares represents an implied PE Multiple of 20.98 times to the annualised PAT of the Eramas Group for FYE 2026 of RM9.91 million, which was extrapolated from the unaudited PAT of the Eramas Group for the 5-month financial period ended 31 May 2026 of RM4.13 million. Nonetheless, the unaudited PAT of the Eramas Group for the 5-month financial period ended 31 May 2026 may not be reflective of the full year financial results of the Eramas Group for FYE 2026. Accordingly, the computation of the implied PE Multiple of 20.98 times is solely for illustration purposes only.

Based on the assessments above and having considered and evaluated the report on fairness opinion issued by WYNCORP on the Proposed Acquisition, which includes the valuation methodologies as well as key bases and assumptions adopted in the financial projections of the Eramas Group (which was prepared by the management of the Eramas Group after taking into consideration the impacts of the Iran war on the business operations and financial performance of the Eramas Group), our Board and the Principal Adviser are satisfied with the reasonableness of the Indicative Valuation as ascribed by the Independent Business Valuer given the prevailing circumstances and significant factors that are known as at the date of this Circular.

Taking into consideration the above, the competitive strengths, business strategies and future plans of the Eramas Group, overview and outlook of the coconut products, palm oil products and dairy products industries in Malaysia as well as the opinions of the Independent Business Valuer and the Independent Adviser, our Board and the Principal Adviser are of the view that the disruptions arising from the Iran war do not result in a material adverse impact on the valuation of the Eramas Group and accordingly, no revision to the Purchase Consideration or other terms of the Proposed Acquisition is required.

3.3 Profit Guarantee

Pursuant to the Proposed Acquisition, the Vendors jointly and severally, irrevocably and unconditionally guarantee to SCGM that the Eramas Group shall achieve a consolidated PAT of RM18.00 million for FYE 2025.

3.4 Basis and justification for the issue price of the Consideration Shares

The issue price of the Consideration Shares of RM0.365 was arrived at based on the issue price of RM0.615 agreed between our Company and the Vendors in the HOA dated 20 March 2024 and after adjusting and reducing by the proposed cash distribution of RM0.25 per SCGM Share pursuant to the Proposed Special Dividend, which will be undertaken prior to the issuance of the Consideration Shares to the Vendors.

In justifying the issue price of the Consideration Shares, our Board has taken into consideration the following:-

- (i) the NA of our Group after adjusting for the effects of the Proposed Special Dividend as follows:-

	Amount (RM'000)	Per Share (RM)
<u>As at 31 December 2025</u>		
Audited NA of our Group as at 31 December 2025	115,734	0.601
Less: Proposed Special Dividend	(48,140) ⁽¹⁾	(0.250)
Adjusted NA of our Group as at 31 December 2025	67,594	0.351
<u>As at 31 March 2026</u>		
Unaudited NA of our Group as at 31 March 2026	115,683	0.601
Less: Proposed Special Dividend	(48,140) ⁽¹⁾	(0.250)
Adjusted NA of our Group as at 31 March 2026	67,543	0.351

Note:-

- (1) Being the total cash distribution based on 192,561,041 Shares (after excluding 1,038,600 treasury shares) in issue as at the LPD.

The issue price of the Consideration Shares of RM0.365 represents a premium of RM0.014 (3.99%) to the adjusted NA of our Group as at 31 December 2025 and the adjusted NA of our Group as at 31 March 2026; and

- (ii) the historical adjusted market prices and VWAPs of SCGM Shares after adjusting for the effects of the Proposed Special Dividend. The following table sets out the premium / (discount) of the issue price of the Consideration Shares to the adjusted market prices / VWAPs of the SCGM Shares:-

	Adjusted market price / VWAP ⁽¹⁾	Premium / (Discount) of the issue price of the Consideration Shares to the adjusted market prices / VWAPs of the SCGM Shares	
	RM	RM	%
Up to the HOA LTD (19 March 2024):-			
• Last traded market price	0.3600	0.0050	1.39
• 5-Market Day VWAP	0.3586	0.0064	1.78
• 1-month VWAP	0.3609	0.0041	1.14
• 3-month VWAP	0.3433	0.0217	6.32
• 6-month VWAP	0.3227	0.0423	13.11
• 1-year VWAP	0.3324	0.0326	9.81

	Adjusted market price / VWAP ⁽¹⁾	Premium / (Discount) of the issue price of the Consideration Shares to the adjusted market prices / VWAPs of the SCGM Shares	
	RM	RM	%
Up to the SSA LTD (26 December 2024):-			
• Last traded market price	0.4450	(0.0800)	(17.98)
• 5-Market Day VWAP	0.4292	(0.0642)	(14.96)
• 1-month VWAP	0.4141	(0.0491)	(11.86)
• 3-month VWAP	0.3926	(0.0276)	(7.03)
• 6-month VWAP	0.4195	(0.0545)	(12.99)
• 1-year VWAP	0.4008	(0.0358)	(8.93)
Up to the LPD (29 May 2026):-			
• Last traded market price	0.2200	0.1450	65.91
• 5-Market Day VWAP	0.2190	0.1460	66.67

(Source: Bloomberg)

Note:-

(1) After adjusting for the effects of the Proposed Special Dividend of RM0.25 per SCGM Share.

The issue price of the Consideration Shares was agreed between our Company and the Vendors in the HOA dated 20 March 2024, subject to adjustments for any dividend or distribution declared or paid by SCGM, whereby the entitlement date for such dividend or distribution is after the date of the HOA and prior to the Completion Date. At the point of determination of the issue price of the Consideration Shares, the issue price of RM0.365 represents a premium of 1.39% to the adjusted closing market price of the SCGM Shares as at the HOA LTD and a premium of between 1.14% and 13.11% to the adjusted 5-Market Day, 1-month, 3-month, 6-month and 1-year VWAPs of the SCGM Shares up to the HOA LTD.

In addition, the issue price of the Consideration Shares of RM0.365 represents a premium of 65.91% to the adjusted closing market price of the SCGM Shares as at the LPD and a premium of 66.67% to the adjusted 5-Market Day VWAP of the SCGM Shares up to the LPD.

Although the issue price of the Consideration Shares represents a discount to the adjusted closing market price / VWAPs up to the SSA LTD, our Board is of the opinion that the issue price of RM0.365 is fair and reasonable and not detrimental to our non-interested Shareholders after taking into consideration that it represents a premium to the prevailing market prices of SCGM Shares immediately prior to the announcement of the HOA and as at the LPD as well as the adjusted NA of SCGM in view that SCGM is currently classified as a Cash Company and our Group does not have any business operations.

3.5 Ranking of the Consideration Shares

The Consideration Shares shall, upon allotment and issuance, rank equally in all respects with the then existing issued Shares, save and except that the holder of the Consideration Shares shall not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to our Shareholders, the entitlement date of which is prior to the date of allotment and issuance of the Consideration Shares.

For the avoidance of doubt, the Consideration Shares will be allotted and issued after the Entitlement Date and hence, there will be no Proposed Special Dividend to be paid in respect of the Consideration Shares.

3.6 Listing and quotation of the Consideration Shares

Bursa Securities had, vide its letter dated 13 May 2026, resolved to approve the listing and quotation of 569,698,630 new SCGM Shares to be issued to the Vendors pursuant to the Proposed Acquisition on the Main Market of Bursa Securities. The approval of Bursa Securities is subject to the conditions as set out in Section II of this Circular.

3.7 Source of funding

The Purchase Consideration will be satisfied entirely via the allotment and issuance of the Consideration Shares at an issue price of RM0.365.

The Proposed Acquisition constitutes a reverse acquisition whereby the acquirer and acquiree of the transaction for accounting purposes should be Eramas Global Group and SCGM respectively. In substance, Eramas Global Group is issuing shares to obtain control over SCGM, acquiring its listing status together with its cash balances and other net assets. Any excess of the transaction price over the fair value of the assets and liabilities of the listed shell company (SCGM) represents a cost for obtaining a listing (referred as share-based payment expense).

The share-based payment expense is computed as the excess of the fair value of the consideration for the reverse acquisition of SCGM over the fair value of SCGM's identifiable NA. The Purchase Consideration is not part financed via cash and/or borrowings as any cash payments made to the Vendors will reduce the fair value of identifiable NA of the SCGM Group and a higher share-based payment expense resulting from the reverse acquisition will be recognised by the Enlarged SCGM Group. The recognition of a high share-based payment expense in profit or loss may materially and adversely affect the financial performance and financial position of the Enlarged SCGM Group after the completion of the Proposed Regularisation Plan.

3.8 Liabilities to be assumed

Save for the liabilities of the Eramas Group which will be assumed by our Company upon completion of the Proposed Acquisition, there are no other liabilities, including contingent liabilities and guarantees, to be assumed by our Company arising from the Proposed Acquisition.

As at the LPD, the Vendors have either personally or jointly and severally provided personal guarantees for borrowings and lease liabilities of the Eramas Group. The total outstanding borrowings and lease liabilities of the Eramas Group as at 31 December 2025 were RM13.76 million. As at the LPD, the Eramas Group has obtained consents for the discharge of the personal guarantees given by the Vendors in respect of all the borrowings and lease liabilities. The key conditions for some of the consents obtained are as follows:-

- (i) successful completion of the Proposed Acquisition⁽¹⁾;

- (ii) provision of corporate guarantee by our Company for the financing facilities; and
- (iii) after completion of the Proposed Acquisition, Chin Kok Tian, Yan Hua Lan and Tan Ah Tek shall remain as the controlling shareholders of our Company with combined shareholdings of not less than 50%.

Note:-

- (1) The successful completion of the Proposed Acquisition is a key condition to the consents obtained as it will establish our Company as the holding company of the Eramas Group in order for our Company to provide corporate guarantee for the financing facilities granted to the Eramas Group.

Accordingly, upon completion of the Proposed Acquisition, our Company will be required to provide corporate guarantee in respect of the relevant borrowings and lease liabilities of the Eramas Group.

3.9 Additional financial commitment

In view that the Eramas Group is already in operation, our Company is not required to incur any additional financial commitment to put the business of the Eramas Group on-stream following the completion of the Proposed Acquisition.

For information purposes, the Eramas Group intends to expand its existing manufacturing facility in Bandar Baru Enstek, Negeri Sembilan, as further detailed in Section 6, Part A of this Circular and Section 3.2, Appendix III(B) of this Circular. This expansion will be funded using our Group's cash and bank balances after the completion of the Proposed Regularisation Plan.

3.10 Historical share prices

The monthly highest and lowest market prices of our Shares transacted for the 12 months preceding the date of this Circular and the last transacted market price of our Shares as at the HOA LTD, SSA LTD and LPD are as follows:-

	High RM	Low RM
2025		
June	0.600	0.565
July	0.590	0.560
August	0.590	0.560
September	0.590	0.525
October	0.560	0.510
November	0.540	0.500
December	0.520	0.490
2026		
January	0.495	0.465
February	0.550	0.470
March	0.500	0.470
April	0.510	0.455
May	0.540	0.455
Last transacted market price of our Shares as at the HOA LTD (RM)	0.610	
Last transacted market price of our Shares as at the SSA LTD (RM)	0.695	
Last transacted market price of our Shares as at the LPD (RM)	0.470	

(Source: Bloomberg)

4. DETAILS OF THE PROPOSED OFFER FOR SALE

Pursuant to the Proposed Offer for Sale, the Vendors will offer up to 95,300,000 Offer Shares, representing up to 12.50% of the enlarged total number of SCGM Shares after the Proposed Acquisition, for subscription by Bumiputera investors approved or recognised by the MITI, institutional investors and selected investors at an offer price of RM0.365 each.

The Offer Shares are intended to be offered to investors who qualify under Schedule 6 or Schedule 7 of the CMSA via a private placement. The offer price of the Offer Shares is the same as the issue price of the Consideration Shares. The Offer Shares shall rank equally in all respects with the then existing issued Shares and shall be listed on the Main Market of Bursa Securities. The proceeds from the Proposed Offer for Sale will accrue to the Vendors.

On 30 December 2024, Berjaya Securities, on behalf of our Company, had submitted the applications in relation to the Proposed Regularisation Plan to the SC, including the relief from complying with the requirements of paragraph 7.19(a) of the Equity Guidelines to allow up to 48,185,000 Consideration Shares, representing up to 6.32% of the enlarged total number of SCGM Shares after the Proposed Acquisition, to be offered for subscription under the Proposed Offer for Sale. The SC had, vide its letter dated 29 May 2025, approved, amongst others, the application in relation to the Proposed Regularisation Plan (save for the Proposed Exemption) under subsection 214(1) of the CMSA, subject to the terms and condition as set out in Section II of this Circular.

The Offer Shares shall comprise 47,115,000 existing Shares held by the Vendors and 48,185,000 Consideration Shares to be received by the Vendors pursuant to the Proposed Acquisition, as set out below:-

	A	B	A + B
	No. of existing Shares held by the Vendors (up to)	No. of Consideration Shares (up to)	No. of Offer Shares (up to)
Vendors			
Chin Kok Tian	15,500,000	22,689,882	38,189,882
Yan Hua Lan	15,500,000	18,918,104	34,418,104
Tan Ah Tek	15,500,000	-	15,500,000
Gan Chuan Lee	615,000	3,982,213	4,597,213
Tey Chee Shin	-	1,504,804	1,504,804
Tan Tai Chong	-	1,004,721	1,004,721
Lau Sie Khian	-	85,276	85,276
Total	47,115,000	48,185,000	95,300,000

For the Proposed Offer for Sale, the 47,115,000 existing Shares held by the Vendors shall be fully subscribed first prior to any of the 48,185,000 Consideration Shares being offered for subscription under the Proposed Offer for Sale.

In the event that the Offer Shares are not fully subscribed by Bumiputera investors approved or recognised by the MITI, such number of Offer Shares required for our Company to comply with the public shareholding spread requirement pursuant to paragraph 3.06 of the Listing Requirements shall be re-allocated for subscription by institutional investors and/or selected investors. Pursuant to paragraph 3.06(1) of the Listing Requirements, our Company must have at least 25% of the total number of SCGM Shares in the hands of a minimum number of 1,000 public shareholders holding not less than 100 SCGM Shares each.

Subsequent to that, the Moratorium Requirement shall apply to all remaining Consideration Shares which are not subscribed under the Proposed Offer for Sale together with the other 521,513,630 Consideration Shares to be received by the Vendors pursuant to the Proposed Acquisition.

In the event that there is a low subscription rate for the Offer Shares under the Proposed Offer for Sale, our Company may not be able to comply with the public shareholding spread requirement pursuant to paragraph 3.06 of the Listing Requirements. Such event may cause a delay in or cancellation of the listing of the Consideration Shares (including the Offer Shares) on the Main Market of Bursa Securities. In the event that the Proposed Acquisition and Proposed Offer for Sale are not capable of being completed, the Proposed Regularisation Plan will not be completed. Consequently, the SCGM Shares may be suspended from trading on the Main Market of Bursa Securities and de-listed if SCGM is not able to regularise our Company's condition as a Cash Company in accordance with paragraph 8.03(5) of the Listing Requirements to maintain listing status on the Main Market of Bursa Securities.

For information purposes, upon expiry of the Moratorium Period, the Vendors intend to undertake an offer for sale of an additional up to 50,000,000 SCGM Shares to institutional investors and selected investors who qualify under Schedule 6 or Schedule 7 of the CMSA at an offer price to be determined later. The offer for sale is intended to be undertaken, amongst others, to allow participation from more institutional investors and high net worth investors as well as to increase the public float of SCGM which in turn may further enhance the trading liquidity of the SCGM Shares. The Vendors and PACs intend to hold the remaining SCGM Shares after the offer for sale to continue participating in and contributing to the future growth of the Eramas Group through SCGM.

5. DETAILS OF THE PROPOSED EXEMPTION

Pursuant to subparagraph 4.01(a) of the Rules, unless otherwise exempted by the SC, a mandatory offer shall apply to an acquirer where the acquirer has obtained control (i.e. more than 33% of the voting shares or voting rights) in a company.

Upon completion of the Proposed Acquisition, the shareholdings of the Vendors and PACs will collectively increase from 47,277,000 Shares (representing approximately 24.55% shareholdings in SCGM) as at the LPD to 616,975,630 Shares (representing approximately 80.94% shareholdings in SCGM).

Based on the Minimum Shareholding Scenario, i.e. assuming that (i) all existing non-public Shareholders (other than the Vendors) continue to hold their existing Shares after the completion of the Proposed Regularisation Plan, (ii) all 95,300,000 Offer Shares (including 48,185,000 Consideration Shares) are fully subscribed under the Proposed Offer for Sale and (iii) arising therefrom, our Company has a public shareholding spread of 28.65% upon completion of the Proposed Regularisation Plan, the collective shareholdings of the Vendors and PACs will decrease to 521,675,630 Shares (representing approximately 68.44% shareholdings in SCGM) after the Proposed Regularisation Plan.

However, the Offer Shares may not be fully subscribed and our Company may end up with a public shareholding spread of only 25% after the Proposed Offer for Sale. Based on the Maximum Shareholding Scenario, i.e. assuming that (i) all existing non-public Shareholders (other than the Vendors and PACs) dispose of their Shares to public Shareholders prior to the completion of the Proposed Regularisation Plan, (ii) 45,280,877 existing Shares held by the Vendors (but none of the Consideration Shares) are subscribed by public Shareholders under the Proposed Offer for Sale and (iii) arising therefrom, our Company has a public shareholding spread of 25% upon completion of the Proposed Regularisation Plan, comprising the Shares held by all our Shareholders (other than the Vendors and PACs), the maximum collective shareholdings of the Vendors and PACs in SCGM will be 571,694,753 Shares (representing approximately 75.00% shareholdings in SCGM) after the Proposed Regularisation Plan.

As the collective shareholdings of the Vendors and PACs will increase to more than 33% of the voting shares or voting rights in SCGM pursuant to the Proposed Acquisition, the Vendors and PACs will be obliged to undertake a mandatory take-over offer to acquire the remaining SCGM Shares not already owned by them upon completion of the Proposed Acquisition pursuant to subparagraph 4.01(a) of the Rules.

As the Vendors and PACs do not intend to undertake the Mandatory Offer, they intend to seek the SC's approval for the Proposed Exemption pursuant to subparagraph 4.08(1)(a) of the Rules. For the avoidance of doubt, the Proposed Exemption does not exempt any of the Vendors and/or the PACs from the obligation to undertake a mandatory take-over offer to acquire the remaining SCGM Shares not already owned by them if any of their individual shareholding in SCGM increases to more than 33% of the voting shares or voting rights in SCGM after the completion of the Proposed Acquisition.

Pursuant to subparagraph 4.08(2) of the Rules, the SC may consider granting the Proposed Exemption if the Vendors and PACs have satisfied the following conditions:-

- (i) There is no acquisition of SCGM Shares or instruments convertible into SCGM Shares and options in respect of SCGM Shares (other than subscriptions for new SCGM Shares or new instruments convertible into or options in respect of new SCGM Shares which have been disclosed in this whitewash circular) by the Vendors and PACs, in the 6 months prior to the announcement of the Proposed Regularisation Plan but subsequent to negotiations, discussions or the reaching of understandings or agreements with our Directors in relation to the Proposed Acquisition until completion of the issuance of the Consideration Shares for the Proposed Acquisition. As at the LPD, the Vendors and PACs have not engaged in any disqualifying transactions; and
- (ii) Approval is obtained from our non-interested Shareholders for the Proposed Exemption at the forthcoming EGM of our Company.

Any exemption granted will be invalidated if the Vendors and PACs have engaged or engage in a disqualifying transaction.

In the event our non-interested Shareholders and/or the SC do not approve the Proposed Exemption, the Proposed Special Dividend, Proposed Acquisition and Proposed Offer for Sale will not be implemented as they are inter-conditional with the Proposed Exemption.

6. USE OF OUR GROUP'S CASH RESERVES

Our Group will not raise any proceeds from the Proposed Regularisation Plan. As at 31 May 2026, our Group has cash and bank balances of approximately RM116.10 million, which were mainly proceeds from the Disposal of LSSPI and the disposal of 3 properties by Habipack which was completed on 29 December 2023.

After deducting the proposed cash distribution of approximately RM48.14 million pursuant to the Proposed Special Dividend, our Group will have remaining cash and bank balances of approximately RM67.96 million.

Upon completion of the Proposed Regularisation Plan, our Group intends to earmark the remaining cash and bank balances to be used in the following manner:-

Intended use of our Group's cash reserves	Estimated timeframe for use of our Group's cash reserves from completion of the Proposed Regularisation Plan	Amount	
		(RM'000)	(%)
(i) Expansion of existing manufacturing facility of Eramas Ingredients	Within 24 months	55,102	81.08
(ii) Marketing and advertising expenses	Within 12 months	1,500	2.21
(iii) Working capital	Within 12 months	10,035	14.76
(iv) Remaining estimated expenses for the Proposed Regularisation Plan	Immediate	1,324	1.95
Total		67,961	100.00

(i) Expansion of existing manufacturing facility of Eramas Ingredients

As at the LPD, Eramas Ingredients owns and operates a manufacturing facility in Bandar Baru Enstek, Negeri Sembilan, which manufactures food related powder ranging from coconut to palm series.

The Eramas Group intends to expand the manufacturing facility of Eramas Ingredients to increase its production and warehousing capacity. An amount of RM55.10 million will be earmarked for this expansion plan.

The expansion plan is expected to mainly involve the following:-

Description	Amount (RM'000)
(a) Construction of an extension to the existing manufacturing facility	12,500
(b) Purchase, installation and commissioning of a new spray drying system and machineries	41,775
(c) Purchase and installation of a new racking system as well as purchase of reach trucks and forklift	827
Total	55,102

Prior to the completion of the Proposed Regularisation Plan, the Eramas Group may fund part of the costs in relation to the above via borrowings and/or internally generated funds. Upon completion of the Proposed Regularisation Plan, a similar portion of cash and bank balances of the Enlarged SCGM Group will be earmarked to repay the borrowings and/or to replenish the internally generated funds of the Eramas Group.

Any shortfall for the expansion of existing manufacturing facility of Eramas Ingredients will be funded via internally generated funds and/or bank borrowings, where necessary.

Further details of the expansion plan are set out below:-

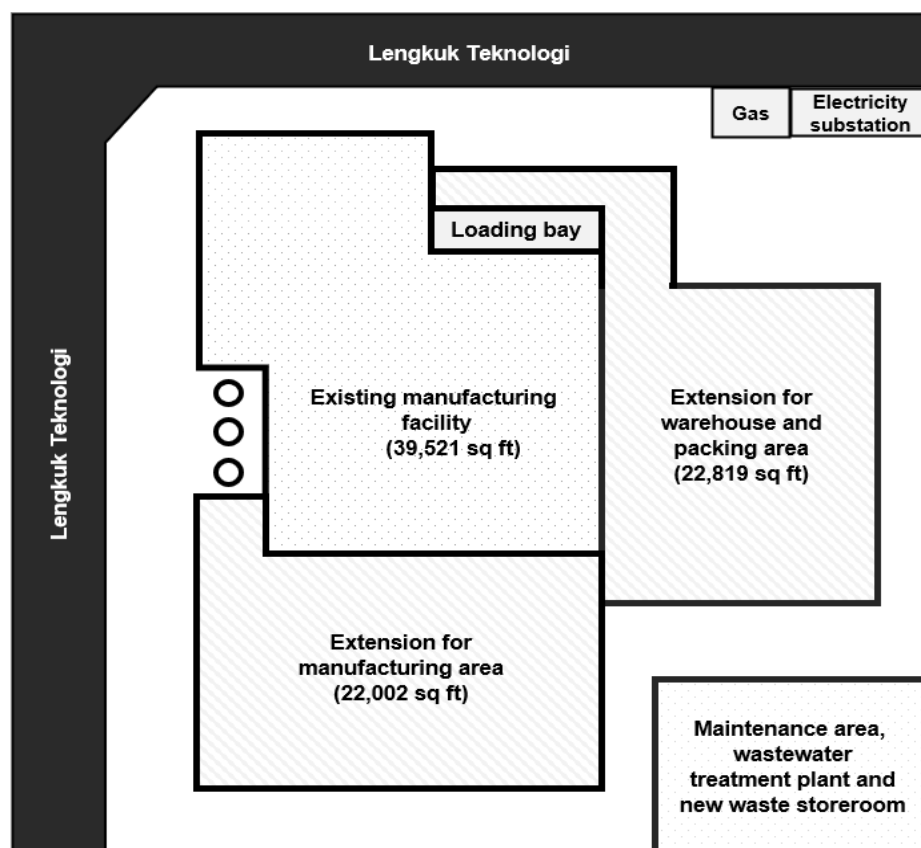
(a) Construction of an extension to the existing manufacturing facility

As at the LPD, the existing manufacturing facility of Eramas Ingredients comprises a factory building annexed with a 3-storey office building, with a total built-up area of approximately 39,521 sq ft.

The interior of the factory building consists of a preparation and production area which contains a boiler and a spray drying system, a packing area which contains the packaging machines as well as a warehouse which stores raw materials, work-in-progress and finished goods.

The Eramas Group plans to construct an extension to the existing manufacturing facility. Once the extension is completed, the total built-up area of the manufacturing facility is expected to increase by approximately 44,821 sq ft, comprising additional floor space of approximately 22,002 sq ft for preparation and production and approximately 22,819 sq ft for its warehouse and packing area.

The diagram below depicts the layout of the existing manufacturing facility of Eramas Ingredients at Lot 34719 Enstek and the planned extension:-



The expanded preparation and production area would allow Eramas Ingredients to install and commission a new spray drying system as part of the plan to increase its production capacity and reduce production downtime. At present, the existing spray drying system needs to be bled and chemically washed to change production from one product category to another to prevent cross contamination of the different products. This process is to prepare the spray drying system to change production from one product category to another and it takes approximately 24 hours to complete. For information purposes, this process is different from regular maintenance of the spray drying system which is carried out monthly. The regular maintenance of the spray drying system involves inspection and cleaning of various equipment as well as replacement of consumable parts and it takes approximately 2 days to complete. Meanwhile, the expanded packing area will be used to house new packaging and labelling machines to be acquired. These new machines are expected to help support a higher volume of packing activities in line with the anticipated increase in production activities arising from the new spray drying system. Further details of the new spray drying system and machineries to be acquired are set out in Section 6(i)(b), Part A of this Circular.

As at the LPD, the existing warehouse of Eramas Ingredients has reached full capacity and the Eramas Group currently engages 3rd party logistics providers for additional storage space. Hence, the extension of the warehouse will allow Eramas Ingredients to expand its storage capacity, thereby reducing its reliance on 3rd party logistics providers which in turn would save on the associated costs. In conjunction with the extension of the warehouse, a new racking system as well as additional reach trucks and forklifts are also proposed to be acquired, further details of which are set out in Section 6(i)(c), Part A of this Circular.

The construction of the extension to the existing manufacturing facility of Eramas Ingredients is estimated to cost approximately RM12.50 million. As at the LPD, the Eramas Group has obtained the approval from Majlis Bandaraya Seremban in respect of the planning permission for the construction of the extension and it has submitted the building plans for approval by the authorities. The construction is expected to commence by the 3rd quarter of 2026 after all relevant regulatory approvals have been obtained. Barring any unforeseen circumstances, the construction is expected to be completed by the 3rd quarter of 2027.

(b) Purchase, installation and commissioning of a new spray drying system and machineries

In conjunction with the extension to the existing manufacturing facility of Eramas Ingredients, the Eramas Group intends to purchase, install and commission a new spray drying system and machineries, which is expected to cost approximately RM41.77 million as follows:-

Description	Amount (RM'000)
(1) Spray drying system	41,600
(2) Packaging machine and side labeller	175
Total	41,775

(1) Spray drying system

As at the LPD, Eramas Ingredients owns and operates an existing spray drying system which is primarily used in the production of food related powder. The existing spray drying system has a production capacity of approximately 2,112 MT of food related powder per annum. Please refer to Section 7, Appendix III(B) of this Circular for further details on the production capacity and utilisation of the existing spray drying system.

In order to increase its production capacity, the Eramas Group plans to purchase, install and commission a new spray drying system. Similar to the existing spray drying system, the new spray drying system will include the following:-

- (aa) heating and blending tanks, which are used to heat liquids to a specified temperature and blend the heated liquids with other ingredients;
- (bb) a homogeniser, which is used to reduce the size of particles to achieve a more uniform and stable mixture of the ingredients;
- (cc) a pasteuriser, which is used to heat the blended liquid to a specific temperature for a set period of time to eliminate all microorganisms including those which are harmful for human consumption; and
- (dd) a spray drying chamber, which is used to convert the blended liquid into powdered form by spraying the blended liquid into the chamber in the form of tiny droplets whilst heated air is circulated within to evaporate the moisture from the product.

The addition of a new spray drying system will reduce the downtime between each production cycle. At present, the existing spray drying system needs to be bled and chemically washed to change production from one product category to another to prevent cross contamination of the different products. A new spray drying system will enable Eramas Ingredients to dedicate one line to the production of a single type of product, with the other line to produce batches of other products as and when required by its customers.

With the new spray drying system, Eramas Ingredients' annual production capacity is estimated to increase to approximately 4,200 MT of food related powder.

The Eramas Group intends to earmark an amount of RM41.60 million to acquire a new spray drying system of a more superior quality and make, which is capable of spray drying powder with higher fat contents. Powder products with higher fat contents are usually considered to be more premium and command higher profitability margins. With the new spray drying system, the Eramas Group will be able to identify, research and develop new products with higher fat contents and accordingly, increase the number of SKUs to be offered to its customers.

In addition to the above, with better after-sales support and maintenance services offered by the manufacturer, a spray drying system of a more superior quality and make is expected to be more durable and more consistent in its production quality.

(2) Packaging machine and side labeller

As at the LPD, Eramas Ingredients owns and operates a total of 5 packaging machines, which are able to pack finished goods into packets of either 1 kg, 300g or 100g as well as sachets / pouches of 50g.

Eramas Ingredients plans to purchase, install and commission additional 1 new packaging machine which has the capability to pack finished goods into packets of 1 kg. This is product size that is more commonly packed and sold by Eramas Ingredients. In addition, Eramas Ingredients plans to purchase a side labeller, which functions to label the packaged goods.

The new packaging machine and side labeller are expected to support a higher volume of packing activities in line with the anticipated increase in production activities arising from the new spray drying system.

As at the LPD, the Eramas Group has not purchased or committed to purchase the new spray drying system and machineries. Barring any unforeseen circumstances, the purchase, installation and commissioning of the new spray drying system and machineries are expected to be completed by the 4th quarter of 2027.

(c) Purchase and installation of a new racking system as well as purchase of reach trucks and forklift

As at the LPD, Eramas Ingredients owns and operates a warehouse with a pallet racking system which is used to store raw materials, work-in-progress and finished goods.

In conjunction with the extension to the existing warehouse, the Eramas Group plans to purchase and install a new pallet racking system with a storage capacity of up to 1,500 pallets to support the increased storage requirements in anticipation of the increase in production volume. The new racking system is estimated to cost RM0.45 million and is expected to be acquired and installed by the 4th quarter of 2027.

Apart from that, the Eramas Group plans to purchase 2 reach trucks and 1 forklift to support the increased logistics and transportation needs within the expanded warehouse. The reach trucks and forklift are estimated to cost a total of RM0.38 million and are expected to be purchased by the 4th quarter of 2027.

(ii) Marketing and advertising expenses

In line with the Eramas Group's business strategies and future plans to grow market share of its in-house brands in Malaysia, an amount of RM1.50 million will be earmarked for the Eramas Group's marketing and advertising expenses. This is to build brand awareness and achieve greater market penetration in Malaysia for its in-house brands.

The Eramas Group plans to allocate the amount of RM1.50 million for the rental of billboards to promote its "Emma" brand (for its coconut products). To this end, the Eramas Group intends to rent billboards at strategic locations along major roads and highways throughout Peninsular Malaysia, which have high road traffic, in order to maximise visibility.

(iii) Working capital

The remaining cash and bank balances of our Group (after deducting the actual costs for the expansion of existing manufacturing facility of Eramas Ingredients, marketing and advertising expenses as well as expenses for the Proposed Regularisation Plan) shall be used to fund the general working capital requirements of the Enlarged SCGM Group in the following manner:-

Description	Indicative allocation (%)	RM'000
• Purchases of trading goods, raw materials and packaging materials ⁽¹⁾	70.0	7,025
• Staff costs ⁽²⁾	20.0	2,007
• Overheads and other administrative and operating expenses ⁽³⁾	10.0	1,003
Total	100.0	10,035

Notes:-

- (1) These include coconut products, oil and fats products and dairy products for trading purposes as well as frozen coconut cream / milk, additives, other ingredients and packaging materials which are used in the manufacturing and packaging of the products of the Eramas Group.

- (2) These include staff salaries, allowances, bonuses, statutory contributions and other staff benefits for the employees of the Eramas Group. As at the LPD, the Eramas Group has a total of 135 employees, further details of which are set out in Section 20, Appendix III(B) of this Circular.
- (3) These include office expenses, rental expenses, transportation and accommodation expenses, upkeep costs, utilities, audit and other professional fees as well as miscellaneous expenses.

For the avoidance of doubt, the amounts above are only an indicative allocation based on our Group's best estimates. The actual allocation may vary and would depend on, amongst others, the level of business activities and the Enlarged SCGM Group's operational requirements at the relevant time. Our Group may reallocate the cash reserves between the abovementioned working capital components as and when necessary.

Any shortfall in the Enlarged SCGM Group's working capital requirements will be funded via internally generated funds and/or bank borrowings, where necessary.

(iv) Remaining estimated expenses for the Proposed Regularisation Plan

The total estimated expenses for the Proposed Regularisation Plan are approximately RM8.50 million, of which RM7.18 million has been paid up to the LPD.

The breakdown of the total estimated expenses for the Proposed Regularisation Plan of approximately RM8.50 million and the remaining estimated expenses for the Proposed Regularisation Plan of approximately RM1.32 million is as follows:-

Description	Total estimated expenses (RM'000)	Remaining estimated expenses (RM'000)
• Professional fees ⁽¹⁾	7,946	1,037
• Fees to relevant authorities	282	15
• Miscellaneous expenses and contingencies ⁽²⁾	272	272
Total	8,500	1,324

Notes:-

- (1) These include advisory fees for the advisers / experts as set out in Section I of this Circular.
- (2) These include printing, despatch, advertising and meeting expenses as well as provision for contingencies.

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7. RATIONALE FOR THE PROPOSED REGULARISATION PLAN

7.1 Proposed Special Dividend

The Proposed Special Dividend is intended to reward you for your continuous support towards our Group by returning excess cash of our Group after taking into consideration the intended amount earmarked for the financial requirements of the Enlarged SCGM Group after the completion of the Proposed Regularisation Plan.

The cash amount allocated for the Proposed Special Dividend is not used to part finance the Purchase Consideration as any cash payments made to the Vendors will reduce the identifiable NA of the SCGM Group and a higher share-based payment expense resulting from the reverse acquisition will be recognised by the Enlarged SCGM Group as explained in Section 3.7, Part A of this Circular. The recognition of a high share-based payment expense in profit or loss may materially and adversely affect the financial performance and financial position of the Enlarged SCGM Group after the completion of the Proposed Regularisation Plan.

7.2 Proposed Acquisition

The Proposed Acquisition is undertaken to allow SCGM to regularise our Company's condition as a Cash Company in accordance with paragraph 8.03(5) of the Listing Requirements to maintain listing status on the Main Market of Bursa Securities.

The Proposed Acquisition presents an opportunity for our Group to acquire a profitable business in the food and beverage industry. Based on the historical financial performance of the Eramas Group, the Proposed Acquisition is expected to contribute positively to the future financial performance of the Enlarged SCGM Group.

In addition, the issuance of Consideration Shares to the Vendors to satisfy the Purchase Consideration will allow the Vendors to continue participating in and contributing to the future growth of the Eramas Group through SCGM.

7.3 Proposed Offer for Sale

The Proposed Offer for Sale is undertaken to enable SCGM:-

- (i) to comply with the Bumiputera equity requirement as stipulated by the SC for public listed companies; and
- (ii) to comply with the public shareholding spread requirement pursuant to paragraph 3.06 of the Listing Requirements.

7.4 Proposed Exemption

The Proposed Exemption is undertaken to relieve the Vendors and PACs from the obligation to undertake a Mandatory Offer pursuant to subparagraph 4.01(a) of the Rules as it is not their intention to undertake the Mandatory Offer.

8. RISK FACTORS

8.1 Risks relating to the Eramas Group's business and operations

8.1.1 The Eramas Group does not have long-term contracts with its customers

The Eramas Group does not have long-term contracts with its customers due to the prevailing customers' practices. The customers place their orders to purchase products from the Eramas Group on an as-needed basis by way of purchase orders. Whilst the customers may inform the Eramas Group of their planned purchases, the actual order quantities received from the customers may subsequently vary depending on their business decisions.

For the Financial Years Under Review, the Eramas Group's products were sold to over 700 customers locally and overseas. With a large global customer base, the Eramas Group is not dependent on any single customer for business. The details of the Eramas Group's major customers are set out in Section 14, Appendix III(B) of this Circular.

The Eramas Group establishes good business relationships with its customers. Over the years, the Eramas Group has established a track record in delivering quality and innovative products to its customers. The Eramas Group's ability to understand customers' requirements and offer tailored / customised products that cater to their needs enables the Eramas Group to foster long-term relationships with its OEM customers that are not easily replaceable.

Nonetheless, the absence of long-term contracts with its customers may result in fluctuations in the Eramas Group's financial performance as the customers are not obliged to purchase the Eramas Group's products. For the Financial Years Under Review, there were fluctuations in the revenue of the Eramas Group. The Eramas Group's total revenue decreased by RM17.32 million or 11.27% from RM153.63 million in FYE 2021 to RM136.31 million in FYE 2022, primarily due to decrease in revenue from oil and fats products by RM39.43 million or 74.76%, declining from RM52.74 million in FYE 2021 to RM13.31 million in FYE 2022. The decrease in revenue from oil and fats products was mainly attributable to the decline in sales of RBD palm olein. The significant increase in CPO prices during FYE 2021 and FYE 2022 (Average CPO price published by the MPOB for FYE 2020: RM2,765 per tonne; FYE 2021: RM4,418 per tonne; FYE 2022: RM5,116 per tonne) affected the profitability of RBD palm olein trading, resulting in the Eramas Group shifting its focus away from the oil and fats products and focusing more on its coconut products. Although the Eramas Group secured additional orders from its new and existing customers for coconut products and dairy products, such increase in revenue could not fully offset the significant decrease in revenue from oil and fats products in FYE 2022. As a result, the Eramas Group's profitability in FYE 2022 was adversely impacted. The Eramas Group's PAT decreased by RM2.34 million or 39.26% from RM5.96 million in FYE 2021 to RM3.62 million in FYE 2022.

Any reduction or cessation of business with existing customers of the Eramas Group may have an adverse impact on its financial performance if the Eramas Group is unable to secure new customers or additional orders from its other existing customers.

8.1.2 The Eramas Group is dependent on some of its major suppliers

The Eramas Group is dependent on 2 major suppliers, namely F & B Nutrition Sdn Bhd and PT Eramas, the then 35%-owned associate of the Eramas Group, for its purchases.

As set out in Section 16, Appendix III(B) of this Circular, F & B Nutrition Sdn Bhd has been a major supplier of the Eramas Group for the Financial Years Under Review, with the following contribution to the total purchases of the Eramas Group:-

Financial Years Under Review	Main type of products	Purchases contribution	
		(RM'000)	(%)
FYE 2019	Dairy products	18,205	31.26
FYE 2020	Dairy products	16,873	13.87
FYE 2021	Dairy products	15,860	12.28
FYE 2022	Dairy products	13,275	10.85
FYE 2023	Dairy products	34,780	30.51
FYE 2024	Dairy products	28,889	27.41
FYE 2025	Dairy products	27,598	26.43

On the other hand, PT Eramas has been a major supplier of the Eramas Group since FYE 2020, with the following contribution to the total purchases of the Eramas Group:-

Financial Years Under Review	Main type of products	Purchases contribution	
		(RM'000)	(%)
FYE 2020	Coconut products	9,694	7.97
FYE 2021	Coconut products	29,623	22.94
FYE 2022	Coconut products	30,400	24.84
FYE 2023	Coconut products	27,124	23.79
FYE 2024	Coconut products	30,949	29.37
FYE 2025	Coconut products	26,995	25.85

For the Financial Years Under Review and up to the LPD, there was no material adverse impact to the business operations and financial performance of the Eramas Group arising from its dependency on F & B Nutrition Sdn Bhd and PT Eramas as the Eramas Group has not experienced any significant difficulties in procuring supplies from these major suppliers.

In the 2nd quarter of 2025, a new shareholder (namely PT Pulaumas Moromulia) emerged in PT Eramas after it acquired 50% equity interest in PT Eramas from the then shareholders (namely Tony, Usup Tjanggal and Mily). Pursuant to the Disposal of PT Eramas (which was deemed completed upon execution of the share sale agreement on 29 August 2025), Eramas Global Group disposed of its 35% equity interest in PT Eramas to PT Pulaumas Moromulia. PT Eramas ceased to be an associate of Eramas Global Group as a result of the Disposal of PT Eramas and Yan Hua Lan and Tan Ah Tek had resigned from their positions on the board of commissioners and board of directors of PT Eramas respectively. On the other hand, PT Pulaumas Moromulia increased its equity interest in PT Eramas from 50% to 85%.

PT Eramas was incorporated in 2016 to allow the Eramas Group to secure a reliable and consistent supply of coconut raw materials and products by establishing a coconut purchasing and processing facility in Medan, Indonesia. PT Eramas is currently one of the major suppliers of the Eramas Group, supplying frozen coconut cream, UHT coconut cream / milk, coconut water and desiccated coconut. On the other hand, the Eramas Group is a major customer of PT Eramas. This establishes a mutual dependence between the Eramas Group and PT Eramas to continue their business relationship.

The directors of Eramas Global Group confirmed that subsequent to the emergence of PT Pulaumas Moromulia as a new controlling shareholder of PT Eramas and the Disposal of PT Eramas in 2025 and up to the LPD, there has been no material change to the business relationship between the Eramas Group and PT Eramas which would result in any material adverse impact to the business operations and financial performance of the Eramas Group. In addition, the Eramas Group did not experience any significant difficulties in procuring supplies from PT Eramas or any significant disruptions to its business operations arising from the Disposal of PT Eramas. PT Eramas remains committed to continue its existing business relationship with the Eramas Group.

The purchases from PT Eramas were mainly coconut cream / milk, coconut water and desiccated coconut (coconut products). These are common food products, and the Eramas Group also transacts similar products with its other suppliers. In the event of any difficulties in procuring supplies from PT Eramas, the Eramas Group can procure the same products from other suppliers. Based on past transactions, the other suppliers were able to offer similar product quality and lead time for delivery. However, the purchase prices and payment terms offered by the other suppliers in the past transactions were less favourable than PT Eramas, mainly due to smaller quantities of coconut products acquired from the other suppliers. The Eramas Group can negotiate with the other suppliers for similar purchase prices and payment terms offered by PT Eramas if the Eramas Group were to procure similarly large quantities of coconut products from the other suppliers.

Accordingly, the Disposal of PT Eramas is not expected to have any material adverse impact to the business operations and financial performance of the Eramas Group.

Although the Eramas Group has established good and long-standing relationships with these major suppliers, there can be no assurance that there will be no supply disruptions from or change in relationships with these suppliers moving forward. While the Eramas Group can procure the same products from other suppliers, any loss of these major suppliers and inability to replace them in a timely manner will lead to disruptions in the supply of dairy products and coconut products to the Eramas Group. Such supply disruptions may cause shortages of trading goods and/or raw materials for the Eramas Group's business, preventing the Eramas Group from fulfilling its existing and/or potential sales orders. This will ultimately lead to loss of sales and/or potential claims for liquidated damages. Hence, the loss of F & B Nutrition Sdn Bhd and/or PT Eramas as a major supplier of the Eramas Group and inability to replace them in a timely manner will have a material adverse impact on the Eramas Group's business operations and financial performance.

8.1.3 The Eramas Group's financial performance is dependent on its reputation, product quality and in-house brands

Over the years, the Eramas Group has established a track record in delivering quality and innovative products to its customers, earning the customers' confidence and satisfaction towards the products of the Eramas Group. This has contributed to the Eramas Group successfully expanding its business, growing its revenue from RM70.51 million for FYE 2019 to RM148.58 million for FYE 2025, representing a CAGR of approximately 13.2%. At the same time, the Eramas Group's revenue from products marketed under its in-house brands has also increased significantly at a CAGR of approximately 11.5% from RM28.54 million for FYE 2019 (representing 40.48% of total revenue) to RM54.83 million for FYE 2025 (representing 36.90% of total revenue).

Any actual or alleged product damage, defects, spoilage or other adulteration, product misbranding or tampering may lead to negative publicity or news on the Eramas Group and its products. This may subsequently lead to erosion of the Eramas Group's reputation and track record built over many years, ultimately leading to the loss of customers' confidence and reduced demand for the Eramas Group's products. Increasingly, end consumers are using social media platforms to provide feedback and information on their product experience which may result in a rapid and broad dissemination of such feedback. Any consumer complaints in relation to the Eramas Group's products (OEM and/or in-house brands), with or without merits, could have a negative impact on the reputation of the Eramas Group and the consumers' perception towards its products, leading to adverse impacts on the financial performance of the Eramas Group.

As the revenue from products marketed under the Eramas Group's in-house brands is significant, the Eramas Group's business or profitability is, to a certain extent, materially dependent on the trademarks to prevent any unauthorised use of its brands and counterfeiting of its products by other parties. Further details of trademarks registered by the Eramas Group are set out in Section 24, Appendix III(B) of this Circular. In the event that the Eramas Group is unable to register new trademarks or renew its trademarks, it is still entitled as proprietor of the unregistered marks to continue using them in the ordinary course of its business and it may be able to initiate a passing off action against any person using a mark which is similar or identical to the Eramas Group's unregistered marks pursuant to common law principles.

For the Financial Years Under Review and up to the LPD, there was no material adverse impact to the business operations and financial performance of the Eramas Group arising from any negative reputation, poor product quality and/or unauthorised use of its brands and counterfeiting of its products by other parties. Save for an incident of customer's complaint on the quality of products supplied to the customer in 2024, the Eramas Group had not encountered any issues from negative reputation, poor product quality and/or unauthorised use of its brands and counterfeiting of its products by other parties for the Financial Years Under Review and up to the LPD. The customer's complaint was resolved amicably with the supplier acknowledging deficiency in the product quality and providing adequate compensation. Hence, there was no material adverse impact to the business operations and financial performance of the Eramas Group arising from the customer's complaint.

Notwithstanding the above, there can be no assurance that other parties will not infringe on the Eramas Group's trademarks or misuse its brands and produce counterfeit food products, which may be substandard and not safe for consumption. This may harm the reputation of the Eramas Group and perceived quality of its products, leading to loss of customers' confidence and reduced demand for the products of the Eramas Group.

8.1.4 The Eramas Group may experience disruptions to its manufacturing operations

The smooth running of the Eramas Group's manufacturing operations relies on the continued availability and use of its plant and machinery (see Section 6, Appendix III(B) of this Circular for the details of material plant and machinery owned by the Eramas Group). The Eramas Group schedules and conducts regular maintenance on its plant and machinery to ensure the reliability of the equipment, leading to improved productivity and efficiency as well as a safe work environment. Regular scheduled maintenance is also expected to extend the lifespan of the equipment by identifying and addressing potential problems before they become costly issues.

Other than regular scheduled maintenance, the Eramas Group's plant and machinery may, on occasions, be out of service due to accidents, unanticipated failures or damages sustained during normal manufacturing operations. In the event of any sudden breakdowns of plant and machinery, the manufacturing process and operations may be interrupted. Any disruption or prolonged suspension of the manufacturing process and operations may cause production downtime and delay in the delivery of products to the customers. The Eramas Group may also incur additional costs to repair and/or replace parts of the affected plant and machinery. There can be no assurance that such repairs and/or replacements may address the plant and machinery breakdowns adequately or in a timely manner.

In addition, the Eramas Group's manufacturing operations are exposed to disruptions caused by unforeseen events such as material disruptions in the supply of electricity and water for its production, accidents, fire outbreaks, burglaries, floods and other natural disasters. These events may lead to emergency shutdowns, forced closing or suspension of the manufacturing process which could materially and adversely affect the Eramas Group's production schedules.

Since the commencement of manufacturing operations of Eramas Ingredients in October 2022 and up to the LPD, the Eramas Group has not encountered any major incidents for its manufacturing operations including sudden breakdowns of plant and machinery, disruptions in the supply of electricity and water, accidents and other unforeseen events. There was however an incident in April 2023 where a section of racking system in the warehouse of Eramas Ingredients collapsed. The affected section was used for storing raw materials and finished goods. Rectification works had been carried out and the affected section was replaced with a new racking system from another supplier. Fortunately, none of the employees were injured and the incident did not have a material impact on the business operations and financial performance of the Eramas Group. As at the LPD, Eramas Ingredients is in the midst of seeking to claim monetary compensation of approximately RM5.77 million from the initial supplier in relation to the racking system collapse.

Notwithstanding the above, any major incidents which may occur in the future may temporarily halt manufacturing operations, resulting in interruptions to the Eramas Group's operations and adversely affect the business and financial performance of the Eramas Group.

8.1.5 Failure to ensure food safety and regulatory compliance may lead to product liability claims, product recalls and regulatory enforcement actions

The preparation, processing, storage and delivery of food products manufactured by Eramas Ingredients require careful handling as food products are susceptible to inherent risk of product deterioration, contamination or damage. Raw materials such as frozen coconut cream / milk as well as finished coconut products are perishable by nature and if mishandled or improperly stored, they are vulnerable to contamination.

The Eramas Group is also subject to the risk of product mislabelling, which includes providing inaccurate information regarding contents of the products. This may result in end consumers consuming ingredients that they are allergic to, which are not safe for their consumption or which are against their preferences. Hence, product mislabelling may pose health risks to end customers as well as compromise product integrity and brand reputation.

Eramas Ingredients relies on its established quality assurance / quality control procedures, which comply with local and international food quality and safety standards as set out in Section 11, Appendix III(B) of this Circular, to ensure product quality and safety. Since the commencement of manufacturing operations of Eramas Ingredients in October 2022 and up to the LPD, Eramas Ingredients has not been subject to any product liability claims, product recalls and regulatory enforcement actions which have materially and adversely impacted the financial position and financial performance of the Eramas Group.

Despite that, there can be no assurance that the quality assurance / quality control procedures will not have any lapses such as inadvertent inclusion of contaminated or compromised ingredients into the manufacturing process, negligence or misconduct by employees during manufacturing operations and technical malfunctions such as temperature control failure in its storage facilities and machinery breakdowns. Where the product quality and safety issues are identified prior to delivery to the customers, rectification actions may be undertaken where these products will be reworked (if possible) or discarded, incurring additional costs for rework or wastages.

In the event the Eramas Group's products have been delivered and are deteriorated, tampered, adulterated, damaged, contaminated, out of specifications, mislabelled or otherwise non-compliant with applicable food safety and regulatory standards, the Eramas Group may be subject to product liability claims, product recalls and regulatory enforcement actions (including fines, penalties and suspension of licenses). These will negatively affect the reputation and business operations of the Eramas Group and customers' confidence in its products, leading to adverse impacts to business and profitability of the Eramas Group.

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8.1.6 Failure to maintain or renew licenses, permits and approvals for the Eramas Group's business operations in a timely manner may result in operational constraints and/or enforcement actions

The Eramas Group is required to obtain, hold and/or renew licenses, permits and approvals granted by various authorities and regulatory agencies for the conduct of its business operations. In addition, the Eramas Group must comply with the conditions that are imposed by the relevant authorities and regulatory agencies in respect of such licenses, permits and approvals. The details of major licenses, permits and approvals obtained by the Eramas Group for its business operations and the status of compliance with major conditions imposed by the authorities and regulatory agencies are set out in Section 23, Appendix III(B) of this Circular.

The licenses, permits and approvals obtained by the Eramas Group may be suspended, withdrawn or cancelled if the Eramas Group fails to comply with the applicable requirements or any required conditions. Most of these licenses, permits and approvals need to be reassessed and renewed on a periodic basis by the relevant authorities and regulatory agencies. Failure to maintain or renew the requisite licenses, permits and approvals in a timely manner may result in restrictions or suspension of the Eramas Group's business operations and in turn, this will adversely affect its financial performance. The operational constraints include the Eramas Group's inability to undertake regulated activities related to palm oil and related products without the license with MPOB and inability to manufacture products which are certified as Halal, kosher or vegan without such certifications or registrations being renewed.

The Eramas Group has past non-compliance incidents relating to licenses, permits and approvals for its business operations, which are late renewal of license with the MPOB in 2009 (of which a minimal late renewal penalty of RM36 had been imposed and paid) and failure to obtain a fire certificate pursuant to Fire Services Act 1988 for its manufacturing facility at Lot 34719 Enstek (see further details in Section 26(xv), Appendix III(B) of this Circular). These non-compliances did not have and are not expected to have a material impact to the business operations or financial performance of the Eramas Group. As at the LPD, the Eramas Group has not received any notices, penalties or compounds from the relevant authorities for the non-compliance with Fire Services Act 1988. Nonetheless, there can be no assurance that the Eramas Group will not be subject to enforcement actions by the relevant authorities, including monetary penalties and/or imprisonment.

8.1.7 Business strategies and future plans of the Eramas Group may not be successfully implemented

The Eramas Group's business strategies and future plans are focused on (i) growing the trading and distribution business of the Eramas Group, both in Malaysia as well as overseas, (ii) expanding manufacturing capabilities of the Eramas Group as well as (iii) growing market share of its in-house brands in Malaysia, by leveraging on its competitive strengths. Please refer to Section 3, Appendix III(B) of this Circular for further details of the business strategies and future plans of the Eramas Group.

The future growth of the Eramas Group's business operations and financial performance is largely driven by its ability to execute the abovementioned business strategies and future plans successfully. The implementation of these business strategies and future plans is, however, subject to uncertainties and external factors that are beyond the control of Eramas Group such as changing consumers' preferences and the ability of the contractors and suppliers to complete the expansion plan in relation to the Eramas Group's manufacturing facility in a timely manner.

Accordingly, there can be no assurance that the Eramas Group will be able to anticipate all the risks and uncertainties such as delay in construction of the extension to the existing manufacturing facility or delivery, installation and commissioning of the machineries, and be able to successfully implement all its business strategies and future plans. Failure in executing the business strategies and future plans may have a material and adverse impact on the future growth of the Eramas Group's business operations and financial performance.

8.1.8 The Eramas Group is susceptible to disruptions in the global shipping industry

The Eramas Group relies on sea freight to receive trading goods and raw materials from its overseas suppliers as well as to deliver finished products to its international customers. Hence, the Eramas Group is susceptible to disruptions in the global shipping industry which arise due to circumstances that are beyond its control such as fuel price fluctuations, adverse weather conditions, geopolitical turmoil, international market conditions due to trade tension or trade war, social unrest, port strikes and/or congestion, oil spills, delayed or lost shipments.

The global outbreak of COVID-19 caused significant disruptions in the shipping industry, particularly during 2020 and 2021. While the Eramas Group experienced longer delivery time due to shortages of shipping containers and implementation of restrictions and standard operating procedures at the ports during that period, there were no material incidences of delay during the global lockdowns. The Eramas Group's freight and logistics charges increased from RM5.04 million for FYE 2020 to RM12.62 million for FYE 2021 due to higher sea freight rates during the period.

For FYE 2024, the Eramas Group again experienced higher sea freight rates and shipment delays due to the Red Sea crisis. The Red Sea crisis had a significant impact on global logistics, particularly on shipping routes. Attacks on vessels in the Red Sea prompted many shipping companies to reroute their vessels from the Suez Canal, an important maritime passage linking Asia and Europe, toward the longer alternative route around the Cape of Good Hope. This diversion resulted in extended transit time and increased fuel consumption, which led to higher sea freight rates. The disruptions have significantly affected the Eramas Group's supply chain, especially for shipments to Africa and Europe. For FYE 2024, the Eramas Group's freight and logistics charges were RM6.20 million (FYE 2023: RM4.37 million).

Subsequent to the Financial Years Under Review, the outbreak of Iran war together with renewed aggression in the Red Sea caused naval disruptions due to blockades at both critical Middle Eastern maritime corridors (i.e. the Strait of Hormuz and Bab al-Mandeb Strait) simultaneously. At the inception of the Iran war, many international shipments to and from the Middle East were temporarily put on hold or cancelled as a result of the blockades. The interruptions to shipping routes and schedules led to port congestion across regions as shipping queues built up, contributing to bottlenecks and shortages in shipment capacity as well as higher sea freight rates and logistics cost. Nonetheless, the Eramas Group has generally been able to pass on the higher freight and logistics costs to its customers. The Eramas Group does not expect any material risk that it will be unable to pass on increases in freight and logistics costs to its customers arising from the Iran war as it is an industry-wide issue and the Eramas Group's products comprise food products which are necessities. In addition, the Eramas Group has not experienced material incidences of being unable to deliver or material delays in delivery of goods to its customers in any regions (save for the West Asia region).

As a result of the war, some of the Eramas Group's customers from the West Asia region either deferred their purchases or requested the Eramas Group to postpone their product deliveries until the conflict situation stabilises. This has led to a significant decline in the Eramas Group's export sales to the West Asia region in March 2026, with only one order to Qatar being fulfilled in early March 2026. The export sales to Saudi Arabia began to recover in April 2026 as customers began adapting to the new industry norm and alternative shipping routes at higher costs and surcharges.

For information purposes, the export sales to the West Asia region were RM28.72 million and RM28.15 million, contributing to 20.22% and 18.95% of the total sales of the Eramas Group for FYE 2024 and FYE 2025 respectively. The export sales to the West Asia region for the first 5 months of FYE 2026 declined by approximately RM8.49 million and RM3.99 million as compared to the corresponding periods in FYE 2024 and FYE 2025, respectively. As a result, the GP in respect of the export sales to the West Asia region for the said period also declined by approximately RM0.83 million and RM0.82 million as compared to the corresponding periods in FYE 2024 and FYE 2025, respectively (GP margin for first 5 months: FYE 2024: 11.55%; FYE 2025: 16.39%; FYE 2026: 13.80%).

In mid-June 2026, the US and Iran have signed a memorandum of understanding to end the Iran war. The memorandum of understanding includes, amongst others, an immediate and permanent termination of military operations on all fronts, including in Lebanon, an extendable 60-day period for the US and Iran to negotiate and achieve a final peace deal and the reopening of the Strait of Hormuz. The US will fully end the naval blockade within 30 days while Iran will make arrangements using its best efforts for the safe passage of commercial vessels with no charge for 60 days, from the Persian Gulf to the Sea of Oman and vice versa. The negotiations to reach the final agreement on a peace deal are still ongoing. If the negotiations fall through and the Iran war escalates, the Eramas Group's business and financial performance may be adversely impacted.

Please refer to Section 3.2, Part A of this Circular for further details on impacts of Iran war on the business operations and financial performance of the Eramas Group and the Proposed Acquisition.

Any prolonged disruptions in the global shipping industry or sustained increase in sea freight rates may materially and adversely affect the Eramas Group's business and financial performance.

8.1.9 The Eramas Group is exposed to foreign exchange fluctuations

The Eramas Group has transactions with its customers and suppliers in foreign currencies. Hence, the Eramas Group is subject to the risk of foreign exchange fluctuations. For the Financial Years Under Review, the sales to customers and purchases from suppliers of the Eramas Group were mainly transacted in USD and RM. The other foreign currencies, in aggregate, constitute less than 2% of the total revenue or total purchases of the Eramas Group for each of the Financial Years Under Review.

For the Financial Years Under Review, the Eramas Group's sales and purchases that were transacted in USD and their contributions to the Eramas Group's total revenue and total purchases respectively are as follows:-

	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Sales in USD (USD'000)	16,724	30,114	27,028	20,885	25,064	22,911 ⁽¹⁾	25,777 ⁽²⁾
Sales in USD (RM'000)	67,835	125,895	111,596	92,491	113,704	104,181	110,354
Exchange rate (USD/RM) ⁽³⁾	4.0561	4.1806	4.1289	4.4286	4.5365	4.5472	4.2811
As a percentage of total revenue (%)	96.2	91.2	72.6	67.9	79.0	73.3	74.3
Purchases in USD (USD'000)	7,128	6,039	17,823	17,690	20,829	20,107	20,825
Purchases in USD (RM'000)	29,229	24,399	72,937	77,268	95,388	91,649	89,133
Exchange rate (USD/RM) ⁽³⁾	4.1006	4.0402	4.0923	4.3679	4.5796	4.5581	4.2801
As a percentage of total purchases (%)	50.2	20.1	56.5	63.1	83.7	87.0	85.4

Notes:-

- (1) The Eramas Group's sales in USD decreased from USD25.06 million in FYE 2023 to USD22.91 million in FYE 2024, mainly due to lower export sales of dairy products to Northeast Asia, America and Africa and lower export sales of oil and fats products to Africa and West Asia.
- (2) The Eramas Group's sales in USD increased from USD22.91 million in FYE 2024 to USD25.78 million in FYE 2025, mainly due to higher export sales of dairy products to Northeast Asia and higher export sales of oil and fats products to Africa.
- (3) In accounting for sales / purchases transactions denominated in USD, the Eramas Group made reference to published rates from Bank Negara Malaysia. The exchange rate (USD/RM) above represents the average exchange rate in respect of all individual sales / purchases transactions denominated in USD entered into during the respective Financial Years Under Review.

In managing foreign exchange risk, the Eramas Group adopts the following strategies:-

- (i) for overseas trading and distribution business, Erapoly Global mainly adopts a natural hedging strategy by matching payments denominated in USD to its suppliers against sales collections denominated in USD from its customers;

- (ii) for local trading and distribution business, Eramas Marketing is mainly exposed to foreign exchange fluctuations from its purchases of coconut products from PT Eramas, which are denominated in USD while its sales collections are mainly denominated in RM. In order to hedge its exposure to fluctuations in USD, Eramas Marketing uses banking facilities which will make the payments in USD to PT Eramas while the repayment to be made by Eramas Marketing will be an amount in RM based on a pre-determined exchange rate.

In addition, sales collections denominated in USD from its customers are used to match payments denominated in USD to its suppliers.

The amount of purchases from PT Eramas by Eramas Marketing for the Financial Years Under Review are as follows:-

Eramas Marketing	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Purchases from PT Eramas (USD'000)	25	301	1,127	4,134	2,882	2,353	2,378
Purchases from PT Eramas (RM'000)	107	1,229	4,608	18,482	13,226	10,839	10,176
Exchange rate (USD/RM) ⁽¹⁾	4.2800	4.0831	4.0887	4.4707	4.5892	4.6065	4.2792

Note:-

- (1) In accounting for purchases from PT Eramas denominated in USD, the Eramas Group made reference to published rates from Bank Negara Malaysia. The exchange rate (USD/RM) above represents the average exchange rate in respect of all individual purchases from PT Eramas denominated in USD entered into during the respective Financial Years Under Review.

- (iii) for manufacturing operations, Eramas Ingredients hedges its exposure to fluctuations in USD arising from purchases of raw materials using bankers' acceptance. The bankers' acceptance is drawn down to make payments in USD to the suppliers and the repayment of the bankers' acceptance by Eramas Ingredients to the financial institutions will be based on a pre-determined exchange rate, effectively hedging Eramas Ingredients against any foreign exchange fluctuations.

The table below sets out the drawdown and repayment of bankers' acceptance by Eramas Ingredients for its local and overseas purchases for the Financial Years Under Review:-

Eramas Ingredients	FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)
Drawdown of bankers' acceptance	-	-	-	5,627	12,765	14,459	12,250
Repayment of bankers' acceptance	-	-	-	-	(10,688)	(20,717)	(11,504)

The management of the Eramas Group also regularly reviews and revises product costing in response to foreign currency fluctuations.

For the Financial Years Under Review and up to the LPD, there was no material adverse impact on the financial performance of the Eramas Group arising from unfavourable movement in foreign currency exchanges rates, save for the net loss on foreign exchange of RM1.47 million for FYE 2025.

The impact of foreign exchange fluctuations on the financial performance of the Eramas Group for the Financial Years Under Review is as follows:-

	Audited						
	FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)
Net realised gain / (loss) on foreign exchange	401	383	(798)	343	(282)	79	(1,274)
Net unrealised (loss) / gain on foreign exchange	(573)	49	79	73	37	(195)	(200)
Net (loss) / gain on foreign exchange	(172)	432	(719)	416	(245)	(116)	(1,474)

Any prolonged unfavourable movement in foreign currency exchange rates may have a material adverse impact on the Eramas Group's financial performance.

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8.1.10 The Eramas Group is dependent on its directors and key senior management team

The Eramas Group's business performance and future growth are dependent on the abilities and experience of its directors and key senior management team.

The Eramas Group is spearheaded by Yan Hua Lan (as the Managing Director) and Tan Ah Tek (as the Executive Director), who have accumulated years of industry experience encompassing the distribution and manufacturing of food products, as well as thorough understanding of customers' requirements across different regions globally. Their extensive and in-depth knowledge as well as good understanding of the market dynamics including consumer tastes and preferences have been instrumental in determining the overall strategic direction and business development of the Eramas Group.

In addition, Chin Kok Tian (who is the spouse of Yan Hua Lan and one of the co-founders of Erapoly Global) will continue to play an oversight role as a director, providing his experience and guidance to the directors and key senior management team in his areas of expertise.

The directors are supported by a team of experienced key senior management personnel who oversee various functions within the Eramas Group, including business development, operations, supply chain, manufacturing operations and finance.

The Eramas Group relies on the directors to obtain its existing borrowings and lease liabilities as these financing facilities are personally or jointly and severally guaranteed by the Vendors (including the directors). As at the LPD, the Eramas Group has obtained consents for the discharge of the personal guarantees given by the Vendors in respect of all the borrowings and lease liabilities. One of the key conditions for some of the consents obtained requires that after completion of the Proposed Acquisition, Chin Kok Tian, Yan Hua Lan and Tan Ah Tek shall remain as the controlling shareholders of our Company (i.e. new guarantor) with combined shareholdings of not less than 50%. If the condition is not met, the financing facilities may be withdrawn or terminated and the Eramas Group will be required to immediately repay the outstanding borrowings and lease liabilities, which in turn may have a material adverse impact on the Eramas Group's financial and cash flow positions. As at 31 December 2025, the total outstanding borrowings and lease liabilities of the Eramas Group were RM13.76 million.

For the Financial Years Under Review and up to the LPD, there was no material adverse impact to the business operations and financial performance of the Eramas Group arising from the loss of any directors and key senior management personnel. None of the directors and key senior management personnel of the Eramas Group resigned during the said period, save for Gan Chuan Lee and Tan Tai Chong who resigned on 16 November 2023 from their positions as directors of Eramas Marketing and Eramas Ingredients (appointed in October 2022).

However, there can be no assurance that the Eramas Group is able to retain its directors and key senior management personnel or that the Eramas Group is able to train its existing personnel or attract and hire new personnel as a replacement in a timely manner. The loss of any directors and key senior management personnel, without a suitable and timely replacement, may have a material adverse impact on the Eramas Group's business and financial performance.

8.1.11 The Eramas Group is exposed to credit risk of its customers

The Eramas Group usually grants trade credit terms ranging from 30 days to 90 days to its customers. The customers' creditworthiness varies, and this exposes the Eramas Group to the risk of non-payment or delay in payment from the customers.

The Eramas Group adopts stringent credit control and management policies through application of credit approval, credit limit and ongoing monitoring procedures. The Eramas Group performs credit evaluations of its new customers and periodically renews credit evaluations of its existing customers. Appropriate credit terms are assigned based on the creditworthiness of the customers, taking into consideration their financial position, financial performance and cash flow liquidity. In addition, the Eramas Group also closely monitors and collects debts timely to minimise the risk of default.

In managing credit risk in respect of international trades, the Eramas Group requires its customers to either:-

- (i) make an upfront payment of 30% of the total sales order, with the remaining 70% to be paid after product delivery; or
- (ii) provide an irrevocable letter of credit and/or bank guarantee to secure their payment obligations.

Although the Eramas Group has not encountered any material collection issues or incurred any material impairment losses on trade receivables for the Financial Years Under Review and up to the LPD, there can be no assurance that its customers will continue to fulfill their payment obligations, and the Eramas Group will not encounter collection issues in the future. If the customers default on their payments or delay their payments, this could have a material and adverse effect on the Eramas Group's cash flow and liquidity position, as well as its financial condition and performance.

8.1.12 Insurance coverage may be insufficient to cover all losses associated with the Eramas Group's business operations

The Eramas Group maintains insurance coverage for a variety of risks that are relevant to its business operations and needs. The Eramas Group has procured insurance policies covering, amongst others, group personal accidents, medical and hospitalisation, trade credit, products liability, burglary and fire outbreaks.

These insurance policies have specifications and insured limits that the Eramas Group believes are appropriate and adequate, taking into consideration its exposure to the risks of loss and liability, costs of such insurance and applicable regulatory requirements in Malaysia. The Eramas Group has and will continue to periodically review its insurance policies to ensure that they are adequate to insure and cover the usual risks faced by a corporation of its size and nature in order to manage any losses which may arise.

For the Financial Years Under Review and up to the LPD, the Eramas Group has not experienced any material shortfall in insurance coverage in respect of the claims made and there was no material adverse impact to the business operations and financial performance of the Eramas Group arising from insufficient insurance coverage.

Nevertheless, there can be no assurance that the level of insurance coverage maintained by the Eramas Group will be adequate to cover all the risks associated with its business operations, which may include natural disasters such as flood, outbreak of diseases and epidemics, unfavourable weather conditions, terrorism, sabotage, strikes, riots, social unrest and war. Any losses or liabilities arising from claims and litigation that are over insured limits and/or in areas where the Eramas Group is not insured or fully insured may adversely impact its business and financial performance.

8.2 Risks relating to the industry in which the Eramas Group operates

8.2.1 Changing consumer trends and competitive market environment can have an impact on the Eramas Group's business

The competitiveness and future growth of the Eramas Group are dependent upon its ability to identify and respond to the latest market trends and consumer preferences in a timely manner. The Eramas Group has its own in-house R&D team which enables it to develop new products to better suit the unique preferences and demands of its customers around the world. Please refer to Section 12, Appendix III(B) of this Circular for further information on the research and product development activities of the Eramas Group.

In addition, the Eramas Group operates in a competitive industry, and it faces competition from existing industry players and potential new market entrants in the manufacturing and trading of coconut products, palm products and dairy products in Malaysia as well as overseas. Generally, the Eramas Group competes on a variety of factors including, amongst others, product quality, variety and innovation, price competitiveness, compliance with food quality and safety standards, capacity availability and capability of production, brand loyalty and after-sales services, consistency in products and services offered, timeliness of product delivery, track record and market reputation. Please refer to the IMR Report as set out in Appendix V of this Circular for further information on the competitive landscape of the industry in which the Eramas Group operates.

For the Financial Years Under Review and up to the LPD, there was no material adverse impact to the business operations and financial performance of the Eramas Group arising from changing consumer trends and competitive market environment.

Notwithstanding that the Eramas Group has its competitive strengths, business strategies and future plans to respond to changing consumer trends and to remain competitive in the industry, there can be no assurance that the Eramas Group is able to continue to meet customers' requirements and/or compete effectively against other existing and new industry players in the future. If the Eramas Group fails to meet customers' requirements and/or remain competitive, this may result in loss of business ultimately leading to a negative effect on the sales and profitability of the Eramas Group.

8.2.2 The Eramas Group may experience disruptions in the supply of trading goods and raw materials and/or may be unable to pass on cost increases to customers

The Eramas Group's trading and distribution business relies on the supply of trading goods either from external suppliers or in-house manufacturing arm of the Eramas Group. On the other hand, the Eramas Group's manufacturing operations are dependent on consistent and continuous supply of raw materials such as frozen coconut cream / milk, additives and other ingredients which meet food quality and safety requirements as well as other specifications as required by the Eramas Group.

The supply of coconut raw materials and products could be materially disrupted due to the occurrence of, amongst others, prolonged adverse weather conditions such as La Niña and El Niño weather phenomenon, spread of diseases affecting the growth and/or harvest of coconuts in Malaysia and Indonesia and other supply chain disruptions caused by, amongst others, natural disasters, outbreak of pandemics, logistical challenges such as delays, damages and loss of products during shipment or transit, and changes in import or export laws and regulations. For the Financial Years Under Review and up to the LPD, save as disclosed below, the Eramas Group has not experienced any prolonged disruptions in the supply of trading goods and raw materials.

For the period from late-2024 to early-2025, a significant coconut supply shortage arose due to adverse weather conditions, which impacted coconut supply in major coconut producing countries including Indonesia and the Philippines. This had resulted in higher coconut prices and longer duration for the Eramas Group to secure coconut supplies. In mitigating the increase in coconut prices, the Eramas Group had increased selling prices of its coconut products as well as sourced coconut raw materials from Ben Tre Import and Export Joint Stock Corporation from Vietnam which offered lower pricing under bulk purchase arrangements in the prevailing market conditions as compared to other available suppliers. Due to the coconut supply shortage, the Eramas Group's sales volume of coconut products for FYE 2025 was adversely affected. Nevertheless, revenue generated from coconut products remained relatively stable at RM94.32 million (FYE 2024: RM94.21 million), due to the net effect of higher average selling prices for all coconut products and lower sales volume for all coconut products, except desiccated coconut and RBD coconut oil.

The Eramas Group's purchases of coconut raw materials from Ben Tre Import and Export Joint Stock Corporation and other suppliers for FYE 2024 and FYE 2025 are as follows:-

FYE 2024

Suppliers	Quantity	Purchases contribution of total purchases of coconut raw materials	
	(MT)	(RM'000)	(%)
(1) Ben Tre Import and Export Joint Stock Corporation	624	3,234	30.15
(2) PT Eramas	418	2,363	22.03
(3) T & L Coconut Sdn Bhd	362	2,225	20.74
(4) PT Cocoindo Abadi Sukses	343	1,967	18.33
(5) Highlands Desiccated Coconut Produce (M) Sdn Bhd	141	884	8.24
(6) Others	47	55	0.51
Total	1,935	10,728	100.00

FYE 2025

Suppliers	Quantity	Purchases contribution of total purchases of coconut raw materials	
	(MT)	(RM'000)	(%)
(1) Ben Tre Import and Export Joint Stock Corporation	1,066	8,389	59.31
(2) PT Agrindo Surya Abadi	270	2,255	15.94
(3) Highlands Desiccated Coconut Produce (M) Sdn Bhd	122	1,370	9.69
(4) T & L Coconut Sdn Bhd	92	783	5.54
(5) Purisa Trading Company Limited	54	469	3.31
(6) Others	101	878	6.21
Total	1,705	14,144	100.00

The pricing offered by Ben Tre Import and Export Joint Stock Corporation from Vietnam under bulk purchase arrangements was lower than the prevailing market prices by up to approximately 30% due to its ability to secure consistent and ample coconut supply in Vietnam. In contrast, the coconut supply in major coconut producing countries including Indonesia and the Philippines was impacted by adverse weather conditions for the period from late-2024 to early-2025, leading to coconut supply shortage in the said countries. As set out in the IMR Report in Appendix V of this Circular, in 2024, Vietnam ranked as the 5th top coconut producing country in the world producing 2,280,323 tons of coconuts, after Indonesia (17,985,386 tons), India (14,707,567 tons), the Philippines (14,500,416 tons) and Brazil (3,158,018 tons). Malaysia (673,553 tons) was positioned at number 11 in 2024 and its current production is still insufficient to accommodate the needs of the local industry.

The Eramas Group does not have long-term contracts with Ben Tre Import and Export Joint Stock Corporation. The Eramas Group procures its coconut raw materials as and when required to meet its production requirements as well as to cater for anticipated sales orders. The purchases from Ben Tre Import and Export Joint Stock Corporation for FYE 2024 and FYE 2025 contributed less than 10.00% of the total purchases of the Eramas Group. The purchases from Ben Tre Import and Export Joint Stock Corporation were coconut raw materials. These are common food products, and the Eramas Group also transacts similar products with its other suppliers, as disclosed above. Hence, the Eramas Group is not dependent on Ben Tre Import and Export Joint Stock Corporation for its purchases. For illustration purposes, in the event that Ben Tre Import and Export Joint Stock Corporation increases its selling prices to prevailing market prices or is unable to supply sufficient quantities to the Eramas Group thus requiring the Eramas Group to purchase coconut raw materials from its other suppliers at higher prices, the GP of the Eramas Group from coconut products in FYE 2025 would decrease by approximately RM1.21 million, based on the average price of coconut raw materials purchased from the other suppliers in FYE 2025.

For information purposes, the sales volume for coconut products for the FYE 2023, FYE 2024 and FYE 2025 are as follows:-

Coconut products	FYE 2023 (MT)	FYE 2024 (MT)	FYE 2025 (MT)
• UHT coconut cream / milk	3,924	4,435	3,380
• Coconut cream / milk powder	2,143	3,128	2,296
• Desiccated coconut	874	859	861
• RBD coconut oil	322	88	100
• Pure white coconut oil	40	333	66
• Others	336	227	41

Further, the Eramas Group is also exposed to price fluctuations of CPO and coconuts, which may have an impact on its profitability and cost structure. The historical average prices of CPO and coconuts are set out Section 1.2(c), Appendix III(D) of this Circular. Fluctuations in CPO and coconut prices are influenced by factors such as global demand and supply dynamics, weather conditions affecting crop yields and currency exchange rates. In particular, the CPO prices had been trending upwards since the latter half of 2020 due to supply chain disruptions and movement control across the globe resulting from COVID-19. The war between Russia and Ukraine further pushed up prices of CPO from fear of reduced supply of sunflower oil, which is another major edible oil. The prices of CPO moderated in the 2nd half of 2022 to average RM5,116 per tonne for the year. CPO prices averaged at RM3,830 per tonne in 2023. The significant increase in CPO prices during FYE 2021 and FYE 2022 (Average CPO price published by the MPOB for FYE 2020: RM2,765 per tonne; FYE 2021: RM4,418 per tonne; FYE 2022: RM5,116 per tonne) affected the profitability of RBD palm olein trading, as CPO is used to produce RBD palm olein. This led the Eramas Group to shift its focus away from the oil and fats products and focus more on its other product categories. Further details are set out in Section 2.1, Appendix III(D) of this Circular.

For information purposes, the average purchase prices for the key purchases of the Eramas Group are as follows:-

Key purchases	FYE 2024 (RM/kg)	FYE 2025 (RM/kg)
Coconut raw materials	5.54	8.30
Trading goods		
- Coconut products	5.23	7.10
- Oil and fats products	4.49	4.72
- Dairy products	4.99	4.81

There can be no assurance that the Eramas Group will be able to consistently secure the supply of trading goods and raw materials or that it will be able to pass on cost increases to customers. Any prolonged disruptions in the supply chain may adversely affect the business and financial performance of the Eramas Group.

8.2.3 The Eramas Group is subject to the risk of changes in political, social and economic conditions as well as regulatory requirements

The Eramas Group carries out its operations in Malaysia and it has transactions with international customers and suppliers across the globe. Any adverse developments in the political, social and economic conditions as well as regulatory requirements in Malaysia and the countries which the Eramas Group transacts with may negatively impact on the business and financial performance of the Eramas Group.

These developments include, but not limited to, changes in political leadership, changes in general economic and business conditions, fluctuations in foreign exchange and interest rates, terrorism, riots, wars and/or trade sanctions, expropriation or nationalisation, changes in fiscal and monetary policies, foreign worker levy and exchange control measures, unemployment trends, deterioration of international bilateral relationships, outbreak of diseases and other matters that influence consumer confidence and spending. The Eramas Group could also be affected by the implementation of new laws, regulations or guidelines or any amendments to existing regulatory requirements.

On 2 April 2025, the US government announced the imposition of an additional ad valorem duty of 10% or higher rates for specific countries on all imports from all trading partners (including Malaysia) except as otherwise provided ("**Reciprocal Tariff**"). Subsequently, on 9 April 2025, the US government announced a temporary 90-day suspension of the country-specific rates (i.e. an additional ad valorem duty of 10% only will be imposed) for all trading partners except The People's Republic of China until 9 July 2025. On 7 July 2025, the US government notified Malaysia that a new reciprocal tariff rate of 25% will be imposed on imported goods from Malaysia, with effect from 1 August 2025. Subsequently, on 31 July 2025, the US government announced lowering the tariff from 25% to 19% for most imported goods from Malaysia, effective from 1 August 2025. On 26 October 2025, the Government entered into a bilateral trade agreement with the US government, i.e. the Agreement on Reciprocal Trade ("**ART**"), which aims to ensure fair, balanced and mutually beneficial trade relations between the two countries. Pursuant to the ART, the US government has committed to maintain the Reciprocal Tariff at 19% on most imported goods from Malaysia.

On 20 February 2026, the US Supreme Court ruled that the US administration's sweeping use of the International Emergency Economic Powers Act (IEEPA) to unilaterally levy country-specific reciprocal tariffs was unconstitutional and exceeded statutory authority. Following the US Supreme Court's ruling, Malaysia declared that the ART was null, void and invalid. The US administration subsequently sought to impose a replacement 10% global import surcharge pursuant to Section 122 of the Trade Act 1974 to address fundamental international payment problems. The imposition of the tariff pursuant to Section 122 of the Trade Act 1974 was also challenged and ultimately struck down by the US Court of International Trade and the said decision is currently under appeal. As the appellate court granted an administrative stay of the US Court of International Trade's decision, the US Customs and Border Protection continues to collect the 10% surcharge pending the outcome of the appeal. Unless and until a definitive ruling is issued, the collection process is expected to continue through the statutory 150-day period ending in July 2026.

The Reciprocal Tariff and global import surcharge will make imported goods to be more expensive and hence, less attractive to the consumers in the US. For the Financial Years Under Review, the Eramas Group's sales to the US were not significant, constituting less than 1.50% of the revenue of the Eramas Group for each of the Financial Years Under Review. In addition, as set out in Sections 15 and 16, Appendix III(B) of this Circular, the principal sources of the Eramas Group's purchases are Malaysia, Indonesia and Vietnam and none of the Eramas Group's major suppliers are based in the US. Premised on these, the imposition of Reciprocal Tariff and global import surcharge is not expected to have any direct impact which may materially and adversely affect the Eramas Group's business and financial performance.

However, there may be indirect impact to the Eramas Group's business and financial performance. The imposition of Reciprocal Tariff and global import surcharge by the US and retaliation tariffs by its trading partners may lead to reduced global trade. Consequently, dysfunctional global trade may cause, amongst others, supply chain disruptions, rising operational costs and adverse changes in macroeconomic conditions such as rising inflation, high unemployment rates and lower disposable income. All these have wide-ranging adverse implications on the global economy and an economic slowdown or recession may have a material adverse impact on the Eramas Group's business and financial performance.

Geopolitical tensions and conflicts (such as the Russia-Ukraine war and Middle East conflicts), disruptions in shipping routes (such as disruptions in the Suez Canal-Red Sea route and the Strait of Hormuz) as well as health epidemics (such as COVID-19 pandemic) may also adversely affect the business operations and financial performance of the Eramas Group. For the Financial Years Under Review and up to the LPD, the Eramas Group has not experienced any material interruptions to its business and operations save as disclosed in Section 21, Appendix III(B) of this Circular. There can be no assurance that the Eramas Group's business and operations will not be adversely impacted by any future developments in the political, social and economic conditions as well as regulatory requirements in Malaysia and the countries which the Eramas Group transacts with.

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8.3 Risk relating to the Proposed Regularisation Plan

8.3.1 The Proposed Regularisation Plan may not be completed or may be delayed in completion

The completion of the Proposed Regularisation Plan is subject to, amongst others, your approval for the Proposed Regularisation Plan at the forthcoming EGM of our Company to be convened and the SC's approval for the Proposed Exemption being obtained. In the event such approvals are not obtained, the Proposed Regularisation Plan will not be completed.

In addition, the completion of the Proposed Acquisition is subject to all the conditions precedent in the SSA as set out in Section 5, Appendix I of this Circular being obtained / fulfilled / waived by the Cut-Off Date. If any of the conditions precedent is not obtained / fulfilled / waived by the Cut-Off Date, the Proposed Acquisition will not be completed.

Pursuant to paragraph 3.06(1) of the Listing Requirements, our Company must have at least 25% of the total number of SCGM Shares in the hands of a minimum number of 1,000 public shareholders holding not less than 100 SCGM Shares each. In the event that there is a low subscription rate for the Offer Shares under the Proposed Offer for Sale, our Company may not be able to comply with the public shareholding spread requirement pursuant to paragraph 3.06 of the Listing Requirements. Such event may cause a delay in or cancellation of the listing of the Consideration Shares (including the Offer Shares) on the Main Market of Bursa Securities.

The Proposed Special Dividend, Proposed Acquisition, Proposed Offer for Sale and Proposed Exemption are to be undertaken as the Proposed Regularisation Plan of SCGM. For the avoidance of doubt, the Proposed Special Dividend will be completed prior to the Proposed Acquisition and Proposed Offer for Sale. The Proposed Acquisition and Proposed Offer for Sale will be completed concurrently with the listing and quotation of the Consideration Shares and Offer Shares on the Main Market of Bursa Securities on the same day. In the event that the Proposed Acquisition and Proposed Offer for Sale are not capable of being completed, the Proposed Regularisation Plan will not be completed.

If the Proposed Regularisation Plan is not completed, the SCGM Shares may be suspended from trading on the Main Market of Bursa Securities and delisted if SCGM is not able to regularise our Company's condition as a Cash Company in accordance with paragraph 8.03(5) of the Listing Requirements to maintain listing status on the Main Market of Bursa Securities.

8.4 Risks relating to investment in SCGM Shares

8.4.1 There has been no prior public market to invest in the shares or business of the Enlarged SCGM Group

As at the LPD, our Company is classified as a Cash Company and our Group does not have any business operations. Upon completion of the Proposed Regularisation Plan, the share price of our Company should reflect the new core business i.e. the business of the Eramas Group.

There has been no prior public market to invest in the shares or business of the Eramas Group. Hence, there can be no assurance that upon completion of the Proposed Regularisation Plan, an active market for our Shares will develop and if developed, that such a market can be sustained. No assurance can be provided on the liquidity of any market that may develop for our Shares, the ability of our Shareholders to sell our Shares or the prices at which our Shareholders would be able to sell our Shares post completion of the Proposed Regularisation Plan.

There can be no assurance that the market price of our Shares post completion of the Proposed Regularisation Plan will correspond to / will not decline below the issue price of the Consideration Shares or the offer price of the Offer Shares as it may be influenced by a number of factors including, amongst others, the depth and liquidity of the market for our Shares, investors' individual perception of the Enlarged SCGM Group, market and economic conditions, general industry conditions and the operating results of the Enlarged SCGM Group.

8.4.2 Our Share price and trading volume may be volatile

The trading price and volume of our Shares may be volatile and subject to fluctuations attributable to various factors, some of which are beyond our Group's control and may be unrelated or disproportionate to the Eramas Group's financial performance. Some factors that could affect our Share price and trading volume include financial performance of the Eramas Group, changes in financial analysts' projections or recommendations in respect of the Eramas Group or its industry, changes in our Board or key senior management personnel, changes in government policy, legislation or regulation and general market conditions.

Furthermore, the performance of Bursa Securities is dependent on external factors such as the performance of regional and global stock exchanges as well as flows of foreign funds. Market sentiment is influenced by factors such as the prevailing economic and political climate of the country, and the potential for growth in various sectors of the economy. Natural disasters and outbreaks of contagious diseases may negatively affect investor sentiment. All these factors contribute to the volatility of trading price and volume of our Shares on Bursa Securities.

8.4.3 There is no assurance on the payment of dividends to our Shareholders

The Enlarged SCGM Group's ability to declare and pay dividends to our Shareholders is dependent on several factors, including our financial performance, cash flow position, distributable reserves, capital expenditure and other investment plans. These factors are influenced by market demand, operational requirements and the implementation of our business plans.

In addition, some of the subsidiaries of Eramas Global Group have entered into financing facility agreements which contain financial covenants on restrictions for payment of dividends (see Section 6, Appendix III(D) of this Circular).

There can be no assurance that dividends will be declared and paid in the future or that the timing or amount of such dividends will align with the expectations of our Shareholders. Any reduction or suspension of dividend payments may negatively impact the market value of our Shares and reduce your overall value of investments in our Company.

8.4.4 The interests of the Vendors and PACs who control the Enlarged SCGM Group may not be aligned with the interests of the other Shareholders

As set out in Section 9.2, Part A of this Circular, the Vendors and PACs will collectively hold 521,675,630 Shares (representing approximately 68.44% shareholdings in SCGM) after the Proposed Regularisation Plan based on the Minimum Shareholding Scenario. Unless otherwise required by law or relevant guidelines or regulations to abstain from voting, the Vendors and PACs are able to significantly influence the outcome of matters requiring the votes of our Shareholders whereby through casting of their votes, the Vendors and PACs are able to:-

- (i) vote through or vote down any ordinary resolutions tabled at the shareholders' general meetings;
- (ii) have significant influence to vote through any special resolutions tabled at the shareholders' general meetings; or
- (iii) vote down any special resolutions tabled at the shareholders' general meeting.

Based on the Maximum Shareholding Scenario, the Vendors and PACs will collectively hold 571,694,753 Shares (representing approximately 75.00% shareholdings in SCGM) after the Proposed Regularisation Plan. Unless otherwise required by law or relevant guidelines or regulations to abstain from voting, the Vendors and PACs are able to control the outcome of matters requiring the votes of our Shareholders whereby through casting of their votes, the Vendors and PACs are able to vote through or vote down any ordinary and special resolutions tabled at the shareholders' general meetings.

In view of the above, the Vendors and PACs will be able to control the business direction and management of the Enlarged SCGM Group including the appointment / removal of our Directors, timing and amount of dividend payments as well as approval of significant corporate transactions.

There can be no assurance that the interests of the Vendors and PACs will always be aligned with the interests of the other Shareholders.

8.4.5 The sale, or the possible sale, of a substantial number of our Shares in the public market following the Proposed Regularisation Plan could adversely affect the price of our Shares

Following the completion of the Proposed Regularisation Plan, our Company will have 762,259,671 Shares (after excluding 1,038,600 treasury shares) in issue, of which not less than 68.44% will be held by the Vendors and PACs. Upon expiry of the Moratorium Period, the Vendors intend to undertake an offer for sale of an additional up to 50,000,000 SCGM Shares to institutional investors and selected investors who qualify under Schedule 6 or Schedule 7 of the CMSA at an offer price to be determined later. The offer for sale is intended to be undertaken, amongst others, to allow participation from more institutional investors and high net worth investors as well as to increase the public float of SCGM which in turn may further enhance the trading liquidity of the SCGM Shares. The Vendors and PACs intend to hold the remaining SCGM Shares after the offer for sale to continue participating in and contributing to the future growth of the Eramas Group through SCGM. In addition, the Enlarged SCGM Group may issue additional new Shares to raise funds in the future. In such circumstances, there can be no assurance that the market price of our Shares will not be adversely affected.

8.4.6 Forward-looking statements are subject to uncertainties and contingencies

Certain statements in this Circular are based on historical data, which may not be reflective of the future results. Other statements, including but not limited to, those regarding the financial position, business strategies, prospects, plans and objectives of the Eramas Group for future operations, which are forward-looking in nature, are subject to uncertainties and contingencies. Although the Vendors and the directors of Eramas Global Group believe that the expectations reflected in such forward-looking statements are reasonable at the current time, no assurance can be given that such expectations will subsequently materialise. The inclusion of any forward-looking statements in this Circular should not be regarded as a representation or warranty by our Group, our advisers, the Vendors and the Eramas Group that such plans and objectives will be achieved.

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9. EFFECTS OF THE PROPOSED REGULARISATION PLAN

9.1 Issued share capital

The Proposed Special Dividend, Proposed Offer for Sale and Proposed Exemption will not have any effect on the issued share capital of our Group.

The pro forma effects of the Proposed Acquisition on the issued share capital of our Group are as follows:-

	No. of Shares ('000)	Share capital (RM'000)	No. of treasury shares ('000)	Treasury shares (RM'000)
As at the LPD	193,600	63,118	1,039	2,310
Pursuant to the Proposed Acquisition	569,699	232,917	-	(2,310)
After the Proposed Acquisition	763,299	296,035⁽¹⁾	1,039	-

Note:-

- (1) The Proposed Acquisition constitutes a reverse acquisition whereby the acquirer and acquiree of the transaction for accounting purposes should be Eramas Global Group and SCGM respectively. According to MFRS 10 Consolidated Financial Statements, SCGM (as the legal parent of Eramas Global Group) has to prepare consolidated financial statements. The amount recognised as share capital in the consolidated financial statements will be based on aggregate of the share capital of Eramas Global Group and deemed purchase consideration for the reverse acquisition of SCGM as follows:-

	Amount (RM'000)
Share capital of Eramas Global Group	225,750
Deemed purchase consideration*	70,285
Share capital after the Proposed Acquisition	296,035

- * Deemed purchase consideration is determined by fair valuing the number of ordinary shares of Eramas Global Group would have had to issue to give the owners of SCGM the same percentage equity interest in the combined entity that results from the reverse acquisition.

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9.2 Shareholdings of the Vendors, PACs and other substantial Shareholders as well as public shareholding spread

The Proposed Special Dividend and Proposed Exemption will not have any effect on the shareholdings of the Vendors, PACs and other substantial Shareholders as well as public shareholding spread in our Company.

The pro forma effects of the Proposed Acquisition and Proposed Offer for Sale on the shareholdings of the Vendors, PACs and other substantial Shareholders in our Company are as follows:-

	As at 3 June 2026				After the Proposed Acquisition			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<u>Vendors</u>								
Chin Kok Tian	15,500,000	8.05	15,552,000	8.08 ⁽¹⁾	245,099,198	32.15	222,603,692	29.20 ⁽¹⁾
Yan Hua Lan	15,500,000	8.05	15,552,000	8.08 ⁽²⁾	222,551,692	29.20	245,151,198	32.16 ⁽²⁾
Tan Ah Tek	15,500,000	8.05	-	-	105,554,241	13.85	-	-
Gan Chuan Lee	615,000	0.32	110,000	0.06 ⁽³⁾	28,096,910	3.68	110,000	0.01 ⁽³⁾
Tey Chee Shin	-	-	-	-	8,995,642	1.18	-	-
Tan Tai Chong	-	-	-	-	6,006,173	0.79	-	-
Lau Sie Khian	-	-	-	-	509,774	0.07	-	-
<u>PACs</u>								
Chin Kai Ying	52,000	0.02	-	-	52,000	0.01	-	-
Tan Lee Eng	110,000	0.06	615,000	0.32 ⁽⁴⁾	110,000	0.01	28,096,910	3.68 ⁽⁴⁾
Vendors and PACs	47,277,000	24.55			616,975,630	80.94		
<u>Other substantial Shareholders as at 3 June 2026</u>								
Dato' Sri Lee Hock Seng	10,004,453	5.20	11,452,414	5.95 ⁽⁵⁾	10,004,453	1.31	11,452,414	1.50 ⁽⁵⁾
Lee Lih Chyong	111,800	0.06	10,315,452	5.36 ⁽⁶⁾	111,800	0.01	10,315,452	1.35 ⁽⁶⁾
Total Shares (excluding treasury shares)	192,561,041				762,259,671			

	After the Proposed Acquisition and Proposed Offer for Sale							
	Pro forma (A): Maximum Shareholding Scenario				Pro forma (B): Minimum Shareholding Scenario			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<u>Vendors</u>								
Chin Kok Tian	230,208,759	30.20	207,713,254	27.25 ⁽¹⁾	206,909,316	27.15	188,185,588	24.69 ⁽¹⁾
Yan Hua Lan	207,661,254	27.25	230,260,759	30.21 ⁽²⁾	188,133,588	24.68	206,961,316	27.15 ⁽²⁾
Tan Ah Tek	90,054,241	11.81	-	-	90,054,241	11.81	-	-
Gan Chuan Lee	28,096,910	3.68	110,000	0.01 ⁽³⁾	23,499,697	3.08	110,000	0.01 ⁽³⁾
Tey Chee Shin	8,995,642	1.18	-	-	7,490,838	0.98	-	-
Tan Tai Chong	6,006,173	0.79	-	-	5,001,452	0.66	-	-
Lau Sie Khian	509,774	0.07	-	-	424,498	0.06	-	-
<u>PACs</u>								
Chin Kai Ying	52,000	0.01	-	-	52,000	0.01	-	-
Tan Lee Eng	110,000	0.01	28,096,910	3.68 ⁽⁴⁾	110,000	0.01	23,499,697	3.08 ⁽⁴⁾
Vendors and PACs	571,694,753	75.00			521,675,630	68.44		
<u>Other substantial Shareholders as at 3 June 2026</u>								
Dato' Sri Lee Hock Seng	-	-	-	-	10,004,453	1.31	11,452,414	1.50 ⁽⁵⁾
Lee Lih Chyong	-	-	-	-	111,800	0.01	10,315,452	1.35 ⁽⁶⁾
Total Shares (excluding treasury shares)	762,259,671				762,259,671			

Notes:-

- (1) Represents the shareholdings in SCGM held by his spouse, Yan Hua Lan and his son, Chin Kai Ying.
- (2) Represents the shareholdings in SCGM held by her spouse, Chin Kok Tian and her son, Chin Kai Ying.
- (3) Represents the shareholdings in SCGM held by his spouse, Tan Lee Eng.
- (4) Represents the shareholdings in SCGM held by her spouse, Gan Chuan Lee.
- (5) Represents the shareholdings in SCGM held by his siblings, namely Dato' Sri Lee Hock Chai, Dato' Sri Lee Hock Guan, Lee Hock Lai, Lee Boi Choo and Lee Sooi Choo and his children, namely Lee Li Ching, Lee Lih Chyong and Lee Wee Teck.
- (6) Represents the shareholdings in SCGM held by her father, Dato' Sri Lee Hock Seng, her spouse, Tai Chin Lian and her siblings, namely Lee Li Ching and Lee Wee Teck.

The pro forma effects of the Proposed Acquisition and Proposed Offer for Sale on our public shareholding spread are as follows:-

	As at 3 June 2026 (%) ⁽¹⁾	After the Proposed Acquisition (%) ⁽²⁾	After the Proposed Acquisition and Proposed Offer for Sale	
			Pro forma (A): Maximum Shareholding Scenario (%) ⁽²⁾	Pro forma (B): Minimum Shareholding Scenario (%) ⁽²⁾
Share capital	100.00	100.00	100.00	100.00
<u>Less:-</u>				
Vendors and PACs	24.17 ⁽³⁾	80.94	75.00	68.44
<u>Directors and/or substantial Shareholders</u>				
Dato' Sri Lee Hock Seng	5.20	1.31	-	1.31
Dato' Sri Lee Hock Chai ⁽⁴⁾	0.86	-	-	-
Lee Lih Chyong ⁽⁵⁾	0.06	-	-	-
<u>Associates of Directors and/or substantial Shareholders</u>				
Dato' Sri Lee Hock Guan	4.65	1.17	-	1.17
Dato' Sri Lee Hock Chai ⁽⁴⁾	-	0.22	-	0.22
Lee Sooi Choo	0.18	0.05	-	0.05
Lew Han Yean	0.15	0.04	-	0.04
Lee Boi Choo	0.11	0.03	-	0.03
Cheaw Poh Chooi	0.11	0.03	-	0.03
Tai Chin Lian	0.10	0.03	-	0.03
Lee Lih Chyong ⁽⁵⁾	-	0.01	-	0.01
Lee Li Ching	0.05	0.01	-	0.01
Lee Hock Lai	0.03	0.01	-	0.01
Lee Wee Teck	0.01	* ⁽⁶⁾	-	* ⁽⁶⁾
Ho Ek Che	0.01	* ⁽⁶⁾	-	* ⁽⁶⁾
Shareholders holding less than 100 Shares	* ⁽⁶⁾	* ⁽⁶⁾	-	* ⁽⁶⁾
Total non-public Shareholders	35.69	83.85	75.00	71.35
Public shareholding spread	64.31	16.15	25.00	28.65

Notes:-

- (1) Based on 192,561,041 Shares (after excluding 1,038,600 treasury shares) in issue as at 3 June 2026.
- (2) Based on 762,259,671 Shares (after excluding 1,038,600 treasury shares) in issue after the Proposed Acquisition.
- (3) Excludes the shareholdings in SCGM held by Gan Chuan Lee (0.32%) and his spouse, Tan Lee Eng (0.06%) as they are public Shareholders as at 3 June 2026.
- (4) Dato' Sri Lee Hock Chai is the Managing Director of SCGM as at 3 June 2026. He will resign from his position upon completion of the Proposed Regularisation Plan. Nonetheless, he will remain as a non-public Shareholder after the Proposed Regularisation Plan by virtue of him being an associate of our Director, Dato' Sri Lee Hock Seng.
- (5) Lee Lih Chyong is the Alternate Director to Dato' Sri Lee Hock Seng as at 3 June 2026. She will resign from her position upon completion of the Proposed Regularisation Plan. Nonetheless, she will remain as a non-public Shareholder after the Proposed Regularisation Plan by virtue of her being an associate of our Director, Dato' Sri Lee Hock Seng.
- (6) * indicates percentage less than 0.01%.

As at 3 June 2026, the public shareholding spread of SCGM is 64.31%. Upon completion of the Proposed Acquisition, the public shareholding spread of SCGM will reduce to 16.15% due to the issuance of Consideration Shares to the Vendors and accordingly, SCGM does not have the required public shareholding spread of at least 25%. The Proposed Offer for Sale is undertaken to enable SCGM to comply with the public shareholding spread requirement through the sale of the Offer Shares by the Vendors to public investors.

In the event that there is a low subscription rate for the Offer Shares under the Proposed Offer for Sale, our Company may not be able to comply with the public shareholding spread requirement pursuant to paragraph 3.06 of the Listing Requirements. Such event may cause a delay in or cancellation of the listing of the Consideration Shares (including the Offer Shares) on the Main Market of Bursa Securities. In the event that the Proposed Acquisition and Proposed Offer for Sale are not capable of being completed, the Proposed Regularisation Plan will not be completed. Consequently, the SCGM Shares may be suspended from trading on the Main Market of Bursa Securities and de-listed if SCGM is not able to regularise our Company's condition as a Cash Company in accordance with paragraph 8.03(5) of the Listing Requirements to maintain listing status on the Main Market of Bursa Securities.

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9.3 NA and gearing

The Proposed Offer for Sale and Proposed Exemption will not have any effect on the NA and gearing of our Group.

Based on the audited consolidated financial statements of SCGM for FYE 2025 and assuming that the Proposed Special Dividend and Proposed Acquisition had been effected on 31 December 2025, the pro forma effects of the Proposed Special Dividend and Proposed Acquisition on the NA and gearing of our Group are as follows:-

	Audited as at 31 December 2025 (RM'000)	Pro forma (I) After the Proposed Special Dividend (RM'000)	Pro forma (II) After Pro forma (I) and the Proposed Acquisition⁽¹⁾ (RM'000)
Share capital	63,118	63,118	296,035 ⁽²⁾
Treasury shares	(2,310)	(2,310)	-
Reserve	-	-	(184,470) ⁽³⁾
Retained earnings	54,926	6,786	56,758 ⁽⁴⁾
Shareholders' funds / NA	115,734	67,594	168,323
No. of Shares in issue (excluding treasury shares) ('000)	192,561	192,561	762,260
NA per Share (RM)	0.60	0.35	0.22
Total borrowings and lease liabilities	-	-	13,762 ⁽⁵⁾
Gearing ratio ⁽⁶⁾ (times)	-	-	0.08

Notes:-

- (1) The Proposed Acquisition constitutes a reverse acquisition whereby the acquirer and acquiree of the transaction for accounting purposes should be Eramas Global Group and SCGM respectively. According to MFRS 10 Consolidated Financial Statements, SCGM (as the legal parent of Eramas Global Group) has to prepare consolidated financial statements. Under the guidance in MFRS 3 on reverse acquisition, the consolidated financial statements of SCGM (as the legal parent) are presented as a continuation of the financial statements of Eramas Global Group (as the legal subsidiary).

- (2) The share capital is derived as follows:-

	Amount (RM'000)
Share capital of Eramas Global Group	225,750
Deemed purchase consideration*	70,285
Share capital after the Proposed Acquisition	296,035

* Deemed purchase consideration is determined by fair valuing the number of ordinary shares of Eramas Global Group would have had to issue to give the owners of SCGM the same percentage equity interest in the combined entity that results from the reverse acquisition.

- (3) The negative reserve of RM184.47 million represents the merger deficit of Eramas Global Group arising from acquisition of its subsidiaries as part of the Internal Restructuring of Eramas Group.
- (4) The retained earnings of RM56.76 million represents the retained earnings of Eramas Group due to the reverse acquisition accounting as disclosed in Note (1) above and after taking into consideration share-based payment expenses resulting from the reverse acquisition of RM2.69 million (assuming that the Proposed Special Dividend and Proposed Acquisition had been effected on 31 December 2025) and remaining estimated expenses for the Proposed Regularisation Plan of RM1.98 million which have not been recognised as expenses.
- (5) The total borrowings and lease liabilities of RM13.76 million are the Eramas Group's total borrowings and lease liabilities as at 31 December 2025.
- (6) Gearing ratio is computed based on total borrowings and lease liabilities over Shareholders' funds / NA.

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9.4 Earnings and EPS

The Proposed Special Dividend, Proposed Offer for Sale and Proposed Exemption will not have any effect on the earnings and EPS of our Company.

Based on the audited consolidated financial statements of SCGM for FYE 2025 and assuming that the Proposed Acquisition had been effected on 1 January 2025, the pro forma effects of the Proposed Acquisition on the earnings and EPS of our Company are as follows:-

	Audited for the FYE 2025	After the Proposed Acquisition
PAT attributable to owners of our Company (RM'000)	527	13,913 ⁽¹⁾
Weighted average number of Shares in issue (excluding treasury shares) ('000)	192,561	762,260
Basic / Diluted EPS ⁽²⁾ (sen)	0.27	1.83
Adjusted PAT attributable to owners of our Company (RM'000)	1,786 ⁽³⁾	20,366 ⁽⁴⁾
Weighted average number of Shares in issue (excluding treasury shares) ('000)	192,561	762,260
Adjusted basic / diluted EPS ⁽⁵⁾ (sen)	0.93	2.67

Notes:-

(1) Represents the following:-

	Amount (RM'000)
Audited PAT of the SCGM Group for FYE 2025	527
Add: Audited PAT of the Eramas Group for FYE 2025	18,580
	19,107
Less: Share-based payment expenses resulting from the reverse acquisition assuming that the Proposed Special Dividend and Proposed Acquisition had been effected on 1 January 2025	(3,217)
Less: Remaining estimated expenses for the Proposed Regularisation Plan which have not been recognised as expenses	(1,977)
	13,913

(2) Basic EPS is computed based on PAT attributable to owners of our Company over weighted average number of Shares in issue (excluding treasury shares). The diluted EPS equals to basic EPS as there were no potential dilutive ordinary shares as at the end of FYE 2025.

- (3) Represents the following:-

	Amount (RM'000)
Audited PAT of the SCGM Group for FYE 2025	527
Add: Expenses incurred for the Proposed Regularisation Plan	1,259
	1,786

- (4) Represents the following:-

	Amount (RM'000)
Adjusted PAT of the SCGM Group for FYE 2025	1,786
Add: Audited PAT of the Eramas Group for FYE 2025	18,580
	20,366

Share-based payment expenses and remaining estimated expenses for the Proposed Regularisation Plan are non-recurring expenses and hence, have not been deducted for the purposes of computation of adjusted basic / diluted EPS.

- (5) Adjusted basic EPS is computed based on adjusted PAT attributable to owners of our Company over weighted average number of Shares in issue (excluding treasury shares). The adjusted diluted EPS equals to adjusted basic EPS as there were no potential dilutive ordinary shares as at the end of FYE 2025.

Based on the above, the pro forma adjusted PAT attributable to owners of our Company after the Proposed Acquisition would be RM20.37 million or 2.67 sen per Share, an increase of 1.74 sen per Share from 0.93 sen per Share. The Proposed Acquisition is expected to be earnings accretive and contribute positively to the future financial performance of our Group. Please refer to Section 3, Appendix III(B) of this Circular for the details of business strategies and future plans of the Eramas Group.

9.5 Convertible securities

As at the LPD, our Company does not have any outstanding convertible securities in issue.

10. SIGNIFICANT CHANGE IN BUSINESS DIRECTION OR POLICY

Pursuant to the Equity Guidelines, the Proposed Regularisation Plan is a proposal which would result in a significant change in the business direction or policy of our Company as it involves an acquisition of assets by our Company, which is classified as a Cash Company by Bursa Securities under Chapter 8 of the Listing Requirements, to regularise our Company's condition.

Percentage ratio

The highest percentage ratio applicable for the Proposed Acquisition pursuant to paragraph 10.02(1)(g) of the Listing Requirements is more than 100%.

11. CONDITIONALITY OF THE PROPOSED REGULARISATION PLAN

The Proposed Special Dividend, Proposed Acquisition, Proposed Offer for Sale and Proposed Exemption are to be undertaken as the Proposed Regularisation Plan of SCGM and hence, are inter-conditional upon each other in terms of our Shareholders' approval.

For the avoidance of doubt, the Proposed Special Dividend will be completed prior to the Proposed Acquisition and Proposed Offer for Sale. The Proposed Acquisition and Proposed Offer for Sale will be completed concurrently with the listing and quotation of the Consideration Shares and Offer Shares on the Main Market of Bursa Securities on the same day.

In the event that the Proposed Acquisition and Proposed Offer for Sale are not approved by our Shareholders, the Proposed Regularisation Plan will not be completed. Consequently, the SCGM Shares may be suspended from trading on the Main Market of Bursa Securities and de-listed if SCGM is not able to regularise our Company's condition as a Cash Company in accordance with paragraph 8.03(5) of the Listing Requirements to maintain listing status on the Main Market of Bursa Securities. The Proposed Regularisation Plan is not conditional upon any other proposals undertaken or to be undertaken by SCGM.

Save for the Proposed Regularisation Plan, there are no proposals which have been announced by our Company but are pending completion as at the LPD.

12. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

12.1 Interested Parties

Save as disclosed below, none of our Directors, Major Shareholders and/or persons connected with them have any interest, direct or indirect, in the Proposed Regularisation Plan:-

- (i) Chin Kok Tian, a Major Shareholder of our Company, is interested in the Proposed Acquisition, Proposed Offer for Sale and Proposed Exemption by virtue of him being one of the Vendors; and
- (ii) Yan Hua Lan, a Major Shareholder of our Company, is interested in the Proposed Acquisition, Proposed Offer for Sale and Proposed Exemption by virtue of her being one of the Vendors.

As the Proposed Special Dividend, Proposed Acquisition, Proposed Offer for Sale and Proposed Exemption are inter-conditional upon each other in terms of our Shareholders' approval, the Interested Parties will abstain and they have undertaken that they will ensure that persons connected with them will abstain from voting in respect of their respective direct and/or indirect shareholdings in our Company, if any, on the resolutions approving the Proposed Regularisation Plan at the EGM of our Company to be convened.

In addition, the other Vendors have undertaken that they will voluntarily abstain and will ensure that persons connected with them will abstain from voting in respect of their respective direct and/or indirect shareholdings in our Company, if any, on the resolutions approving the Proposed Regularisation Plan at the EGM of our Company to be convened.

As at 3 June 2026, the shareholdings of the Vendors in our Company are as follows:-

Vendors	Relationship among the Vendors	Direct interest		Indirect interest	
		No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Chin Kok Tian	Spouse of Yan Hua Lan	15,500,000	8.05	15,552,000	8.08 ⁽²⁾
Yan Hua Lan	Spouse of Chin Kok Tian	15,500,000	8.05	15,552,000	8.08 ⁽³⁾
Tan Ah Tek	-	15,500,000	8.05	-	-
Gan Chuan Lee	-	615,000	0.32	110,000	0.06 ⁽⁴⁾
Tey Chee Shin	-	-	-	-	-
Tan Tai Chong	-	-	-	-	-
Lau Sie Khian	-	-	-	-	-
Total		47,115,000	24.47		

Notes:-

- (1) Based on 192,561,041 Shares (after excluding 1,038,600 treasury shares) in issue as at 3 June 2026.
- (2) Represents the shareholdings in SCGM held by his spouse, Yan Hua Lan and his son, Chin Kai Ying.
- (3) Represents the shareholdings in SCGM held by her spouse, Chin Kok Tian and her son, Chin Kai Ying.
- (4) Represents the shareholdings in SCGM held by his spouse, Tan Lee Eng.

12.2 Transactions with the Interested Parties and/or persons connected with them for the preceding 12 months

Our Group has not entered into any transactions (other than the Proposed Acquisition) with the Interested Parties and/or persons connected with them for the 12 months preceding the LPD.

13. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of our Company, after having considered all relevant aspects of the Proposed Regularisation Plan, including but not limited to the basis and justification for the Purchase Consideration and issue price of the Consideration Shares, use of our Group's cash reserves, rationale for the Proposed Regularisation Plan, risk factors, effects of the Proposed Regularisation Plan, salient terms of the SSA as well as the advice from the Independent Adviser, is of the opinion that the Proposed Acquisition is:-

- (i) in the best interest of our Company;
- (ii) fair, reasonable and on normal commercial terms; and
- (iii) not detrimental to the interest of our non-interested Shareholders.

14. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, after having considered all relevant aspects of the Proposed Regularisation Plan, including but not limited to the basis and justification for the Purchase Consideration and issue price of the Consideration Shares, use of our Group's cash reserves, rationale for the Proposed Regularisation Plan, risk factors, effects of the Proposed Regularisation Plan, salient terms of the SSA as well as the advice from the Independent Adviser, is of the opinion that the Proposed Regularisation Plan is in the best interest of our Company.

Accordingly, our Board recommends that you **vote in favour** of the resolutions to give effect to the Proposed Regularisation Plan at the forthcoming EGM of our Company.

In the event that the approvals as set out in Section II of this Circular are obtained, our Company will be able to implement the Proposed Regularisation Plan to regularise our Company's condition as a Cash Company in accordance with paragraph 8.03(5) of the Listing Requirements to maintain listing status on the Main Market of Bursa Securities.

Pursuant to the Proposed Regularisation Plan:-

- (i) you will receive a cash distribution of RM0.25 per SCGM Share held by you on the Entitlement Date pursuant to the Proposed Special Dividend; and
- (ii) you will continue to hold your SCGM Shares which will remain listed on the Main Market of Bursa Securities after the completion of the Proposed Regularisation Plan. The estimated fair value of each SCGM Share ranges between RM0.30 and RM0.43 per SCGM Share based on the aggregate of the following:-
 - (a) value of the SCGM Group: pro forma NA per SCGM Share of RM0.09, based on the following:-

	Amount (RM'million)
Audited NA of the SCGM Group as at 31 December 2025 (comprising mainly cash and bank balances and fixed deposits with licensed banks)	115.73
Add: Estimated interest receivable (net of tax) less expenses for FYE 2026	2.00
Less: Cash distribution pursuant to the Proposed Special Dividend	(48.14)
Less: Remaining estimated expenses for the Proposed Regularisation Plan which have not been recognised as expenses as at 31 December 2025	(1.98)
Pro forma NA of SCGM Group	67.61
Pro forma NA per SCGM Share	0.09⁽¹⁾

Note:-

(1) Based on 762,259,671 Shares (after excluding 1,038,600 treasury shares) in issue after the Proposed Regularisation Plan.

- (b) value of the Eramas Group: indicative fair value for the entire equity interest in Eramas Global Group of between RM0.21⁽¹⁾ and RM0.34⁽²⁾ per SCGM Share based on the independent equity valuation undertaken by the Independent Business Valuer as at the evaluation date of 29 May 2026.

Notes:-

- (1) Based on the low range valuation of RM156.46 million derived from the trading comparables method.
- (2) Based on the high range valuation of RM260.55 million derived from the DCF method.

Based on the above, the total estimated value of the cash distribution and SCGM Shares attributable to you ranges between RM0.55 and RM0.68 per SCGM Share.

In this event, our Company will remain as a going concern and through your shareholding in SCGM, you will be able to participate in the business and financial performance of the Enlarged SCGM Group, which will be principally involved in the food and beverage industry after the completion of the Proposed Regularisation Plan.

In the event that such approvals are not obtained, the Proposed Regularisation Plan will not be completed. Following thereto, the SCGM Shares may be suspended from trading on the Main Market of Bursa Securities and de-listed if SCGM is not able to regularise our Company's condition as a Cash Company in accordance with paragraph 8.03(5) of the Listing Requirements to maintain listing status on the Main Market of Bursa Securities. In this circumstance, our Company will undertake a proposed capital reduction and repayment exercise under Section 116 of the Act to distribute cash to you on a pro-rata basis, followed by a winding up process in accordance with the Act.

Pursuant to the proposed capital reduction and repayment exercise, you will receive an estimated capital repayment of RM0.60 per SCGM Share, based on the following:-

	Amount (RM'million)
Audited NA of the SCGM Group as at 31 December 2025 (comprising mainly cash and bank balances and fixed deposits with licensed banks)	115.73
Add: Estimated interest receivable (net of tax) less expenses for FYE 2026	2.00
Less: Remaining estimated expenses for the Proposed Regularisation Plan which have not been recognised as expenses as at 31 December 2025	(1.98)
Less: Estimated expenses for the proposed capital reduction and repayment exercise as well as winding up process	(0.60)
Estimated amount available for capital repayment	115.15
Estimated capital repayment per SCGM Share	0.60⁽¹⁾

Note:-

- (1) Based on 192,561,041 Shares (after excluding 1,038,600 treasury shares) in issue as at the LPD.

Following the winding up process, our Company will be dissolved and cease to exist.

15. PRINCIPAL ADVISER AND INDEPENDENT ADVISER

15.1 Principal Adviser

Berjaya Securities has been appointed as the Principal Adviser to our Company for the Proposed Regularisation Plan and the Placement Agent for the Proposed Offer for Sale.

15.2 Independent Adviser

As the Proposed Acquisition is deemed as a related party transaction in accordance with paragraph 10.08 of the Listing Requirements, BDOCC has been appointed to act as the Independent Adviser to undertake the following in relation to the Proposed Acquisition:-

- (i) comment as to:-
 - (a) whether the Proposed Acquisition is fair and reasonable in so far as our Shareholders are concerned; and
 - (b) whether the Proposed Acquisition is to the detriment of our non-interested Shareholders,and such opinion must set out the reasons for, the key assumptions made and the factors taken into consideration in forming that opinion;
- (ii) advise our non-interested Shareholders whether you should vote in favour of the Proposed Acquisition; and
- (iii) take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in relation to paragraphs (i) and (ii) above.

BDOCC has also been appointed as the Independent Adviser to advise our Directors and non-interested Shareholders in respect of the Proposed Exemption pursuant to subparagraph 4.08(3)(g) of the Rules.

The IAL from BDOCC is set out in Part B of this Circular. You should read and carefully consider the contents of this Circular (including the IAL) before voting on the resolutions to give effect to the Proposed Regularisation Plan at our forthcoming EGM.

16. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at Creator Hotel Ballroom, 2nd Floor, Kulai Centre Point, Lot 1566, Batu 20, Jalan Kulai-Air Hitam, 81000 Kulai, Johor, Malaysia on Thursday, 16 July 2026 at 10.30 a.m., or at any adjournment thereof for the purpose of considering and, if thought fit, passing the resolutions, with or without any modifications, to give effect to the Proposed Regularisation Plan.

If you decide to appoint a proxy or proxies to participate and vote on your behalf at the EGM, you must complete and deposit the Form of Proxy for the EGM at the office of our Share Registrar, Aldpro Corporate Services Sdn Bhd at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than 48 hours before the time appointed for holding the EGM or at any adjournment thereof. The completion and lodging of the Form of Proxy for the EGM will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so and in such an event, your Form of Proxy for the EGM shall be deemed to have been revoked.

17. FURTHER INFORMATION

You are advised to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of the Board of
SCGM BHD

DATO' SRI LEE HOCK SENG
Executive Chairman

PART B

**INDEPENDENT ADVICE LETTER FROM BDOCC TO OUR DIRECTORS AND NON-
INTERESTED SHAREHOLDERS IN RELATION TO THE
PROPOSED ACQUISITION AND PROPOSED EXEMPTION**

EXECUTIVE SUMMARY

All definitions used in this executive summary shall have the same meaning as the words and expressions defined in the “Definitions” section of the Circular, except where the context otherwise requires or where otherwise defined in this IAL. All references to “you” are references to the Directors and non-interested Shareholders, whilst all references to “we”, “us” or “our” in this IAL are references to BDOCC, being the Independent Adviser for the Proposed Acquisition and Proposed Exemption.

BDOCC, being the Independent Adviser, accepts full responsibility for the accuracy of the IAL. Having made all reasonable enquiries, and to the best of our knowledge and belief, we confirm there is no false or misleading statement or other facts which if omitted, would make any statement in the IAL to be false or misleading.

This executive summary only highlights the key information from other parts of this IAL. It does not contain all the information that may be important to you. You should read and understand the contents of the whole IAL and the Circular, including the letter from the Board to the Shareholders in relation to the Proposed Regularisation Plan in Part A of the Circular and the accompanying appendices, and not rely solely on this executive summary prior to deciding on how to vote for the Proposed Acquisition and Proposed Exemption.

You are also advised to carefully consider the recommendations contained in both letters before voting on the ordinary resolutions in respect of the Proposed Acquisition and Proposed Exemption to be tabled at the forthcoming EGM in relation to the Proposed Regularisation Plan. If you are in doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

1. INTRODUCTION

On 20 March 2024, the Company entered into the HOA with the Vendors for the acquisition of the entire equity interest in Eramas Global Group for a purchase consideration to be determined later. On 16 October 2024, the Company and the Vendors mutually agreed to extend the period to execute a share sale agreement for the Proposed Acquisition until 31 December 2024.

On 27 December 2024, Berjaya Securities had, on behalf of the Board, announced that the Company proposed to undertake the Proposed Regularisation Plan. Please refer to **Section 1** of this IAL for further details on the chronology of events of the Proposed Regularisation Plan. On 24 September 2025, the Company and the Vendors mutually agreed to extend the period for the satisfaction or fulfilment of the conditions precedent under the SSA until 30 June 2026. Further, on 14 May 2026, the Company and the Vendors mutually agreed to extend the period for the satisfaction or fulfilment of the conditions precedent under the SSA until 31 December 2026.

The Proposed Acquisition is deemed to be a related party transaction pursuant to paragraph 10.08 of the Listing Requirements in view of the interests of the interested Major Shareholders as set out in **Section 12, Part A** of the Circular. Upon completion of the Proposed Acquisition, the collective shareholdings of the Vendors and PACs will increase from 24.55% (as at 3 June 2026) to 80.94% (i.e. exceeding 33%), thereby triggering a Mandatory Offer obligation pursuant to subparagraph 4.01(a) of the Rules. As it is not the intention of the Vendors and PACs to undertake the Mandatory Offer upon completion of the Proposed Acquisition, they intend to seek an exemption from the SC pursuant to subparagraph 4.08(1)(a) of the Rules.

On 24 April 2024, the Board had appointed BDOCC to act as the Independent Adviser to advise the Directors and non-interested Shareholders on the Proposed Acquisition and Proposed Exemption. Our evaluation would also encompass all components of the Proposed Regularisation Plan in order to provide the Directors and non-interested Shareholders with a holistic view of the fairness and reasonableness of the Proposed Regularisation Plan.

2. EVALUATION OF THE PROPOSED REGULARISATION PLAN

2.1 Rationale for the Proposed Regularisation Plan

- (i) The Proposed Dividend is undertaken to reward the Shareholders for their continuous support towards SCGM by returning excess cash of SCGM.
- (ii) The Proposed Acquisition is undertaken to allow SCGM to regularise its condition as a Cash Company in accordance with paragraph 8.03(5) of the Listing Requirements to maintain its listing status on the Main Market of Bursa Securities. The Proposed Acquisition enables SCGM Group to venture into a business of manufacturing, trading, distribution and marketing

EXECUTIVE SUMMARY

of food products through Eramas Group with a proven track record and thereby strengthening its earnings stream. In addition, based on the competitive strengths and future plans of Eramas Group, the Proposed Acquisition is expected to sustain the Enlarged SCGM Group's business operations.

- (iii) The Proposed Offer for Sale is undertaken to enable SCGM to comply with the Bumiputera equity requirement as stipulated by the SC for public listed companies and the public shareholding spread requirement pursuant to paragraph 3.06 of the Listing Requirements.
- (iv) The Proposed Exemption will relieve the Vendors and PACs from the obligation to undertake a Mandatory Offer, as it is not their intention to undertake such Mandatory Offer, and to ensure the successful implementation of the Proposed Regularisation Plan.

Premised on the above, we are of the view that the rationale for the Proposed Regularisation Plan is **fair and reasonable** and **not detrimental** to the non-interested Shareholders. Please refer to **Section 8** of this IAL for further details on the rationale for the Proposed Regularisation Plan.

2.2 Evaluation of the Purchase Consideration for the Proposed Acquisition

(i) Valuation of entire equity interest in Eramas Group

In evaluating the Purchase Consideration, we have adopted the DCF approach as the most appropriate valuation methodology to arrive at the fair value of the entire equity interest in Eramas Group.

We noted that the Purchase Consideration has taken into consideration the Disposal of PT Eramas and remains unchanged at RM207.94 million. Accordingly, our evaluation of the Purchase Consideration is based on Eramas Group after taking into consideration the Disposal of PT Eramas.

In deriving the fair value of the entire equity interest in Eramas Group, we have considered the impact of the Iran war on Eramas Group's business performance. We noted that the Financial Projections prepared by the management of Eramas Group have taken into consideration the impact on export sales to the West Asia region as well as the mitigating measures implemented by Eramas Group to reduce the potential adverse impacts arising from the Iran war. Based on the latest unaudited management accounts for the 5-month period ended 31 May 2026, the Eramas Group recorded revenue of approximately RM57.01 million, GP of approximately RM9.27 million and PAT of approximately RM4.13 million, translating into GP margin and PAT margin of approximately 16.26% and 7.25%, respectively. In addition, we have taken into consideration the uncertainties arising from the Iran war in determining the inherent risk adjustment adopted in deriving the discount rate for the valuation of Eramas Group.

Based on the DCF approach, the Purchase Consideration of RM207.94 million is within the estimated range of fair value of 100% equity interest in Eramas Group of RM190.85 million to RM223.09 million. As such, we are of the view that the Purchase Consideration is **fair and reasonable** and **not detrimental** to the non-interested Shareholders.

For information purposes, based on the audited consolidated NA of Eramas Group as at 31 December 2025 of RM102.71 million, the implied price-to-book ratio for the Purchase Consideration of RM207.94 million is 2.02 times.

Please refer to **Section 9.2** of this IAL for further details on the valuation of the entire equity interest in Eramas Group.

(ii) Evaluation of the issue price of the Consideration Shares

We are of the view that the issue price of the Consideration Shares is **fair and reasonable** and **not detrimental** to the non-interested Shareholders as it represents a **premium** ranging between 1.14% to 13.11% to the adjusted VWAPs and closing market price of SCGM Shares up to the HOA LTD; and a **premium** of 3.99% based on the adjusted audited NA per SCGM Share as at 31 December 2025 and the adjusted unaudited NA per SCGM Share as at 31 March 2026, respectively. Please refer to **Section 9.4** of this IAL for further details on the evaluation of the issue price of the Consideration Shares.

EXECUTIVE SUMMARY

2.3 Evaluation of the salient terms of the SSA

We have reviewed the SSA which include its salient terms of the SSA as set out in **Appendix I** of the Circular and are of the view that the salient terms of the SSA are **fair and reasonable** and **not detrimental** to the non-interested Shareholders. Please refer to **Section 10** of this IAL for further details.

2.4 Effects of the Proposed Regularisation Plan

The effects of the Proposed Regularisation Plan are summarised as below:

- (i) SCGM's issued share capital is expected to increase after the Proposed Regularisation Plan.
- (ii) The Proposed Special Dividend is expected to lower SCGM Group's NA from RM115.73 million to RM67.59 million whereas the Proposed Acquisition is expected to improve SCGM Group's NA from RM67.59 million to RM168.32 million. The NA per share of the SCGM Group will be diluted from RM0.60 to RM0.22 upon completion of the Proposed Regularisation Plan as a result of an increase in the number of SCGM Shares in issue arising from issuance of the Consideration Shares. The Proposed Acquisition will increase the gearing ratio from nil to 0.08 times.
- (iii) The Proposed Acquisition is expected to be earnings accretive as the Eramas Group is currently profitable and income-generating. This in turn will contribute positively to the long-term future earnings potential and EPS of the Enlarged SCGM Group. The pro forma adjusted basic EPS (excluding the one-off expenses incurred for the Proposed Regularisation Plan) after the Proposed Acquisition would increase from 0.93 sen to 2.67 sen.

Based on the above, notwithstanding that the Proposed Regularisation Plan will result in a dilutive impact on the NA per SCGM Share, the Proposed Regularisation Plan is expected to improve the pro forma NA of the SCGM Group and contribute positively to the future earnings and EPS of SCGM Group. As such, we are of the view that the overall effects of the Proposed Regularisation Plan are **acceptable** and **not detrimental** to the non-interested Shareholders. Please refer to **Section 11** of this IAL for further details of effects of the Proposed Regularisation Plan.

2.5 Industry outlook and future prospects of Eramas Group

We take cognisance of the economic outlook and industry overview as set out in **Appendix V** of the Circular and business strategies and future plans of Eramas Group as set out in **Section 3, Appendix III(B)** of the Circular.

We are of the view that the outlook and prospects of the Enlarged SCGM Group following the completion of the Proposed Regularisation Plan is **favourable**, after taking into consideration, amongst others, the industry outlook on coconut products, dairy products and palm oil products, the historical financial performance of Eramas Group, the competitive strengths and future plans of Eramas Group which are expected to sustain the business of the Enlarged SCGM Group. Please refer to **Section 12** of this IAL for details on the economic outlook, industry outlook and overview as well as future prospects of the Enlarged SCGM Group.

2.6 Risk factors

We take cognisance of the risk factors as disclosed in **Section 8, Part A** of the Circular. While we noted that measures would be taken by SCGM to mitigate the risks associated with the Proposed Regularisation Plan, no assurance can be given that one or a combination of the risk factors will not occur and give rise to material adverse impact on the business and operation of SCGM Group, its financial performance or prospects thereon. Please refer to **Section 13** of this IAL for further details on the risk factors.

2.7 Implications arising from the voting outcome of the Proposed Exemption**(i) If non-interested Shareholders vote in favour of the Proposed Exemption**

The Vendors and PACs would be able to submit an application for the Proposed Exemption to the SC for its consideration. An approval from the SC for the Proposed Exemption would then exempt the Vendors and PACs from the obligation to undertake the Mandatory Offer. The approval of the Proposed Exemption would imply that non-interested Shareholders agree to waive their rights to a mandatory offer from the Vendors and PACs and exempt the Vendors and PACs from the obligation to undertake the Mandatory Offer as a result of the

Proposed Regularisation Plan (which shall be undertaken at a price no lower than the highest price paid by the Vendors and PACs for SCGM Shares in the past 6 months preceding the announcement of the HOA until the completion of the Proposed Acquisition).

(ii) If non-interested Shareholders vote against the Proposed Exemption

In the event that the Proposed Exemption is not approved, the Vendors and PACs would not be able to submit an application for the Proposed Exemption to the SC for its consideration. Due to the inter-conditionality of the Proposed Regularisation Plan, SCGM will not be able to undertake the Proposed Exemption and the Proposed Regularisation Plan would not be implemented. Consequently, the potential benefits arising from the Proposed Regularisation Plan will not materialise and SCGM Shares may be suspended from trading or be delisted if the Company is not able to regularise its condition as a Cash Company pursuant to subparagraph 8.03(2) of the Listing Requirements.

Please refer to **Section 14** of this IAL for further details on the implications of the Proposed Exemption.

3. CONCLUSION AND RECOMMENDATION

In view of the inter-conditionality of the proposals within the Proposed Regularisation Plan, we have evaluated all components of the Proposed Regularisation Plan to provide the Directors and non-interested Shareholders with a holistic view of the Proposed Regularisation Plan. The potential advantages and disadvantages of the Proposed Regularisation Plan are as follows:

A. Potential Advantages

- (i) The proposals within the Proposed Regularisation Plan are inter-conditional upon each other. The Proposed Exemption will facilitate the implementation of the Proposed Acquisition which will enable SCGM to regularise its condition as a Cash Company in accordance with paragraph 8.03(5) of the Listing Requirements to maintain its listing status on the Main Market of Bursa Securities. Accordingly, voting in favour of the Proposed Exemption facilitates the successful implementation of the Proposed Regularisation Plan.
- (ii) The Proposed Acquisition provides an opportunity to the Shareholders to participate in the future growth of the Enlarged SCGM Group, which will operate in the manufacturing, trading, distribution and marketing of food products. The Proposed Acquisition is expected to contribute positively to the earnings of the Enlarged SCGM Group in view of the historical financial performance of Eramas Group, the business strategies and future plans as disclosed in **Appendix III(B)** of the Circular. In addition, the pro forma adjusted basic EPS after the Proposed Acquisition (excluding the one-off expenses incurred for the Proposed Regularisation Plan) would increase from 0.93 sen to 2.67 sen.
- (iii) The settlement of the entire Purchase Consideration through the issuance of Consideration Shares enables SCGM to undertake the Proposed Acquisition while conserving its cash reserves and allows SCGM to undertake cash distribution to Shareholders via the Proposed Special Dividend, without relying on external borrowings. The Proposed Special Dividend will enable Shareholders to receive returns on investment in the form of cash dividend of RM0.25 per SCGM Share by distributing the Company's excess cash after meeting the financial requirements of the Enlarged SCGM Group after the completion of the Proposed Regularisation Plan.
- (iv) The participation of the Vendors in SCGM Group, through collective shareholdings of the Vendors and PACs of between 68.44% (under Minimum Shareholding Scenario) and 75.00% (under Maximum Shareholding Scenario) upon completion of the Proposed Regularisation Plan, reaffirms their commitment to the Enlarged SCGM Group and demonstrate that they do not intend to cash out on their investments in Eramas Group.

B. Potential Disadvantages

- (i) The Proposed Exemption will allow the collective shareholdings of the Vendors and PACs to increase from 24.55% (as at 3 June 2026) to approximately 68.44% under the Minimum Shareholding Scenario and 75.00% under the Maximum Shareholding Scenario upon completion of the Proposed Regularisation Plan, without being required to undertake a Mandatory Offer. Therefore, the Vendors and PACs will have statutory control over SCGM

EXECUTIVE SUMMARY

and enabling them to determine the outcome of ordinary resolutions which require a simple majority of 50% plus 1 share (unless the Vendors and PACs are required to abstain from voting). In addition, the Vendors and PACs will also be able to determine or significantly influence the outcome of any special resolutions which require at least 75% votes (unless the Vendors and PACs are required to abstain from voting). Accordingly, minority Shareholders may have a reduced ability to influence the outcome of certain corporate actions, strategic direction and key decisions of the Enlarged SCGM Group following the completion of the Proposed Regularisation Plan.

- (ii) Since the collective shareholdings of the Vendors and PACs is more than 50% in SCGM upon completion of the Proposed Regularisation Plan, any further increase in the shareholdings of the Vendors and PACs in SCGM would not trigger an obligation for the Vendors and PACs to undertake a Mandatory Offer provided that the shareholdings of the Vendors and PACs in SCGM remains at more than 50% at all times. As a result, non-interested Shareholders will not be entitled to receive a Mandatory Offer and the associated exit opportunity at a prescribed minimum offer price notwithstanding any future increase in the shareholdings of the Vendors and PACs in SCGM. For the avoidance of doubt, subsequent to the Proposed Regularisation Plan, the Vendors and PACs would still be bound to undertake a Mandatory Offer if any one of them increase their individual shareholdings in SCGM to 33% or more, unless an exemption is granted by the SC.
- (iii) Upon completion of the Proposed Acquisition, SCGM Group may be subject to the specific risk factors attributable to the business and operations of Eramas Group as disclosed in **Section 8, Part A** of the Circular which may have adverse effect on the Enlarged SCGM Group's business and performance. Nevertheless, some of these risk factors can be managed and mitigated by, amongst others, an experienced management team of the Enlarged SCGM Group.
- (iv) Upon completion of the Proposed Special Dividend, the pro forma NA per share of SCGM Group will be diluted from RM0.60 to RM0.35 and further diluted to RM0.22 upon completion of the Proposed Regularisation Plan as a result of an increase in the number of SCGM Shares in issue arising from issuance of the Consideration Shares.

After taking into consideration the potential advantages and disadvantages of the Proposed Regularisation Plan, having particular regard to the ability of SCGM to regularise its condition as a Cash Company and maintain its listing status on the Main Market of Bursa Securities, the opportunity for Shareholders to participate in the future growth and earnings prospects of the Enlarged SCGM Group and the opportunity for existing Shareholders to receive immediate cash returns through the Proposed Special Dividend of RM0.25 per SCGM Share, as against the potential disadvantages arising from, amongst others, the increased control of SCGM by the Vendors and PACs and the resulting reduced influence of minority Shareholders, as well as the absence of a Mandatory Offer pursuant to the Proposed Exemption, we are of the view that the potential advantages of the Proposed Regularisation Plan as a whole outweigh its potential disadvantages. Therefore, we are of the view that the Proposed Regularisation Plan as a whole are **FAIR and REASONABLE** and **NOT DETRIMENTAL** to the non-interested Shareholders.

Accordingly, we:-

- (i) advise the Directors to recommend the non-interested Shareholders to **VOTE IN FAVOUR** of the ordinary resolutions in respect of the Proposed Acquisition and Proposed Exemption to be tabled at SCGM's forthcoming EGM in relation to the Proposed Regularisation Plan; and
- (ii) recommend that the non-interested Shareholders to **VOTE IN FAVOUR** of the ordinary resolutions in respect of the Proposed Acquisition and Proposed Exemption to be tabled at SCGM's forthcoming EGM in relation to the Proposed Regularisation Plan.

YOU ARE ADVISED TO READ AND UNDERSTAND THIS IAL AND THE LETTER FROM THE BOARD TO THE SHAREHOLDERS IN RELATION TO THE PROPOSED REGULARISATION PLAN AS SET OUT IN PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES, AND TO CAREFULLY CONSIDER THE RECOMMENDATIONS CONTAINED IN BOTH THE LETTERS BEFORE VOTING ON THE ORDINARY RESOLUTIONS IN RESPECT OF THE PROPOSED ACQUISITION AND PROPOSED EXEMPTION TO BE TABLED AT THE FORTHCOMING EGM.

Date: 29 June 2026

To: The Directors and non-interested Shareholders

Dear Sir / Madam,

SCGM BERHAD ("SCGM" OR THE "COMPANY")

INDEPENDENT ADVICE LETTER TO THE DIRECTORS AND NON-INTERESTED SHAREHOLDERS OF SCGM IN RELATION TO THE PROPOSED ACQUISITION AND PROPOSED EXEMPTION

This IAL is prepared for inclusion in the Circular to the Shareholders. All definitions used in this IAL shall have the same meaning as the words and expressions defined in the "Definitions" section of the Circular, except where the context otherwise requires or where otherwise defined in this IAL. All references to "we", "us" or "our" in this IAL are references to BDOCC, being the Independent Adviser for the Proposed Acquisition and Proposed Exemption.

1. INTRODUCTION

On 20 March 2024, the Company entered into the HOA with the Vendors for the acquisition of the entire equity interest in Eramas Global Group for a purchase consideration to be determined later. On 16 October 2024, the Company and the Vendors mutually agreed to extend the period to execute a share sale agreement for the Proposed Acquisition until 31 December 2024.

On 27 December 2024, Berjaya Securities had, on behalf of the Board, announced that the Company proposed to undertake the Proposed Regularisation Plan, which comprises the following: -

- (i) Proposed Special Dividend;
- (ii) Proposed Acquisition;
- (iii) Proposed Offer for Sale; and
- (iv) Proposed Exemption.

On 24 September 2025, the Company and the Vendors mutually agreed to extend the period for the satisfaction or fulfilment of the conditions precedent under the SSA until 30 June 2026. Further, on 14 May 2026, the Company and the Vendors mutually agreed to extend the period for the satisfaction or fulfilment of the conditions precedent under the SSA until 31 December 2026.

The proposals within the Proposed Regularisation Plan are inter-conditional upon each other. The details of the Proposed Regularisation Plan are set out in **Sections 2 to 5, Part A** of the Circular. In the event that any of the proposals as mentioned above is not approved by the Shareholders, the Proposed Regularisation Plan will not be implemented. The Proposed Regularisation Plan is not conditional upon any other proposals undertaken or to be undertaken by SCGM.

Pursuant to the Equity Guidelines, the Proposed Regularisation Plan is a proposal which would result in a significant change in the business direction or policy of SCGM as it involves an acquisition of assets by SCGM, which is classified as a Cash Company by Bursa Securities under Chapter 8 of the Listing Requirements, to regularise SCGM's condition.

The Proposed Acquisition is deemed to be a related party transaction pursuant to paragraph 10.08 of the Listing Requirements in view of the interests of the interested Major Shareholders as set out in **Section 12, Part A** of the Circular.

Upon completion of the Proposed Acquisition, the collective shareholdings of the Vendors and PACs will increase from 24.55% (as at 3 June 2026) to 80.94% (i.e. exceeding 33%), thereby triggering a Mandatory Offer obligation under subsection 218(2) of the CMSA and subparagraph

4.01(a) of the Rules. Based on the Minimum Shareholding Scenario, the collective shareholdings of the Vendors and PACs will decrease to 68.44%.

In the event that the Offer Shares are not fully subscribed by Bumiputera investors approved or recognised by the MITI, such number of Offer Shares required SCGM to comply with the public shareholding spread requirement pursuant to paragraph 3.06 of the Listing Requirements shall be re-allocated for subscription by institutional investors and/or selected investors.

However, the Offer Shares may not be fully subscribed and the Company may end up with a public shareholding spread of only 25% after the Proposed Offer for Sale. Under the Maximum Shareholding Scenario, the collective shareholdings of the Vendors and PACs in SCGM will be 571,694,753 Shares representing approximately 75.00% shareholdings in SCGM after the Proposed Regularisation Plan.

As it is not the intention of the Vendors and PACs to undertake the Mandatory Offer upon completion of the Proposed Acquisition, they intend to seek an exemption from the SC pursuant to subparagraph 4.08(1)(a) of the Rules which would then exempt them from the obligation to undertake the Mandatory Offer, subject to amongst others, the approval of the non-interested Shareholders.

An application for the Proposed Exemption will be submitted to the SC by Berjaya Securities on behalf of the Vendors and PACs after approval of the non-interested Shareholders for the Proposed Exemption has been obtained at the forthcoming EGM to be convened for the Proposed Regularisation Plan.

In compliance with the Listing Requirements and the Rules, the Board had on 24 April 2024 appointed us to act as the Independent Adviser to advise the Directors and non-interested Shareholders on the Proposed Acquisition pursuant to paragraph 10.08 of the Listing Requirements and the Proposed Exemption pursuant to subparagraph 4.08(3)(g) of the Rules. Our role includes providing our view as to whether the Proposed Regularisation Plan as a whole are fair and reasonable and not detrimental to the non-interested Shareholders, and to advise the Directors and non-interested Shareholders on whether the non-interested Shareholders should vote in favour of the ordinary resolutions pertaining to the Proposed Acquisition and the Proposed Exemption.

Pursuant to paragraph 3.07 of the Rules, we had on 26 April 2024 and 30 April 2024 declared our independence from any conflict of interest or potential conflict of interest to the SC in relation to our appointment as Independent Adviser for the Proposed Exemption. As at the LPD, we confirm there is no changes to our declaration and we have remained independent throughout our appointment.

Pursuant to subparagraph 4.08(3)(g) of the Rules, the SC had, vide its letter dated 26 June 2026, notified it has no further comments to the contents of this IAL. However, such notification shall not be taken to suggest that the SC agrees with our recommendation or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this IAL.

The purpose of this IAL is to provide you with our independent evaluation on the fairness and reasonableness of the Proposed Regularisation Plan on a holistic basis, together with our recommendation on whether you should vote in favour of the resolutions pertaining to the Proposed Acquisition and Proposed Exemption, subject to the scope and limitations specified herein. As the proposals within the Proposed Regularisation Plan are inter-conditional upon one another, our evaluation would also encompass all components of the Proposed Regularisation Plan. Nevertheless, you should rely on your own evaluation of the merits and demerits of the Proposed Acquisition and Proposed Exemption before making any decision on the course of action to be taken at SCGM's forthcoming EGM.

THIS IAL IS PREPARED SOLELY FOR YOU TO CONSIDER THE PROPOSED ACQUISITION AND PROPOSED EXEMPTION AND SHOULD NOT BE USED OR RELIED UPON BY ANY OTHER PARTY OR FOR ANY OTHER PURPOSE WHATSOEVER.

YOU ARE ADVISED TO READ AND UNDERSTAND THIS IAL AND THE LETTER FROM THE BOARD TO THE SHAREHOLDERS IN RELATION TO THE PROPOSED REGULARISATION PLAN AS SET OUT IN PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES, AND TO CAREFULLY CONSIDER THE RECOMMENDATIONS CONTAINED IN BOTH LETTERS BEFORE VOTING ON THE ORDINARY RESOLUTIONS IN RESPECT OF THE PROPOSED ACQUISITION AND PROPOSED EXEMPTION TO BE TABLED AT THE FORTHCOMING EGM IN RELATION TO THE PROPOSED REGULARISATION PLAN.

IF YOU HAVE ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN IN RELATION TO THE PROPOSED ACQUISITION AND PROPOSED EXEMPTION, YOU SHOULD CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT, BANK MANAGER OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. SCOPE AND LIMITATIONS TO THE EVALUATION OF THE PROPOSED ACQUISITION AND PROPOSED EXEMPTION

BDOCC was not involved in any formulation of or any deliberations and negotiations on the terms and conditions pertaining to the Proposed Acquisition and Proposed Exemption. Our scope as the Independent Adviser is limited to providing comments, opinions, information and recommendation in relation to the Proposed Acquisition and Proposed Exemption insofar as the non-interested Shareholders are concerned based on information and document as set out below:-

- (i) Information contained in **Part A** of the Circular and the accompanying appendices;
- (ii) SSA dated 27 December 2024 (including addendums dated 24 September 2025 and 14 May 2026);
- (iii) Accountants' Report of Eramas Group for the FYE 2019, FYE 2020, FYE 2021, FYE 2022, FYE 2023, FYE 2024 and FYE 2025;
- (iv) The financial projections of Eramas Group for the FYE 2026 to FYE 2030 ("**Financial Projections**"), including the key underlying bases and assumptions as provided by the management of Eramas Group;
- (v) IMR Report dated 3 June 2026 by Protégé Associate;
- (vi) Other relevant information, document, confirmation and representation furnished to us by the Board, management and/or representatives of SCGM;
- (vii) Other relevant information, document, confirmation and representation furnished to us by the management and/or representatives of Eramas Group; and
- (viii) Other publicly available information which we deemed to be relevant, including but not limited to announcements, annual reports and audited consolidated financial statements of SCGM.

We have relied on the Board and management of SCGM to take due care to ensure that all information, documents, confirmation and representations provided to us to facilitate our evaluation and which have been used, referred to and/or relied upon in this IAL have been fully disclosed to us and are accurate, valid and complete in all material aspects.

After making all reasonable enquiries, as at the date of this IAL, we are satisfied with the sufficiency of information provided or available to us and have no reason to believe that the aforementioned information available to us is unreliable, incomplete, misleading and/or inaccurate.

In rendering our advice, we have taken note of the pertinent matters, which we believe are necessary and of importance to an assessment of the implications of the Proposed Acquisition and Proposed Exemption and therefore are of general concern to the Directors and non-interested Shareholders to consider and form their views thereon. Notwithstanding the foregoing, we have not given consideration to any specific investment objectives, financial situation, risk profile or particular needs of any individual non-interested Shareholder or any specific group of non-interested Shareholders. We recommend that any non-interested Shareholders who is/are in doubt as to the action to be taken in relation to the Proposed Regularisation Plan in the context of his individual investment objectives, financial situation, risk profile or particular needs to consult his respective stockbroker, bank manager, accountant, solicitor or other professional advisers immediately.

Our advice should be considered in the context of the entirety of this IAL. Our views expressed in this IAL are based on, amongst others, economic, market and other conditions prevailing, and the information and/or documents available to us as at the LPD or such other period as specified herein. Such conditions may change significantly over a short period of time. In addition, it should be noted that our evaluation and opinion expressed in this IAL do not take into account information, events or conditions arising after the LPD or such other period as specified herein, as the case may be.

We shall immediately disclose to the SC in writing and notify you by way of press notice and announcement through Bursa Securities if, after despatching this IAL, as guided by subparagraph 11.07(1) of the Rules, we become aware that this IAL:

- (i) contains a material statement which is false or misleading;
- (ii) contains a statement from which there is a material omission; or
- (iii) does not contain a statement relating to a material development.

If circumstances require, we shall send a supplementary IAL to the non-interested Shareholders in accordance with subparagraph 11.07(2) of the Rules and the disclosures and announcements of such facts or statements shall be made before 9 a.m. on the next market day, pursuant to subparagraph 11.07(3) of the Rules.

3. DECLARATION OF CONFLICT OF INTEREST

BDOCC confirms that there is no existing or potential conflict of interest in relation to our role as the Independent Adviser in respect of the Proposed Acquisition and Proposed Exemption.

4. CREDENTIALS, EXPERIENCE AND EXPERTISE OF BDOCC

BDOCC is a corporate advisory firm in Malaysia with a corporate finance advisory team which provides an extensive range of services to both the corporate and financial sectors as well as the investment community. The areas of expertise include valuation services, capital market transactions and mergers and acquisitions.

The credentials and experience of BDOCC as an Independent Adviser, where we have been appointed in the past two (2) years prior to the date of this IAL, include the following proposals:

- (i) Appointment by Chin Hin Group Property Berhad (“CHGP”) as the independent adviser for the proposed disposal of 4 levels of office space with 200 car parking bays and a rooftop retail unit with accessorised rooftop open area within an ongoing high-rise office tower development known as Solarvest Tower by BK Alliance Sdn Bhd, a wholly-owned subsidiary of BKG Development Sdn Bhd, which in turn a wholly-owned subsidiary of CHGP, to Solarvest Energy Sdn Bhd for a total cash consideration of RM48.73 million. Our independent advice letter was issued on 10 September 2024;

- (ii) Appointment by CHGP as the independent adviser for the proposed disposal of the entire equity interest in Chin Hin Construction Engineering Sdn Bhd, a wholly owned subsidiary company of CHGP, to Chin Hin Group Berhad ("**Chin Hin**") for a cash consideration of RM16.5 million and 95% equity interest in Kayangan Kemas Sdn Bhd to Chin Hin for a cash consideration of RM93.5 million. Our independent advice letter was issued on 8 November 2024;
- (iii) Appointment by CHGP as the independent adviser for the proposed joint ventures between BKG Development Sdn Bhd ("**BKGD**"), a wholly-owned subsidiary of CHGP, and Fiamma Holdings Berhad ("**FHB**") for the joint development of 2 development projects. Our independent advice letter was issued on 28 January 2025;
- (iv) Appointment by KPJ Healthcare Berhad as the independent adviser in relation to the proposed sale and leaseback of specialist medical centres and proposed lease renewal involving the interest of related parties. Our independent advice letter was issued on 4 June 2025;
- (v) Appointment by Pinehill Pacific Berhad as the independent adviser in relation to the proposed selective capital reduction and repayment exercise and proposed variation to the utilisation of proceeds from the disposal of plantation lands. Our independent advice letter was issued on 26 November 2025;
- (vi) Appointment by NCT Alliance Berhad in relation to the proposed acquisition of the entire equity interest in NCT World Sdn Bhd from related parties for a purchase consideration of up to RM490.26 million and proposed settlement of advances of RM50.00 million extended by NCT Venture Corporation Sdn Bhd to NCT World Sdn Bhd and its subsidiaries. Our independent advice letter was issued on 9 December 2025;
- (vii) Appointment by Seni Jaya Corporation Berhad in relation to the proposed acquisition of the entire equity interest in Unilink Outdoor Sdn Bhd from Ong Kah Hoe and Ong Kah Wee for a purchase consideration of RM39.50 million which involves the interest of related parties. Our independent advice letter was issued on 30 January 2026; and
- (viii) Appointment by CHGP as the independent adviser for the joint venture between BKGD (a wholly-owned subsidiary of CHGP) and FHB to jointly develop 1 piece of land which involves the interest of related parties. Our independent advice letter was issued on 16 April 2026.

Premised on the foregoing, BDOCC is capable and competent in carrying out its role and responsibilities as the Independent Adviser to advise the non-interested Shareholders in relation to the Proposed Acquisition and Proposed Exemption.

5. DETAILS OF THE PROPOSED REGULARISATION PLAN

The details of the Proposed Regularisation Plan are set out in the following sections in **Part A** of the Circular and should be read in its entirety by the Directors and non-interested Shareholders of SCGM:

Proposals	Reference to Part A of the Circular
(i) Proposed Special Dividend	Section 2
(ii) Proposed Acquisition	Section 3
(iii) Proposed Offer for Sale	Section 4
(iv) Proposed Exemption	Section 5

6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED TO THEM

The interests of the directors, major shareholders and/or persons connected with them (together with their course of actions in relation to the Proposed Acquisition and Proposed Exemption) are set out in **Section 12, Part A** of the Circular.

7. EVALUATION OF THE PROPOSED REGULARISATION PLAN

The Proposed Special Dividend, Proposed Acquisition, Proposed Offer for Sale and Proposed Exemption are inter-conditional upon one another. As such, the evaluation on each component of the Proposed Regularisation Plan is necessary to provide the Directors and non-interested Shareholders with a holistic view of the fairness and reasonableness of the Proposed Regularisation Plan.

Accordingly, we have considered the following factors in our evaluation of the Proposed Regularisation Plan:

Area of evaluation		Section in this IAL
(i)	Rationale for the Proposed Regularisation Plan	8
(ii)	Evaluation of the Purchase Consideration for the Proposed Acquisition	9
(iii)	Evaluation of the salient terms of the SSA	10
(iv)	Effects of the Proposed Regularisation Plan	11
(v)	Economy outlook, industry overview and prospect and future plans of Eramas Group	12
(vi)	Risk factors	13
(vii)	Implications arising from the voting outcome of the Proposed Exemption	14

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8. RATIONALE FOR THE PROPOSED REGULARISATION PLAN

We take cognisance of the rationale for the Proposed Regularisation Plan as outlined in **Section 7, Part A** of the Circular.

8.1 Rationale for the Proposed Special Dividend

We noted in **Section 7.1, Part A** of the Circular that the Proposed Dividend is undertaken to reward the Shareholders for their continuous support towards SCGM by returning excess cash of SCGM.

Our comments:

As set out in **Section 2, Part A** of the Circular, we noted that the Proposed Special Dividend involves a cash distribution of RM0.25 per SCGM Share (excluding 1,038,600 treasury shares), amounting to approximately RM48.14 million. This distribution will be funded from existing cash and bank balances of SCGM, which were mainly proceeds from the Disposal of LSSPI.

The Proposed Special Dividend will reward the existing Shareholders for their continued support towards SCGM Group by distributing excess cash of SCGM Group after taking into consideration the financial requirements of the Enlarged SCGM Group. This will enable Shareholders to receive returns on their investment in the form of cash dividend of RM0.25 per SCGM Share.

The Entitlement Date shall be determined by the Board and announced later after the approvals from the relevant authorities and the Shareholders for the Proposed Regularisation Plan have been obtained. For avoidance of doubt, the Entitlement Date shall be prior to the issuance of the Consideration Shares to the Vendors pursuant to the Proposed Acquisition.

Based on the above, we are of the view that there are merits for the Proposed Special Dividend.

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8.2 Rationale for the Proposed Acquisition

We take cognisance of the rationale for the Proposed Acquisition as outlined in **Section 7.2, Part A** of the Circular, as follows:

- (i) The Proposed Acquisition is undertaken to allow SCGM to regularise its condition as a Cash Company in accordance with paragraph 8.03(5) of the Listing Requirements to maintain its listing status on the Main Market of Bursa Securities;
- (ii) The Proposed Acquisition presents an opportunity to SCGM Group to acquire a profitable business in the food and beverage industry. The Proposed Acquisition is also expected to contribute positively to the future financial performance of the Enlarged SCGM Group based on the historical financial performance of Eramas Group as set out in **Appendix III(C)** of the Circular; and
- (iii) The issuance of Consideration Shares to the Vendors to satisfy the Purchase Consideration will allow the Vendors to continue participating in and contributing to the future growth of the Eramas Group through SCGM.

Our evaluation of the rationale of the Proposed Acquisition are as follows:

- (i) **The Proposed Acquisition is undertaken to allow SCGM to regularise its condition as a Cash Company in accordance with paragraph 8.03(5) of the Listing Requirements to maintain its listing status on the Main Market of Bursa Securities**

SCGM was previously principally involved in the manufacturing and trading of plastic packaging products for the food and beverages, electronics and medical industries, and personal protective equipment such as face masks through LSSPI, its former wholly-owned subsidiary.

On 2 September 2022, the Board announced that SCGM is considered as a Cash Company pursuant to paragraph 8.03(1) of the Listing Requirements following the completion of the Disposal of LSSPI on 31 August 2022.

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Following the Disposal of LSSPI on 31 August 2022, SCGM Group did not have any revenue generated from its business operations for the financial year ended 30 April 2022, financial year ended 30 April 2023, eight (8)-month FYE 2023, FYE 2024, FYE 2025 and three (3)-month financial period ended 31 March 2026. A summary of the historical financial statements of the SCGM Group for the period stated above are tabulated as follows:

	Audited					Unaudited
	Financial year ended 30 April 2022 (Represented) ⁽¹⁾ (RM'000)	Financial year ended 30 April 2023 ⁽¹⁾ (RM'000)	8-month FYE 2023 ⁽²⁾ (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)	3-month financial period ended 31 March 2026 (RM'000)
Revenue	-	-	-	-	-	-
(Loss before tax)/PBT	(383)	330,024	7,290	(2,149)	1,166	149
(Loss after tax)/PAT attributable to owners of SCGM						
- Continuing operations	(383)	329,105	6,647	(3,068)	527	(51)
- Discontinued operation	31,248	3,069	-	-	-	-
	30,865	332,174	6,647	(3,068)	527	(51)
Total assets	316,288	120,692	127,238	116,293	116,465	116,092
Total liabilities	108,731	9,063	8,962	1,085	731	409
Total equity	207,557	111,629	118,276	115,208	115,734	115,683

Notes:

(1) For the financial years ended 30 April 2022 (represented) and 30 April 2023, the operation of LSSPI was classified as discontinued operation due to the Disposal of LSSPI and the amounts relating to the operation of LSSPI are presented separately in the statement of profit or loss and other comprehensive income within one line item, "Profit for the financial year from discontinued operation, net of tax".

(2) On 24 November 2023, SCGM announced the change of its financial year end from 30 April 2024 to 31 December 2023. Hence, the audited consolidated financial statements of SCGM for 8-month FYE 2023 are for the period from 1 May 2023 to 31 December 2023.

Please refer to **Appendix II(B)** of the Circular for additional details of the financial information of SCGM.

As a Cash Company, SCGM is required to comply with the provisions and requirements of paragraph 8.03 and Practice Note 16 of the Listing Requirements, which include amongst others, to regularise its condition by (a) submitting a proposal to acquire a new core business to the SC for its approval within 12 months from the date of the receipt of the notification from Bursa Securities that SCGM is a Cash Company; and (b) implementing the proposal within the timeframe prescribed by the SC.

Bursa Securities, via its letter dated 2 September 2022, notified SCGM of its classification as a Cash Company. Accordingly, SCGM was required to submit a proposal to acquire a new core business to the SC by 1 September 2023. However, SCGM had sought and obtained several extensions of time from Bursa Securities, with the latest extension allowing submission by 31 December 2024.

On 30 December 2024, Berjaya Securities, on behalf of the Board, announced that the applications in relation to the Proposed Regularisation Plan had been submitted to the SC on 30 December 2024. On 31 December 2024, Berjaya Securities, on behalf of the Board,

announced that an application had been submitted to the MITI on 31 December 2024 in relation to the Proposed Offer for Sale to Bumiputera investors approved or recognised by the MITI.

On 8 May 2025, Berjaya Securities, on behalf of the Board, announced that the MITI had, vide its letter dated 7 May 2025 (which was received on 8 May 2025), notified that it has agreed with the Proposed Regularisation Plan, which will result in a total number of 762,259,671 SCGM Shares on the Main Market of Bursa Securities and SCGM will comply with the Bumiputera equity requirement by allocating 95,300,000 SCGM Shares, representing 12.50% of the enlarged total number of SCGM Shares after the Proposed Regularisation Plan, to Bumiputera investors approved or recognised by the MITI.

On 30 May 2025, Berjaya Securities, on behalf of the Board, announced that the SC had, vide its letter dated 29 May 2025 (which was received on 30 May 2025), informed that the application in relation to the Proposed Regularisation Plan (save for the Proposed Exemption) has been approved by the SC under subsection 214(1) of the CMSA, subject to the terms and condition as set out in **Section II** of the Circular. The SC had also vide the same letter informed that the application under the Bumiputera equity requirement for public listed companies pursuant to the Proposed Regularisation Plan has been approved, subject to SCGM allocating shares equivalent to 12.5% of its enlarged number of issued shares upon completion of the Proposed Regularisation Plan to Bumiputera investors to be approved by the MITI.

On 14 November 2025, an application was submitted to the SC for an extension of time for SCGM to complete the Proposed Regularisation Plan. On 22 January 2026, Berjaya Securities, on behalf of the Board, announced that the SC had, vide its letter dated 21 January 2026 (which was received on 22 January 2026), informed that the application for an extension of time for the Company to complete the Proposed Regularisation Plan has been approved for 6 months until 28 May 2026, subject to the inclusion of the audited consolidated financial results of the Eramas Group for FYE 2025 in the Circular.

On 21 April 2026, an application was submitted to the SC for a further extension of time for SCGM to complete the Proposed Regularisation Plan. On 10 June 2026, Berjaya Securities, on behalf of the Board, announced that the SC had, vide its letter dated 9 June 2026 (which was received on 10 June 2026), informed that the application for extension of time of 6 month until 28 November 2026 has been approved, subject to the completion of the assessment on the impact of the Iran war on the business operations and financial performance of the Eramas Group, and its implications on the Proposed Acquisition, including the valuation of the Eramas Group and accordingly, the Purchase Consideration. Where the assessment indicates a material adverse impact, the Board should revise the terms of the Proposed acquisition or provide justification demonstrating that the Proposed Acquisition remain fair and reasonable and is not detrimental to the interest of minority Shareholders. In furtherance of the above, an assessment on the impact of the Iran war on the business operations and financial performance of the Eramas Group and its implications on the Proposed Acquisition has been conducted. Please refer to **Section 3.2, Part A** of the Circular for further details on the outcome of the assessment.

On 28 April 2026, Berjaya Securities, on behalf of the Board, announced that an application in relation to the listing and quotation of 569,698,630 Consideration Shares on the Main Market of Bursa Securities had been submitted to Bursa Securities on even date.

On 14 May 2026, Berjaya Securities, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 13 May 2026, resolved to approve the listing and quotation of 569,698,630 new SCGM Shares to be issued to the Vendors pursuant to the Proposed Acquisition, subject to the conditions as set out in **Section II** of the Circular.

As part of SCGM's effort to regularise its condition as a Cash Company and maintain its listing status, the Board has proposed to acquire Eramas Global Group, which is principally involved in the manufacturing, trading, distribution and marketing of food products. The

Proposed Acquisition offers the existing Shareholders an opportunity to participate in a new business with growth potential, which is expected to improve the financial performance of the Enlarged SCGM Group. Accordingly, the Proposed Acquisition will enable SCGM to regularise its Cash Company condition and maintain its listing status.

(ii) **The Proposed Acquisition enables SCGM Group to venture into a business of manufacturing, trading, distribution and marketing of food products through Eramas Group with a proven track record and thereby strengthening its earnings stream.**

Eramas Group is principally involved in the manufacturing, trading, distribution and marketing of food products, focusing on coconut products, oil and fats products, dairy products, and specialty food ingredients and other products, serving both Malaysian and overseas markets.

Please refer to **Appendix III(B)** of the Circular for further details on the business overview of Eramas Group.

As disclosed in **Appendix III(C)** of the Circular, the summary of the historical consolidated financial statements of Eramas Group for the past seven (7) FYEs 2019 to 2025 is tabulated as follows: -

	Audited						
	FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)
Revenue	70,505	137,974	153,63	136,311	143,945	142,088	148,577
GP	8,364	10,810	11,690	10,358	22,256	25,379	32,895
PBT	5,921	8,064	6,545	4,399	16,808	18,233	24,518
PAT attributable to:							
- owners of Eramas Group	5,525	7,334	5,745	3,937	12,690	13,802	18,580
- non-controlling interests ⁽¹⁾	144	185	211	(314)	1,052	294	-
	5,669	7,519	5,956	3,623	13,742	14,096	18,580
GP margin	11.86%	7.83%	7.61%	7.60%	15.46%	17.86%	22.14%
PBT margin	8.40%	5.84%	4.26%	3.23%	11.68%	12.83%	16.50%
PAT margin	8.04%	5.45%	3.88%	2.66%	9.55%	9.92%	12.51%

Note:

(1) The non-controlling interests refers to the shareholdings in the Eramas Group held by minority shareholders, namely Gan Chuan Lee, Tey Chee Shin, Tan Tai Chong and/or Lau Sie Khian. The non-controlling interests as at the end of respective Financial Years Under Review are as follows:-

	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Eramas International Holdings	-	-	-	-	4%	-	-
Erapoly Global	2%	2%	2%	2%	-	-	-
Eramas Marketing	-	12%	12%	13%	-	-	-
Eramas Ingredients	-	-	-	18%	18%	-	-

Upon completion of the Proposed Acquisition, SCGM will hold 100% equity interest in Eramas Global Group which in turn holds 100% equity interests in Eramas International Holdings, Erapoly Global, Eramas Marketing and Eramas Ingredients.

Summary of the financial performance commentaries for Eramas Group as disclosed in **Appendix III(D)** of the Circular are as follows:

Comparison between FYE 2019 and FYE 2020

Eramas Group's total revenue increased by RM67.46 million or 95.67%, from RM70.51 million in FYE 2019 to RM137.97 million in FYE 2020. This increase was mainly due to increase in revenue generated from oil and fats products by RM54.66 million or 359.84% from RM15.19 million in FYE 2019 to RM69.85 million in FYE 2020. The revenue growth from oil and fats products was largely attributable to higher sales of RBD palm olein, driven by increased demand from food production and manufacturing sectors during the COVID-19 pandemic and global lockdowns.

We noted that the GP margin decreased from 11.86% in FYE 2019 to 7.83% in FYE 2020. This was mainly due to the lower GP margin for oil and fats products driven by higher CPO prices in FYE 2020 as the price increase could not be fully passed on.

The PAT for Eramas Group increased by RM1.85 million or 32.63% from RM5.67 million in FYE 2019 to RM7.52 million in FYE 2020 mainly attributable to increase in the GP from coconut products and oil and fats products.

Comparison between FYE 2020 and FYE 2021

Eramas Group's total revenue increased by RM15.66 million or 11.35% from RM137.97 million in FYE 2020 to RM153.63 million in FYE 2021. The growth was primarily driven by increase in revenue from coconut products by RM20.24 million or 47.66%, from RM42.47 million in FYE 2020 to RM62.71 million in FYE 2021. The increase was mainly contributed by higher sales of UHT coconut cream/milk, which increased by RM17.46 million or 175.85% in FYE 2021, as the sales volume of UHT coconut cream/milk increased by 157.51% coupled with an increase in average selling price per kg by 7.12%.

We noted that GP margin decreased slightly from 7.83% in FYE 2020 to 7.61% in FYE 2021 due to higher freight and logistics costs caused by disruptions in the shipping industry arising from the global outbreak of COVID-19.

The PAT for Eramas Group decreased by RM1.56 million or 20.74% from RM7.52 million in FYE 2020 to RM5.96 million in FYE 2021. The decrease in the PAT in FYE 2021 mainly attributable to a decrease of RM1.44 million in the Government grants received, comprising grants received from the MPOB and the Market Development Grant from Malaysia External Trade Development Corporation.

Comparison between FYE 2021 and FYE 2022

Eramas Group's total revenue decreased by RM17.32 million or 11.27% from RM153.63 million in FYE 2021 to RM136.31 million in FYE 2022, primarily due to decrease in revenue from oil and fats products by RM39.43million or 74.76%, falling from RM52.74 million in FYE 2021 to RM13.31 million in FYE 2022. The decline was mainly attributed to a continuous decrease in sales of RBD palm olein by RM42.39 million or 90.37% resulting from the decrease of 95.30% in sales volume, partly offset by an increase in the average selling price per kg of 104.91%. The decrease in sales of RBD mainly due to Eramas Group's shift to focus more on its coconut products segment due to significant increase in CPO prices during FYE 2021 and FYE 2022 which directly affected the profitability of RBD palm olein trading, as CPO is used to produce RBD palm olein.

However, the decline in revenue from oil and fats products was partially mitigated by the increase in revenue generated from the coconut products by RM15.06 million or 24.02%, rising from RM62.71 million in FYE 2021 to RM77.77 million in FYE 2022.

The Eramas Group's GP margin remained relatively consistent at 7.60% in FYE 2022 as compared to 7.61% in FYE 2021.

The PAT for Eramas Group decreased by RM2.34 million or 39.26% from RM5.96 million in FYE 2021 to RM3.62 million in FYE 2022 mainly attributable to decrease in GP from oil and fats products, in line with the reduced revenue from oil and fats products.

Comparison between FYE 2022 and FYE 2023

Eramas Group's total revenue showed an upward trend in FYE 2023, increasing by RM7.64 million or 5.60% from RM136.31 million in FYE 2022 to RM143.95 million in FYE 2023. The increase was primarily due to increase in revenue from oil and fats products by 68.52%, from RM13.31 million in FYE 2022 to RM22.43 million in FYE 2023. The increase was mainly driven by the Eramas Group securing more orders from new customers in FYE 2023, following its proactive initiatives to attend more trade fairs and exhibitions after the reopening of international borders post-COVID-19. This led to the higher sales of vegetable ghee and palm shortening and vegetable margarine, which revenue increased by RM5.94 million or 154.68% and RM2.85 million or 186.10%, respectively.

Eramas Group's GP margin increased from 7.60% in FYE 2022 to 15.46% in FYE 2023 mainly due to changes in product sales mix. During the year, Eramas Group increased its sales focus on higher profit margins products such as UHT coconut cream/milk, coconut cream/milk powder, sweetened condensed milk, evaporated filled milk and vegetable ghee. In addition, the increase in GP and GP margin from coconut products was contributed by the establishment of in-house manufacturing operations under Eramas Ingredients, which enabled Eramas Group to generate higher profit margins on its in-house produced products.

The PAT for Eramas Group increased by RM10.12 million or 279.56% from RM3.62 million in FYE 2022 to RM13.74 million in FYE 2023. The increase was attributable to the increase in the GP from all product categories, primarily from coconut products which contributed an increase of RM7.34 million in GP. In addition, there is also a reversal of impairment loss of financial assets of RM0.80 million in FYE 2023 as the amounts have been recovered.

Comparison between FYE 2023 and FYE 2024

Eramas Group's total revenue decreased by RM1.86 million or 1.29% from RM143.95 million in FYE 2023 to RM142.09 million in FYE 2024, primarily due to decrease in revenue generated from dairy products by RM13.38 million or 27.74% from RM48.23 million in FYE 2023 to RM34.85 million in FYE 2024. The decrease was solely due to decrease in sales of sweetened condensed milk and evaporated filled milk, as the sales volume decreased by 29.44% due to lower demand from customers in the Northeast Asia, America and Africa, cushioned by an increase of 2.41% in average selling price per kg. In addition, there is a decrease in revenue generated from oil and fats products by RM12.03 million or 53.63% from RM22.43 million in FYE 2023 to RM10.40 million in FYE 2024. The decrease was mainly due to the Eramas Group's shift in its sales and marketing focus to coconut products.

However, the decrease in revenue was partially offset by an increase in revenue generated from coconut products by RM23.37 million or 32.99% from RM70.84 million in FYE 2023 to RM94.21 million in FYE 2024, mainly driven by higher sales of coconut cream/milk powder by RM16.92 million or 50.45% as a result of increase in sales volume by 45.94%, coupled with an increase in average selling price per kg by 3.09%. In addition, there is higher sales of UHT coconut cream/milk, which increased by RM6.35 million or 22.78%. The increase in sales of coconut products was mainly due to the Eramas Group's sales and marketing focus on coconut products, particularly coconut cream/milk powder, as well as increased in the production volume by Eramas Ingredients in FYE 2024.

Despite the increase in freight and logistics charges in FYE 2024 arising from higher freight rates resulting from the Red Sea crisis, the Eramas Group's GP margin increased from 15.46% in FYE 2023 to 17.86% in FYE 2024. The increase was mainly due to the

Eramas Group's sales focus on coconut products (in particular, coconut cream/milk powder) which commanded higher GP margin than oil and fats products and dairy products as well as the increased in-house production of coconut cream/milk powder which resulted in lower average costs per kg and contributed to the improvement in GP margin.

The PAT for Eramas Group increased by RM0.36 million or 2.62% from RM13.74 million in FYE 2023 to RM14.10 million in FYE 2024. The increase was mainly attributable to the higher GP and GP margin achieved in FYE 2024, partially offset by higher tax expenses incurred during the financial year.

Comparison between FYE 2024 and FYE 2025

The Eramas Group's total revenue increased by RM6.49 million or 4.57% from RM142.09 million in FYE 2024 to RM148.58 million in FYE 2025, primarily due to an increase in revenue generated from oil and fats products by RM4.14 million or 39.81% from RM10.40 million in FYE 2024 to RM14.54 million in FYE 2025. The increase was mainly driven by higher sales of vegetable ghee, which increased by RM4.48 million or 145.15% as the sales volume increased by 121.46%, following higher demand from a major customer in Africa in FYE 2025, coupled with an increase in average selling price per kg by 10.70%. In addition, there is an increase in revenue generated from dairy products by RM3.00 million or 8.61% from RM34.85 million in FYE 2024 to RM37.85 million in FYE 2025. The increase was solely due to increase in sales of sweetened condensed milk and evaporated filled milk, as the sales volume increased by 14.65%, driven by orders from a new customer in Northeast Asia secured in FYE 2025, partially offset by a decrease of 5.26% in average selling price per kg.

The Eramas Group's GP increased by RM7.52 million or 29.63% from RM25.38 million in FYE 2024 to RM32.90 million in FYE 2025, primarily driven by the increase in GP from coconut products by RM6.36 million despite lower sales volume of coconut products in FYE 2025. This was mainly due to higher selling prices arising from the coconut supply shortage and the procurement of coconut raw materials at competitive prices through bulk purchase arrangements with its major supplier in Vietnam. Consequently, the Eramas Group's GP margin increased from 17.86% in FYE 2024 to 22.14% in FYE 2025.

For information purposes, the sales volume for coconut products for FYE 2024 and FYE 2025 are as follows:-

Coconut products	FYE 2024 (MT)	FYE 2025 (MT)
• UHT coconut cream/milk	4,435	3,380
• Coconut cream/milk powder	3,128	2,296
• Desiccated coconut	859	861
• RBD coconut oil	88	100
• Pure white coconut oil	333	66
• Others	227	41

The Eramas Group's PAT increased by RM4.48 million or 31.77% from RM14.10 million in FYE 2024 to RM18.58 million in FYE 2025. The increase was mainly attributable to the higher GP and GP margin achieved in FYE 2025, partially offset by higher tax expenses incurred during the financial year.

Please refer to **Appendix III(D)** of the Circular for further details of the management's discussion and analysis of financial performance of Eramas Group.

We noted that Eramas Group's revenue has recorded a CAGR of approximately 13.2% over the last six (6) FYEs, with its revenue grew from RM70.51 million for the FYE 2019 to RM148.58 million for the FYE 2025.

Based on the latest unaudited management accounts for the 5-month period ended 31 May 2026, the Eramas Group recorded revenue of approximately RM57.01 million, GP of approximately RM9.27 million and PAT of approximately RM4.13 million, translating into GP margin and PAT margin of approximately 16.26% and 7.25%, respectively.

The Proposed Acquisition is expected to contribute positively to the earnings of the Enlarged SCGM Group in view of the historical financial performance of Eramas Group, underpinned by its strategic focus on coconut products, in-house manufacturing capabilities and improving profitability, as well as the prospects and future plans of Eramas Group, including its planned manufacturing expansion, growth of its trading and distribution business in Malaysia and international markets as well as plans to increase the market penetration of its in-house brands, as discussed in **Section 12.5** of this IAL.

(iii) Competitive strengths of Eramas Group

As set out in **Section 2, Appendix III(B)** of the Circular, we noted the following competitive strengths that can contribute to Eramas Group's performance:

- (i) Eramas Group's trading and distribution business has a global reach via its network of international customers and suppliers

We noted that Eramas Group has established a global network of customers and suppliers over 17 years of operations since August 2008. Leveraging its distribution strengths and market understanding to access diverse markets and offer customised products, Eramas Group has exported to over 90 countries and serving more than 700 customers locally and globally. This approach enables Eramas Group to adapt to cultural preferences and cater to varied consumer tastes. In addition, its established relationships with suppliers, ranging from 1 year to 15 years, mainly in Malaysia, Indonesia, Singapore and Vietnam, further strengthen its position by ensuring a consistent supply of goods that meet both food safety and customer requirements.

Please refer to **Sections 14 and 16, Appendix III(B)** of the Circular for further details of the major customers and major suppliers of Eramas Group.

- (ii) Compliance with international food quality and safety standards and involvement in the upstream activities

We noted that Eramas Ingredients' facility is registered with the MOH as a food premise involved in manufacturing of food. In addition, the manufacturing facility is registered with the U.S. Food and Drug Administration, allowing the Eramas Group to export its food products to the US and other countries recognising such registration.

In addition, Eramas Ingredients has also obtained MeSTI, HACCP and FSSC 22000 certifications, Halal accreditation and has registered certain of its products with The Vegan Society, enabling them to carry the "Vegan" trademark. These certifications demonstrate Eramas Group's commitment to high standards of quality, safety, and compliance, which not only help strengthen customer confidence but also expand Eramas Group's market opportunities, particularly in the vegan and Halal sectors, positioning Eramas Group for continued growth both locally and internationally.

With the manufacturing facility of Eramas Ingredients, the Eramas Group is able to participate in the upstream manufacturing activities. This enhances profitability of the Eramas Group and provides certainty on the production outputs. As part of the Eramas Group's business strategies and future plans, the Eramas Group intends to expand the manufacturing facility. This expansion will not only enhance operational capacity but also provide opportunities for the Eramas Group to broaden the products that are manufactured in-house in the future.

Please refer to **Section 11, Appendix III(B)** of the Circular for the relevant certificates, accreditations and registrations of Eramas Group.

(iii) Extensive product portfolio with continued innovation

Eramas Group offers a diverse range of products across four categories—coconut products, oil and fats products, dairy products, and specialty food ingredients and other products that are tailored to meet varying market and customer demands. Its portfolio includes kernel-based coconut products like coconut cream/milk, coconut oils, coconut oil, desiccated coconut, toasted coconut paste and coconut water widely used in food-based and cosmetics-based products.

Eramas Group undertakes research and development to continuously expand its product portfolio and meet market demands. In 2019, Erapoly Global developed its own formulation of MCT powder through internal R&D, which it subsequently introduced to customers. MCT, a type of fat naturally found in coconut oil, palm kernel oil, and dairy products, is known for its efficient absorption and metabolism, making it a popular ingredient in health and dietary supplements. Furthermore, Eramas Group's expertise in product development enables it to offer highly customized OEM solutions, including ingredient selection, nutritional and taste optimization, and tailored product design and packaging.

Please refer to **Section 4.1, Appendix III(B)** of the Circular for details on the range of products distributed by Eramas Group.

(iv) Well recognised in-house brands

Eramas Group markets its products through several in-house brands, including Emma and ISTIMA for coconut products, ERA-KING, ERA-OILS, and Bake Master for oil and fats products, and E.R.A for dairy products. Over the years, these brands have gained significant recognition, with revenue from in-house branded products rising from RM28.54 million in FYE 2019 to RM54.83 million in FYE 2025, reflecting a CAGR of approximately 11.5%. Notably, the "Emma" brand has become the top revenue contributor for FYE 2025. As of the LPD, "Emma" products are distributed in over 4,000 outlets across Malaysia, through various channels including hypermarkets, supermarkets and general grocery stores. "Emma" also received the BrandLaureate SMEs BestBrands Award for Best Choice, F&B - Coconut-Based Products.

(v) Eramas Group has an experienced and competent key senior management team

Eramas Group is led by Managing Director, Yan Hua Lan and Executive Director, Tan Ah Tek, both with over 17 years of experience in the food product industry. Their extensive and in-depth knowledge of the industry and consumer preference has been instrumental in shaping Eramas Group's strategic direction, driving its business development and expanding Eramas Group's market presence both locally and globally. In addition, Chin Kok Tian (who is the spouse of Yan Hua Lan and one of the co-founders of Erapoly Global) will continue to play an oversight role as a director, providing his experience and guidance to the directors and key senior management team in his areas of expertise.

The key senior management team of the Eramas Group possesses relevant industry and functional expertise as a result of years of experience in their respective fields. Furthermore, they take an active, hands-on role in spearheading their respective departments to support the growth of the Eramas Group. As a result, there is a transfer of skills and knowledge to employees at all levels within the organisation. Their hands-on involvement in the Eramas Group demonstrates their strong commitment to the growth of the Eramas Group.

Please refer to **Section 2.3, Appendix II(A)** of the Circular for the profiles of Chin Kok Tian, Yan Hua Lan and Tan Ah Tek.

(iv) Future plans and business strategies

As set out in **Section 3, Appendix III(B)** of the Circular, Eramas Group's business strategies and future plans include the following:

- (a) To grow Eramas Group's trading and distribution business in Malaysia and international markets;
- (b) To expand the existing manufacturing plant of Eramas Ingredients; and
- (c) To achieve sales growth in Malaysia through the building of brand awareness and achieving greater market penetration of the in-house brands of Eramas Group

Please refer to **Section 12.5** of this IAL for our commentaries on Eramas Group's future plans and business strategies.

Premised on the above, we are of the view that the rationale for the Proposed Acquisition is justifiable and not detrimental to the non-interested Shareholders as it allows SCGM to diversify into a business of manufacturing, trading, distribution and marketing of food products, providing a new source of business revenue and income to the Enlarged SCGM Group. In addition, the Proposed Acquisition will enable SCGM to regularise its condition as a Cash Company in accordance with paragraph 8.03(5) of the Listing Requirements and maintain its listing status on the Main Market of Bursa Securities. Given the competitive strengths and future plans of Eramas Group, the Proposed Acquisition is expected to sustain the Enlarged SCGM Group's business operations. Nevertheless, Shareholders should note that the potential benefits arising from the Proposed Acquisition are subject to certain risk factors as outlined in Section 13 of this IAL.

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8.3 Rationale for the Proposed Offer for Sale

As disclosed in **Section 7.3, Part A** of the Circular, we noted that the Proposed Offer for Sale is undertaken to enable SCGM to comply with the Bumiputera equity requirement as stipulated by the SC for public listed companies and the public shareholding spread requirement pursuant to paragraph 3.06 of the Listing Requirements.

Our comments:

As set out in **Section 4, Part A** of the Circular, we noted that pursuant to the Proposed Offer for Sale, the Vendors will offer up to 95,300,000 Offer Shares, representing up to 12.50% of the enlarged total number of SCGM Shares, for subscription by Bumiputera investors approved or recognised by the MITI, institutional investors and selected investors at an offer price of RM0.365 each. This enable SCGM to comply with the Bumiputera equity requirement as stipulated by the SC for public listed companies.

In addition, the Offer Shares are intended to be offered to investors who qualify under Schedule 6 or Schedule 7 of the CMSA via a private placement. The offer price of the Offer Shares is the same as the issue price of the Consideration Shares. The Offer Shares shall rank equally in all respects with the then existing issued Shares and shall be listed on the Main Market of Bursa Securities. The proceeds from the Proposed Offer for Sale will accrue to the Vendors.

In the event that the Offer Shares are not fully subscribed by Bumiputera investors approved or recognised by the MITI, such number of Offer Shares required for SCGM to comply with the public shareholding spread requirement pursuant to paragraph 3.06 of the Listing Requirements shall be re-allocated for subscription by institutional investors and/or selected investors. Pursuant to paragraph 3.06(1) of the Listing Requirements, SCGM must have at least 25% of the total number of SCGM Shares in the hands of a minimum number of 1,000 public shareholders holding not less than 100 SCGM Shares each.

Subsequent to that, the Moratorium Requirement shall apply to all remaining Consideration Shares which are not subscribed under the Proposed Offer for Sale together with the other 521,513,630 Consideration Shares to be received by the Vendors pursuant to the Proposed Acquisition.

In the event that there is a low subscription rate for the Offer Shares under the Proposed Offer for Sale, SCGM may not be able to comply with the public shareholding spread requirement pursuant to paragraph 3.06 of the Listing Requirements. Such event may cause a delay in or cancellation of the listing of the Consideration Shares (including the Offer Shares) on the Main Market of Bursa Securities. In the event that the Proposed Acquisition and Proposed Offer for Sale are not capable of being completed, the Proposed Regularisation Plan will not be completed. Consequently, the SCGM Shares may be suspended from trading on the Main Market of Bursa Securities and de-listed if SCGM is not able to regularise its condition as a Cash Company in accordance with paragraph 8.03(5) of the Listing Requirements to maintain listing status on the Main Market of Bursa Securities.

Based on the above, we are of the view that there are **merits** for the Proposed Offer for Sale.

8.4 Rationale for the Proposed Exemption

As disclosed in **Section 7.4, Part A** of the Circular, we noted that the Proposed Exemption will relieve the Vendors and PACs from the obligation to undertake a Mandatory Offer, as it is not their intention to undertake such Mandatory Offer.

Our comments:

Based on the pro forma effects of the Proposed Regularisation Plan on the shareholdings of substantial Shareholders as set out in **Section 9.2, Part A** of the Circular, the shareholdings of the Vendors and PACs in SCGM will collectively increase from 24.55% as at 3 June 2026 to 80.94% upon completion of the Proposed Acquisition. Based on the Minimum Shareholding Scenario, the collective shareholdings of the Vendors and PACs will decrease from 80.94% to 68.44%. Under the Maximum Shareholding Scenario, the collective shareholdings of the Vendors and PACs after the Proposed Regularisation Plan will be 75.00%.

As the collective shareholdings of the Vendors and PAC will increase to more than 33% of voting shares or voting rights in SCGM pursuant to the Proposed Acquisition, the Vendors and PACs will be obliged to undertake a Mandatory Offer to acquire the remaining SCGM Shares not already held by them after the Proposed Acquisition pursuant to subparagraph 4.01(a) of the Rules.

As it is not the intention of the Vendors and PACs to undertake the Mandatory Offer upon completion of the Proposed Acquisition, they intend to seek an exemption from the SC pursuant to subparagraph 4.08(1)(a) of the Rules which would then exempt them from the obligation to undertake the Mandatory Offer, subject to amongst others, the approval of the non-interested Shareholders.

In addition, given that the Proposed Special Dividend, Proposed Acquisition, Proposed Offer for Sale and Proposed Exemption which constitute the Proposed Regularisation Plan of SCGM are inter-conditional upon one another, the Proposed Regularisation Plan will not be implemented if the Proposed Exemption is not approved by the non-interested Shareholders or the SC. Consequently, SCGM will remain in its status as a Cash Company and any potential benefits arising from the Proposed Acquisition as detailed in **Section 8.2** of this IAL will not materialise. Hence, the approval for the Proposed Exemption is necessary to facilitate and ensure the successful implementation of the Proposed Regularisation Plan.

Premised on the above, we are of the view that the rationale for the Proposed Exemption is **justifiable** as it will exempt the Vendors and PACs from the obligation to undertake a Mandatory Offer and to ensure the successful implementation of the Proposed Regularisation Plan.

As such, we are of the view that the rationale for the Proposed Regularisation Plan is fair and reasonable and not detrimental to non-interested Shareholders.

9. EVALUATION OF THE PURCHASE CONSIDERATION FOR THE PROPOSED ACQUISITION

9.1 BASIS AND JUSTIFICATION FOR THE PURCHASE CONSIDERATION

We take cognisance of the basis and justification in arriving at the Purchase Consideration as detailed in **Section 3.2, Part A** of the Circular.

We noted that the Purchase Consideration was arrived at after negotiation based on a willing-buyer willing-seller basis, based on an aggregate of:

- (i) RM202.50 million for the Eramas Group, representing a price-to-earnings multiple of 11.25 times based on the Guaranteed Net Profit of RM18.00 million for the FYE 2025; and
- (ii) RM5.44 million for Eramas Global Group's then 35%-owned associate⁽¹⁾, PT Eramas, representing Eramas Global Group's 35% share of the unaudited NA attributable to the shareholders of PT Eramas as at 31 December 2023 of approximately IDR55.71 billion (which is equivalent to approximately RM15.54 million, based on an exchange rate of IDR100:RM0.0279 as at 30 October 2024).

For information purposes, the re-audited NA attributable to the shareholders of PT Eramas as at 31 December 2023 remains at approximately IDR55.71 billion. Based on an exchange rate of IDR100:RM0.0280 as at 29 November 2024, a 35% share of the re-audited NA attributable to the shareholders of PT Eramas will be approximately RM5.46 million (i.e. RM0.02 million higher than the initial negotiated price). In view of the insignificant variance, SCGM and the Vendors have agreed to maintain the initial negotiated price of RM5.44 million as the purchase consideration for Eramas Global Group's then 35% investment in PT Eramas.

Note:

- (1) *The Purchase Consideration of RM207.94 million includes RM5.44 million attributable to Eramas Global Group's then 35% equity interest in PT Eramas as the Acquisition of PT Eramas was completed on 9 July 2024.*

PT Eramas subsequently ceased to be an associate of Eramas Global Group as a result of the Disposal of PT Eramas pursuant to a share sale agreement dated 29 August 2025. Pursuant to the Disposal of PT Eramas, Eramas Global Group disposed of its 35% equity interest in PT Eramas to PT Pulaumas Moromulia for a cash consideration of RM7.00 million.

The Disposal of PT Eramas was undertaken due to the differences in view in terms of PT Eramas' strategic direction and future plans. Particularly, PT Pulaumas Moromulia planned to diversify the business operations of PT Eramas to include the production and sale of non-food and beverage products such as coconut-based activated carbon for industrial use. The said diversification is not aligned with Eramas Global Group's strategic focus on food and beverage industry.

*In addition, such diversification would require additional capital injections into the new product segment of PT Eramas. Other than additional capital injections, the diversification of PT Eramas' business operations to include the production and sale of non-food and beverage products would require additional time commitment and efforts from the directors and management of Eramas Global Group. The new products segment is outside their expertise and experience in the food and beverage industry. These would detract their time and attention from focusing on the Eramas Group's core business in the food and beverage industry. Further details are set out in **Section 2.1(v), Appendix III(A)** of the Circular.*

In view of the above, Eramas Global Group had then decided to divest its investment in PT Eramas and to focus on its business operations in Malaysia.

Notwithstanding that PT Eramas subsequently ceased to be an associate of Eramas Global Group as a result of the Disposal of PT Eramas (which was deemed completed on 29 August 2025), Eramas Global Group will receive disposal consideration of RM7.00 million for the 35% equity interest in PT Eramas disposed of. Accordingly, the disposal consideration in respect of the Disposal of PT Eramas (RM7.00 million) will form part of the target asset to be acquired by

SCGM pursuant to the Proposed Acquisition instead of Eramas Global Group's then 35% equity interest in PT Eramas.

Pursuant to **Clause 7(iii) in Appendix I** of the Circular, the Vendors had notified SCGM of the Disposal of PT Eramas prior to the execution of the share sale agreement on 29 August 2025, which SCGM had acknowledged and accepted without any change to the terms of the SSA (including the Purchase Consideration) in view that the disposal consideration in respect of the Disposal of PT Eramas (RM7.00 million) which will be attributable to the Shareholders after the completion of the Proposed Acquisition is higher than and represents a premium against:-

- (i) the purchase consideration to be paid by SCGM to the Vendors attributable to Eramas Global Group's then 35% equity interest in PT Eramas (RM5.44 million) by 28.68%; and
- (ii) Eramas Global Group's 35% share of the audited NA attributable to the shareholders of PT Eramas as at 31 December 2024 (RM5.43 million) by 28.91%.

Notwithstanding the abovementioned premium represented by the disposal consideration in respect of the Disposal of PT Eramas, the Vendors have agreed that there will be no variation to the Purchase Consideration.

This is premised upon the following:-

- (i) the Vendors had already agreed to dispose of Eramas Global Group (including the then 35% equity interest in PT Eramas) to SCGM pursuant to the SSA prior to the Disposal of PT Eramas; and
- (ii) the disposal consideration of RM7.00 million arose from the disposal of PT Eramas, being part of the target asset which was already agreed to be acquired by SCGM pursuant to the Proposed Acquisition.

As set out in **Section 2.1(v), Appendix III(A)** of the Circular, in accordance with the share sale agreement, Eramas Global Group and PT Pulaumas Moromulia had agreed that PT Pulaumas Moromulia shall be entitled to all profits, rights and benefits and be liable for all losses, liabilities, costs or expenses incurred by PT Eramas in respect of the 35% equity interest in PT Eramas with effect from 1 January 2025 ("**Effective Date**").

The Disposal of PT Eramas was a strategic divestment by Eramas Global Group as the planned business diversification of PT Eramas is not aligned with Eramas Global Group's focus on food and beverage industry. The disposal consideration of RM7.00 million for the Disposal of PT Eramas was determined based on Eramas Global Group's original cost of investment in PT Eramas of approximately RM7.00 million as Eramas Global Group intended to recoup its original cost of investment in PT Eramas. In determining the purchase consideration, the audited financial statements of PT Eramas for FYE 2024 were used as reference in the negotiations between Eramas Global Group and PT Pulaumas Moromulia.

Based on the abovementioned strategic rationale, basis of determining the disposal consideration and reference point of negotiations for the Disposal of PT Eramas, Eramas Global Group and PT Pulaumas Moromulia had agreed on the Effective Date of 1 January 2025. As the disposal consideration for the Disposal of PT Eramas had been agreed at RM7.00 million, the Effective Date would not have any net impact on the consolidated financial results of Eramas Global Group. Had the effective date been the date of completion of Disposal of PT Eramas, any share of profit or loss of PT Eramas to be recognised by Eramas Global Group up to the said effective date would be correspondingly offset by a loss or gain on disposal of investment in PT Eramas. In view that the Effective Date would not have any net impact on the consolidated financial results of Eramas Global Group for FYE 2025, having the Effective Date of 1 January 2025 would simplify the accounting and administrative process in the books of Eramas Global Group.

In justifying the Purchase Consideration, the Board has taken into consideration the following:-

- (i) the Purchase Consideration of RM207.94 million falls within the Indicative Valuation range of between RM156.46 million and RM210.05 million as at 29 May 2026 based on the independent equity valuation undertaken by the Independent Business Valuer;

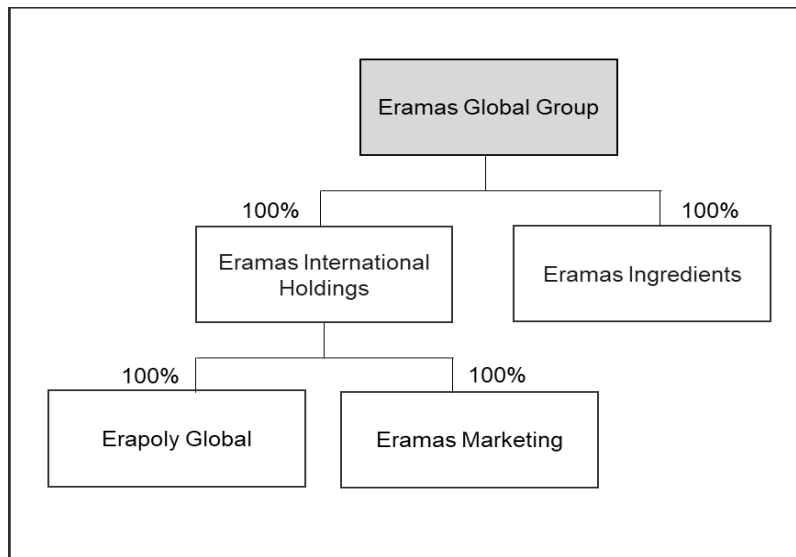
- (ii) rationale for the Proposed Regularisation Plan as set out in **Section 7, Part A** of the Circular;
- (iii) competitive strengths of the Eramas Group as set out in **Section 2, Appendix III(B)** of the Circular as well as business strategies and future plans of the Eramas Group as set out in **Section 3, Appendix III(B)** of the Circular;
- (iv) overview and outlook of the coconut products, palm oil products and dairy products industries in Malaysia as contained in the IMR Report in **Appendix V** of the Circular; and
- (v) the potential impacts of the ongoing Iran war to the business operations and financial performance of the Eramas Group as well as the following recent developments and mitigating initiatives which have been put in place by the management of the Eramas Group which reduce the potential adverse impacts arising from the Iran war.

We noted that in mid-June 2026, the US and Iran have signed a memorandum of understanding to end the Iran war. The memorandum of understanding includes, amongst others, an immediate and permanent termination of military operations on all fronts, including in Lebanon, an extendable 60-day period for the US and Iran to negotiate and achieve a final peace deal and the reopening of the Strait of Hormuz. The US will fully end the naval blockade within 30 days while Iran will make arrangements using its best efforts for the safe passage of commercial vessels with no charge for 60 days, from the Persian Gulf to the Sea of Oman and vice versa. The negotiations to reach the final agreement on a peace deal are still ongoing. If the negotiations fall through and the Iran war escalates, the Eramas Group's business and financial performance may be adversely impacted.

9.2 Valuation of entire equity interest in Eramas Group

In evaluating the Purchase Consideration, we have adopted the DCF approach as the most appropriate valuation methodology to arrive at the fair value of the entire equity interest in Eramas Group.

The structure of Eramas Group as at the LPD is as depicted below:



Eramas Global Group is an investment holding company. Eramas Group is principally involved in the manufacturing, trading, distribution and marketing of food products, supplying both the Malaysian and overseas markets.

In evaluating the Purchase Consideration, we have adopted DCF approach as the most appropriate valuation methodology to estimate the fair value of Eramas Group in view of the principal activities and the historical financial performance of Eramas Group as well as the availability of Financial Projections of Eramas Group. The DCF approach considers both the time value of money and the future cash flows to be generated by Eramas Group over a specified period of time.

We have considered various other valuation methodologies, including asset-based valuation method (such as RNAV and net asset valuation methods) and relative valuation method (such as the earnings-multiple method) to determine the fair value of Eramas Group. The asset-based valuation method derives the fair value of a company by valuing its assets and adjusting for its liabilities. However, this approach is more suitable for the valuation of asset-intensive business such as property developments and property investment companies, as it does not adequately reflect the cash flow generating potential of Eramas Group. The relative valuation method would also not be the suitable valuation method due to lack of direct comparable companies listed on Bursa Securities. As such, we have not adopted either the asset-based or relative valuation approaches to arrive at the fair value of Eramas Group.

Under the DCF approach, the free cash flow to the firm ("**FCFF**") projected to be generated from the business is discounted at an appropriate weighted average cost of capital ("**WACC**") or discount rate to derive the present value of all future cash flows from the business available to the providers of capital for the business. A key assumption for the DCF approach is the selection of a discount rate that takes into account the relevant expected market return and interest rates as well as the specific business and financial risks associated to the company. The present value of FCFF is also known as the enterprise value.

In undertaking the DCF approach, we held discussions with the management of Eramas Group to obtain a general understanding of the business and operations of Eramas Group. We also obtained an understanding of the bases and assumptions of the Financial Projections for which the management of Eramas Group is responsible and that the specific assumptions are reflected in the Financial Projections. We also reviewed the arithmetic accuracy of the Financial Projections. Based on the above, we are satisfied that the Financial Projections were prepared on a reasonable basis. However, BDOCC in no way guarantees or otherwise warrants the achievability of the Financial Projections. As far as the Financial Projections are concerned, Eramas Group remains ultimately responsible for the accuracy, completeness and reliability of the Financial Projections including the underlying bases and assumptions.

In arriving at the discount rate, we have selected a set of publicly listed comparable companies within the market capitalisation range of RM200 million to RM700 million that is involved in the sale and distribution of coconut related products, palm oil and fat products and dairy products to local and overseas market as well as manufacturing of coconut and palm oil related products, which we view as broadly comparable to Eramas Group. We have applied the prevailing risk-free rate, equity risk premium and beta of the respective sets of comparable companies as at 29 May 2026 ("**Valuation Date**"). We have also relied on the data of the comparable companies in estimating the discount rates with adjustments taking into consideration the size, unlisted status as well as profile of Eramas Group. Please note that the selection of comparable companies and adjustments made are highly subjective and judgmental and the selected comparable companies may not be entirely comparable due to various factors.

The specific key bases and assumptions adopted in the preparation of the Financial Projections by the management of Eramas Group and our comments are as follows:

Key bases and assumptions	BDOCC's comments
(i) Revenue Revenue is projected to grow at a CAGR of 11.0% from FYE 2026 to FYE 2030.	We noted that Eramas Group's revenue grew at a CAGR of 13.2% from FYE 2019 to FYE 2025. Please refer to Section 8.2 of this IAL for our comments on Eramas Group's historical revenue performance. Based on the IMR Report in Appendix V of the Circular, we noted following: (1) Malaysia's coconut products export is expected to grow from RM797.0 million in 2025 to RM1.19 billion in 2029, translating to a CAGR of 10.5%. Furthermore, the demand for coconut products is expected to rise, supported by growing health awareness of coconut products as well as increasing usage of coconuts in various end-user markets. (2) Exports of condensed, powdered and evaporated milk from Malaysia is expected to increase from RM945.4 million in 2025 to RM1.19 billion in 2029, translating to a CAGR of 5.8%. This growth is driven by a growing global population with higher disposable income and increasing urbanisation. We noted that the projected revenue growth of Eramas Group is driven primarily by the growth of its coconut products segment, which is projected to remain the largest revenue contributor to Eramas Group, accounting for approximately 66% of total revenue on average over the financial projection period, with dairy products contributing approximately 23% of total revenue on average over the same period. We further noted that the projected revenue growth of Eramas Group is in line with the expansion plan of its existing manufacturing facility. As at the LPD, Eramas Group's existing spray drying system has a production capacity of approximately 2,112 MT of food related powder per annum, which is expected to increase to approximately 4,200 MT with the addition of a new spray drying system. In assessing the reasonableness of the projected revenue growth, we have also considered the expected completion of the expansion plan by fourth quarter of 2027 and the potential impact on export sales to the West Asia region arising from the Iran war. We noted that export sales to the West Asia region for the first five months of FYE 2026

Key bases and assumptions	BDOCC's comments
	declined by approximately RM8.49 million and RM3.99 million as compared to the corresponding periods in FYE 2024 and FYE 2025, respectively. We further noted that Eramas Group has implemented various mitigating measures to reduce the adverse impacts arising from the Iran war, including engaging customers from other regions to bring forward purchase orders and deliveries, and expanding sales to domestic and non-West Asia markets through the acquisition of new customers. In addition, we also noted that export sales to Saudi Arabia began to recover in April 2026 as certain customers resumed their purchases and product deliveries. In this regard, notwithstanding the decline in export sales to the West Asia region, we noted that based on the latest unaudited management accounts for the 5-month period ended 31 May 2026, that Eramas Group recorded higher revenue of approximately RM57.01 million, representing an increase of approximately 2.76% and 15.92% as compared to the corresponding periods in FYE 2024 and FYE 2025, respectively, mainly due to expansion of export sales of coconut products, dairy products and oil and fats products to Africa region in the first five months of FYE 2026. Premised on the above, we are of the view that projected revenue growth at a CAGR of 11.0% is reasonable.
(ii) GP margin The projected GP margin of Eramas Group ranges between 21.1% to 22.9% from FYE 2026 to FYE 2030.	We noted that GP is derived after deducting material costs, which comprise the costs of trading goods, raw materials and packaging materials, as well as overhead costs and direct labour costs. We noted that the historical GP margin has shown a significant improvement, increasing from 7.60% in FYE 2022 to 15.46% in FYE 2023, 17.86% in FYE 2024 and further to 22.14% in FYE 2025. This improvement is primarily due to changes in product sales mix and the establishment of in-house manufacturing operations, which commenced in October 2022. Please refer to Section 8.2 of this IAL for further details on the historical GP margin. Given that Eramas Group has already achieved a GP margin of 22.14% for the FYE 2025, the management of Eramas Group is of the view that the projected GP margin of 21.1% to 22.9% for the period from FYE 2026 to FYE 2030 is achievable. The improvement in the projected GP margin is mainly driven by projected higher margin contributions from its in-house produced products. We have also taken into consideration the latest unaudited management accounts for the five-month period ended 31 May 2026 in our

Key bases and assumptions	BDOCC's comments										
	reasonableness checks on the Financial Projections, which recorded a GP margin of approximately 16.26%. Premised on the above, we are of the view that the basis of the projected GP margin is reasonable.										
(iii) Tax expense Tax expense is projected based on Malaysia's statutory corporate tax rate of 24%.	We are of the view that the basis of the projected tax expense is reasonable, as the projected tax expense of Eramas Group is in line with Malaysia's statutory tax rate.										
(iv) Working capital assumption Working capital assumption of Eramas Group is as follows: <table border="1" data-bbox="264 679 943 788"> <thead> <tr> <th></th><th>No of days</th></tr> </thead> <tbody> <tr> <td>Trade receivable turnover period</td><td>39 to 46</td></tr> <tr> <td>Trade payables turnover period</td><td>41 to 47</td></tr> </tbody> </table>		No of days	Trade receivable turnover period	39 to 46	Trade payables turnover period	41 to 47	We noted that the projected trade receivable turnover period of 39 to 46 days falls within the credit terms granted to Eramas Group's customers, which range from 30 to 90 days and the projected trade payable turnover period of 41 to 47 days is within the credit terms granted by suppliers to Eramas Group, which range from cash term to 90 days. Premised on the above, we are of the view that the basis of the projected trade receivables turnover period and trade payable turnover period are reasonable.				
	No of days										
Trade receivable turnover period	39 to 46										
Trade payables turnover period	41 to 47										
(v) Capital expenditure The projected capital expenditure for the expansion plan is as follows: <table border="1" data-bbox="264 967 934 1334"> <thead> <tr> <th>Description</th><th>Amount (RM'000)</th></tr> </thead> <tbody> <tr> <td>(a) Construction of an extension to the existing manufacturing facility</td><td>12,500</td></tr> <tr> <td>(b) Purchase, installation and commissioning of a new spray drying system and machineries</td><td>41,775</td></tr> <tr> <td>(c) Purchase and installation of a new racking system as well as purchase of two reach trucks and one forklift</td><td>827</td></tr> <tr> <td>Total</td><td>55,102</td></tr> </tbody> </table>	Description	Amount (RM'000)	(a) Construction of an extension to the existing manufacturing facility	12,500	(b) Purchase, installation and commissioning of a new spray drying system and machineries	41,775	(c) Purchase and installation of a new racking system as well as purchase of two reach trucks and one forklift	827	Total	55,102	We noted that the projected costs for construction of an extension of the existing manufacturing facility and purchasing, installing and commissioning of a new spray drying system and machineries, as well as the purchase and installation of a new racking system, two reach trucks and one forklift, are based on management of Eramas Group estimates from the quotations obtained by Eramas Group from the respective suppliers. We further noted that the projected capital expenditure is intended to support the expansion of Eramas Group's manufacturing operations, including increasing the production capacity of its spray drying system from approximately 2,112 MT of food related powder per annum to approximately 4,200 MT per annum. In addition, the expansion of the manufacturing facility, warehouse space and installation of a new racking system are expected to increase storage capacity and reduce reliance on third-party logistics providers. Accordingly, the projected capital expenditure is aligned with Eramas Group's future growth plans and supports the projected revenue growth adopted in the Financial Projections. Based on the above, we are of the view that the basis for the projected capital expenditure of the expansion plan is reasonable.
Description	Amount (RM'000)										
(a) Construction of an extension to the existing manufacturing facility	12,500										
(b) Purchase, installation and commissioning of a new spray drying system and machineries	41,775										
(c) Purchase and installation of a new racking system as well as purchase of two reach trucks and one forklift	827										
Total	55,102										

Key bases and assumptions	BDOCC's comments
The expansion will increase the total built-up area of the manufacturing facility by approximately 44,821 sq ft, comprising: (i) 22,002 sq ft for preparation and production; and (ii) 22,819 sq ft for warehouse space. As at the LPD, Eramas Group's existing spray drying system has a production capacity of approximately 2,112 MT of food related powder per annum, which is expected to increase to approximately 4,200 MT with the addition of a new spray drying system. The expansion plan is expected to commence in the third quarter of 2026 and to be completed in the fourth quarter of 2027.	

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In addition to the specific key bases and assumptions used in preparing the Financial Projections, the management of Eramas Group has also adopted the following general bases and assumptions:

- (i) Eramas Group will continue to operate on a going concern basis;
- (ii) It is assumed that there will not be significant or material increase in costs which is expected to have a material adverse effect on the financial results, cash flows or business prospects of Eramas Group. Other operating costs are projected to increase by 3.0% per annum throughout the projection period, after taking into consideration the historical headline inflation rates in Malaysia, which ranged from 1.4% to 3.3% during the period from 2021 to 2025, with an average inflation rate of 2.3% (*source: Department of Statistics Malaysia*);
- (iii) That all inter-company transactions have been eliminated;
- (iv) There will not be any significant or material changes in the principal activities and existing structure of Eramas Group, environmental condition, political, social and economic conditions, monetary and fiscal policies, inflation and regulatory requirements;
- (v) That there will not be any major disruptions to the business operations which have a material adverse impact on the financial results, cash flows or business prospects of Eramas Group; and
- (vi) There is no significant or material change in the accounting policies of Eramas Group.

After making due enquiries and reviewing the specific key bases and assumptions as well as the general bases and assumptions adopted by the management of Eramas Group in preparing the Financial Projections, we are of the view that they are reasonable.

Please note that the Financial Projections inherently has its limitation as they are projected over an extended period of time and are subject to meeting the bases and assumptions which might be affected by the then prevailing market conditions and business risks which may not be within the control or foresee by the management of Eramas Group during the period of the Financial Projections.

The key bases and assumptions adopted in our valuation of Eramas Group are as follows:

- (i) The audited consolidated financial statements of Eramas Group for the FYE 2025 provide a true and fair view of the financial position of Eramas Group as at the Valuation Date;
- (ii) The Financial Projections as provided by the management of Eramas Group have been prepared based on management's best estimates as at Valuation Date after taking into consideration, amongst others, the impact on export sales to the West Asia region arising from the Iran war and the mitigating measures implemented by Eramas Group to reduce the potential adverse impacts of the Iran War. Eramas Group and SCGM assume full responsibility for the accuracy, completeness and reliability of the Financial Projections. Based on our review of the key bases and assumptions adopted in preparing the Financial Projections, we are satisfied with the reasonableness of the key bases and assumptions adopted.

We also noted that Eramas Group achieved the Profit Guarantee of RM18.0 million for FYE 2025 and recorded higher revenue for the first five months of FYE 2026 by approximately 2.76% and 15.92% as compared to the corresponding periods in FYE 2024 and FYE 2025, respectively. Based on the latest unaudited management accounts for the 5-month period ended 31 May 2026, the Eramas Group recorded revenue of approximately RM57.01 million, GP of approximately RM9.27 million and PAT of approximately RM4.13 million, translating into GP margin and PAT margin of approximately 16.26% and 7.25%, respectively;

- (iii) That Eramas Group is expected to have sufficient funds, whether through internally generated cash or external borrowings, to meet its working capital requirements and capital expenditure needs without materially affecting its financial performance, cash flows or business prospects;
- (iv) Save for the surplus cash of RM15.0 million after taking into consideration the working capital requirements of Eramas Group, there are no other surplus assets as at the Valuation Date;
- (v) That Eramas Group has/will have all the relevant licences, permits, approvals, agreements, contracts or any other contractual agreements, to carry out the business ("**Licences/Agreements**"). Accordingly, it is further assumed that there are no breaches and there will not be any breaches of any provision in the Licences/Agreements and the Licences/Agreements are renewed upon expiry;
- (vi) There is no material change to the valuation of Eramas Group from the Valuation Date up to the completion date of the Proposed Acquisition;
- (vii) Eramas Group is in full compliance with all applicable regulations and laws;
- (viii) The business interest of Eramas (i.e. ownership interests of Eramas and the cash flows generated from its business activities, excluding any charges over the properties of Eramas Group) is free and clear of any liens or encumbrances;
- (ix) There will be no material changes in the present legislation, government regulations, inflation rates, interest rates, foreign exchange rates, bases and rates of taxation, and other lending guidelines in the countries where Eramas Group is operating which will affect the activities of Eramas Group during the Financial Projections period;
- (x) There will be no material changes in the present management of Eramas Group and principal activities as well as the accounting and operating policies presently adopted by Eramas. There will be continuity in responsible ownership and competent management with respect to the operation of the business of Eramas Group;
- (xi) There are no material changes in the financial position and performance as well as business operations of Eramas Group that will affect Eramas Group after the Valuation Date;
- (xii) There will be no material changes to the condition of the assets which will affect the operations in the future; and
- (xiii) There will be no event of force majeure occurring such as any act of God, act of public enemies, war, act of terrorism, restraint of Government or people of any nation, riots, insurrections, civil commotion, floods, fire, restrictions due to quarantines, epidemics, storms, or any other causes beyond the reasonable control of the management of Eramas Group, which could materially affect the financial position and/or business operations of Eramas Group.

In arriving at the estimated fair value of Eramas Group, we have discounted the projected FCFF to be generated at the respective WACC using the approach described below:

No.	Subject	Key bases and assumption	Description
1.	Valuation cut-off date	31 December 2025	The valuation cut-off date is date of the latest available audited consolidated financial statements of Eramas Group, being 31 December 2025.
2.	Valuation Date	29 May 2026	This is the reference date for risk-free rate of return, beta and expected market rate of return which are used in the DCF valuation. The Valuation Date differs from the valuation cut-off date for the following reasons: (i) The valuation cut-off date is based on the latest available audited consolidated financial statements of Eramas Group; and (ii) The LPD has been adopted as the Valuation Date to reflect the prevailing economic and market conditions as at the LPD.
3.	FCFF	Based on the Financial Projections	FCFF is the free cash flows from operations available to the providers of capital of a business after taking into consideration all operating expenses, movement in working capital and net investing cash flows.
4.	Cost of equity ("K _e ")	11.4% to 12.7%	Cost of equity represents the rate of return on the entity required by an investor on the cash flow streams generated by the entity, given, amongst others, the risks associated with the cash flow. We have derived the estimated cost of equity using the Capital Asset Pricing Model with the following inputs: $K_e = R_f + \beta (R_m - R_f)$ Capital Asset Pricing Model is one of the common model used to determine a required rate of return of an asset. It is used to estimate the cost of equity based on risk-free rate of return (refer item 4 below), expected market rate of return (refer item 5 below) and beta (refer item 6 below). The K_e has been adjusted to account for inherent risk as well as size and marketability. The inherent risk has been applied to reflect the uncertainty involved in the Financial Projections. In addition, we have also applied a size and marketability adjustment of 25.0% in the valuation of Eramas Group after taking into consideration its size relative to the comparable companies (refer item 6 below) and an adjustment for lack of marketability given its unlisted status. This adjustment is derived from illiquidity discount of unlisted companies, which ranges between 20.0% to 30.0%, as published by Professor Aswath Damodaran in his book <i>Investment Valuation: Tools and Techniques for Determining the Value of Any Asset (4th Edition)</i>, published in December 2024. While this illiquidity discount range is derived from studies conducted in the US, we have observed that similar illiquidity discount range has also been used for valuation in Malaysia.

No.	Subject	Key bases and assumption	Description																		
			The computation of the adjusted cost of equity is as follows: Adjusted K_e = (Unadjusted K_e + inherent risk) * (1 + size and marketability adjustment) Computation and adjustment of cost of equity are as follows: <table><tr><th>Input</th><th>Eramas Group</th><th>Remarks</th></tr><tr><td>Risk-free rate of return, R_f Expected market rate of return, R_m Beta, β</td><td>4.07% 9.30% 0.39 to 0.40</td><td><i>Please refer to item 5 of this table.</i> <i>Please refer to item 6 of this table.</i> <i>Please refer to item 7 of this table.</i></td></tr><tr><td>Unadjusted K_e Inherent risk adjustment</td><td>6.1% to 6.2% 3.0% to 4.0%</td><td><i>An inherent risk adjustment of 3.0% to 4.0% has been applied to account for uncertainties and risks associated with the Financial Projections, after taking into consideration the projected revenue growth at a CAGR of 11.0% from FYE 2026 to FYE 2030, driven by Eramas Group’s expansion plan for its existing manufacturing facility.</i> <i>In determining the adjustment, we have considered Eramas Group’s historical financial performance, which recorded revenue growth at a CAGR of 13.2% from FYE 2019 to FYE 2025, the historical revenue contribution from the West Asia region and the uncertainties arising from the ongoing geopolitical conflicts, as well as the overview and outlook of the coconut products, palm oil products and dairy products industries in Malaysia as set out in the IMR Report in Appendix V of the Circular.</i></td></tr><tr><td>Sub-total</td><td>9.1% to 10.2%</td><td></td></tr><tr><td>Size and marketability adjustment</td><td>25.0%</td><td></td></tr><tr><td>Adjusted K_e</td><td>11.4% to 12.7%</td><td></td></tr></table> Please note the adjustments made is highly subjective and judgmental.	Input	Eramas Group	Remarks	Risk-free rate of return, R_f Expected market rate of return, R_m Beta, β	4.07% 9.30% 0.39 to 0.40	<i>Please refer to item 5 of this table.</i> <i>Please refer to item 6 of this table.</i> <i>Please refer to item 7 of this table.</i>	Unadjusted K_e Inherent risk adjustment	6.1% to 6.2% 3.0% to 4.0%	<i>An inherent risk adjustment of 3.0% to 4.0% has been applied to account for uncertainties and risks associated with the Financial Projections, after taking into consideration the projected revenue growth at a CAGR of 11.0% from FYE 2026 to FYE 2030, driven by Eramas Group’s expansion plan for its existing manufacturing facility.</i> <i>In determining the adjustment, we have considered Eramas Group’s historical financial performance, which recorded revenue growth at a CAGR of 13.2% from FYE 2019 to FYE 2025, the historical revenue contribution from the West Asia region and the uncertainties arising from the ongoing geopolitical conflicts, as well as the overview and outlook of the coconut products, palm oil products and dairy products industries in Malaysia as set out in the IMR Report in Appendix V of the Circular.</i>	Sub-total	9.1% to 10.2%		Size and marketability adjustment	25.0%		Adjusted K_e	11.4% to 12.7%	
Input	Eramas Group	Remarks																			
Risk-free rate of return, R_f Expected market rate of return, R_m Beta, β	4.07% 9.30% 0.39 to 0.40	<i>Please refer to item 5 of this table.</i> <i>Please refer to item 6 of this table.</i> <i>Please refer to item 7 of this table.</i>																			
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Adjusted K_e	11.4% to 12.7%																				

No.	Subject	Key bases and assumption	Description
5.	Risk-free rate of return (" R_f ")	4.07%	Risk free rate of return represents the expected rate of return from a risk-free investment. The best available approximation of the risk-free rate of return is the gross yield of the twenty-nine (29)-year Malaysian Government Securities. We are of the view that the longest tenure Malaysian Government Securities, rather than shorter tenure Malaysian Government Securities, is appropriate to approximate the R_f of the business which is being valued in perpetuity. In selecting the 29-year Malaysian Government Securities, we have also taken into account their liquidity. As extracted from the Bank Negara Malaysia website, the said yield is 4.07% as at the Valuation Date.
6.	Expected market rate of return (" R_m ")	9.30%	Expected market rate of return is the expected rate of return for investing in a portfolio consisting of a weighted sum of assets representing the entire equity market. In our opinion, the expected market rate of return for the FTSE Bursa Malaysia Index is an indicator of the equity market return in Malaysia. As extracted from Bloomberg, the expected market rate of return for the FTSE Bursa Malaysia Index as at the Valuation Date, which is based on the dividend discount model, is 9.30%.
7.	Beta (" β ")	0.39 to 0.40	Beta is the sensitivity of an asset's returns to the changes in market returns. It measures the correlation of systematic risk between the said asset and the market. A beta of more than one (1) signifies that the asset is riskier than the market and vice versa. For information purposes, the term "unlevered β" refers to the β of a company without any debt. Unlevering a β removes the financial effects from leverage. The formula to calculate a company's unlevered β is as follows: Unlevered β = levered β / [1 + (1-T) x D/E] The term "levered β" refers to the β of a company with debt. Levering a β includes the financial effects from leverage. To calculate the levered β, unlevered β is adjusted using the formula below: Levered β = Unlevered β x [1 + (1-T) x D/E] In deriving the estimated beta to derive the estimated valuation of Eramas Group, we have relied on the raw three (3)-year weekly betas up to the Valuation Date of companies whose core business include manufacturing and distribution of coconut, palm and/or dairy products, which are comparable to the principal activities of Eramas Group. As the raw beta extracted from Bloomberg is based on the capital structure of the respective comparable companies, we have un-levered the raw beta and re-levered it based on the expected capital structure of Eramas Group. To obtain the raw betas of the comparable companies, we selected listed companies that we deemed comparable to the principal activities of Eramas Group based on the following selection criteria:

No.	Subject	Key bases and assumption	Description																																																																																																	
			(1) More than 50.0% revenue is derived from manufacturing and distribution of coconut, palm and/or dairy products; (2) Market capitalisation of between RM200 million to RM700 million; and (3) The comparable companies are listed for more than 3 years. The comparable companies identified and used in determining the estimated beta to derive the estimated valuation of Eramas Group based on the said criteria are as follows: <table><tr><th>No</th><th>Company</th><th>Stock exchange</th><th>Market capitalisation⁽¹⁾ (RM' million)</th><th>Levered beta⁽²⁾</th><th>Debt to equity ratio⁽³⁾</th><th>Tax rate</th><th>Unlevered beta</th><th>Country risk adjustment⁽⁴⁾</th><th>Adjusted unlevered beta</th></tr><tr><td>1</td><td>KCG Corp PCL</td><td>The Stock Exchange of Thailand</td><td>612.7</td><td>0.74</td><td>0.13</td><td>20%</td><td>0.67</td><td>-5%</td><td>0.63</td></tr><tr><td>2</td><td>Axelum Resources Corp</td><td>Philippine Stock Exchange</td><td>575.0</td><td>0.54</td><td>0.10</td><td>25%</td><td>0.50</td><td>-5%</td><td>0.48</td></tr><tr><td>3</td><td>Able Global Berhad</td><td>Bursa Securities</td><td>472.2</td><td>0.57</td><td>0.41</td><td>24%</td><td>0.43</td><td>0%</td><td>0.43</td></tr><tr><td>4</td><td>Lam Soon (Thailand) PCL</td><td>The Stock Exchange of Thailand</td><td>463.8</td><td>0.16</td><td>0.43</td><td>20%</td><td>0.12</td><td>-5%</td><td>0.11</td></tr><tr><td>5.</td><td>C.I. Holdings Berhad</td><td>Bursa Securities</td><td>410.5</td><td>0.50</td><td>0.91</td><td>24%</td><td>0.30</td><td>0%</td><td>0.30</td></tr><tr><td>6</td><td>Wilmar Cahaya Indonesia Tbk</td><td>Indonesia Stock Exchange</td><td>306.6</td><td>0.28</td><td>-</td><td>22%</td><td>0.28</td><td>-5%</td><td>0.26</td></tr><tr><td>7</td><td>Chumporn Palm Oil Ind Pub Co</td><td>The Stock Exchange of Thailand</td><td>268.3</td><td>0.48</td><td>0.29</td><td>20%</td><td>0.29</td><td>-5%</td><td>0.37</td></tr><tr><td colspan="9">Average adjusted unlevered beta</td><td>0.37</td></tr></table>								No	Company	Stock exchange	Market capitalisation ⁽¹⁾ (RM' million)	Levered beta ⁽²⁾	Debt to equity ratio ⁽³⁾	Tax rate	Unlevered beta	Country risk adjustment ⁽⁴⁾	Adjusted unlevered beta	1	KCG Corp PCL	The Stock Exchange of Thailand	612.7	0.74	0.13	20%	0.67	-5%	0.63	2	Axelum Resources Corp	Philippine Stock Exchange	575.0	0.54	0.10	25%	0.50	-5%	0.48	3	Able Global Berhad	Bursa Securities	472.2	0.57	0.41	24%	0.43	0%	0.43	4	Lam Soon (Thailand) PCL	The Stock Exchange of Thailand	463.8	0.16	0.43	20%	0.12	-5%	0.11	5.	C.I. Holdings Berhad	Bursa Securities	410.5	0.50	0.91	24%	0.30	0%	0.30	6	Wilmar Cahaya Indonesia Tbk	Indonesia Stock Exchange	306.6	0.28	-	22%	0.28	-5%	0.26	7	Chumporn Palm Oil Ind Pub Co	The Stock Exchange of Thailand	268.3	0.48	0.29	20%	0.29	-5%	0.37	Average adjusted unlevered beta									0.37
No	Company	Stock exchange	Market capitalisation ⁽¹⁾ (RM' million)	Levered beta ⁽²⁾	Debt to equity ratio ⁽³⁾	Tax rate	Unlevered beta	Country risk adjustment ⁽⁴⁾	Adjusted unlevered beta																																																																																											
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No.	Subject	Key bases and assumption	Description															
			<u>Notes:</u> (1) Based on three (3)-month volume weighted average last price up to 29 May 2026, multiplied by the number of comparable companies' shares in issue as at 29 May 2026 as extracted from Bloomberg. (2) Based on the 3-year weekly beta of the respective comparable companies as of 29 May 2026, as extracted from Bloomberg. (3) Computed based on the carrying amounts of interest-bearing debt extracted from the latest quarterly management accounts of the respective comparable companies as of 29 May 2026, divided by their market capitalisation. (4) The country risk adjustment is based on Moody's sovereign credit ratings, with Malaysia as the base reference. Since KCG Corp PCL (listed in Thailand), Axelum Resources Corp (listed in the Philippines), Lam Soon (Thailand) PCL (listed in Thailand), Wilmar Cahaya Indonesia Tbk (listed in Indonesia) and Chumporn Palm Oil Ind Pub Co (listed in Thailand) operate in different countries than Eramas Group (based in Malaysia), we have applied country risk adjustments to account for differences in business risk and expected returns across these countries. These adjustments are derived from Moody's ratings: Philippines (Baa2), Thailand (Baa1), Indonesia (Baa2) and Malaysia (A3). A -5.0% adjustment has been applied to comparable companies listed in the Philippines, Indonesia and Thailand due to their lower ratings relative to Malaysia. Please note that the selection of comparable companies and the country risk adjustments made are highly subjective and judgmental, and the selected comparable companies may not be entirely comparable due to various factors, which include amongst others, size, geographical location of the operating assets, business model and management expertise. Notwithstanding these limitations, the selected comparable companies are still considered reasonable for reference in the valuation and in deriving beta, as they are engaged in similar principal activities to Eramas Group, namely, manufacturing and distribution of coconut, palm, and/or dairy products. Using the average adjusted unlevered β of 0.37, we have calculated the levered β using the formula below: Levered β = Unlevered β x [1 + (1-T) x D/E] <table><tr><th>Input</th><th>Eramas Group</th><th>Remarks</th></tr><tr><td>Unlevered β</td><td>0.37</td><td>Based on the average adjusted unlevered beta.</td></tr><tr><td>Debt to equity ratio, D/E</td><td>0.08 to 0.12</td><td>Please refer to item 10 of this table.</td></tr><tr><td>Tax rate, T</td><td>24.0%</td><td>Malaysian corporate tax.</td></tr><tr><td>Levered β</td><td>0.39 to 0.40</td><td></td></tr></table>	Input	Eramas Group	Remarks	Unlevered β	0.37	Based on the average adjusted unlevered beta.	Debt to equity ratio, D/E	0.08 to 0.12	Please refer to item 10 of this table.	Tax rate, T	24.0%	Malaysian corporate tax.	Levered β	0.39 to 0.40	
Input	Eramas Group	Remarks																
Unlevered β	0.37	Based on the average adjusted unlevered beta.																
Debt to equity ratio, D/E	0.08 to 0.12	Please refer to item 10 of this table.																
Tax rate, T	24.0%	Malaysian corporate tax.																
Levered β	0.39 to 0.40																	

No.	Subject	Key bases and assumption	Description																				
8.	Pre-tax cost of debt ("K _d ")	4.94%	K _d is the effective rate that a corporation pays on its total borrowings. We have assumed that the estimated prevailing interest rates for the borrowings of Eramas Group as at the Valuation Date would be the future estimated pre-tax cost of debt, in view that Eramas Group's business and principal activities, together with the external operating environment in which Eramas Group operates remain unchanged as at the Valuation Date.																				
9.	WACC	10.7% to 12.1%	The WACC is the weighted average of the rates of return required by each of the capital providers (usually just equity and debt) where the weights are the proportions of the firm's total market value from each capital source: WACC = E (K_e) + D(K_d) (1-T) The inputs adopted for the computation of WACC are as follows: <table><tr><th>Input</th><th>Eramas Group</th><th>Remarks</th></tr><tr><td>Proportion of equity, E</td><td>89.5% to 92.7%</td><td rowspan="2"><i>Based on debt-to-equity ratio of 0.08 to 0.12.</i></td></tr><tr><td>Proportion of debt, D</td><td>7.3% to 10.5%</td></tr><tr><td>Adjusted cost of equity, K_e</td><td>11.4% to 12.7%</td><td><i>Please refer to item 4 of this table.</i></td></tr><tr><td>Pre-tax cost of debt, K_d</td><td>4.94%</td><td><i>Please refer to item 8 of this table.</i></td></tr><tr><td>Tax rate, T</td><td>24.0%</td><td><i>Malaysian corporate tax.</i></td></tr><tr><td>WACC</td><td>10.7% to 12.1%</td><td></td></tr></table>	Input	Eramas Group	Remarks	Proportion of equity, E	89.5% to 92.7%	<i>Based on debt-to-equity ratio of 0.08 to 0.12.</i>	Proportion of debt, D	7.3% to 10.5%	Adjusted cost of equity, K_e	11.4% to 12.7%	<i>Please refer to item 4 of this table.</i>	Pre-tax cost of debt, K_d	4.94%	<i>Please refer to item 8 of this table.</i>	Tax rate, T	24.0%	<i>Malaysian corporate tax.</i>	WACC	10.7% to 12.1%	
Input	Eramas Group	Remarks																					
Proportion of equity, E	89.5% to 92.7%	<i>Based on debt-to-equity ratio of 0.08 to 0.12.</i>																					
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Tax rate, T	24.0%	<i>Malaysian corporate tax.</i>																					
WACC	10.7% to 12.1%																						
10.	Debt to equity ratio	0.08 times to 0.12 times	Debt to equity ratio is a ratio used to measure a company's financial leverage, calculated by dividing a company's total interest-bearing liabilities by its stockholders' equity based on the expected capital structure for the respective financial years.																				
11.	Terminal growth rate	2.00%	The terminal growth rate is an estimate of the company's growth in expected future cash flows beyond a projection period. We adopted terminal growth rate of 2.00% after taking into consideration the average 5-year annual headline inflation from 2021 to 2025 in Malaysia of 2.3% and the first quarter 2026 headline inflation rate of 1.6%. <i>(Source: Department of Statistics Malaysia Official Portal and Bank Negara Malaysia Quarterly Bulletin, First Quarter 2026)</i>																				

No.	Subject	Key bases and assumption	Description
12.	Enterprise value of Eramas Group	Ranges from RM189.61 million to RM221.85 million	The formula used to derive enterprise value i.e. the net present value of FCFF is as follows: Enterprise value = Present value of projected FCFF⁽¹⁾ + Present value of terminal value⁽²⁾ <u>Note:</u> (1) The present value of projected FCFF ranges from RM34.77 million to RM36.41 million is computed based on the following formula:- $\text{Present value of FCFF} = \frac{\text{FCFF}}{(1 + \text{WACC})^n}$ whereby, n represents time, in years into the future. (2) The present value of terminal value ranges from RM154.85 million to RM185.45 million is computed based on the following formula:- $\text{Terminal value (in present terms)} = \frac{\text{Expected sustainable level of FCFF} \times (1 + g)}{(\text{WACC} - g)} \times \frac{1}{(1 + \text{WACC})^n}$

Based on the above, the estimated fair value of 100% equity interest in Eramas Group is as follows:

	RM million	
	Low	High
Range of enterprise values of Eramas Group ⁽¹⁾	189.61	221.85
<i>Minus: Borrowings⁽²⁾</i>	<i>(13.76)</i>	<i>(13.76)</i>
<i>Add: Surplus cash</i>	<i>15.00</i>	<i>15.00</i>
Fair value of the entire equity interest in Eramas Group	190.85	223.09

Notes:

(1) *In arriving at the estimated range of enterprise values of Eramas Group, the Financial Projections as provided by the management of Eramas Group is discounted at derived discount rates of between 10.7% to 12.1%. In deriving the discount rates to arrive at its range of enterprise values, we have applied the prevailing risk-free rate and equity risk premium and betas of comparable companies as at the Valuation Date. We have also relied on the data of the comparable companies in estimating the discount rates with adjustments taking into consideration the size and marketability of Eramas Group relative to the comparable companies, the country risk adjustments and the inherent risks and uncertainties of the Financial Projections.*

(2) *Borrowings consist of interest-bearing loans and lease liabilities as extracted from the audited consolidated financial statements of Eramas Group as at 31 December 2025.*

Based on the above, the Purchase Consideration of RM207.94 million is within the estimated fair value of Eramas Group of RM190.85 million to RM223.09 million. As such, we are of the view that the Purchase Consideration of RM207.94 million is fair and reasonable and not detrimental to the non-interested Shareholders.

For information purposes, based on the audited consolidated NA of Eramas Group as at 31 December 2025 of RM102.71 million, the implied price-to-book ratio for the Purchase Consideration of RM207.94 million is 2.02 times.

Sensitivity analysis

For information purposes, we have performed a sensitivity analysis on the discount rate and terminal growth rate assumptions adopted in the DCF valuation to assess the impact of changes in these assumptions on the estimated fair value of entire equity interest in Eramas Group. The results are as follows:

Sensitivity scenario	Estimated fair value of entire equity interest in Eramas Group (RM'million)
Base case	190.85 to 223.09
Discount rate (+0.5%)	179.64 to 208.62
Discount rate (-0.5%)	203.27 to 239.33
Terminal growth rate (+0.5%)	199.72 to 235.09
Terminal growth rate (-0.5%)	182.82 to 212.37

We noted that the estimated fair value of entire equity interest in Eramas Group is more sensitive to the changes in the discount rate assumption than the terminal growth rate assumption. Notwithstanding the above, the Purchase Consideration of RM207.94 million remains within the estimated fair value range under the sensitivity scenarios presented above.

9.3 Mode of settlement of the Purchase Consideration

As disclosed in **Section 3, Part A** of the Circular, the Purchase Consideration for the Proposed Acquisition will be satisfied entirely through the issuance of Consideration Shares to the Vendors, at an issue price of RM0.365 per Consideration Share.

The satisfaction of the entire Purchase Consideration via the issuance of Consideration Shares could benefit the SCGM Group in the following ways:

- (i) the issuance of the Consideration Shares can avoid substantial cash outlay which could alternatively be utilised for working capital and expansion purposes of the Enlarged SCGM Group;
- (ii) the satisfaction of the entire Purchase Consideration via the issuance of Consideration Shares allows the SCGM Group to consider the Proposed Acquisition whilst conserving its cash reserves (which stand at approximately RM116.00 million as at 31 March 2026);
- (iii) as set out in **Section 9.3, Part A** of the Circular, the issuance of Consideration Shares will strengthen the SCGM's financial position, with an increase in consolidated NA to RM168.32 million upon completion of the Proposed Acquisition; and
- (iv) the issuance of Consideration Shares provides an opportunity for the Vendors to participate in the potential future growth of the Enlarged SCGM Group as its major shareholder, having common interests to contribute towards the improvement of the Enlarged SCGM Group's financial performance as well as reaffirms their commitment to the Enlarged SCGM Group.

Based on the above, we are of the view that the issuance of the Consideration Shares as the mode of settlement of the entire Purchase Consideration is justifiable and not detrimental to the interests of the non-interested Shareholders.

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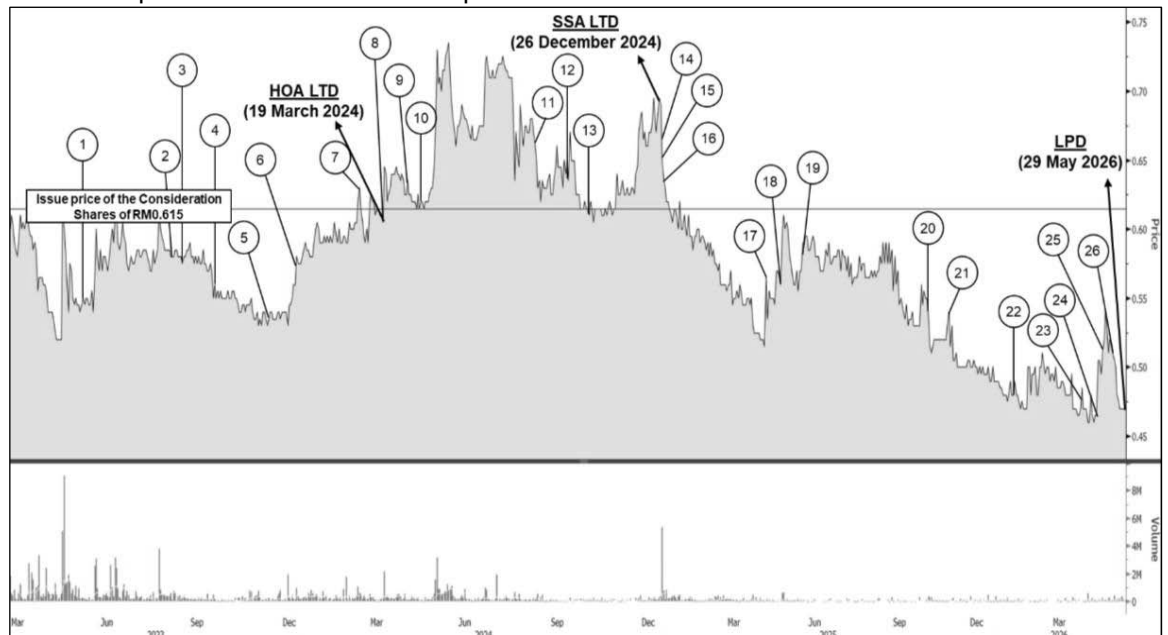
9.4 Evaluation of the issue price of the Consideration Shares

As disclosed in **Section 3.4, Part A** of the Circular, we noted that the issue price of the Consideration Shares of RM0.365 is arrived at based on the issue price of RM0.615 agreed between SCGM and the Vendors in the HOA dated 20 March 2024 and after adjusting and reducing by the proposed cash distribution of RM0.25 per SCGM Share pursuant to the Proposed Special Dividend, which will be undertaken prior to the issuance of the Consideration Shares to the Vendors.

In evaluating the issue price of the Consideration Shares, we have considered the following:

(i) Historical market price performance of SCGM Shares

The graph below sets out the historical closing market prices of SCGM Shares for the past 12 months prior to the HOA LTD and up to the LPD:



(Source: Bloomberg)

The above information extracted from Bloomberg has been adjusted for the effects of any dividend and corporate exercise throughout the relevant period.

Save as disclosed below and to the best of our knowledge, there is no significant event or announcement for the past 12 months prior to the HOA LTD and up to the LPD which may have materially impacted the historical market price performance of SCGM Shares during the said period:

	Date	Events
1.	29 May 2023	Announcement in relation to the proposed disposal of 3 contiguous parcels of land with factory buildings and other ancillary buildings located at Mukim Senai, Kulai, Johor Darul Takzim.
2.	21 August 2023	Announcement of the submission of application by the Company to seek for Bursa Securities' approval for an extension of time ("EOT") to submit a regularisation plan to the SC.
3.	30 August 2023	Announcement of annual report on the consolidated financial results for the financial year ended 30 April 2023.

	Date	Events
4.	5 October 2023	Announcement of the granted EOT which was requested by the Company in an application to Bursa Securities on 21 August 2023.
5.	24 November 2023	Announcement of change in the financial year end from 30 April to 31 December.
6.	29 December 2023	Announcement of the completion of the disposal of 3 contiguous parcels of land with factory buildings and other ancillary buildings located at Mukim Senai, Kulai, Johor Darul Takzim.
7.	27 February 2024	Announcement of the submission of application by the Company to seek for Bursa Securities' approval for a further EOT to submit a regularisation plan to the SC.
8.	20 March 2024	Announcement of the HOA for the proposed acquisition by SCGM of the entire equity interest in Eramas Global Group from the Vendors.
9.	17 April 2024	Announcement of the granted further EOT which was requested by the Company in an application to Bursa Securities on 27 February 2024.
10.	30 April 2024	Announcement of annual report on the consolidated financial results for the 8-month FYE 2023.
11.	22 August 2024	Announcement of the submission of application by the Company to seek for Bursa Securities' approval for a further EOT to submit a regularisation plan to the SC.
12.	26 September 2024	Announcement of the granted further EOT which was requested by the Company in an application to Bursa Securities on 22 August 2024.
13.	16 October 2024	Announcement of the extension of the period to execute the definitive agreement for the Proposed Acquisition until 31 December 2024.
14.	27 December 2024	Announcement of the SSA for the proposed acquisition by SCGM of the entire equity interest in Eramas Global Group from the Vendors.
15.	30 December 2024	Announcement of the submission of application to the SC in relation to the Proposed Regularisation Plan on even date.
16.	31 December 2024	Announcement of the submission of application to MITI in relation to the Proposed Offer for Sale to Bumiputera investors approved or recognised by MITI.
17.	21 April 2025	Announcement of annual report on the consolidated financial results for the financial year ended 31 December 2024.
18.	8 May 2025	Announcement of the approval by MITI in relation to the Proposed Offer for Sale to Bumiputera investors approved or recognised by MITI.

	Date	Events
19.	30 May 2025	Announcements of the approvals by SC of the following: (i) the application in relation to the Proposed Regularisation Plan (save for the Proposed Exemption), subject to the fulfilment of terms and condition; and (ii) the application under Bumiputera equity requirement for public listed companies pursuant to the Proposed Regularisation Plan.
20.	24 September 2025	Announcement of the mutual agreement between the Company and the Vendors to extend the period for the satisfaction or fulfilment of the conditions precedent under the SSA until 30 June 2026.
21.	14 November 2025	Announcement of the submission of application by the Company to seek for SC's approval for a EOT to complete the Proposed Regularisation Plan.
22.	22 January 2026	Announcement of the approval by the SC of the EOT which was requested by the Company in an application on 14 November 2025.
23.	21 April 2026	Announcement of the submission of application by the Company to seek for SC's approval for a further EOT to complete the Proposed Regularisation Plan.
24.	27 April 2026	Announcement of annual report on the consolidated financial results for the financial year ended 31 December 2025.
25.	28 April 2026	Announcement of the application in relation to the listing and quotation of 569,698,630 new SCGM Shares on the Main Market of Bursa Securities.
26.	14 May 2026	(i) Announcement of the mutual agreement between the Company and the Vendors to extend the period for the satisfaction or fulfilment of the conditions precedent under the SSA until 31 December 2026. (ii) Announcement of the approval by Bursa Securities for the listing and quotation of 569,698,630 new SCGM Shares on the Main Market of Bursa Securities.

The highest and lowest closing market prices and the closing price at the end of each month of SCGM Shares for the period commencing from 20 September 2023 (being 6 months before the announcement of the HOA on 20 March 2024) and up to the LPD are set out below:

	Closing market price		
	High	Low	Last trading day of the month
	RM	RM	RM
<u>2023</u>			
September (commencing from 20 September 2023)	0.585	0.570	0.570
October	0.560	0.540	0.545
November	0.550	0.530	0.535
December	0.585	0.530	0.585
<u>2024</u>			
January	0.605	0.580	0.605
February	0.630	0.590	0.605
March	0.645	0.590	0.640
April	0.645	0.615	0.620
May	0.735	0.615	0.690
June	0.690	0.660	0.670
July	0.725	0.675	0.710
August	0.710	0.620	0.635
September	0.670	0.625	0.650
October	0.650	0.605	0.610
November	0.640	0.610	0.630
December	0.695	0.625	0.635
<u>2025</u>			
January	0.630	0.585	0.585
February	0.600	0.560	0.560
March	0.570	0.545	0.550
April	0.565	0.515	0.545
May	0.610	0.555	0.570
June	0.595	0.570	0.580
July	0.590	0.560	0.565
August	0.590	0.565	0.575
September	0.590	0.530	0.535
October	0.560	0.510	0.520
November	0.540	0.500	0.500
December	0.505	0.490	0.500
<u>2026</u>			
January	0.490	0.470	0.475
February	0.510	0.470	0.495
March	0.500	0.470	0.470
April	0.505	0.460	0.505
May (up to the LPD)	0.540	0.470	0.470
Last traded price as at the HOA LTD			0.610
Last traded price as at the SSA LTD			0.695
Last traded price as at the LPD			0.470
Closing market prices from 20 September 2023 up to the LPD:			
- Highest on 29 May 2024			0.735
- Lowest on 20 April 2026, 21 April 2026 and 24 April 2026			0.460

(Source: Bloomberg)

Based on the above, we noted that the highest and lowest traded market prices of the SCGM Shares for the past six (6)-months preceding the date of the announcement of the HOA (i.e. 20 March 2024) up to the LPD are as follows:

- (i) The highest traded market price of RM0.735 on 29 May 2024 (RM0.485 after adjusting for the Proposed Special Dividend of RM0.25 per SCGM Share); and
- (ii) The lowest traded market price of RM0.460 on 20 April 2026, 21 April 2026 and 24 April 2026 (RM0.210 after adjusting for the Proposed Special Dividend of RM0.25 per SCGM Share).

The issue price of the Consideration Shares of RM0.365 (after adjusting for the Proposed Special Dividend of RM0.25 per SCGM Share) is within the highest and lowest adjusted trade market prices of the SCGM Shares for the past six (6)-months preceding the date of the announcement of the HOA up to the LPD.

In addition, we have also compared the issue price of the Consideration Shares of RM0.365 to SCGM Shares based on the adjusted closing market prices or the respective VWAP over various time frames up to and including the HOA LTD, SSA LTD and the LPD as follows:

	Closing market price/VWAP	Adjusted closing market price/VWAP ⁽¹⁾	Premium/(discount) of the issue price of Consideration Shares of RM0.365 to the adjusted closing market price/VWAP	
	RM	RM	RM	%
<u>Up to and including the HOA LTD:</u>				
Closing market price	0.6100	0.3600	0.0050	1.39
Five (5)-day VWAP	0.6086	0.3586	0.0064	1.78
One (1)-month VWAP	0.6109	0.3609	0.0041	1.14
Three (3)-month VWAP	0.5933	0.3433	0.0217	6.32
Six (6)-month VWAP	0.5727	0.3227	0.0423	13.11
One (1)-year VWAP	0.5824	0.3324	0.0326	9.81
<u>Up to and including the SSA LTD:</u>				
Closing market price	0.6950	0.4450	(0.0800)	(17.98)
Five (5)-day VWAP	0.6792	0.4292	(0.0642)	(14.96)
One (1)-month VWAP	0.6641	0.4141	(0.0491)	(11.86)
Three (3)-month VWAP	0.6426	0.3926	(0.0276)	(7.03)
Six (6)-month VWAP	0.6695	0.4195	(0.0545)	(12.99)
One (1)-year VWAP	0.6508	0.4008	(0.0358)	(8.93)
<u>Up to and including the LPD:</u>				
Closing market price	0.4700	0.2200	0.1450	65.91
Five (5)-day VWAP	0.4690	0.2190	0.1460	66.67

(Source: Bloomberg)

Note:

1) After adjusting for the Proposed Special Dividend of RM0.25 per SCGM Share.

Based on the table above, we noted that the issue price of the Consideration Shares of RM0.365 represents:

- (i) a premium ranging from RM0.0041 to RM0.0423 (1.14% to 13.11%) over the last traded price of SCGM Shares as at the HOA LTD, five (5)-day, one (1)-month, three (3)-month, six (6)-month and one (1)-year VWAPs of SCGM Shares up to and including the HOA LTD;
- (ii) a discount ranging from RM0.0276 to RM0.0800 (7.03% to 17.98%) over the last traded price of SCGM Shares as at the SSA LTD, five (5)-day, one (1)-month, three (3)-month, six (6)-month and one (1)-year VWAPs of SCGM Shares up to and including the SSA LTD; and
- (iii) a premium ranging from RM0.145 to RM0.146 (65.91% to 66.67%) over the closing market price of SCGM Shares as at the LPD and five (5)-day VWAP of SCGM Shares up to and including the LPD.

(ii) NA per SCGM Share

The comparison of the issue price of the Consideration Shares of RM0.365 to the NA per SCGM Share are as follows:

	Audited (as at 31 December 2025)	Unaudited (as at 31 March 2026)
NA of SCGM (RM million)	115.73	115.68
<i>Less: Proposed Special Dividend (RM million)</i>	<i>(48.14)⁽¹⁾</i>	<i>(48.14)⁽¹⁾</i>
Adjusted NA (RM million)	67.59	67.54
No. of SCGM Shares (excluding treasury shares) (in million)	192.56	192.56
Adjusted NA per SCGM Share (RM)	0.351	0.351
Issue price per Consideration Share (RM)	0.365	0.365
Premium of issue price per Consideration Share		
- RM	0.014	0.014
- %	3.99	3.99

Note:

(1) Being the total amount to be distributed to the Shareholders pursuant to the Proposed Special Dividend of RM0.25 per SCGM Share multiplied by 192,561,041 Shares (after excluding treasury shares) in issue as at the LPD.

Based on the table above, after taking into consideration the effect of the Proposed Special Dividend of RM0.25 per SCGM Share, the issue price of the Consideration Shares of RM0.365 represents a premium of RM0.014 or 3.99% to the adjusted audited NA of SCGM as at 31 December 2025 and the adjusted unaudited NA of SCGM as at 31 March 2026.

Based on the above, we noted the following:

- (i) the issue price of Consideration Shares represents a premium ranging between 1.14% to 13.11% based on the closing market price, five (5)-day, one (1)-month, three (3)-month, six (6)-month and one (1)-year VWAPs of SCGM Shares up to and including the HOA LTD;
- (ii) the issue price of Consideration Shares represents a premium of 3.99% based on the adjusted audited NA per SCGM Share as at 31 December 2025 and the adjusted unaudited NA per SCGM Share as at 31 March 2026, respectively;
- (iii) the issue price of Consideration Shares represents a discount ranging between 7.03% to 17.98% based on the closing market price, five (5)-day, one (1)-month, three (3)-month, six (6)-month and one (1)-year VWAPs of SCGM Shares up to and including the SSA LTD; and
- (iv) the issue price of Consideration Shares represents a premium ranging between 65.91% to 66.67% based on the closing market price and five (5)-day VWAP of SCGM Shares up to and including the LPD.

Notwithstanding the issue price of Consideration Shares represents discounts of ranging from RM0.0276 to RM0.0800 (7.03% to 17.98%) over the last traded price of SCGM Shares as at the SSA LTD, five (5)-day, one (1)-month, three (3)-month, six (6)-month and one (1)-year VWAPs of SCGM Shares up to and including the SSA LTD, we are of the view that the historical market prices of SCGM Shares up to the HOA LTD (i.e., prior to announcement of the HOA) as well as the adjusted audited NA per SCGM as at 31 December 2025 and the adjusted unaudited NA per SCGM 31 March 2026 would serve a more meaningful reference to be used as part of our evaluation of the issue price of Consideration Shares.

We noted that SCGM Shares have traded below the issue price of the Consideration Shares of RM0.615 (before adjustment for the Proposed Special Dividend) from the past one (1) year up to the HOA LTD but have traded above the issue price of Consideration Shares only after the announcement of the HOA, as SCGM Shares price may have been influenced by it. In addition, given SCGM's condition as a Cash Company with no core business and revenue, the NA per SCGM Share provides a more reliable basis and appropriate benchmark for evaluating the issue price of Consideration Shares.

Based on the above, we are of the view that the issue price of the Consideration Shares is **fair and reasonable** and **not detrimental** to the non-interested Shareholders.

10. EVALUATION OF THE SALIENT TERMS OF THE SSA

In evaluating the salient terms of the SSA, we have considered the following salient terms of the SSA:

- (i) Sale and Purchase;
- (ii) Purchase Consideration;
- (iii) Profit Guarantee;
- (iv) Issue Price;
- (v) Conditions Precedent;
- (vi) Completion; and
- (vii) Termination

Based on our evaluation, we are of the view that the salient terms of the SSA are fair and reasonable and not detrimental to the non-interested Shareholders.

The salient terms of the SSA are disclosed in **Appendix I** of the Circular. The following sets out only a summary of the material salient terms of the SSA and our comments. The Directors and non-interested Shareholders are advised to read **Appendix I** of the Circular in its entirety.

	Salient terms	BDOCC's comments
1.	Sale and purchase (a) The Vendors shall sell and SCGM shall acquire the Sale Shares which shall collectively constitute 100% of the issued share capital of Eramas Global Group, subject to the terms and conditions in the SSA. (b) The Sale Shares are sold:- i. strictly upon the condition that all and not only part of the Sale Shares are acquired by SCGM, unless mutually agreed otherwise; ii. free from any liens, charges and encumbrances and any other third party rights;	The term is acceptable as the Sale Shares will be acquired free from all encumbrances and together with all rights, benefits and advantages attaching thereto. This clause is in line with common practice and is a general commercial term.

Salient terms		BDOCC's comments																																													
	iii. with full legal and beneficial title; iv. with all rights attaching thereto (including, unless mutually agreed by the Vendors and SCGM, all dividends and distributions, whether declared or undeclared, in respect thereof) on the Completion Date; and v. on the basis that the warranties and representations of the Vendors to SCGM in the SSA are true and accurate in all respects.																																														
2.	Purchase Consideration (a) The Sale Shares shall be acquired by SCGM from the Vendors for the consideration of RM207.94 million. (b) The Purchase Consideration shall be fully satisfied by SCGM through the issuance of the Consideration Shares to the Vendors at the issue price of RM0.365⁽¹⁾ per Consideration Share. Note: (1) For the avoidance of doubt, the issue price of RM0.365 per Consideration Share is after adjusting for the Proposed Special Dividend as set out in the SSA. (c) The number of Sale Shares to be acquired from the respective Vendors and the number of Consideration Shares to be issued to the respective Vendors are as follows:- <table><tr><th>No.</th><th>Name</th><th>Purchase Consideration (RM)</th><th>No. of Sale Shares</th><th>No. of Consideration Shares</th></tr><tr><td>(1)</td><td>Chin Kok Tian</td><td>83,803,707</td><td>90,981,431</td><td>229,599,198</td></tr><tr><td>(2)</td><td>Yan Hua Lan</td><td>75,573,868</td><td>82,046,712</td><td>207,051,692</td></tr><tr><td>(3)</td><td>Tan Ah Tek</td><td>32,869,798</td><td>35,685,071</td><td>90,054,241</td></tr><tr><td>(4)</td><td>Gan Chuan Lee</td><td>10,030,897</td><td>10,890,036</td><td>27,481,910</td></tr><tr><td>(5)</td><td>Tey Chee Shin</td><td>3,283,409</td><td>3,564,631</td><td>8,995,642</td></tr><tr><td>(6)</td><td>Tan Tai Chong</td><td>2,192,253</td><td>2,380,018</td><td>6,006,173</td></tr><tr><td>(7)</td><td>Lau Sie Khian</td><td>186,068</td><td>202,004</td><td>509,774</td></tr><tr><td colspan="2">Total</td><td>207,940,000</td><td>225,749,903</td><td>569,698,630</td></tr></table>	No.	Name	Purchase Consideration (RM)	No. of Sale Shares	No. of Consideration Shares	(1)	Chin Kok Tian	83,803,707	90,981,431	229,599,198	(2)	Yan Hua Lan	75,573,868	82,046,712	207,051,692	(3)	Tan Ah Tek	32,869,798	35,685,071	90,054,241	(4)	Gan Chuan Lee	10,030,897	10,890,036	27,481,910	(5)	Tey Chee Shin	3,283,409	3,564,631	8,995,642	(6)	Tan Tai Chong	2,192,253	2,380,018	6,006,173	(7)	Lau Sie Khian	186,068	202,004	509,774	Total		207,940,000	225,749,903	569,698,630	The Purchase Consideration is justifiable as it is within our estimated fair value of Eramas Global Group of RM190.85 million to RM223.09 million. Please refer to Section 9.2 of this IAL for our evaluation of the Purchase Consideration.
No.	Name	Purchase Consideration (RM)	No. of Sale Shares	No. of Consideration Shares																																											
(1)	Chin Kok Tian	83,803,707	90,981,431	229,599,198																																											
(2)	Yan Hua Lan	75,573,868	82,046,712	207,051,692																																											
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(7)	Lau Sie Khian	186,068	202,004	509,774																																											
Total		207,940,000	225,749,903	569,698,630																																											

	Salient terms	BDOCC's comments
	(d) The Purchase Consideration of RM207.94 million in respect of the Sale Shares is agreed based on an aggregate of:- i. RM202.50 million for Eramas Group, representing a PE Multiple of 11.25 times based on the Guaranteed Net Profit of RM18.00 million for the FYE 2025; and ii. RM5.44 million for Eramas Global Group's then 35%-owned associate⁽¹⁾, PT Eramas, representing Eramas Global Group's 35% share of the unaudited NA attributable to the shareholders of PT Eramas as at 31 December 2023 of approximately IDR55.71 billion (which is equivalent to approximately RM15.54 million, based on an exchange rate of IDR100:RM0.0279 as at 30 October 2024). Note: (1) <i>The Purchase Consideration of RM207.94 million includes RM5.44 million attributable to Eramas Global Group's then 35% equity interest in PT Eramas as the Acquisition of PT Eramas was completed on 9 July 2024.</i> <i>PT Eramas subsequently ceased to be an associate of Eramas Global Group as a result of the Disposal of PT Eramas pursuant to a share sale agreement dated 29 August 2025. Pursuant to the Disposal of PT Eramas, Eramas Global Group disposed of its 35% equity interest in PT Eramas to PT Pulaumas Moromulia for a cash consideration of RM7.00 million.</i> <i>The Disposal of PT Eramas was undertaken due to the differences in view in terms of PT Eramas' strategic direction and future plans. Particularly, PT Pulaumas Moromulia planned to diversify the business operations of PT Eramas to include the production and sale of non-food and beverage products such as coconut-based activated carbon for industrial use. The said diversification is not aligned with Eramas Global Group's strategic focus on food and beverage industry.</i> <i>In addition, such diversification would require additional capital injections into the new product segment of PT Eramas. Other than additional capital injections, the diversification of PT Eramas' business operations to include the production and sale of non-food and beverage products would require additional time commitment and efforts from the directors and management of Eramas Global Group. The new products segment is outside their expertise and experience in the food and beverage industry. These would detract their time and attention from focusing on the Eramas Group's core business in the food and beverage industry. Further details are set out in Section 2.1(v), Appendix III(A) of the Circular.</i> <i>In view of the above, Eramas Global Group had then decided to divest its investment in PT Eramas and to focus on its business operations in Malaysia.</i>	

	Salient terms	BDOCC's comments
	Notwithstanding that PT Eramas subsequently ceased to be an associate of Eramas Global Group as a result of the Disposal of PT Eramas (which was deemed completed on 29 August 2025), Eramas Global Group will receive disposal consideration of RM7.00 million for the 35% equity interest in PT Eramas disposed of. Accordingly, the disposal consideration in respect of the Disposal of PT Eramas (RM7.00 million) will form part of the target asset to be acquired by SCGM pursuant to the Proposed Acquisition instead of Eramas Global Group's then 35% equity interest in PT Eramas. Pursuant to Clause 7(iii) in Appendix I of the Circular, the Vendors had notified SCGM of the Disposal of PT Eramas prior to the execution of the share sale agreement on 29 August 2025, which SCGM had acknowledged and accepted without any change to the terms of the SSA (including the Purchase Consideration) in view that the disposal consideration in respect of the Disposal of PT Eramas (RM7.00 million) which will be attributable to the Shareholders after the completion of the Proposed Acquisition is higher than and represents a premium against:- (i) the purchase consideration to be paid by SCGM to the Vendors attributable to Eramas Global Group's then 35% equity interest in PT Eramas (RM5.44 million) by 28.68%; and (ii) Eramas Global Group's 35% share of the audited NA attributable to the shareholders of PT Eramas as at 31 December 2024 (RM5.43 million) by 28.91%. Notwithstanding the abovementioned premium represented by the disposal consideration in respect of the Disposal of PT Eramas, the Vendors have agreed that there will be no variation to the Purchase Consideration. This is premised upon the following:- (i) the Vendors had already agreed to dispose of Eramas Global Group (including the then 35% equity interest in PT Eramas) to SCGM pursuant to the SSA prior to the Disposal of PT Eramas; and (ii) the disposal consideration of RM7.00 million arose from the disposal of PT Eramas, being part of the target asset which was already agreed to be acquired by SCGM pursuant to the Proposed Acquisition. In consideration of SCGM having agreed to enter into the SSA, each of the Vendors jointly and severally, irrevocably and unconditionally guarantees to SCGM that the Eramas Group shall achieve the Guaranteed Net Profit pursuant to the terms and conditions in the SSA.	

	Salient terms	BDOCC's comments
3.	Profit Guarantee (a) Each of the Vendors jointly and severally, irrevocably and unconditionally guarantees to SCGM that the Eramas Group shall achieve consolidated PAT of RM18.00 million based on the Eramas Group's audited financial statements prepared in accordance with the MFRS and IFRS Accounting Standards ("Audited Accounts") for FYE 2025. (b) The Vendors undertake to procure that the Audited Accounts shall be prepared in accordance with generally accepted accounting practice, standards and principles adopted by the Eramas Group in respect of FYE 2025 together with any notes, reports or statements included therein or annexed thereto and audited by SCGM's appointed auditors, a copy of which shall be delivered to SCGM for review not later than 4 months following the end of FYE 2025. <u>Note:</u> Based on the audited consolidated financial statements of Eramas Global Group for FYE 2025 and after relevant adjustments in accordance with the SSA, the Eramas Group has achieved the Guaranteed Net Profit and the Vendors' obligations in respect of the Profit Guarantee pursuant to the SSA have been fulfilled. Accordingly, the Vendors are not required to provide any security to be held by the Trustee in respect of the Guaranteed Net Profit.	We noted that, based on the audited consolidated financial statements of Eramas Group for FYE 2025, the Guaranteed Net Profit of RM18.0 million for FYE 2025 has been achieved. Accordingly, the Vendors' obligations in respect of the Profit Guarantee pursuant to the SSA have been fulfilled and no security is required to be provided by the Vendors under the SSA. 
4.	Issue Price (a) The issue price of the Consideration Shares is a fixed issue price of RM0.365 per Consideration Share after adjusting for the Proposed Special Dividend and subject to such adjustment in accordance with Clause 4(b) below. (b) In the event of declaration or payment of any dividend or distribution by SCGM to the Shareholders whereby the entitlement date for such dividend or distribution is after the date of the SSA and prior to the Completion Date, the issue price of the Consideration Shares shall be adjusted and reduced by the amount of dividend or distribution declared or paid by SCGM on a per ordinary share basis. (c) Except pursuant to Clause 4(b) above and unless otherwise agreed in writing between the parties to the SSA, there shall be no change to the issue price of the Consideration Shares prior to the completion of the SSA.	The issue price of the Consideration Shares is justifiable. Please refer to Section 9.4 of this IAL for our evaluation of the issue price of the Consideration Shares.

	Salient terms	BDOCC's comments
5.	Conditions Precedent (a) The obligations of the parties to the SSA are subject to and conditional upon the following being obtained / fulfilled / waived by the Cut-Off Date: i. SCGM being satisfied at its absolute discretion with the results of the due diligence of the financial, legal, business and other affairs of the Eramas Group; ii. SCGM having obtained the approval from the SC for the Proposed Regularisation Plan, including the Bumiputera equity requirement for public listed companies; iii. SCGM having obtained the clearance from the MITI in relation to the Bumiputera equity requirement for public listed companies; iv. SCGM having obtained the approval of its Shareholders at an EGM to be convened for the Proposed Regularisation Plan; v. SCGM having obtained the approval of Bursa Securities for the listing and quotation of the Consideration Shares on the Main Market of Bursa Securities; vi. the Vendors and PACs having obtained the approval from the SC for the Exemption Application (if required); vii. the Vendors having obtained the approval or consent of the financiers/creditors of Eramas Group for, <i>inter alia</i>, the sale and transfer of the Sale Shares in favour of SCGM, upon the terms and subject to the conditions of the SSA, where required; viii. the Vendors having obtained the approval or consent of any other party which has entered into any subsisting arrangement, contract or undertaking or guarantee with or involving Eramas Group, where required, in each case to the extent that at the Completion Date the same to be completed or performed or remain in force; and ix. any other approvals, waivers or consents of any authorities or parties as may be required by law or regulation or deemed necessary by the parties.	As at the LPD, we noted that all approvals, clearance or consents required under the SSA have been obtained, save for the approval of SCGM's shareholders at the EGM for the Proposed Regularisation Plan and the approval of the SC for the Proposed Exemption. The due diligence review on the Eramas Group has been updated to the LPD and, subject to there being no material adverse developments thereafter, shall be deemed fulfilled upon SCGM issuing a confirmation that it is satisfied with the due diligence findings, thereby fulfilling the relevant condition precedent. 

	Salient terms	BDOCC's comments
	(b) If – i. at any time prior to the expiry of the Cut-Off Date, any of the conditions precedent shall have been refused and appeal or appeals to the relevant authorities or persons against such refusal have not been successful; or ii. on the expiry of the Cut-Off Date, any of the conditions precedent have not been obtained or fulfilled; or iii. at any time prior to the expiry of the Cut-Off Date, any of the conditions precedent shall have been granted subject to the terms and conditions which are not acceptable to the affected party being terms and conditions which affect the affected party, and further representations to the relevant authorities or persons to vary such terms and conditions have not been successful, and the affected party is not willing to accept such terms and conditions then imposed by the relevant authorities or persons, then either party shall be entitled to terminate the SSA by giving a notice of termination to that effect to the other party, whereupon the parties shall not have any further rights under the SSA except in respect of any obligations under the SSA which are expressed to apply after the termination of the SSA, and any rights and obligations which have accrued in respect of any breach of any of the provisions of the SSA to either party prior to such termination. (c) The SSA shall become unconditional on the day upon which the conditions precedent have been fulfilled as confirmed in writing by both parties in accordance with the provisions of the SSA.	This term is acceptable and serves to protect the interest of the parties as it allows either party to terminate the SSA in the event of the occurrence of item (b) (i) to (iii). 
6.	Completion (a) The date on which SCGM is entered into the Register of Members of Eramas Global Group as the holder of the Sale Shares shall be the Completion Date. (b) On or in any event within 3 Business Days after the Completion Date, SCGM shall cause the Consideration Shares to be issued to the Vendors.	This term is acceptable as it establishes the procedures and documents that are required to be delivered by both parties to complete the SSA.

	Salient terms	BDOCC's comments
7.	Termination (a) The SSA will continue and remain in full force and effect unless terminated pursuant to the provisions of the SSA. (b) The Vendors may, at any time prior to the completion of the SSA, elect to terminate the SSA by giving the notice of termination to SCGM in the event that SCGM fails, neglects or refuses to perform or comply with any of its obligations, undertakings and covenants on its part in the SSA or breaches any term whatsoever under the SSA. (c) SCGM may, at any time prior to the completion of the SSA, elect to terminate the SSA by giving the notice of termination to the Vendors, in the event that:- i. the Vendors fail, neglect or refuse to perform or comply with any of their obligations, undertakings and covenants on their part in the SSA or breach any term whatsoever under the SSA; or ii. any warranty and representation of the Vendors is or becomes false, misleading or incorrect when made or regarded as made under the SSA. (d) SCGM or the Vendors may, at any time prior to the completion of the SSA, elect to terminate the SSA by giving the notice of termination to the other party of the SSA if:- i. SCGM or the Vendors has become, or is adjudicated or found to be, bankrupt or insolvent or suspends payment of its debts or is (or is deemed to be) unable to or admits inability to pay its debts as they fall due or proposes or enters into any composition or other arrangement for the benefit of its creditors generally or winding-up proceedings or any other proceedings are commenced in relation to that party under any law, regulation or procedure relating to winding up or reconstruction or adjustment of debts; or ii. an administrator or receiver or receiver and manager is appointed over, or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of SCGM or the Vendors. (e) In the event of the notice of termination being duly given under Clause 7(b), 7(c) or 7(d) above, without prejudice to any rights or remedies whatsoever available to a non-defaulting party under the	These terms are acceptable as they serve to protect the interest of both parties as either party is entitled to terminate the SSA in the event of default by either party of the SSA or a breach on any of the provisions of the SSA. These are also common terms of termination normally incorporated in an agreement for transactions similar to the Proposed Acquisition. 

	Salient terms	BDOCC's comments
	SSA or in law, thereupon the SSA will have no further effect and the parties to the SSA will not be liable to each other except:- i. under the confidentiality clause, termination clause and costs and expenses clause as stated in the SSA; ii. any obligation under the SSA which is expressed to apply after the termination of the SSA; and iii. in respect of any antecedent breach of the SSA occurring before termination. (f) Notwithstanding the provisions above, SCGM or the Vendors are at liberty to take such action in law as may be necessary to compel the other party, by way of specific performance, to complete the sale and purchase of the Sale Shares in accordance with the provisions of the SSA (in which respect the alternative remedy of monetary compensation will not be regarded as compensation or sufficient compensation for any default of the defaulting party in the performance of the terms and conditions of the SSA) and to recover damages for the defaulting party's breach of the SSA.	

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11. EFFECTS OF THE PROPOSED REGULARISATION PLAN

We take cognisance of the effects of the Proposed Regularisation Plan as outlined in **Section 9, Part A** of the Circular.

11.1 Issued Share Capital

As set out in **Section 9.1, Part A** of the Circular, the Proposed Special Dividend, Proposed Offer for Sale and Proposed Exemption will not have any effect on the issued share capital of SCGM Group. The pro forma effects of the Proposed Acquisition on the issued share capital of SCGM Group are as follows:

	No. of Shares (‘000)	Share capital (RM’000)	No. of treasury shares (‘000)	Treasury shares (RM’000)
As at the LPD	193,600	63,118	1,039	2,310
Pursuant to the Proposed Acquisition	569,699	232,917	-	(2,310)
After the Proposed Regularisation Plan	763,299	296,035⁽¹⁾	1,039	-

Note:

- (1) *The Proposed Acquisition constitutes a reverse acquisition whereby the acquirer and acquiree of the transaction for accounting purposes should be Eramas Global Group and SCGM respectively. According to MFRS 10 Consolidated Financial Statements, SCGM (as the legal parent of Eramas Global Group) has to prepare consolidated financial statements. The amount recognised as share capital in the consolidated financial statements will be based on aggregate of the share capital of Eramas Global Group and deemed purchase consideration for the reverse acquisition of SCGM as follows:-*

	Amount (RM’000)
Share capital of Eramas Global Group	225,750
Deemed purchase consideration*	70,285
Share capital after the Proposed Acquisition	296,035

- * *Deemed purchase consideration is determined by fair valuing the number of ordinary shares of Eramas Global Group would have had to issue to give the owners of SCGM the same percentage equity interest in the combined entity that results from the reverse acquisition.*

Our comments:

We noted that SCGM’s issued share capital is expected to increase from RM63.12 million to RM296.04 million after the Proposed Regularisation Plan.

11.2 Shareholdings of the Vendors, PACs and other substantial Shareholders as well as public shareholding spread

As set out in **Section 9.2, Part A** of the Circular, the Proposed Special Dividend and Proposed Exemption will not have any effect on the shareholdings of the Vendors, PACs and other substantial Shareholders as well as public shareholding spread in SCGM.

The pro forma effects of the Proposed Acquisition and Proposed Offer for Sale on the shareholdings of the Vendors, PACs and other substantial Shareholders as well as public shareholding spread in SCGM, based on the Maximum Shareholding Scenario and Minimum Shareholding Scenario as explained below, are as follows:

Scenarios	Assumptions
Pro forma (A): Maximum Shareholding Scenario	: Illustration of the maximum collective shareholdings of the Vendors and PACs in SCGM after the Proposed Regularisation Plan based on the assumption that:- (i) all existing non-public Shareholders (other than the Vendors and PACs) dispose their Shares to public Shareholders prior to the completion of the Proposed Regularisation Plan; and (ii) 45,280,877 existing Shares held by the Vendors (but none of the Consideration Shares) are subscribed by public Shareholders under the Proposed Offer for Sale and as a result, SCGM would attain a public shareholding spread of 25% upon completion of the Proposed Regularisation Plan, comprising the Shares held by all the Shareholders (other than the Vendors and PACs).
Pro forma (B): Minimum Shareholding Scenario	: Illustration of the minimum collective shareholdings of the Vendors and PACs in SCGM after the Proposed Regularisation Plan based on the assumption that:- (i) all existing non-public Shareholders (other than the Vendors) continue to hold their existing Shares after the completion of the Proposed Regularisation Plan; and (ii) all 95,300,000 Offer Shares (including 48,185,000 Consideration Shares) are fully subscribed under the Proposed Offer for Sale and as a result, SCGM would attain a public shareholding spread of 28.65% upon completion of the Proposed Regularisation Plan.

	As at 3 June 2026				After the Proposed Acquisition			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<u>Vendors</u>								
Chin Kok Tian	15,500,000	8.05	15,552,000	8.08 ⁽¹⁾	245,099,198	32.15	222,603,692	29.20 ⁽¹⁾
Yan Hua Lan	15,500,000	8.05	15,552,000	8.08 ⁽²⁾	222,551,692	29.20	245,151,198	32.16 ⁽²⁾
Tan Ah Tek	15,500,000	8.05	-	-	105,554,241	13.85	-	-
Gan Chuan Lee	615,000	0.32	110,000	0.06 ⁽³⁾	28,096,910	3.68	110,000	0.01 ⁽³⁾
Tey Chee Shin	-	-	-	-	8,995,642	1.18	-	-
Tan Tai Chong	-	-	-	-	6,006,173	0.79	-	-
Lau Sie Khian	-	-	-	-	509,774	0.07	-	-
<u>PACs</u>								
Chin Kai Ying	52,000	0.02	-	-	52,000	0.01	-	-
Tan Lee Eng	110,000	0.06	615,000	0.32 ⁽⁴⁾	110,000	0.01	28,096,910	3.68 ⁽⁴⁾
Vendors and PACs	47,277,000	24.55			616,975,630	80.94		
<u>Other substantial Shareholders as at 3 June 2026</u>								
Dato' Sri Lee Hock Seng	10,004,453	5.20	11,452,414	5.95 ⁽⁵⁾	10,004,453	1.31	11,452,414	1.50 ⁽⁵⁾
Lee Lih Chyong	111,800	0.06	10,315,452	5.36 ⁽⁶⁾	111,800	0.01	10,315,452	1.35 ⁽⁶⁾
Total Shares (excluding treasury shares)	192,561,041				762,259,671			

	After the Proposed Acquisition and Proposed Offer for Sale							
	Pro forma (A): Maximum Shareholding Scenario				Pro forma (B): Minimum Shareholding Scenario			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<u>Vendors</u>								
Chin Kok Tian	230,208,759	30.20	207,713,254	27.25 ⁽¹⁾	206,909,316	27.15	188,185,588	24.69 ⁽¹⁾
Yan Hua Lan	207,661,254	27.25	230,260,759	30.21 ⁽²⁾	188,133,588	24.68	206,961,316	27.15 ⁽²⁾
Tan Ah Tek	90,054,241	11.81	-	-	90,054,241	11.81	-	-
Gan Chuan Lee	28,096,910	3.68	110,000	0.01 ⁽³⁾	23,499,697	3.08	110,000	0.01 ⁽³⁾
Tey Chee Shin	8,995,642	1.18	-	-	7,490,838	0.98	-	-
Tan Tai Chong	6,006,173	0.79	-	-	5,001,452	0.66	-	-
Lau Sie Khian	509,774	0.07	-	-	424,498	0.06	-	-
<u>PACs</u>								
Chin Kai Ying	52,000	0.01	-	-	52,000	0.01	-	-
Tan Lee Eng	110,000	0.01	28,096,910	3.68 ⁽⁴⁾	110,000	0.01	23,499,697	3.08 ⁽⁴⁾
Vendors and PACs	571,694,753	75.00			521,675,630	68.44		
<u>Other substantial Shareholders as at 3 June 2026</u>								
Dato' Sri Lee Hock Seng	-	-	-	-	10,004,453	1.31	11,452,414	1.50 ⁽⁵⁾
Lee Lih Chyong	-	-	-	-	111,800	0.01	10,315,452	1.35 ⁽⁶⁾
Total Shares (excluding treasury shares)	762,259,671				762,259,671			

Notes:

- (1) Represents the shareholdings in SCGM held by his spouse, Yan Hua Lan and his son, Chin Kai Ying.
- (2) Represents the shareholdings in SCGM held by her spouse, Chin Kok Tian and her son, Chin Kai Ying.
- (3) Represents the shareholdings in SCGM held by his spouse, Tan Lee Eng.
- (4) Represents the shareholdings in SCGM held by her spouse, Gan Chuan Lee.
- (5) Represents the shareholdings in SCGM held by his siblings, namely Dato' Sri Lee Hock Chai, Dato' Sri Lee Hock Guan, Lee Hock Lai, Lee Boi Choo and Lee Sooi Choo and his children, namely Lee Li Ching, Lee Lih Chyong and Lee Wee Teck.
- (6) Represents the shareholdings in SCGM held by her father, Dato' Sri Lee Hock Seng, her spouse, Tai Chin Lian and her siblings, namely Lee Li Ching and Lee Wee Teck.

The pro forma effects of the Proposed Acquisition and Proposed Offer for Sale on the public shareholding spread of SCGM are as follows:

	As at 3 June 2026 (%) ⁽¹⁾	After the Proposed Acquisition (%) ⁽²⁾	After the Proposed Acquisition and Proposed Offer for Sale	
			Pro forma (A): Maximum Shareholding Scenario (%) ⁽²⁾	Pro forma (B): Minimum Shareholding Scenario (%) ⁽²⁾
Share capital	100.00	100.00	100.00	100.00
Less:-				
Vendors and PACs	24.17 ⁽³⁾	80.94	75.00	68.44
Directors and/or substantial Shareholders				
Dato' Sri Lee Hock Seng	5.20	1.31	-	1.31
Dato' Sri Lee Hock Chai ⁽⁴⁾	0.86	-	-	-
Lee Lih Chyong ⁽⁵⁾	0.06	-	-	-
Associates of Directors and/or substantial Shareholders				
Dato' Sri Lee Hock Guan	4.65	1.17	-	1.17
Dato' Sri Lee Hock Chai ⁽⁴⁾	-	0.22	-	0.22
Lee Sooi Choo	0.18	0.05	-	0.05
Lew Han Yean	0.15	0.04	-	0.04
Lee Boi Choo	0.11	0.03	-	0.03
Cheaw Poh Chooi	0.11	0.03	-	0.03
Tai Chin Lian	0.10	0.03	-	0.03
Lee Lih Chyong ⁽⁵⁾	-	0.01	-	0.01
Lee Li Ching	0.05	0.01	-	0.01
Lee Hock Lai	0.03	0.01	-	0.01
Lee Wee Teck	0.01	*(6)	-	*(6)
Ho Ek Che	0.01	*(6)	-	*(6)
Shareholders holding less than 100 Shares	*(7)	*(6)	-	*(6)
Total non-public Shareholders	35.69	83.85	75.00	71.35
Public shareholding spread	64.31	16.15	25.00	28.65

Notes:

- (1) Based on 192,561,041 Shares (after excluding 1,038,600 treasury shares) in issue as at 3 June 2026.
- (2) Based on 762,259,671 Shares (after excluding 1,038,600 treasury shares) in issue after the Proposed Acquisition.
- (3) Excludes the shareholdings in SCGM held by Gan Chuan Lee (0.32%) and his spouse, Tan Lee Eng (0.06%) as they are public Shareholders as at 3 June 2026.
- (4) Dato' Sri Lee Hock Chai is the Managing Director of SCGM as at 3 June 2026. He will resign from his position upon completion of the Proposed Regularisation Plan. Nonetheless, he will remain as a non-public Shareholder after the Proposed Regularisation Plan by virtue of him being an associate of a Director, Dato' Sri Lee Hock Seng.
- (5) Lee Lih Chyong is the Alternate Director to Dato' Sri Lee Hock Seng as at 3 June 2026. She will resign from her position upon completion of the Proposed Regularisation Plan. Nonetheless, she will remain as a non-public Shareholder after the Proposed Regularisation Plan by virtue of her being an associate of a Director, Dato' Sri Lee Hock Seng.
- (6) * indicates percentage less than 0.01%.

Our comments:

Under the Maximum Shareholding Scenario, the collective shareholdings of the Vendors and PACs in SCGM will increase from 24.55% (as at 3 June 2026) to 80.94% (upon completion of the Proposed Acquisition) and thereafter decrease to 75.00% (upon completion of the Proposed Offer for Sale). Under the Minimum Shareholding Scenario, the collective shareholdings of the Vendors and PACs in SCGM will increase from 24.55% (as at 3 June 2026) to 80.94% (upon completion of the Proposed Acquisition) and thereafter decrease to 68.44% (upon completion of the Proposed Offer for Sale).

Accordingly, under the Maximum Shareholding Scenario, the non-interested Shareholders' shareholdings in SCGM will decrease from 75.45% (as at 3 June 2026) to 19.06% (upon completion of the Proposed Acquisition) and thereafter increase to 25.00% (upon completion of the Proposed Offer for Sale). Under the Minimum Shareholding Scenario, the non-interested Shareholders' shareholdings in SCGM will decrease from 75.45% (as at 3 June 2026) to 19.06% (upon completion of the Proposed Acquisition) and thereafter increase to 31.56% (upon completion of the Proposed Offer for Sale).

We further noted that other substantial Shareholders (i.e. Dato' Sri Lee Hock Seng and Lee Lih Chyong) will cease to be substantial Shareholders upon the completion of the Proposed Acquisition.

In addition, under the Maximum Shareholding Scenario, the public shareholding spread will decrease from 64.31% (as at 3 June 2026) to 16.15% (upon completion of the Proposed Acquisition) and thereafter increase to 25.00% (upon completion of the Proposed Offer for Sale). Under the Minimum Shareholding Scenario, the public shareholding spread will decrease from 64.31% (as at 3 June 2026) to 16.15% (upon completion of the Proposed Acquisition) and thereafter increase to 28.65% (upon completion of the Proposed Offer for Sale). Accordingly, upon completion of the Proposed Offer for Sale, the public shareholding spread of SCGM would still be in compliance with paragraph 8.02(1) of the Listing Requirements.

Further, we noted that in the event that there is a low subscription rate for the Offer Shares under the Proposed Offer for Sale, SCGM may not be able to comply with the public shareholding spread requirement pursuant to paragraph 3.06 of the Listing Requirements. Such event may cause a delay in or cancellation of the listing of the Consideration Shares (including the Offer Shares) on the Main Market of Bursa Securities. In the event that the Proposed Acquisition and Proposed Offer for Sale are not capable of being completed, the Proposed Regularisation Plan will not be completed. Consequently, the SCGM Shares may be suspended from trading on the Main Market of Bursa Securities and de-listed if SCGM is not able to regularise its condition as a Cash Company in accordance with paragraph 8.03(5) of the Listing Requirements to maintain listing status on the Main Market of Bursa Securities.

11.3 NA and Gearing

As set out in **Section 9.3, Part A** of the Circular, the Proposed Offer for Sale and Proposed Exemption will not have any effect on the NA and gearing of SCGM Group.

Based on the audited consolidated financial statements of SCGM for FYE 2025 and assuming that the Proposed Special Dividend and Proposed Acquisition had been effected on 31 December 2025, the pro forma effects of the Proposed Special Dividend and Proposed Acquisition on the NA and gearing of SCGM Group are as follows:-

	Audited as at 31 December 2025 (RM'000)	Pro forma (I) After the Proposed Special Dividend (RM'000)	Pro forma (II) After Pro forma (I) and the Proposed Acquisition ⁽¹⁾ (RM'000)
Share capital	63,118	63,118	296,035 ⁽²⁾
Treasury shares	(2,310)	(2,310)	-
Reserve	-	-	(184,470) ⁽³⁾
Retained earnings	54,926	6,786	56,758 ⁽⁴⁾
Shareholders' funds/NA	115,734	67,594	168,323
No. of Shares in issue ('000) (excluding treasury shares) ('000)	192,561	192,561	762,260
NA per Share (RM)	0.60	0.35	0.22
Total borrowings and lease liabilities (RM)	-	-	13,762 ⁽⁵⁾
Gearing ratio (times) ⁽⁶⁾	-	-	0.08

Notes:

(1) *The Proposed Acquisition constitutes a reverse acquisition whereby the acquirer and acquiree of the transaction for accounting purposes should be Eramas Global Group and SCGM respectively. According to MFRS 10 Consolidated Financial Statements, SCGM (as the legal parent of Eramas Global Group) has to prepare consolidated financial statements. Under the guidance in MFRS 3 on reverse acquisition, the consolidated financial statements of SCGM (as the legal parent) are presented as a continuation of the financial statements of Eramas Global Group (as the legal subsidiary).*

(2) *The share capital is derived as follows:-*

	Amount (RM'000)
Share capital of Eramas Global Group	225,750
Deemed purchase consideration*	70,285
Share capital after the Proposed Acquisition	296,035

* *Deemed purchase consideration is determined by fair valuing the number of ordinary shares of Eramas Global Group would have had to issue to give the owners of SCGM the same percentage equity interest in the combined entity that results from the reverse acquisition.*

(3) *The negative reserve of RM184.47 million represents the merger deficit of Eramas Global Group arising from acquisition of its subsidiaries as part of the Internal Restructuring of Eramas Group.*

(4) *The retained earnings of RM56.76 million represents the retained earnings of Eramas Group due to the reverse acquisition accounting as disclosed in Note (1) above and after taking into consideration share-based payment expenses resulting from the reverse acquisition of RM2.69 million (assuming that the Proposed Special Dividend and Proposed Acquisition had been effected on 31 December 2025) and remaining estimated expenses for the Proposed Regularisation Plan of RM1.98 million which have not been recognised as expenses.*

(5) *The total borrowings and lease liabilities of RM13.76 million are the Eramas Group's total borrowings and lease liabilities as at 31 December 2025.*

(6) *Gearing ratio is computed based on total borrowings and lease liabilities over Shareholders' funds/NA.*

Our comments:

The Proposed Special Dividend is expected to lower SCGM Group's NA from RM115.73 million to RM67.59 million due to the cash distribution of approximately RM 48.14 million pursuant to the Proposed Special Dividend. The Proposed Acquisition is expected to improve SCGM Group's NA from RM67.59 million to RM168.32 million mainly due to increase in share capital and retained earnings from Eramas Global Group.

Upon completion of the Proposed Special Dividend, the NA per share of the SCGM Group will be diluted from RM0.60 to RM0.35 and further diluted to RM0.22 upon completion of the Proposed Regularisation Plan as a result of an increase in the number of SCGM Shares in issue arising from issuance of the Consideration Shares. The Proposed Acquisition will increase the gearing ratio from nil to 0.08 times.

11.4 Earning and EPS

As set out in **Section 9.4, Part A** of the Circular, the Proposed Special Dividend, Proposed Offer for Sale and Proposed Exemption will not have any effect on the earnings and EPS of SCGM.

Based on the audited consolidated financial statements of SCGM for FYE 2025 and assuming that the Proposed Acquisition had been effected on 1 January 2025, the pro forma effects of the Proposed Acquisition on the earnings and EPS of SCGM are as follows:-

	Audited for the FYE 2025	After the Proposed Acquisition
Profit after taxation attributable to the owners of SCGM Group (RM'000) ⁽¹⁾	527	13,913 ⁽¹⁾
Weighted average number of Shares in issue (excluding treasury shares) ('000)	192,561	762,260
Basic/Diluted EPS ⁽²⁾ (sen)	0.27	1.83
Adjusted PAT attributable to the owners of SCGM Group (RM'000)	1,786 ⁽³⁾	20,366 ⁽⁴⁾
Weighted average number of Shares in issue (excluding treasury shares) ('000)	192,561	762,260
Adjusted basic/diluted EPS ⁽⁵⁾ (sen)	0.93	2.67

Notes:

(1) Represents the following:-

	Amount (RM'000)
Audited PAT of the SCGM Group for FYE 2025	527
Add: Audited PAT of the Eramas Group for FYE 2025	18,580
	19,107
Less: Share-based payment expenses resulting from the reverse acquisition assuming that the Proposed Special Dividend and Proposed Acquisition had been effected on 1 January 2025	(3,217)
Less: Remaining estimated expenses for the Proposed Regularisation Plan which have not been recognised as expenses	(1,977)
	13,913

(2) Basic EPS is computed based on PAT attributable to owners of the Company over weighted average number of Shares in issue (excluding treasury shares). The diluted EPS equals to basic EPS as there were no potential dilutive ordinary shares as at the end of FYE 2025.

(3) Represents the following:-

	Amount (RM'000)
Audited PAT of the SCGM Group for FYE 2025	527
Add: Expenses incurred for the Proposed Regularisation Plan	1,259
	1,786

(4) Represents the following:-

	Amount (RM'000)
Adjusted PAT of the SCGM Group for FYE 2025	1,786
Add: Audited PAT of the Eramas Group for FYE 2025	18,580
	20,366

Share-based payment expenses and remaining estimated expenses for the Proposed Regularisation Plan are non-recurring expenses and hence, have not been deducted for the purposes of computation of adjusted basic/diluted EPS.

(5) Adjusted basic EPS is computed based on adjusted PAT attributable to owners of the Company over weighted average number of Shares in issue (excluding treasury shares). The adjusted diluted EPS equals to adjusted basic EPS as there were no potential dilutive ordinary shares as at the end of FYE 2025.

Our comments:

The Proposed Acquisition is expected to be earnings accretive as the Eramas Group is currently profitable and income-generating as evident in the track record period from FYEs 2019 until 2025 as set out in **Section 8.2** of this IAL. This in turn will contribute positively to the long-term future earnings potential and EPS of the Enlarged SCGM Group.

We noted that the pro forma basic EPS of the Enlarged SCGM Group is expected to increase from 0.27 sen to 1.83 sen after the Proposed Acquisition, notwithstanding the increase in the number of SCGM Shares in issue arising from issuance of 569.70 million Consideration Shares and after taking into consideration the one-off expenses incurred for the Proposed Regularisation Plan. However, if the one-off expenses incurred for the Proposed Regularisation Plan are adjusted, the pro forma adjusted basic EPS would be 0.93 sen and would increase to 2.67 sen after the Proposed Acquisition.

Based on our overall assessment of Section 11.1 to Section 11.4 of this IAL, notwithstanding that the Proposed Regularisation Plan will result in a dilutive impact on the NA per SCGM Share, the Proposed Regularisation Plan is expected to improve the pro forma NA of the SCGM Group and contribute positively to the future earnings and EPS of SCGM Group. As such, we are of the view that the overall effects of the Proposed Regularisation Plan are acceptable and not detrimental to the non-interested Shareholders.

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12. ECONOMY OUTLOOK, INDUSTRY OVERVIEW AND PROSPECT AND FUTURE PLANS OF ERAMAS GROUP

We take cognisance of the overview and prospects of the Malaysian economy, the palm oil products, coconut products and dairy product industries in Malaysia as set out in **Appendix V** of the Circular, as well as the prospects and future plans of Eramas Group as set out in **Section 3, Appendix III(B)** of the Circular.

12.1 Overview and Outlook of the Malaysian Economy

The Malaysian economy expanded by 5.4% in the first quarter of 2026 (4Q 2025: 6.3%), driven mainly by domestic demand. Household spending remained supported by positive labour market conditions, with the unemployment rate staying low, alongside targeted policy measures. Investment growth was underpinned by continued implementation of multi-year projects by both the private and public sectors, a high realisation rate of approved investments, and the ongoing rollout of national master plans. On the external front, export growth remained strong, driven mainly by continued expansion in electrical and electronics (“**E&E**”) exports. Meanwhile, gross import growth moderated amid slower growth in capital, intermediate and consumer goods imports.

On the supply side, growth in services sector moderated, reflecting a moderation in motor vehicle sales following the front-loading of purchases in the fourth-quarter ahead of the expiration of import duty waivers for electric vehicles. Meanwhile, manufacturing sector performance remained supported by stronger E&E performance, in line with continued demand for artificial intelligence and data centre-related components. Growth in the agriculture sector was lower amid normalisation in palm oil production following high output previously and ongoing replanting activities. The mining and quarrying sector contracted, mainly due to weaker oil and gas production. In addition, growth in the construction sector normalised from a double-digit growth amid a moderation in residential construction and civil engineering activities. On a quarter-on-quarter, seasonally-adjusted basis, the economy contracted by -0.01% (4Q 2025: 1.4%) given last quarter’s very strong performance.

Headline inflation increased to 1.6% (4Q 2025: 1.3%) while core inflation moderated to 2.1% (4Q 2025: 2.3%). The higher headline inflation reflected some initial cost pass-through of higher global cost pressures, partly due to the conflict in the Middle East. Electricity charges and fuel prices, mainly RON97 and diesel, increased during the quarter, which led to slower declines in electricity (-6%; 4Q 2025: -10.3%) and fuel inflation (-1.5%; 4Q 2025: -1.9%). These increases were partly offset by lower core inflation, mainly reflecting softer inflation in food away from home (2.4%; 4Q 2025: 2.8%) and rental inflation (1.6%; 4Q 2025: 1.9%). Inflation pervasiveness, measured by the share of consumer price index items registering monthly price increases, continued to decline to 38.3% during the quarter (4Q 2025: 39.6%), trending well below the historical first-quarter average of 52.2%.

In the first quarter of 2026, the ringgit strengthened against currencies of Malaysia’s major trading partners, as reflected in the 1.4% nominal effective exchange rate (“**NEER**”) appreciation. The ringgit also appreciated by 0.5% against the US dollar during the quarter, despite the dollar strengthening following the onset of the Middle East conflict amid risk-off sentiment.

The ringgit’s appreciation was supported by Malaysia’s strong domestic fundamentals and growth momentum, alongside continued non-resident inflows into domestic markets. Notwithstanding some volatility following the Middle East conflict and reduced expectations for US Federal Reserve policy rate cuts, the ringgit has performed well on a year-to-date basis, appreciating by 3.3% against the US dollar and 2.9% on a NEER basis as of 13 May 2026.

Looking ahead, while external factors will continue to drive exchange rate movements, Malaysia’s firm economic prospects and sustained reform momentum are expected to provide enduring support to the ringgit. Bank Negara Malaysia (“**BNM**”) will closely monitor global developments and remains committed to ensuring the orderly functioning of the domestic foreign exchange market.

The financial sector continues to support the financing needs of the economy. Credit growth to the private non-financial sector increased to 5.6% in the first quarter of 2026 (4Q 2025: 5.3%) following higher growth in outstanding loans (5.6%; 4Q 2026: 4.9%), particularly among businesses. Business loans expanded by 5.8% (4Q 2025: 3.9%) due mainly to higher loan growth among non-small medium enterprises (“**SMEs**”), while SMEs loan growth was broadly sustained at 6% (4Q 2025: 5.9%). For households, loan growth remained stable at 5.4% (4Q 2025: 5.5%), with steady loan growth across most purposes. Meanwhile, growth in outstanding corporate bonds moderated to 5.8% (4Q 2025: 6.9%) amid lower issuances in the quarter.

While growth in 2026 will be affected by external headwinds, Malaysia faces these challenges from a position of strength BNM Governor Dato’ Sri Abdul Rasheed Ghaffour says, ‘As a small and open economy, Malaysia will inevitably face both direct and indirect impact from the ongoing geopolitical conflict in the Middle East. Higher energy prices, supply chain disruptions, and heightened uncertainty are expected to weigh on the external environment. Nevertheless, the Malaysian economy is expected to remain resilient in 2026, with growth expected to come in within the range of 4% - 5%, supported by steady domestic demand and continued expansion in our export performance.

The resilient domestic demand will provide a strong buffer against external headwinds. Household spending will be underpinned by firm labour market conditions and continuous policy support. Investment activity will be driven by the continued progress of multi-year projects in both the private and public sectors, as well as the ongoing implementation of national master plans. Despite the external headwinds, export growth will continue to be supported by the global technology expansion, particularly for E&E goods, reflecting Malaysia’s role in global value chains.

Headline inflation is projected to average 1.5%–2.5% in 2026. Following the Middle East conflict, inflation is expected to edge higher due to elevated global energy and other key commodity prices, broadly in line with expectations. In the absence of excessive demand pressures, existing policy measures, including targeted fuel subsidies and other mitigation measures, are expected to help limit near-term spillovers to broader inflation. However, the extent and pace of pass-through to domestic prices from the ongoing conflict will also depend on firms’ pricing behaviour and demand conditions.

(Source: Economic and Financial Developments in Malaysia in the First Quarter of 2026, Bank Negara Malaysia, 15 May 2026)

The global economy is projected to expand moderately by 3% in 2025 before improving slightly to 3.1% in 2026, supported by resilient labour markets, gradual easing of inflationary pressures and accommodative monetary stance in major advanced economies. Growth in advanced economies is expected to stabilise, while emerging markets and developing economies, particularly in Asia, will continue to drive global output, underpinned by robust domestic demand and investment. Nevertheless, downside risks persist, due to heightened geopolitical tensions, volatility in commodity and energy prices, as well as the potential escalation of trade restrictions, which could weigh on global trade and supply chains. As Malaysia’s growth prospects are influenced by this complex global environment, navigating these headwinds are crucial while deepening regional integration and enhancing competitiveness.

In 2026, Malaysia’s economy is projected to expand between 4% and 4.5%, supported by resilient domestic demand and a steady external sector. Growth will be anchored by private consumption, boosted by the implementation of the salary adjustment under Phase 2 of the Public Service Remuneration System, continuation of targeted assistance programmes and robust tourism activities in conjunction with Visit Malaysia 2026. In addition, strong investment performance will be supported by higher capital expenditures, particularly in high-impact strategic sectors. The services and manufacturing will remain key drivers of growth, complemented by sustained construction and agriculture sectors.

(Source: Budget 2026, Economic Outlook 2026, Ministry of Finance Malaysia)

At the March 2026 and May 2026 Monetary Policy Committee (“MPC”) meetings, the MPC maintained the Overnight Policy Rate (“OPR”) at 2.75%.

(Source: Quarterly Bulletin 1Q 2026, BNM)

12.2 Overview and Outlook of the Palm Oil Products Industry

Overview and Outlook of the Global Palm Oil Products Industry

Palm oil is an edible vegetable oil produced from the fruits of oil palm trees. Palm oil represents the most produced edible oil in the world, followed by soybean oil, with rapeseed oil (canola oil) and sunflower oil holding a smaller market share. At present, Indonesia and Malaysia are the largest palm oil producing countries, and account for over 80% of global supply. In 2024, Indonesia produced around 48.2 million metric tons of palm oil, accounting for approximately 62.8% of total world supply. This was followed by Malaysia with production of 19.3 million metric tonnes with a share of 24.0%. Other major oil palm producers in 2024 include Thailand (3.5 million metric tons), Columbia (1.7 million metric tons), Nigeria (1.5 million metric tons), Guatemala (892,000 metric tons) and Brazil (760,000 metric tons). Indonesia’s and Malaysia’s palm oil production reached 51.66 million metric tons and 20.3 million metric tonnes in 2025 respectively.

The palm oil industry has substantial economic impacts across the globe, contributing to job creation, export earnings, as well as gross domestic product growth in producing countries. Palm oil is also used in diverse applications across a broad range of industries, including in the food industry. The most direct and well-known use of palm oil in the food industry is to manufacture cooking oil. The two types of palm cooking oil are red palm oil and refined bleached deodorised palm oil. Shortening (shortening is obtained when some unsaturated fat is removed from palm oil) is also used in bakery products to improve the weight, density, and texture of the products. Margarine made from palm oil is a non-dairy substitute for butter that is suitable for vegetarians. Other food products containing palm oil include chocolate, chips, cookies, cereals, ice cream and frozen pizza. Palm oil is also used in the personal care and cosmetics industry, in various industrial applications, and as feedstock for biofuel production.

The prices of palm oil fluctuate in accordance to demand and supply. CPO had been trending upwards since the latter half of 2020 due to supply chain disruptions and movement control across the globe resulting from COVID-19. The war between Russia and Ukraine further pushed up prices of CPO from fear of reduced supply of sunflower oil, which is another major edible oil. Prices of CPO moderated in the second half of 2022 to average RM5,116 per tonne for the year. CPO prices averaged at RM3,830 per tonne in 2023. CPO prices rose higher to an average of RM4,213 per tonne in 2024, driven primarily by stronger export demand, lower palm oil stocks, and Indonesia’s planned implementation of the B40 biofuel program in 2025. In 2025, CPO prices averaged RM4,308 per tonne.

The global palm oil industry was valued at USD72.34 billion in 2025 and is forecast to expand at a CAGR of 4.5% from USD74.87 billion in 2026 to USD86.25 billion in 2029. The rise in demand for palm oil is driven by the growing need for the commodity from the food and beverage industries, as well as from other industries including the personal care and cosmetic and pharmaceutical industries. The use of biofuel has also been trending in Southeast Asia.

(Source: IMR Report as outlined in **Appendix V** of the Circular, Protégé Associates)

Overview and Outlook of the Palm Oil Products Industry in Malaysia

The Malaysian oil palm industry registered a strong performance in 2025, underpinned by higher production, sustained price levels and resilient export earnings. CPO production reached a historic milestone of 20.28 million tonnes; the highest level recorded in a decade. With the exception of exports, all other key indicators registered growth during the period.

Oil palm planted area expanded modestly by 1.6% to 5.70 million hectares from 5.61 million hectares in 2024, mainly attributed to the expansion of immature palm areas following the implementation of replanting activities. The record-high CPO production represented a 4.9% increase from 19.34 million tonnes in 2024, supported by stronger yields and improved oil extraction rates. The improved labour situation in the oil palm plantation sector contributed to a 6.4% rise in fresh fruit bunch yield of oil palm estates to 17.77 tonnes per hectare as against 16.70 tonnes per hectare achieved in the preceding year. Meanwhile, the national oil extraction rates performance rose by a marginal of 0.4% to 19.74 percent vis-à-vis 19.67 percent in 2024 mainly due to a higher proportion of ripe/quality fresh fruit bunch processed by CPO producers.

On the other hand, Malaysia's palm oil exports reached 15.27 million tonnes in 2025, lower by 9.6% compared to 16.90 million tonnes recorded in 2024. India retained its position to be the Malaysia's largest export destination, maintaining its leading position for the twelfth consecutive year since 2014, importing 2.66 million tonnes or 17.4% of total Malaysian palm oil exports. Notably, Kenya emerged as the second-largest palm oil market, surpassing both the EU and China, with imports of 1.21 million tonnes (7.9%). Exports of palm oil to the EU stood at 1.03 million tonnes (6.8%), followed by China 0.90 million tonnes (5.9%), Türkiye 0.75 million tonnes (4.9%), the Philippines 0.72 million tonnes (4.7%) and Japan 0.59 million tonnes (3.9%). These seven (7) major combined markets accounted for 7.86 million tonnes or 51.5% of total Malaysian palm oil exports in 2025.

The average prices of oil palm products demonstrated an overall upward trend in 2025, supported primarily by firmer global soybean oil prices and positive market sentiment regarding Indonesia's planned implementation of B50 biodiesel mandate in 2026. The average CPO price rose by 2.7% to RM4,292.50 per tonne compared to RM4,179.50 per tonne in 2024. The average prices of palm kernel and crude palm kernel oil increased significantly by 29.4% and 33.9%, reaching RM3,424.50 per tonne and RM7,329.50 per tonne, respectively, driven by supply tightness and stronger lauric oil prices in the global market. The average fresh fruit bunch price at 1% oil extraction rates also increased by 5.4% to RM47.39 from RM44.98 in 2024, thus, improving the income levels of smallholders and estates. The firmer CPO price had resulted total export earnings rose by 2.8% to RM112.43 billion compared to RM109.39 billion attained in 2024.

Palm oil ending stocks reached 3.05 million tonnes, a significant 78.5% increase over the 1.71 million tonnes recorded in December 2024. This surge was driven by robust CPO production, which expanded by 4.9% (or 0.95 million tonnes), outpacing export that fell by 9.6% (or 1.63 million tonnes). Additionally, a sharp increase in imports by 3 folds (or 0.51 million tonnes) further contributing to the build-up in stocks.

(Source: Overview of the Malaysian Oil Palm Industry in 2025, MPOB)

Palm oil planted area in Malaysia stood at 5.70 million hectares in 2025, which was a slight increase from 5.61 million hectares recorded in 2024. In particular, the palm oil planted area in Peninsular Malaysia stood at 2.54 million hectares in 2025, with Sabah and Sarawak accounting for the remaining 1.50 million hectares and 1.66 million hectares respectively. Indonesia on the other hand recorded a total palm oil planted area of 16.0 million hectares in 2024, up from 15.9 million hectares in 2023.

The palm oil supply chain comprises three main sectors, namely the upstream, midstream, and downstream sectors. The upstream sector involves activities such as seed production, nursery management, cultivations, harvesting and milling, while the midstream sector revolves around refining and fractionation. The downstream sector on the other hand plays a vital role in transforming raw materials into a diverse range of products and encompasses the manufacture of oleochemicals, consumer products and biodiesel. The growth of the Malaysian palm oil downstream sector is driven by increasing global applications in food and non-food sectors, new product formulations, rising demand for organic and natural products as well as advancement in technology (where improved production efficiency and enhanced processing techniques serve to increase output and lower cost).

Malaysia experienced an increase in exports of oleochemicals, finished products and biodiesel from 2016 to 2019, driven by expanding applications and favourable prices. However, trade was impacted by the COVID-19 pandemic between 2020 and 2022 where production, demand, logistics and prices were affected. An export recovery was witnessed in 2023, with Malaysia exporting around 3.6 million tonnes of oleochemicals, finished products and biodiesel, primarily to Asia Pacific, Europe and the Middle East. Exports of these products continued to rise in 2024 to reach 3.8 million tonnes but tapered slightly to 3.6 million tonnes in 2025. In particular, oleochemicals dominated with a share of 74.0% or 2.7 million tonnes, followed by finished products (587,231 tonnes) and biodiesel (353,780 tonnes) in 2025. In monetary terms, exports of these products reached RM26.11 billion, with oleochemicals leading with an export revenue of RM19.39 billion. Exports of finished products and biodiesel stood at RM4.87 billion and RM1.86 billion respectively. The exports of palm oil and palm oil products from Indonesia has similarly been on the rise over the years. In particular, Indonesia exported 6.3 million tonnes of oleochemical worth USD5.17 billion in 2023. Biodiesel exports from the country stood at 325,630 tonnes with a value of USD305.7 million in 2023.

As one of the largest exporters of palm oil in the world, the export value of palm-based finished products in Malaysia has been used as a proxy for the market sizing and performance of palm oil products industry in Malaysia. The market size excludes CPO, palm kernel oil, palm kernel cake, palm-based oleochemicals and biodiesel. Based on MPOB, exports of palm-based finished products were valued at RM3.60 billion in 2023, which was a decrease of 18.0% as compared to RM4.39 billion in the previous year. The decrease can be attributed to reduced demand by major importing countries coupled with lower product prices. In 2024, higher exports of palm oil and palm oil products was recorded for the year, supported by higher demand from palm oil importing countries coupled with higher selling prices. The value of exports of palm-based finished products was valued at RM4.31 billion in 2024, representing an increase of 19.7% compared to RM3.60 billion in the previous year.

Going forward, the outlook of the palm oil products industry in Malaysia is expected to remain positive, with growth being supported by growing demand for a wide range of palm oil products globally. Within the food and beverage industry, palm oil is one of the most consumed cooking oils in the world, while food products containing palm oil include margarine, chocolate, chips, cookies, cereals, ice cream and frozen pizza. A growing population also indicates higher potential demand for palm oil products. Growth in the local palm oil products industry is supported by growing consumer preference for conveniently packaged product, which includes single serve margarine spread, as well as small packets of palm oil included in some instant noodles. Also, the growing cases of lactose intolerance within the populations also bodes well for the development of the palm oil products industry. From the supply side, the industry benefits from support from the Malaysian Government, such as the expansion of scope for automation tax incentives to include the plantation commodities sector. The availability of higher yielding crops has also helped the development of the local palm oil products industry. Exports of palm oil products from Malaysia stood at RM4.87 billion in 2025. This figure is forecast to grow to RM5.16 billion in 2026 and reach RM6.14 billion in 2029, at a CAGR of 6.0% (base year 2025) during the period.

*(Source: IMR Report as outlined in **Appendix V** of the Circular, Protégé Associates)*

The Ministry of Plantation and Commodities, in collaboration with the Council of Palm Oil Producing Countries, intends to further strengthen cooperation between Malaysia and Indonesia to advance the palm oil industry in both nations. There were also discussions centered on disseminating information internationally regarding the high standards of palm oil production maintained by Malaysia and Indonesia. Datuk Seri Johari highlighted that this joint effort with the Council of Palm Oil Producing Countries forms part of an initiative to promote Malaysia's palm oil industry and position the commodity as the preferred vegetable oil on a global scale. He further emphasised that these efforts aim to raise international awareness of the numerous benefits of palm oil. In addition, Egyptian Ambassador Ragai Tawfik Said Nasr visited Datuk Seri Johari to discuss leveraging Egypt as a gateway for expanding Malaysia's palm oil exports to Africa through the Suez Canal Economic Zone. The Minister noted that both governments are exploring a partnership to market palm oil products, with active participation from private sector players.

(Source: “Johari Ghani: Malaysia, Indonesia to strengthen collaboration on oil palm industry”, the Edge Malaysia, <https://www.malaymail.com/news/malaysia/2024/02/08/johari-ghani-malaysia-indonesia-to-strengthen-collaboration-on-oil-palm-industry/117014>, published 08 February 2024).

12.3 Overview and Outlook of the Coconut Products Industry

Overview and Outlook of the Global Coconut Products Industry

The Asian and Pacific region remains the prominent market for coconut-based products, mainly attributable to the high consumption of coconut products such as coconut oil, coconut water, coconut milk and cream, which is also often infused in various food and beverage and cosmetic products. The current rise in health consciousness across the globe has led to an increasing number of people being aware of the health benefits of consuming coconut-related products, especially as a substitute for dairy products.

Global coconut prices have also fluctuated over the year in accordance with demand and supply conditions including climate and weather, pest and disease, tree age and replanting, supply chain issues (including damaged plantations and disruptions to coconut harvesting, transporting and milling activities caused by adverse weather conditions such as typhoons, floods and storms), as well as global consumption trends. There had been a noticeable fluctuation in coconut prices during the COVID-19 pandemic, especially in India. This was due to a combination of factors including neglected plantations during the COVID-19 pandemic giving lower yields in following years, adverse climates affecting production, supply chain issues, and health perception of coconut water increasing demand for the commodity. While prices subsequently eased in following years, global coconut prices again spiked since the second half of 2024.

The global coconut products industry was valued at USD21.46 billion in 2025 and is forecast to expand at a CAGR of 9.0% from USD23.18 billion in 2026 to USD30.26 billion in 2029. The increasing awareness on the health benefits of coconuts coupled with the growing demand for coconut-based products, especially from developed countries, is expected to drive demand for these products going forward.

Overview and Outlook of the Coconut Products in Malaysia

Coconut production in Malaysia stood at 491,465.4 metric tonnes in 2018 and reached 629,000 metric tonnes in 2024 (623,663 metric tonnes in 2023). However, due to the increasing demand for coconuts and coconut products from both traditional and newly emerging industries, Malaysia’s current production is still insufficient to accommodate the needs of the local industry. The country imports more than 200,000 metric tonnes of coconuts yearly from neighbouring countries to meet the demand. Malaysia’s self-sufficiency ratio for coconut stood at 70.3% in 2023 and the country imported a total of 271,734.1 metric tonnes of coconuts during the year. Imports of coconuts rose to 305,384.5 metric tonnes in 2024.

In Malaysia, coconut milk and cream remain one of the most popular coconut products in the country, due to the growing utilisation of coconut milk in traditional and fusion cuisines. The main distribution channels of coconut products in the country are supermarkets/ hypermarkets, convenience stores, grocery stores, as well as a growing presence in online platforms along with the rise of e-commerce in Malaysia. Malaysia is also a major exporter of coconut products, including coconut oil, coconut milk, desiccated coconuts, processed coconut water, coconut fibre (peat), activated carbon, and coconut charcoal. Some of the key export destinations of Malaysian coconut products include Singapore, the US, Japan, and China. As the coconut products industry in Malaysia has a very high export orientation, the total export value of coconut products exports in Malaysia will be used as a proxy for the market sizing and performance of the coconut products industry in Malaysia. Based on the Department of Statistics Malaysia, exports of coconut products were valued at RM729.8 million in 2024, which represent an increase from RM623.2 million in 2023. The increase can be attributed to higher demand for coconut products during the year, especially for coconut milk and cream, desiccated coconuts, and coconut charcoal.

Going forward, the outlook of the industry is expected to continue expanding, driven by the versatility of coconuts, where a wide range of products can be produced from the fruit. The increasing health awareness among consumers on the benefits of coconuts have also been driving consumption of coconut products. At the same time, the hectic lifestyles led by an increasing number of the population has also led to growing preference for ready-to-eat packaged food products, which includes coconut milk and coconut cream. Furthermore, the increasing size of the global population also dictates an increasing number of potential consumers of food products, including coconut products. The availability of higher yielding crops is also expected to support the expansion of the local industry. Exports of coconut products from Malaysia grew to RM797.0 million in 2025 and is forecast to reach RM868.8 million in 2026. The figure is expected to reach RM1,188.1 million in 2029, expanding at a CAGR of 10.5% during the period.

*(Source: IMR Report as outlined in **Appendix V** of the Circular, Protégé Associates)*

12.4 Overview and Outlook of the Dairy Products Industry

Overview and Outlook of the Global Dairy Products Industry

Milk is one of the most produced agricultural commodities in the world, with global milk production estimated to reach 982 million tonnes in 2024 according to the Food and Agriculture Organisation of the United Nations. This represents a growth of 1.4% over the previous year, with the increase mainly driven by volume growth in Asia, supplemented by increases in Europe, South America, Oceania, Central America and the Caribbean. Asia is also the largest producing region with an output of 460 million tonnes. This was followed by Europe with nearly 236 million tonnes and North America with 112.5 million tonnes.

The prices of dairy products had been trending upwards since 2021 during the COVID-19 recovery period. Prices of butter reached USD6,608 per tonne in 2022 before declining to USD5,100 per tonne in 2023. Skim milk powder and whole milk powder stood at USD3,862 per tonne and USD4,253 per tonne, respectively in 2022, before falling to USD2,692 per tonne and USD3,327 per tonne, respectively in 2023. Cheddar cheese registered a smaller drop in prices, declining from USD4,998 per tonne in 2022 to USD4,486 per tonne in 2023. However, a rebound in prices was seen for most of the selected dairy products in 2024. The prices of butter and whole milk powder increased to USD6,997 per tonne and USD3,695 per tonne respectively in 2024 while prices of skim milk powder and cheddar cheese fell to USD2,690 per tonne and USD4,278 per tonne respectively.

The global dairy products industry was valued at USD683.90 billion in 2024. This figure reached RM704.41 billion in 2025 and is forecast to expand at a CAGR of 4.6% from USD736.61 billion in 2026 to USD842.30 billion in 2029. The growth of the industry is supported by rising population, rising penetration of organised retail, improvement in cold chain logistics, increased dietary consciousness and increasing product launches.

Overview and Outlook of the Dairy Products Industry in Malaysia

The dairy products industry is a rapidly growing market, fuelled by rising disposable income, urbanisation, a growing population as well as growing health awareness for healthy and organic foods. In particular, some of the largest dairy product markets in Malaysia are Kuala Lumpur, Penang, Johor Bahru and Kuching. At present, a large percentage of dairy products consumed in the country is imported, especially from western countries. Only a fraction of dairy products is manufactured locally. In particular, the sales value of condensed, powdered and evaporated milk in Malaysia stood at RM10.68 billion in 2025, which was a 1.0% decrease from RM10.78 billion in 2024.

Malaysia relies heavily on imported dairy products to fulfil domestic demand. In particular, milk and cream made up the bulk of dairy product imports, accounting for approximately 53.3% or RM3.18 billion of total dairy product imports in 2025. Some of the largest exporters of milk and

cream to Malaysia include New Zealand, the US, Australia, Germany, Belarus, Finland and Ireland. This was followed by imports of cheese and curd, which amounted to RM934.5 million. Major exporters of cheese and curd to Malaysia in 2025 were New Zealand, Australia, Singapore, the US and Denmark. Imports of butter and other fats totalled RM910.0 million in 2025, with major exporters including New Zealand, Denmark, Australia, and France. Other major imported dairy products include whey and yoghurt and buttermilk, with import value standing at RM676.9 million and RM259.6 million respectively in 2025. Major exporters include Germany, New Zealand, the US, France, Poland, Ireland, Lithuania and Australia.

While Malaysia is a net importer of dairy products, the country exports a small portion of manufactured products. According to Department of Statistics Malaysia, the export value of dairy products stood at RM1.29 billion in 2025, a decrease from RM1.35 billion in the previous year. In particular, exports of condensed, powdered and evaporated milk was valued at RM945.4 million and accounted for 73.3% of total dairy product exports from Malaysia. Some of the key export destinations for condensed, powdered and evaporated milk in 2025 include Singapore, Indonesia, Somalia, the Philippines, Bangladesh, Thailand, China, and the Democratic Republic of Congo.

Going forward, the outlook of the Malaysian dairy products industry is expected to continue to grow, supported by a growing range of dairy products being introduced. These dairy products have also been increasingly packaged in convenient packaging to allow them to be consumed on-the-go. Furthermore, dairy products continue to be highly valued by consumers as a key component to an overall healthy, balanced and nutritious diet. In addition, a growing global population also signals increased potential demand for dairy products as there is a larger pool of consumers of dairy products. This trend is expected to continue supporting the development of the industry. According to the United Nations, the world population is forecast to increase from 8.30 billion in 2026 to 8.82 billion in 2034 to 9.66 billion in 2050. At the same time, according to Protégé Associates, world consumption of fresh dairy products is expected to increase from an estimated 76.64 billion kg in 2024 to an estimated 97.72 billion kg in 2034. From the supply side, the Malaysian Government has been supporting the local dairy products industry, as seen from the Government's investment on importing dairy cows to increase milk production. The exports of condensed, powdered and evaporated milk reached RM945.4 million in 2025. Going forward, this figure is forecast to reach RM907.5 million and expand at a CAGR of 5.8% to reach RM1.19 billion in 2029, supported by a growing global population with higher disposable income as well as urbanisation across the globe.

*(Source: IMR Report as outlined in **Appendix V** of the Circular, Protégé Associates)*

12.5 Prospects and future plans of Eramas Group

As disclosed in **Section 3, Appendix III(B)** of the Circular, we noted that Eramas Group's business strategies and future plans are focused on (i) growing the trading and distribution business of the Eramas Group, both in Malaysia as well as overseas, (ii) expanding manufacturing capabilities of the Eramas Group as well as (iii) growing market share of its in-house brands in Malaysia.

Eramas Group has built a robust distribution network, with its products exported to over 90 countries and sold to more than 700 customers locally and overseas. Revenue grew from RM70.51 million in FYE 2019 to RM148.58 million in FYE 2025, achieving a CAGR of approximately 13.2%. Led by Yan Hua Lan (Managing Director) and supported by Tey Chee Shin (Head of International Business Development), Lau Sie Khian (Head of Local Business Development), and Lee Kok Foo (Head of Operations), Eramas Group focuses on maintaining strong relationships with existing customers while exploring new growth opportunities. Eramas Group actively participates in international trade fairs to connect with potential customers and engage with existing ones, leveraging feedback for improvement. It offers extensive customisation services, including ingredient selection, nutritional and taste optimisation, product design, and packaging, by closely collaborating with its production and R&D teams to meet customer needs effectively.

Eramas Group currently operates 1 spray drying system at its manufacturing plant in Bandar Baru Enstek, Negeri Sembilan. This system converts liquid substances into powdered form by spraying the liquid into a fine mist within a drying chamber, resulting in rapid drying. As outlined in **Section 6, Part A** of the Circular, the proceeds from the Disposal of LSSPI and the disposal of 3 properties by Habipack will be utilised to expand Eramas Group's existing manufacturing facility to increase its production and warehousing capacity. The planned expansion is expected to increase Eramas Group's food powder annual production capacity to approximately 4,200 MT and the addition of another spray drying system will also reduce the downtime between each production cycle. At present, the spray drying systems need to be bled and chemically washed when swapping from one product category to another to prevent cross contamination. A new spray drying system will enable Eramas Group to dedicate one line to the production of a single type of product, with the other line used to produce batches of other products as and when required by its customers. A new spray drying system is expected to produce powder products with higher fat contents which are usually contribute to higher profit margins. With the new spray drying system, the Eramas Group will be able to identify, research and develop new products with higher fat contents and accordingly, increase the number of SKUs to be offered to its customers.

The share of revenue generated by Eramas Group from its in-house brands has grown from RM28.54 million in FYE 2019 (representing 40.48% of total revenue) to RM54.83 million in FYE 2025 (representing 36.90% of total revenue), reflecting a CAGR of approximately 11.5%. As such, Eramas Group intends to prioritise the promotion of its in-house brands, such as Emma and ISTIMA (for its coconut products), ERA-KING, ERA-OILS and Bake Master (for its oil and fats products) and E.R.A (for its dairy products), to increase product awareness and establish brand loyalty by increasing its advertising and promotional expenditure. In particular, the increased marketing budget will be used for its marketing and advertising efforts such as increasing product displays on retailers' shelves, advertising and promotional activities via buntings and leaflets in retail outlets and participating in more product demonstrations at public events and in supermarkets. In addition, the Eramas Group will allocate an amount of RM1.50 million towards rental of billboards at strategic locations along major roads and highways throughout Peninsular Malaysia to promote its "Emma" brand (for its coconut products).

Based on the above, Eramas Group is anticipated to contribute positively to the earnings of the Enlarged SCGM Group by providing a steady stream of income to the Enlarged SCGM Group upon the successful completion of the outlined business plans and strategies.

We wish to highlight that the future plans and strategies undertaken and/or to be undertaken by the Enlarged SCGM Group are subject to uncertainties which are not within the Enlarged SCGM Group's control such as outbreak of war, government policies, interest rates, inflation, fluctuation in price of raw materials and changes in the global economic conditions. The occurrence of any of such events may materially impact the Enlarged SCGM Group's operations and affect the Enlarged SCGM Group's ability to implement the plans within the intended timeframe or such plans may not achieve the expected results.

Premised on the above, we are of the view that the outlook and prospects of the Enlarged SCGM Group following the completion of the Proposed Regularisation Plan is favourable, after taking into consideration, amongst others, the industry outlook on coconut products, dairy products and palm oil products, the historical financial performance of Eramas Group, the competitive strengths and future plans of Eramas Group which are expected to sustain the business of the Enlarged SCGM Group.

13. RISK FACTORS

We take cognisance of the risk factors as disclosed in **Section 8, Part A** of the Circular as follows:

13.1 Risks relating to Eramas Group's business and operations

- (i) Eramas Group lacks long-term contracts with its customers due to its nature of trading and distribution as well as prevailing customer practices. The absence of long-term contracts with its customers may result in fluctuation in Eramas Group's sales and create uncertainties in its overall financial performance as the customers are not obliged to purchase the Eramas Group's products.
- (ii) Eramas Group depends on its two (2) major suppliers for the purchase of dairy products and coconut products. Should there be any shortage in supplies from either one of the suppliers, Eramas Group may procure the same from other suppliers. Nevertheless, any loss of these major suppliers and inability to replace them in a timely manner will lead to disruptions in the supply of dairy products and coconut products to the Eramas Group. As a result, Eramas Group may suffer loss of sales and face potential claims for liquidated damages, negatively impacting its business operations and financial performance.
- (iii) The reputation of Eramas Group and the quality of its in-house brands are the main drivers of Eramas Group's top-line. Accordingly, if Eramas Group fails to protect its overall group and brand image, this may harm the reputation of Eramas Group and consumers' perception towards its products, which could lead to negative impacts on the financial performance of Eramas Group.
- (iv) As the business operations of Eramas Group is dependent on its manufacturing facility, the manufacturing process is susceptible to unexpected disruptions such as accidents, fire outbreaks, burglaries, floods and/or other natural disasters, causing to interrupt the manufacturing process, which may negatively affect Eramas Group's production.
- (v) Eramas Group may be subject to liabilities or penalties for product deterioration, contamination, damage, mislabelling or otherwise non-compliance with applicable regulatory standards by Eramas Group in its manufacturing process.
- (vi) Eramas Group is obliged to maintain or renew requisite licenses, certificates, permits and approvals from the relevant authorities in timely manner to continue its ongoing business operations.
- (vii) The growth outlook of Eramas Group is significantly driven by its ability to carry out the business strategies and future plans successfully, which are subject to inevitable uncertainties and external factors.
- (viii) Eramas Group is subject to risks associated with its freight and logistics as its trading and distribution business is dependent on sea freight, which may be vulnerable to disruptions due to fuel price fluctuations, adverse weather conditions, political turmoil and international market conditions.
- (ix) Subsequent to the Financial Years Under Review, the outbreak of Iran war and the renewed disruptions in the Red Sea region have adversely affected international shipping routes and logistics activities, resulting in higher freight costs and adversely affected the Eramas Group's export sales to the West Asia region. In particular, certain customers in the West Asia region deferred purchases or requested postponement of deliveries, leading to a decline in export sales to the region in March 2026. We noted that export sales to the West Asia region for the first five months of FYE 2026 declined by approximately RM8.49 million and RM3.99 million (GP declined by approximately RM0.83 million and RM0.82 million) as compared to the corresponding periods in FYE 2024 and FYE 2025, respectively (GP margin for first five months: FYE 2024: 11.55%; FYE 2025: 16.39%; FYE 2026: 13.80%).

Notwithstanding the above, the Eramas Group has generally been able to pass on higher freight and logistics costs to its customers and has not experienced any material delay in the delivery of goods to its customers in regions other than the West Asia region. The Eramas Group does not expect any material risk that it will be unable to pass on increases in freight and logistics costs to its customers arising from the Iran war as it is an industry-wide issue and the Eramas Group's products comprise food products which are necessities.

The Eramas Group has also undertaken mitigation measures, including engaging customers from other regions to bring forward purchases and deliveries. However, the extent and duration of the impact remain uncertain and may continue to affect the Eramas Group's operations and financial performance should the geopolitical conflict persist or worsen. Please refer to **Section 21.4, Appendix III(B)** of the Circular for further details.

- (x) Eramas Group is subject to risks associated with foreign currency exchange rates as the transactions with its customers and suppliers are predominantly in USD, and also other foreign exchange currencies. This is due to fluctuations in the exchange rate of such foreign currencies against RM.
- (xi) The business performance of Eramas Group and its future prospects are depending significantly on the abilities and experience of its existing executive directors, key management personnel and operations team. In addition, as at the LPD, Eramas Group has obtained consents for discharge of the personal guarantees provided by the Vendors (including directors) in respect of all existing borrowings and lease liabilities, subject to Chin Kok Tian, Yan Hua Lan and Tan Ah Tek retaining a combined shareholding of at least 50% post Proposed Acquisition, failing which the facilities may be withdrawn, potentially causing a material adverse impact on the Eramas Group's financial position and cash flow.
- (xii) The cash flow of Eramas Group is subject to risks associated with its customers' credit profile as Eramas Group normally grants trade credit to its customers. This exposes Eramas Group to risks of non-payment or delay in payment by the customers.
- (xiii) Eramas Group may be subject to any losses or liabilities arising from claims and litigation that are beyond its insurance coverage and/or limit.

13.2 Risks relating to the industry in which Eramas Group operates

- (i) Eramas Group is subject to risks associated to its competitive industry i.e. manufacturing and trading of coconut, palm and dairy products in Malaysia and overseas. The competitiveness and future growth of Eramas Group is highly reliant on its resilience towards changing consumer trends and competitive market environment.
- (ii) The operation of Eramas Group's trading and distribution business is subject to risks and uncertainties which are not within its control such as disruption in the supply of trading goods and raw materials as well as fluctuations in crude palm oil and coconut prices, influenced by the market demand, disease or pandemic outbreaks, logistical issues and currency exchange rates, and/or may be unable to pass on cost increases to customers. Any or a combination of the aforesaid factors may adversely affect Eramas Group's business and financial performance.
- (iii) Eramas Group's business is subject to risks such as changes in political, social, economic and regulatory conditions that are beyond its control in Malaysia as well as the countries it engages through transactions.

13.3 Risks relating to the Proposed Regularisation Plan

- (i) The completion of the Proposed Acquisition is conditional upon the satisfaction of all the conditions precedent in the SSA as set out in **Appendix I** of the Circular. If any of the

conditions precedent is not met or waived by SCGM and/or the Vendors (as the case may be), the Proposed Acquisition will not be completed.

The completion of the Proposed Regularisation Plan may also be subject to certain conditions which are beyond the control of SCGM, such as the approvals by the relevant authorities and the Shareholders or the minimum public shareholding spread requirement. In the event such approvals or requirement are not successfully obtained or met, the Proposed Regularisation Plan will not be completed.

Due to the inter-conditionality of the Proposed Regularisation Plan, the entire Proposed Regularisation Plan will not be completed if any proposal under the Proposed Regularisation Plan is not completed. For the avoidance of doubt, the Proposed Special Dividend will be completed prior to the Proposed Acquisition and Proposed Offer for Sale. The Proposed Acquisition and Proposed Offer for Sale will be completed concurrently with the listing and quotation of the Consideration Shares and Offer Shares on the Main Market of Bursa Securities on the same day. In the event that the Proposed Acquisition and Proposed Offer for Sale are not capable of being completed, the Proposed Regularisation Plan will not be completed.

As a result, SCGM will fail to regularise its condition as a Cash Company in accordance with paragraph 8.03(5) of the Listing Requirements to maintain listing status on the Main Market of Bursa Securities.

13.4 Risks relating to the investment in SCGM shares

- (i) As Eramas Group's shares is not traded publicly prior to the Proposed Regularisation Plan, there is no guarantee that there will be an active and sustainable market for SCGM Shares upon the completion of the Proposed Regularisation Plan.
- (ii) The trading price and volume of SCGM Group's shares may be volatile and subject to fluctuations resulting from any or a combination of the internal and external factors.
- (iii) The investment in the Enlarged SCGM Group's shares does not guarantee dividend payments as it may be subject to the Enlarged SCGM Group's financial performance, cash flow position, distributable reserves, capital expenditure, other investment plans and approval from financiers.
- (iv) The interests of the Vendors and PACs who control the Enlarged SCGM Group may not be aligned with the interests of the other Shareholders.
- (v) Any disposal of SCGM Shares in substantial amount in the open market after the Proposed Regularisation Plan may negatively affect the market price of SCGM Shares.
- (vi) The statements in regard to Eramas Group's business strategies and future prospects presented in forward-looking are subject to risks in relation to uncertainties and contingencies as there is no assurance such plans and objectives will subsequently be materialised.

We noted that the Iran war and disruptions in the Red Sea region have adversely affected the Eramas Group's export sales to the West Asia region and increased freight and logistics costs. Notwithstanding the above, the Eramas Group has generally been able to pass on the higher freight and logistics costs to its customers and has implemented mitigation measures, including engaging customers from other regions to bring forward purchases and deliveries as well as expanding its customer base in domestic and non-West Asia markets. Nevertheless, given that the West Asia region contributed approximately 20.22% and 18.95% of the Eramas Group's total sales for FYE 2024 and FYE 2025 respectively, the extent and duration of the impact arising from the conflict remain uncertain and may adversely affect the Eramas Group's future financial performance if the disruptions persist for a prolonged period. We noted that export sales to the West Asia

region for the first five months of FYE 2026 declined by approximately RM8.49 million and RM3.99 million (GP declined by approximately RM0.83 million and RM0.82 million) as compared to the corresponding periods in FYE 2024 and FYE 2025, respectively (GP margin for first five months: FYE 2024: 11.55%; FYE 2025: 16.39%; FYE 2026: 13.80%). Notwithstanding the decline in export sales to the West Asia region, we noted based on the latest unaudited management accounts for the 5-month period ended 31 May 2026, that Eramas Group recorded revenue of approximately RM57.01 million, representing an increase of approximately 2.76% and 15.92% as compared to the corresponding periods in FYE 2024 and FYE 2025, respectively, primarily driven by the expansion of export sales of coconut products, dairy products and oil and fats products to the Africa region in the first five months of FYE 2026.

For illustration purposes, the Purchase Consideration of RM207.94 million in respect of the Sale Shares represents an implied PE Multiple of 20.98 times to the annualised PAT of the Eramas Group for FYE 2026 of RM9.91 million, which was extrapolated from the unaudited PAT of the Eramas Group for the 5-month financial period ended 31 May 2026 of RM4.13 million. Nonetheless, the unaudited PAT of the Eramas Group for the 5-month financial period ended 31 May 2026 may not be reflective of the full year financial results of the Eramas Group for FYE 2026. Accordingly, the computation of the implied PE Multiple of 20.98 times is solely for illustration purposes only.

We also noted that, in mid-June 2026, the US and Iran signed a memorandum of understanding aimed at ending the Iran war, which includes, amongst others, the cessation of military operations, the reopening of the Strait of Hormuz and arrangements to facilitate the passage of commercial vessels in the region. Notwithstanding this recent development, the implementation and outcome of the memorandum remain subject to further negotiations and developments.

We noted that management of Eramas Group has prepared the Financial Projections after taking into consideration the impact of the Iran war on export sales to the West Asia region, as well as the mitigating measures implemented by Eramas Group, including engaging customers from other regions to bring forward purchase orders and deliveries, expanding sales to domestic and non-West Asia markets through the acquisition of new customers. In addition, we have taken into consideration the uncertainties arising from the Iran war in determining the inherent risk adjustment adopted in deriving the discount rate for the valuation of Eramas Group. Please refer to Section 9.2 of this IAL on our analysis on the basis and assumption of the Financial Projections and discount rate computation.

While we noted that measures would be taken by SCGM to mitigate such risks associated with the Proposed Regularisation Plan, no assurance can be given that one or a combination of the risk factors will not occur and give rise to material adverse impact on the business and operation of SCGM Group, its financial performance or prospects thereon.

In evaluating the Proposed Regularisation Plan, non-interested Shareholders should carefully consider the said risk factors and their mitigating factors prior to voting on the resolutions pertaining to the Proposed Regularisation Plan at the forthcoming EGM. Non-interested Shareholders should also note that the risk factors mentioned in the Circular and this IAL are not meant to be exhaustive.

14. IMPLICATIONS ARISING FROM THE VOTING OUTCOME OF THE PROPOSED EXEMPTION

Pursuant to subparagraph 4.08(2) of the Rules, the SC may consider granting the Proposed Exemption if the Vendors and PACs have satisfied the following conditions:

- (i) there is no acquisition of SCGM Shares or instruments convertible into SCGM Shares and options in respect of SCGM Shares (other than subscriptions for new SCGM Shares or new instruments convertible into or options in respect of new SCGM Shares which have been

disclosed in the Circular) by the Vendors and PACs in the six (6) months prior to the announcement of the HOA on 20 March 2024, but subsequent to the negotiations, discussions or the reaching of understandings or agreements with the Board in relation to the Proposed Regularisation Plan until completion of the subscription ("**Disqualifying Transaction**") and

- (ii) approval has been obtained from the non-interested Shareholders at a meeting of the shareholders of the relevant class of voting shares or voting rights to waive their rights to receive the Mandatory Offer from the Vendors and PACs. Pursuant to subparagraph 4.08(3) of the Rules, the voting at the forthcoming EGM in relation to the Proposed Regularisation Plan shall be conducted by way of poll.

Any exemption granted will be invalidated if the Vendors and/or PACs have engaged or engages in a Disqualifying Transaction.

In addition, pursuant to paragraph 18.02 of the Rules, upon your approval for the Proposed Exemption, the Vendors and/or PACs shall not acquire any SCGM Shares within a period of 6 months after the date of the EGM for the Proposed Regularisation Plan from a person who was a Director or substantial Shareholder at the time of the Proposed Exemption, as such acquisition will be deemed to be a favourable deal under Rule 18 of the Rules. The SC may consider granting a waiver to the Vendors and/or PACs if such acquisition, if any, is *de minimis*.

The implication of the non-interested Shareholders' votes on the Proposed Exemption to be tabled at the forthcoming EGM are set out in **Sections 14.1 and 14.2** of this IAL.

14.1 If you VOTE IN FAVOUR of the Proposed Exemption

- (i) The Vendors and PACs would be able to submit an application for the Proposed Exemption to the SC for its consideration. An approval from the SC for the Proposed Exemption would then exempt the Vendors and PACs from the obligation to undertake the Mandatory Offer.
- (ii) The approval of the Proposed Exemption would imply that non-interested Shareholders agree to waive their rights to a mandatory offer from the Vendors and PACs and exempt the Vendors and PACs from the obligation to undertake the Mandatory Offer as a result of the Proposed Regularisation Plan (which shall be undertaken at a price no lower than the highest price paid by the Vendors and PACs for SCGM Shares in the past 6 months preceding the announcement of the HOA until completion of the Proposed Acquisition).
- (iii) It is pertinent to note that upon completion of the Proposed Acquisition, the shareholdings of the Vendors and PACs will collectively increase from 24.55% as at the 3 June 2026 to 80.94%. Upon completion of the Proposed Regularisation Plan, the collective shareholdings of the Vendors and PACs will decrease from 80.94% to 68.44% under the Minimum Shareholding Scenario and from 80.94% to 75.00% under the Maximum Shareholding Scenario.

With collective shareholdings of more than 50% in SCGM upon completion of the Proposed Regularisation Plan under both the Minimum Shareholding Scenario and the Maximum Shareholding Scenario, any further increase in the shareholdings of the Vendors and PACs in SCGM would not trigger an obligation for the Vendors and PACs to undertake a Mandatory Offer provided that the shareholdings of the Vendors and PACs in SCGM remain at more than 50% at all times and the Vendors and PACs do not trigger such mandatory offer obligation on an individual basis (i.e. any one of them increase his/her individual shareholdings in SCGM to above 33%).

- (iv) Upon completion of the Proposed Regularisation Plan, the Vendors and PACs will hold approximately 68.44% interest in SCGM under the Minimum Shareholding Scenario and 75.00% interest in SCGM under the Maximum Shareholding Scenario. Therefore, the Vendors and PACs will have statutory control over SCGM and as such, will be able to determine the outcome of ordinary resolutions which require a simple majority of 50% plus

1 share (unless the Vendors and PACs are required to abstain from voting). In addition, the Vendors and PACs will also be able to determine or significantly influence the outcome of any special resolutions which require at least 75% votes (unless the Vendors and PACs are required to abstain from voting).

- (v) As the Proposed Special Dividend, Proposed Acquisition, Proposed Offer for Sale and Proposed Exemption are inter-conditional upon each other, the approval of the Proposed Exemption will allow SCGM to undertake the Proposed Regularisation Plan (assuming that the Proposed Special Dividend, Proposed Acquisition and Proposed Offer for Sale are also approved by the non-interested Shareholders). Therefore, voting in favour of the Proposed Exemption will enable SCGM to regularise its condition as a Cash Company as well as to benefit from the Proposed Acquisition.

14.2 If you **VOTE AGAINST** the Proposed Exemption

In the event that the non-interested Shareholders vote against the Proposed Exemption, the implications to SCGM Group are set out below:

- (i) The Vendors and PACs would not be able to submit an application for the Proposed Exemption to the SC for its consideration.
- (ii) In view that the Proposed Special Dividend, Proposed Acquisition, Proposed Offer for Sale and Proposed Exemption are inter-conditional upon each other, in the event that the Proposed Exemption are not approved, SCGM will not be able to undertake the Proposed Exemption and the Proposed Regularisation Plan would not be implemented. Consequently, the potential benefits arising from the Proposed Regularisation Plan will not materialise and SCGM Shares may be suspended from trading or be delisted if SCGM is not able to regularise its condition as a Cash Company pursuant to subparagraph 8.03(2) of the Listing Requirements.

15. DIRECTORS' INTENTION TO VOTE

As at 3 June 2026, save as disclosed below, none of the Directors holds directly or indirectly, any voting shares, voting rights, convertible securities and/or any other interest in SCGM. Accordingly, their intention to vote in relation to the Proposed Regularisation Plan are as follows:

Name	Direct		Indirect		Intention to vote in relation to the Regularisation Plan
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	
Dato' Sri Lee Hock Seng	10,004,453	5.20	11,452,414	5.95 ⁽²⁾	Vote in favour
Dato' Sri Lee Hock Chai	1,654,781	0.86	19,585,597	10.17 ⁽³⁾	Vote in favour
Lee Yee Ling	-	-	10,000	0.01 ⁽⁴⁾	Vote in favour
Lee Lih Chyong	111,800	0.06	10,315,452	5.36 ⁽⁵⁾	Vote in favour

Notes:

- (1) Based on 192,561,041 Shares (after excluding 1,038,600 treasury shares) in issue as at 3 June 2026.
- (2) Represents the shareholdings in SCGM held by his siblings, namely Dato' Sri Lee Hock Chai, Dato' Sri Lee Hock Guan, Lee Hock Lai, Lee Boi Choo and Lee Sooi Choo and his children, namely Lee Li Ching, Lee Lih Chyong and Lee Wee Teck.
- (3) Represents the shareholdings in SCGM held by his siblings, namely Dato' Sri Lee Hock Guan, Dato' Sri Lee Hock Seng, Lee Hock Lai, Lee Boi Choo and Lee Sooi Choo.
- (4) Represents the shareholdings in SCGM held by her mother, Ho Ek Che.
- (5) Represents the shareholdings in SCGM held by her father, Dato' Sri Lee Hock Seng, her spouse, Tai Chin Lian and her siblings, namely Lee Li Ching and Lee Wee Teck.

16. FUTURE PLANS OF THE ENLARGED SCGM GROUP AND ITS EMPLOYEES

In accordance with paragraph 8, Schedule 2, Part II of the Rules, the Vendors and PACs have confirmed that as at the LPD, they do not intend to effect any major change to the following:

- (i) The continuation of the business of the Enlarged SCGM Group;
- (ii) The business of the Enlarged SCGM Group, including any plans to liquidate any of the companies within the Enlarged SCGM Group, sell any material assets or re-deploy the fixed assets of the Enlarged SCGM Group or make any other major change in the business of the Enlarged SCGM Group; and
- (iii) The continued employment of the employees of the Enlarged SCGM Group.

except where such changes are in the ordinary course of the Enlarged SCGM Group's business or are necessary to rationalise or improve the Enlarged SCGM Group's operations and/or financial performance and is in the best interest of the Enlarged SCGM Group. The Vendors and PACs shall retain the flexibility at any time to consider any options which are in the best interest of the Enlarged SCGM Group.

17. DIRECTORS' RESPONSIBILITY STATEMENT

The Board has seen, reviewed and accepted this IAL. The Board, collectively and individually, accepts full responsibility for the accuracy of the information contained in this IAL (save for the assessment, evaluation and opinion of BDOCC) and confirms, after having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this IAL have been arrived at after due and careful consideration and there are no other facts not contained in this IAL, the omission of which would make any information in this IAL misleading.

The responsibility of the Board in respect of:

- (i) The information relating to the Vendors and PACs (as extracted from Part A of the Circular) is limited to ensuring that such information is accurately reproduced in this IAL;
- (ii) The information relating to Eramas Group (as extracted from Part A of the Circular) is limited to ensuring that such information is accurately reproduced in this IAL; and
- (iii) The independent advice and expression of opinion by BDOCC in relation to the Proposed Regularisation Plan are limited to ensuring that accurate information in relation to SCGM Group was provided to BDOCC for its evaluation of the Proposed Regularisation Plan and to ensure that all information in relation to SCGM that are relevant to BDOCC's evaluation of the Proposed Regularisation Plan have been completely disclosed to BDOCC and that there is no material fact, the omission of which would make any information provided to BDOCC false or misleading.

The Vendors, PACs and the directors of Eramas Global Group collectively and individually accept full responsibility for the accuracy of the information relating to the Vendors, PACs and Eramas Group in this IAL. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement relating to the Vendors, PACs and Eramas Group in this IAL false or misleading.

18. FURTHER INFORMATION

The non-interested Shareholders are advised to refer to **Part A** of the Circular as well as the attached appendices for further information.

19. CONCLUSION AND RECOMMENDATION

The Directors and non-interested Shareholders should carefully consider the potential advantages and disadvantages of the Proposed Regularisation Plan based on all the relevant and pertinent factors including those set out in this IAL as well as those highlighted by the Board in its letter to the Shareholders in relation to the Proposed Regularisation Plan as set out in **Part A** of the Circular before voting on the ordinary resolutions in respect of the Proposed Acquisition and Proposed Exemption at the forthcoming EGM.

In arriving at our conclusion and recommendation, we have assessed and evaluated the Proposed Regularisation Plan holistically in accordance with paragraph 10.08 of the Listing Requirements and Schedule 2: Part III of the Rules, taking into consideration the various factors as discussed in this IAL. The Proposed Exemption (if granted by the non-interested Shareholders and approved by the SC) will allow SCGM to undertake the Proposed Regularisation Plan (if they are also approved by the non-interested Shareholders).

In view of the inter-conditionality of the Proposed Regularisation Plan, we have evaluated all components of the Proposed Regularisation Plan to provide the Directors and non-interested Shareholders with a holistic view of the Proposed Regularisation Plan. The potential advantages and disadvantages of the Proposed Regularisation Plan are as follows:

Potential advantages
(1) The proposals within the Proposed Regularisation Plan are inter-conditional upon each other. The Proposed Exemption will facilitate the implementation of the Proposed Acquisition which will enable SCGM to regularise its condition as a Cash Company in accordance with paragraph 8.03(5) of the Listing Requirements to maintain its listing status on the Main Market of Bursa Securities. Accordingly, voting in favour of the Proposed Exemption facilitates the successful implementation of the Proposed Regularisation Plan. (2) The Proposed Acquisition provides an opportunity to the Shareholders to participate in the future growth of the Enlarged SCGM Group, which will operate in the manufacturing, trading, distribution and marketing of food products. The Proposed Acquisition is expected to contribute positively to the earnings of the Enlarged SCGM Group in view of the historical financial performance of Eramas Group, the business strategies and future plans as disclosed in Appendix III(B) of the Circular. In addition, the pro forma adjusted basic EPS after the Proposed Acquisition (excluding the one-off expenses incurred for the Proposed Regularisation Plan) would increase from 0.93 sen to 2.67 sen. (3) The settlement of the entire Purchase Consideration through the issuance of Consideration Shares enables SCGM to undertake the Proposed Acquisition while conserving its cash reserves and allows SCGM to undertake cash distribution to Shareholders via the Proposed Special Dividend, without relying on external borrowings. The Proposed Special Dividend will enable Shareholders to receive returns on investment in the form of cash dividend of RM0.25 per SCGM Share by distributing the Company's excess cash after meeting the financial requirements of the Enlarged SCGM Group after the completion of the Proposed Regularisation Plan. (4) The participation of the Vendors in SCGM Group, through collective shareholdings of the Vendors and PACs of between 68.44% (under Minimum Shareholding Scenario) and 75.00% (under Maximum Shareholding Scenario) upon completion of the Proposed Regularisation Plan, reaffirms their commitment to the Enlarged SCGM Group and demonstrate that they do not intend to cash out on their investments in Eramas Group.

Potential disadvantages	
(1)	The Proposed Exemption will allow the collective shareholdings of the Vendors and PACs to increase from 24.55% (as at 3 June 2026) to approximately 68.44% under the Minimum Shareholding Scenario and 75.00% under the Maximum Shareholding Scenario upon completion of the Proposed Regularisation Plan, without being required to undertake a Mandatory Offer. Therefore, the Vendors and PACs will have statutory control over SCGM and enabling them to determine the outcome of ordinary resolutions which require a simple majority of 50% plus 1 share (unless the Vendors and PACs are required to abstain from voting). In addition, the Vendors and PACs will also be able to determine or significantly influence the outcome of any special resolutions which require at least 75% votes (unless the Vendors and PACs are required to abstain from voting). Accordingly, minority Shareholders may have a reduced ability to influence the outcome of certain corporate actions, strategic direction and key decisions of the Enlarged SCGM Group following the completion of the Proposed Regularisation Plan.
(2)	Since the collective shareholdings of the Vendors and PACs is more than 50% in SCGM upon completion of the Proposed Regularisation Plan, any further increase in the shareholdings of the Vendors and PACs in SCGM would not trigger an obligation for the Vendors and PACs to undertake a Mandatory Offer provided that the shareholdings of the Vendors and PACs in SCGM remains at more than 50% at all times. As a result, non-interested Shareholders will not be entitled to receive a Mandatory Offer and the associated exit opportunity at a prescribed minimum offer price notwithstanding any future increase in the shareholdings of the Vendors and PACs in SCGM. For the avoidance of doubt, subsequent to the Proposed Regularisation Plan, the Vendors and PACs would still be bound to undertake a Mandatory Offer if any one of them increase their individual shareholdings in SCGM to 33% or more, unless an exemption is granted by the SC.
(3)	Upon completion of the Proposed Acquisition, SCGM Group may be subject to the specific risk factors attributable to the business and operations of Eramas Group as disclosed in Section 8, Part A of the Circular which may have adverse effect on the Enlarged SCGM Group's business and performance. Nevertheless, some of these risk factors can be managed and mitigated by, amongst others, an experienced management team of the Enlarged SCGM Group.
(4)	Upon completion of the Proposed Special Dividend, the pro forma NA per share of SCGM Group will be diluted from RM0.60 to RM0.35 and further diluted to RM0.22 upon completion of the Proposed Regularisation Plan as a result of an increase in the number of SCGM Shares in issue arising from issuance of the Consideration Shares.

After taking into consideration the potential advantages and disadvantages of the Proposed Regularisation Plan, having particular regard to the ability of SCGM to regularise its condition as a Cash Company and maintain its listing status on the Main Market of Bursa Securities, the opportunity for Shareholders to participate in the future growth and earnings prospects of the Enlarged SCGM Group and the opportunity for existing Shareholders to receive immediate cash returns through the Proposed Special Dividend of RM0.25 per SCGM Share, as against the potential disadvantages arising from, amongst others, the increased control of SCGM by the Vendors and PACs and the resulting reduced influence of minority Shareholders, as well as the absence of a Mandatory Offer pursuant to the Proposed Exemption, we are of the view that the potential advantages of the Proposed Regularisation Plan as a whole outweigh its potential disadvantages. Therefore, we are of the view that the Proposed Regularisation Plan as a whole are **FAIR and REASONABLE** and **NOT DETRIMENTAL** to the non-interested Shareholders.

Accordingly, we:-

- (i) advise the Directors to recommend the non-interested Shareholders to **VOTE IN FAVOUR** of the ordinary resolutions in respect of the Proposed Acquisition and Proposed Exemption to be tabled at SCGM's forthcoming EGM in relation to the Proposed Regularisation Plan; and
- (ii) recommend that the non-interested Shareholders to **VOTE IN FAVOUR** of the ordinary resolutions in respect of the Proposed Acquisition and Proposed Exemption to be tabled at SCGM's forthcoming EGM in relation to the Proposed Regularisation Plan.

YOU ARE ADVISED TO READ AND UNDERSTAND THIS IAL AND THE LETTER FROM THE BOARD TO THE SHAREHOLDERS IN RELATION TO THE PROPOSED REGULARISATION PLAN AS SET OUT IN PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES, AND TO CAREFULLY CONSIDER THE RECOMMENDATIONS CONTAINED IN BOTH THE LETTERS BEFORE VOTING ON THE ORDINARY RESOLUTIONS IN RESPECT OF THE PROPOSED ACQUISITION AND PROPOSED EXEMPTION TO BE TABLED AT THE FORTHCOMING EGM.

Yours faithfully
For and on behalf of
BDO CAPITAL CONSULTANTS SDN BHD

ENG CHA LUN
Executive Director - Advisory

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INFORMATION OF SCGM

1. HISTORY AND PRINCIPAL ACTIVITIES

SCGM was incorporated in Malaysia on 29 June 2007 under the Companies Act, 1965 as a public limited company under its existing name. SCGM was listed on the former Second Board of Bursa Securities on 28 February 2008 and was subsequently transferred to the Main Market of Bursa Securities on 3 August 2009, following the merger of the former Main Board and Second Board of Bursa Securities. SCGM was previously principally involved in the manufacturing and trading of plastic packaging products for the food and beverages, electronics and medical industries, and personal protective equipment such as face masks through LSSPI, its former wholly-owned subsidiary.

On 9 May 2022, SCGM entered into a conditional share sale agreement with Mitsui & Co., Ltd and FP Corporation (as varied and amended pursuant to an addendum letter to the share sale agreement dated 24 June 2022) for the Disposal of LSSPI. The Disposal of LSSPI was deemed as a major disposal pursuant to paragraph 10.11A of the Listing Requirements i.e. being a disposal of all or substantially all of SCGM's assets which may result in SCGM being no longer suitable for continued listing on the Official List.

The Disposal of LSSPI was completed on 31 August 2022 and LSSPI ceased to be a subsidiary of SCGM. Pursuant to the Disposal of LSSPI, SCGM received a total cash consideration of approximately RM556.99 million, of which SCGM had utilised approximately RM356.24 million for the Special Dividend 2022 (paid on 29 September 2022) and approximately RM69.32 million for the Capital Reduction and Repayment 2023 (paid on 4 January 2023). Following the completion of the Disposal of LSSPI, the Board announced on 2 September 2022 that SCGM has been classified as a Cash Company pursuant to paragraph 8.03(1) of the Listing Requirements upon completion of the Disposal of LSSPI.

As at the LPD, the principal activity of SCGM is investment holding company and the principal activities of its subsidiary companies are set out in **Section 5, Attachment I** of this IAL.

2. SHARE CAPITAL**2.1 Issued Share Capital**

As at the LPD, the issued share capital of SCGM is set out below:

	No. of Shares	RM
Issued share capital	192,561,041*	60,808,175*

Note:

* Excluding 1,038,600 treasury shares.

As at the LPD, there is only one (1) class of shares in SCGM which is ordinary shares. All SCGM Shares rank equally in terms of voting rights and entitlements to any dividends, rights, allotments and/or distributions (including any capital distributions) which may be declared, made or paid to shareholders.

2.2 Changes in the issued share capital

Since the end of the FYE 2025 up to the LPD, there has been no change in the issued share capital of SCGM.

2.3 Convertible Securities

As at the LPD, SCGM does not have any options, warrants and conversion rights affecting shares.

INFORMATION OF SCGM

3. SUBSTANTIAL SHAREHOLDERS

As at 3 June 2026, the substantial shareholders of SCGM and their respective shareholding in SCGM is set out as below:

Name as per NRIC	Nationality / Country of incorporation	Direct		Indirect	
		No. of SCGM Shares	% ⁽¹⁾	No. of SCGM Shares	% ⁽¹⁾
Chin Kok Tian	Malaysian	15,500,000	8.05	15,552,000	8.08 ⁽²⁾
Yan Hua Lan	Malaysian	15,500,000	8.05	15,552,000	8.08 ⁽³⁾
Tan Ah Tek	Malaysian	15,500,000	8.05	-	-
Dato' Sri Lee Hock Seng	Malaysian	10,004,453	5.20	11,452,414	5.95 ⁽⁴⁾
Lee Lih Chyong	Malaysian	111,800	0.06	10,315,452	5.36 ⁽⁵⁾

Notes:

- (1) Based on 192,561,041 Shares (after excluding 1,038,600 treasury shares) in issue as at 3 June 2026.
- (2) Represents the shareholdings in SCGM held by his spouse, Yan Hua Lan and his son, Chin Kai Ying.
- (3) Represents the shareholdings in SCGM held by her spouse, Chin Kok Tian and her son, Chin Kai Ying.
- (4) Represents the shareholdings in SCGM held by his siblings, namely Dato' Sri Lee Hock Chai, Dato' Sri Lee Hock Guan, Lee Hock Lai, Lee Boi Choo and Lee Sooi Choo and his children, namely Lee Li Ching, Lee Lih Chyong and Lee Wee Teck.
- (5) Represents the shareholdings in SCGM held by her father, Dato' Sri Lee Hock Seng, her spouse, Tai Chin Lian and her siblings, namely Lee Li Ching and Lee Wee Teck.

INFORMATION OF SCGM

4. DIRECTORS

The Directors of SCGM together with their shareholdings as at the LPD are as follows: -

Name	Nationality	Designation	Correspondence Address	Direct		Indirect	
				No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Dato' Sri Lee Hock Seng	Malaysian	Executive Chairman ⁽²⁾	MLO 5278, Kelapa Sawit, 81030 Kulai, Johor.	10,004,453	5.20	11,452,414	5.95 ⁽³⁾
Dato' Sri Lee Hock Chai	Malaysian	Managing Director ⁽⁴⁾	MLO 5281, Kelapa Sawit, 81030 Kulai, Johor.	1,654,871	0.86	19,585,597	10.17 ⁽⁵⁾
Patricia Rangene Packium	Malaysian	Senior Independent Non-Executive Director	No.16, Jalan AP 2/6, Taman Austin Perdana, 81100, Johor Bahru, Johor.	-	-	-	-
Lim Peng Peng	Malaysian	Independent Non-Executive Director	No. 22, Jalan Anggerik 36, Taman Johor Jaya, 81100, Johor Bahru, Johor.	-	-	-	-
Lee Yee Ling	Malaysian	Independent Non-Executive Director	No. 2, Jalan Pulau 63, Taman Pulau Utama, 81300 Skudai, Johor.	-	-	10,000	0.01 ⁽⁶⁾
Lee Lih Chyong	Malaysian	Alternate Director to Dato' Sri Lee Hock Seng ⁽⁷⁾	MLO 5278, Kelapa Sawit, 81030 Kulai, Johor.	111,800	0.06	10,315,452	5.36 ⁽⁸⁾

Notes:

- (1) Based on 192,561,041 Shares (after excluding 1,038,600 treasury shares) in issue as at 3 June 2026.
- (2) Dato' Sri Lee Hock Seng will be redesignated as the Non-Independent Non-Executive Deputy Chairman upon completion of the Proposed Regularisation Plan.
- (3) Represents the shareholdings in SCGM held by his siblings namely Dato' Sri Lee Hock Chai, Dato' Sri Lee Hock Guan, Lee Hock Lai, Lee Boi Choo and Lee Sooi Choo and his children, namely Lee Li Ching, Lee Lih Chyong and Lee Wee Teck.
- (4) Dato' Sri Lee Hock Chai will resign from his position upon completion of the Proposed Regularisation Plan.
- (5) Represents the shareholdings in SCGM held by his siblings, namely Dato' Sri Lee Hock Guan, Dato' Sri Lee Hock Seng, Lee Hock Lai, Lee Boi Choo and Lee Sooi Choo.
- (6) Represents the shareholdings in SCGM held by her mother, Ho Ek Che.
- (7) Lee Lih Chyong will resign from her position upon completion of the Proposed Regularisation Plan.
- (8) Represents the shareholdings in SCGM held by her father, Dato' Sri Lee Hock Seng, her spouse, Tai Chin Lian and her siblings, namely Lee Li Ching and Lee Wee Teck.

INFORMATION OF SCGM

5. SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANIES

As at the LPD, the subsidiary companies of SCGM are set out below:

Name	Country of Incorporation	Effective Interest (%)	Principal Activities
<u>Subsidiaries of SCGM</u>			
Habipack Sdn Bhd	Malaysia	100	Manufacturing of finished plastic products, other articles of paper, paperboards and plastic articles for the packing of goods. Habipack is currently dormant and does not intend to commence its business operation.

As at the LPD, SCGM does not have any associated company or joint venture company.

6. PROFIT AND DIVIDEND RECORD

A summary of SCGM Group's results based on the audited consolidated financial statements for the financial year ended 30 April 2023, 8-month FYE 2023, FYE 2024, FYE 2025 and unaudited consolidated financial statements for the 3-month financial period ended ("FPE") 31 March 2026 are set out below:

	Audited				Unaudited
	Financial year ended 30 April 2023 ⁽¹⁾ (RM'000)	8-month FYE 2023 ⁽²⁾ (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)	3-month FPE 31 March 2026 (RM'000)
Revenue	-	-	-	-	-
(Loss before tax) / PBT	330,024	7,290	(2,149)	1,166	149
(Loss after tax) / PAT attributable to owners of SCGM					
- Continuing operations	329,105	6,647	(3,068)	527	(51)
- Discontinued operation	3,069	-	-	-	-
	332,174	6,647	(3,068)	527	(51)
Weighted average number of SCGM Shares ('000)	192,561	192,561	192,561	192,561	192,561
Basic / Diluted (loss per share) / EPS (sen)					
- Continuing operations	170.91	3.45	(1.59)	0.27	(0.03)
- Discontinued operation	1.59	-	-	-	-
	172.50	3.45	(1.59)	0.27	(0.03)
Dividend paid per SCGM Share (sen)	186.30	-	-	-	-

INFORMATION OF SCGM**Notes:**

- (1) For the financial year ended 30 April 2023, the operation of LSSPI was classified as discontinued operation due to the Disposal of LSSPI and the amounts relating to the operation of LSSPI are presented separately in the statement of profit or loss and other comprehensive income within one line item, "Profit for the financial year from discontinued operation, net of tax".
- (2) On 24 November 2023, SCGM announced the change of its financial year end from 30 April 2024 to 31 December 2023. Hence, the audited consolidated financial statements of SCGM for 8-month FYE 2023 are for the period from 1 May 2023 to 31 December 2023.

As at the LPD, there were no other material exceptional items recorded for the financial year ended 30 April 2023, 8-month FYE 2023, FYE 2024, FYE 2025 and 3-month FPE 31 March 2026, save as disclosed below:

- (i) One-off gain on disposal of RM335.67 million arising from the disposal of its subsidiary, LSSPI which was recognised in the financial year ended 30 April 2023.

7. STATEMENT OF ASSETS AND LIABILITIES

The statement of assets and liabilities of SCGM based on its audited consolidated financial positions as at 30 April 2023, 31 December 2023, 31 December 2024, 31 December 2025 and unaudited consolidated financial statements for the 3-month FPE 31 March 2026 are set out below:

	Audited as at				Unaudited
	30 April 2023 (RM'000)	31 December 2023 ⁽¹⁾ (RM'000)	31 December 2024 (RM'000)	31 December 2025 (RM'000)	31 March 2026 (RM'000)
ASSETS					
Non-current assets					
Property, plant and equipment	-	-	16	13	12
Investment in a subsidiary	-	-	-	-	-
Other receivables	-	-	-	-	-
Total non-current assets	-	-	16	13	12
Current assets					
Inventories	-	-	-	-	-
Trade receivables	-	-	-	-	-
Other receivables	138	70	55	56	78
Cash and bank balances and fixed deposits with licensed banks	109,032	127,168	116,221	116,396	116,002
Non-current assets held for sale	11,522	-	-	-	-
Total current assets	120,692	127,238	116,277	116,452	116,080
Total assets	120,692	127,238	116,293	116,465	116,092
EQUITY					
Share capital	63,118	63,118	63,118	63,118	63,118
Treasury shares	(2,310)	(2,310)	(2,310)	(2,310)	(2,310)
Reverse acquisition reserve	-	-	-	-	-
Unappropriated profit	50,821	57,468	54,400	54,926	54,875
Total equity	111,629	118,276	115,208	115,734	115,683

INFORMATION OF SCGM

	Audited as at				Unaudited
	30 April 2023 (RM'000)	31 December 2023 ⁽¹⁾ (RM'000)	31 December 2024 (RM'000)	31 December 2025 (RM'000)	31 March 2026 (RM'000)
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	-	-	-	-	-
Lease liabilities	-	-	-	-	-
Borrowings	-	-	-	-	-
Total non-current liabilities	-	-	-	-	-
Current liabilities					
Trade payables	-	-	-	-	-
Other payables	8,744	8,655	595	703	398
Lease liabilities	-	-	-	-	-
Borrowings	-	-	-	-	-
Tax payable	319	307	490	28	11
Total current liabilities	9,063	8,962	1,085	731	409
Total liabilities	9,063	8,962	1,085	731	409
Total equity and liabilities	120,692	127,238	116,293	116,465	116,092

Note:

(1) On 24 November 2023, SCGM announced the change of its financial year end from 30 April 2024 to 31 December 2023.

8. MATERIAL CHANGE IN FINANCIAL POSITION OF SCGM AND ERAMAS GROUP

As at the LPD, the Board confirmed that there are no known material changes in the financial position of SCGM Group subsequent to SCGM's latest audited consolidated financial statements for the FYE 2025 and unaudited consolidated financial statements for the 3-month FPE 31 March 2026 (being the date of the last financial statement laid before SCGM in its general meeting held on 26 May 2026).

As at the LPD, within the knowledge of the Vendors, there are no known material changes in the financial position of SCGM Group subsequent to SCGM's latest consolidated financial statements for the FYE 2025 and unaudited consolidated financial statements for the 3-month FPE 31 March 2026 (being the date of the last financial statement laid before SCGM in its general meeting held on 26 May 2026).

As at the LPD, within the knowledge of the Vendors, save for the effects of the Iran war as disclosed in **Section 21.4, Appendix III(B)** and **Section 3.2, Part A** of the Circular, there are no known material changes in the financial position of Eramas Group subsequent to Eramas Group's latest consolidated financial statements for the FYE 2025.

INFORMATION OF SCGM**9. ACCOUNTING POLICIES**

Based on the audited financial statements of SCGM for financial year ended 30 April 2023, 8-month FYE 2023, FYE 2024 and FYE 2025, the financial statements have been prepared based on Malaysian accounting standards and there was no audit qualification for SCGM's financial statements for the respective years under review.

There is no change in the accounting standards adopted by SCGM, which would result in a material variation to the comparable figures for the audited consolidated financial statements of SCGM for the financial year ended 30 April 2023, 8-month FYE 2023, FYE 2024, FYE 2025 and unaudited consolidated financial statements for the 3-month FPE 31 March 2026.

10. BORROWINGS

SCGM does not have any borrowings as at 31 March 2026, which is not more than three (3) months preceding the LPD.

11. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

There are no material capital commitments incurred or known to be incurred by SCGM Group that have been provided for up to the LPD, which upon becoming due or enforceable, may have a material impact on the financial position or business of SCGM Group.

As at the LPD, there are no contingent liabilities which upon becoming due or enforceable may have material impact on the financial position or business of SCGM Group.

12. MATERIAL LITIGATION

As at the LPD, SCGM Group is not engaged in any material litigation, claim and/or arbitration neither as plaintiff or defendant, which may have a material effect on the financial position or business of SCGM Group and the Board confirms that there are no proceedings, pending or threatened, or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position or business of SCGM Group.

13. MATERIAL CONTRACTS

Save as disclosed below, SCGM Group has not entered into any material contracts (not being contracts entered into the ordinary course of business) during the past two (2) years prior to the announcement of the HOA on 20 March 2024 and up to the LPD:

- (i) Share sale agreement entered into between SCGM, Mitsui & Co., Ltd and FP Corporation dated 9 May 2022 (as varied and amended pursuant to an addendum letter to the share sale agreement dated 24 June 2022) for the Disposal of LSSPI. The Disposal of LSSPI was completed on 31 August 2022 and LSSPI ceased to be a subsidiary of SCGM;
- (ii) Two sale and purchase agreements entered into between Habipack Sdn Bhd (a wholly-owned subsidiary of SCGM) and RecycleInco Sdn Bhd, Dato' Goh Cheng Huat and Denis Lim Seng Huat dated 29 May 2023 for the disposal of 3 contiguous parcels of land with factory buildings and other ancillary buildings ("**Disposal of Lands**"). The Disposal of Lands was completed on 29 December 2023;

INFORMATION OF SCGM

- (iii) On 20 March 2024, the Company entered into a heads of agreement with the Vendors for the acquisition of all ordinary shares in Eramas Global Group for a purchase consideration to be determined later. On 16 October 2024, the Company and the Vendors mutually agreed to extend the period to execute the SSA for the Proposed Acquisition until 31 December 2024; and
- (iv) the SSA dated 27 December 2024 (including addendums dated 24 September 2025 and 14 May 2026).

14. HISTORICAL PRICES

The highest and lowest closing market prices and the closing price at the end of each month of SCGM Shares for the period commencing from 20 September 2023 (being 6 months before the announcement of the HOA on 20 March 2024) up to the LPD are set out below:

	High	Closing market price Low	Last trading day of the month
	RM	RM	RM
<u>2023</u>			
September	0.585	0.570	0.570
October	0.560	0.540	0.545
November	0.550	0.530	0.535
December	0.585	0.530	0.585
<u>2024</u>			
January	0.605	0.580	0.605
February	0.630	0.590	0.605
March	0.645	0.590	0.640
April	0.645	0.615	0.620
May	0.735	0.615	0.690
June	0.690	0.660	0.670
July	0.725	0.675	0.710
August	0.710	0.620	0.635
September	0.670	0.625	0.650
October	0.650	0.605	0.610
November	0.640	0.610	0.630
December	0.695	0.625	0.635
<u>2025</u>			
January	0.630	0.585	0.585
February	0.600	0.560	0.560
March	0.570	0.545	0.550
April	0.565	0.515	0.545
May	0.610	0.555	0.570
June	0.595	0.570	0.580
July	0.590	0.560	0.565
August	0.590	0.565	0.575
September	0.590	0.530	0.535
October	0.560	0.510	0.520
November	0.540	0.500	0.500
December	0.505	0.490	0.500

INFORMATION OF SCGM

	High	Closing market price Low	Last trading day of the month
	RM	RM	RM
2026			
January	0.490	0.470	0.475
February	0.510	0.470	0.495
March	0.500	0.470	0.470
April	0.505	0.460	0.505
May (up to the LPD)	0.540	0.470	0.470
Last traded price as at the HOA LTD			0.610
Last traded price as at the SSA LTD			0.695
Last traded price as at the LPD			0.470
Closing market prices from 20 September 2023 up to the LPD:			
Highest on 29 May 2024			0.735
Lowest on 20 April 2026, 21 April 2026 and 24 April 2026			0.460

(Source: Bloomberg)

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INFORMATION OF THE VENDORS AND PACS

1. INFORMATION OF THE VENDORS AND PACS

Name	Age	Nationality	Nature of relationship
Chin Kok Tian	59	Malaysian	• Director and shareholder of Eramas Global Group / Vendor • Substantial shareholder of SCGM • Spouse of Yan Hua Lan • Father of Chin Kai Ying
Yan Hua Lan	57	Malaysian	• Director and shareholder of Eramas Global Group / Vendor • Substantial shareholder of SCGM • Spouse of Chin Kok Tian • Mother of Chin Kai Ying
Tan Ah Tek	63	Malaysian	• Director and shareholder of Eramas Global Group / Vendor • Substantial shareholder of SCGM
Gan Chuan Lee	67	Malaysian	• Shareholder of Eramas Global Group / Vendor • Shareholder of SCGM • Spouse of Tan Lee Eng • Business owner
Tey Chee Shin	42	Malaysian	• Shareholder of Eramas Global Group / Vendor • Head of Business Development (International) of the Eramas Group
Tan Tai Chong	66	Malaysian	• Shareholder of Eramas Global Group / Vendor • Business owner
Lau Sie Khian	54	Malaysian	• Shareholder of Eramas Global Group / Vendor • Head of Business Development (Local) of the Eramas Group
Tan Lee Eng	60	Malaysian	• Shareholder of SCGM • Spouse of Gan Chuan Lee • Housewife
Chin Kai Ying	28	Malaysian	• Shareholder of SCGM • Son of Chin Kok Tian and Yan Hua Lan • Personal assistant to the Group Managing Director of the Eramas Group

FURTHER INFORMATION**1. DISCLOSURE OF INTERESTS AND DEALINGS IN SHARES****1.1 By SCGM****(i) Disclosure of interest in the Vendors**

Not applicable as the Vendors are individuals.

(ii) Dealings in the securities of the Vendors

Not applicable as the Vendors are individuals.

(iii) Dealings in own securities of SCGM

SCGM has not dealt, directly or indirectly, in its own voting shares or convertible securities of SCGM during the period beginning 6 months before the date of the announcement of the HOA on 20 March 2024 and ending on the LPD.

1.2 By the Directors of SCGM**(i) Disclosure of interest in the Vendors**

Not applicable as the Vendors are individuals.

(ii) Dealings in the securities of the Vendors

Not applicable as the Vendors are individuals.

(iii) Disclosure of interest in SCGM

As at 3 June 2026, save as disclosed below, the Directors do not have any other interest, direct or indirect, in any voting shares or convertible securities of SCGM.

	Direct		Indirect	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Dato' Sri Lee Hock Seng	10,004,453	5.20	11,452,414	5.95 ⁽²⁾
Dato' Sri Lee Hock Chai	1,654,871	0.86	19,585,597	10.17 ⁽³⁾
Patricia Rangene Packium	-	-	-	-
Lim Peng Peng	-	-	-	-
Lee Yee Ling	-	-	10,000	0.01 ⁽⁴⁾
Lee Lih Chyong	111,800	0.06	10,315,452	5.36 ⁽⁵⁾

Notes:

(1) Based on 192,561,041 Shares (after excluding 1,038,600 treasury shares) in issue as at 3 June 2026.

(2) Represents the shareholdings in SCGM held by his siblings, namely Dato' Sri Lee Hock Chai, Dato' Sri Lee Hock Guan, Lee Hock Lai, Lee Boi Choo and Lee Sooi Choo and his children, namely Lee Li Ching, Lee Lih Chyong and Lee Wee Teck.

(3) Represents the shareholdings in SCGM held by his siblings, namely Dato' Sri Lee Hock Guan, Dato' Sri Lee Hock Seng, Lee Hock Lai, Lee Boi Choo and Lee Sooi Choo.

(4) Represents the shareholdings in SCGM held by her mother, Ho Ek Che.

(5) Represents the shareholdings in SCGM held by her father, Dato' Sri Lee Hock Seng, her spouse, Tai Chin Lian and her siblings, namely Lee Li Ching and Lee Wee Teck.

FURTHER INFORMATION**(iv) Dealings in securities of SCGM**

As at 3 June 2026, save as disclosed below, the Directors have not dealt, directly or indirectly, in any voting shares or convertible securities of SCGM during the period beginning 6 months before the announcement of the HOA on 20 March 2024 and ending on 3 June 2026.

Name	Transaction date	Nature of transaction	No. of SCGM Shares transacted		Transacted price per transacted SCGM Share ⁽²⁾
			(unit)	(%) ⁽¹⁾	(RM)
Dato' Sri Lee Hock Seng	9 July 2024	Acquisition of ordinary share by his son-in-law – indirect interest	100,000	0.052	0.710
Lee Lih Chyong	9 July 2024	Acquisition of ordinary share by her spouse – indirect interest	100,000	0.052	0.710
Dato' Sri Lee Hock Seng	29 July 2024	Acquisition of ordinary share by his son-in-law – indirect interest	10,000	0.005	0.710
Lee Lih Chyong	29 July 2024	Acquisition of ordinary share by her spouse – indirect interest	10,000	0.005	0.710
Dato' Sri Lee Hock Seng	30 July 2024	Acquisition of ordinary share by his son-in-law – indirect interest	50,000	0.026	0.710
Lee Lih Chyong	30 July 2024	Acquisition of ordinary share by her spouse – indirect interest	50,000	0.026	0.710
Dato' Sri Lee Hock Seng	1 August 2024	Acquisition of ordinary share by his son-in-law – indirect interest	20,400	0.011	0.700
Lee Lih Chyong	1 August 2024	Acquisition of ordinary share by her spouse – indirect interest	20,400	0.011	0.700
Dato' Sri Lee Hock Seng	5 November 2024	Acquisition of ordinary share by his son-in-law – indirect interest	1,000	0.001	0.610
Lee Lih Chyong	5 November 2024	Acquisition of ordinary share by her spouse – indirect interest	1,000	0.001	0.610
Dato' Sri Lee Hock Seng	5 December 2024	Disposal of ordinary share by his sister – indirect interest	10,000	0.005	0.660
Dato' Sri Lee Hock Chai	5 December 2024	Disposal of ordinary share by his sister – indirect interest	10,000	0.005	0.660

FURTHER INFORMATION

Name	Transaction date	Nature of transaction	No. of SCGM Shares transacted		Transacted price per transacted SCGM Share ⁽²⁾
			(unit)	(%) ⁽¹⁾	(RM)
Dato' Sri Lee Hock Seng	27 December 2024	Disposal of ordinary share by his sister – indirect interest	10,000	0.005	0.695
Dato' Sri Lee Hock Chai	27 December 2024	Disposal of ordinary share by his sister – indirect interest	10,000	0.005	0.695
Dato' Sri Lee Hock Seng	7 January 2026	Disposal of ordinary share by his brother – indirect interest	202,900	0.105	0.487
Dato' Sri Lee Hock Chai	7 January 2026	Disposal of ordinary share by his brother – indirect interest	202,900	0.105	0.487
Dato' Sri Lee Hock Seng	30 January 2026	Disposal of ordinary share by his brother – indirect interest	164,000	0.085	0.468
Dato' Sri Lee Hock Chai	30 January 2026	Disposal of ordinary share by his brother – indirect interest	164,000	0.085	0.468
Dato' Sri Lee Hock Seng	5 February 2026	Disposal of ordinary share by his sister – indirect interest	20,000	0.010	0.470
Dato' Sri Lee Hock Chai	5 February 2026	Disposal of ordinary share by his sister – indirect interest	20,000	0.010	0.470

Notes:

- (1) Based on 192,561,041 Shares (after excluding 1,038,600 treasury shares) in issue as at 3 June 2026.
- (2) The transacted price per the transacted SCGM Shares excludes brokerage and other incidental costs.

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FURTHER INFORMATION**1.3 By the Vendors and PACs****(i) Disclosure of interest in SCGM**

As at 3 June 2026, save as disclosed below, the Vendors and PACs do not have any other interest, direct or indirect, in any voting shares or convertible securities in SCGM:

	Direct		Indirect	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Chin Kok Tian	15,500,000	8.05	15,552,000	8.08 ⁽²⁾
Yan Hua Lan	15,500,000	8.05	15,552,000	8.08 ⁽³⁾
Tan Ah Tek	15,500,000	8.05	-	-
Gan Chuan Lee	615,000	0.32	110,000	0.06 ⁽⁴⁾
Tey Chee Shin	-	-	-	-
Tan Tai Chong	-	-	-	-
Lau Sie Khian	-	-	-	-
Tan Lee Eng	110,000	0.06	615,000	0.32 ⁽⁵⁾
Chin Kai Ying	52,000	0.02	-	-

Notes:

- (1) Based on 192,561,041 Shares (after excluding 1,038,600 treasury shares) in issue as at 3 June 2026.
- (2) Represents the shareholdings in SCGM held by his spouse, Yan Hua Lan and his son, Chin Kai Ying.
- (3) Represents the shareholdings in SCGM held by her spouse, Chin Kok Tian and her son, Chin Kai Ying.
- (4) Represents the shareholdings in SCGM held by his spouse, Tan Lee Eng.
- (5) Represents the shareholdings in SCGM held by her spouse, Gan Chuan Lee.

(ii) Dealings in securities of SCGM

As at 3 June 2026, the Vendors and PACs have not dealt, directly or indirectly, in any voting shares or convertible securities in SCGM during the period beginning 6 months before the announcement of the HOA on 20 March 2024 and ending on 3 June 2026.

1.4 By the persons with whom SCGM or any persons acting in concert with it has any arrangement

As at the LPD, there are no persons with whom SCGM or any persons acting in concert with it have entered into any arrangement, including any arrangement involving rights over shares, any indemnity arrangement, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or to refrain from dealing pursuant to the Proposed Regularisation Plan.

1.5 By the persons with whom SCGM or any persons acting in concert with it has borrowed or lent

As at the LPD, there are no persons with whom SCGM or any persons acting in concert with it have borrowed or lent any voting shares or convertible securities of SCGM.

FURTHER INFORMATION**1.6 BDOCC****(i) Disclosure of interest in SCGM**

As at the LPD, BDOCC does not have any interest, whether direct or indirect, in any voting shares or convertible securities of SCGM.

(ii) Disclosure of dealings in securities of SCGM

BDOCC has not dealt, directly or indirectly, in the SCGM Shares during the period beginning 6 months before the announcement of the HOA on 20 March 2024 and ending on the LPD.

(iii) Disclosure of interest in SCGM by funds whose investments are managed by BDOCC on a discretionary basis

As at the LPD, BDOCC is not involved in the management of funds on a discretionary basis.

1.7 By the persons who have irrevocably committed themselves to vote in favour or against the Proposed Regularisation Plan

As at the LPD, there are no persons who have irrevocably committed themselves to vote in favour or against the Proposed Regularisation Plan.

1.8 By the persons with whom the Vendors and PACs or any persons acting in concert with them have any arrangement

As at the LPD, there are no persons with whom the Vendors and PACs or any persons acting in concert with them have entered into any arrangement, including any arrangement involving rights over shares, any indemnity arrangement, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or to refrain from dealing pursuant to the Proposed Regularisation Plan.

1.9 By the persons with whom the Vendors and PACs or any persons acting in concert with them have borrowed or lent

As at the LPD, there are no persons with whom the Vendors and PACs or any persons acting in concert with it have borrowed or lent any voting shares or convertible securities of SCGM.

2. ARRANGEMENT AFFECTING DIRECTORS

(i) As at the LPD, no payment or other benefit will be made or given to any Director as compensation for loss of office or otherwise in connection with the Proposed Regularisation Plan.

(ii) As at the LPD, there is no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Proposed Regularisation Plan or otherwise connected with the outcome of the Proposed Regularisation Plan.

(iii) As at the LPD, neither the Vendors nor PACs have entered into any material contract in which any Director has a material personal interest.

FURTHER INFORMATION

- (iv) As at the LPD, there are no agreements, arrangements or understanding existing between the Vendors and PACs with any of the Directors or recent Directors, holders of voting shares or voting rights or recent holders of voting shares or voting rights of SCGM having any connection with or dependence upon the Proposed Regularisation Plan.

Note:

Recent Directors or recent holders of voting shares or voting rights of SCGM refers to such person who was during the period of 6 months prior to the announcement of the HOA on 20 March 2024, a Director or holder of voting shares or voting rights of SCGM.

3. SERVICE CONTRACTS

As at the LPD, neither SCGM nor its subsidiaries have any service contracts with any Directors or proposed Directors, which have been entered into or amended within 6 months before the date of the announcement of the HOA on 20 March 2024 or which are fixed term contracts with more than 12 months to run.

For the purpose of this section, the term “service contracts” excludes those expiring or determinable by the employing company without payment of compensation within 12 months from the date of this IAL.

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SALIENT TERMS OF THE SSA

The salient terms of the SSA are set out below:-

1. Sale and purchase

- (i) The Vendors shall sell and SCGM shall acquire the Sale Shares which shall collectively constitute 100% of the issued share capital of Eramas Global Group, subject to the terms and conditions in the SSA.
- (ii) The Sale Shares are sold:-
 - (a) strictly upon the condition that all and not only part of the Sale Shares are acquired by SCGM, unless mutually agreed otherwise;
 - (b) free from any liens, charges and encumbrances and any other third party rights;
 - (c) with full legal and beneficial title;
 - (d) with all rights attaching thereto (including, unless mutually agreed by the Vendors and SCGM, all dividends and distributions, whether declared or undeclared, in respect thereof) on the Completion Date; and
 - (e) on the basis that the warranties and representations of the Vendors to SCGM in the SSA are true and accurate in all respects.

2. Consideration

- (i) The Sale Shares shall be acquired by SCGM from the Vendors for the consideration of RM207.94 million.
- (ii) The Purchase Consideration shall be fully satisfied by SCGM through the issuance of the Consideration Shares to the Vendors at the issue price of RM0.365⁽¹⁾ per Consideration Share.

Note:-

- (1) For the avoidance of doubt, the issue price of RM0.365 per Consideration Share is after adjusting for the Proposed Special Dividend as set out in the SSA.
- (iii) The number of Sale Shares to be acquired from the respective Vendors and the number of Consideration Shares to be issued to the respective Vendors are as follows:-

No.	Name	Purchase Consideration (RM)	No. of Sale Shares	No. of Consideration Shares
(1)	Chin Kok Tian	83,803,707	90,981,431	229,599,198
(2)	Yan Hua Lan	75,573,868	82,046,712	207,051,692
(3)	Tan Ah Tek	32,869,798	35,685,071	90,054,241
(4)	Gan Chuan Lee	10,030,897	10,890,036	27,481,910
(5)	Tey Chee Shin	3,283,409	3,564,631	8,995,642
(6)	Tan Tai Chong	2,192,253	2,380,018	6,006,173
(7)	Lau Sie Khian	186,068	202,004	509,774
Total		207,940,000	225,749,903	569,698,630

SALIENT TERMS OF THE SSA (cont'd)

- (iv) The Purchase Consideration of RM207.94 million in respect of the Sale Shares is agreed based on an aggregate of:-
- (a) RM202.50 million for the Eramas Group, representing a PE Multiple of 11.25 times based on the Guaranteed Net Profit of RM18.00 million for FYE 2025; and
 - (b) RM5.44 million for Eramas Global Group's then 35%-owned associate⁽¹⁾, PT Eramas, representing Eramas Global Group's 35% share of the unaudited NA attributable to the shareholders of PT Eramas as at 31 December 2023 of approximately IDR55.71 billion (which is equivalent to approximately RM15.54 million, based on an exchange rate of IDR100:RM0.0279 as at 30 October 2024).

Note:-

- (1) The Purchase Consideration of RM207.94 million includes RM5.44 million attributable to Eramas Global Group's then 35% equity interest in PT Eramas as the Acquisition of PT Eramas was completed on 9 July 2024.

PT Eramas subsequently ceased to be an associate of Eramas Global Group as a result of the Disposal of PT Eramas pursuant to a share sale agreement dated 29 August 2025. Pursuant to the Disposal of PT Eramas, Eramas Global Group disposed of its 35% equity interest in PT Eramas to PT Pulaumas Moromulia for a cash consideration of RM7.00 million.

The Disposal of PT Eramas was undertaken due to the differences in view in terms of PT Eramas' strategic direction and future plans. Particularly, PT Pulaumas Moromulia planned to diversify the business operations of PT Eramas to include the production and sale of non-food and beverage products such as coconut-based activated carbon for industrial use. The said diversification is not aligned with Eramas Global Group's strategic focus on food and beverage industry.

In addition, such diversification would require additional capital injections into the new product segment of PT Eramas. Other than additional capital injections, the diversification of PT Eramas' business operations to include the production and sale of non-food and beverage products would require additional time commitment and efforts from the directors and management of Eramas Global Group. The new products segment is outside their expertise and experience in the food and beverage industry. These would detract their time and attention from focusing on the Eramas Group's core business in the food and beverage industry. Further details are set out in Section 2.1(v), Appendix III(A) of this Circular.

In view of the above, Eramas Global Group had then decided to divest its investment in PT Eramas and to focus on its business operations in Malaysia.

SALIENT TERMS OF THE SSA (cont'd)

Notwithstanding that PT Eramas subsequently ceased to be an associate of Eramas Global Group as a result of the Disposal of PT Eramas (which was deemed completed on 29 August 2025), Eramas Global Group will receive disposal consideration of RM7.00 million for the 35% equity interest in PT Eramas disposed of. Accordingly, the disposal consideration in respect of the Disposal of PT Eramas (RM7.00 million) will form part of the target asset to be acquired by SCGM pursuant to the Proposed Acquisition instead of Eramas Global Group's then 35% equity interest in PT Eramas.

Pursuant to Clause 7(iii) in Appendix I of this Circular, the Vendors had notified SCGM of the Disposal of PT Eramas prior to the execution of the share sale agreement on 29 August 2025, which SCGM had acknowledged and accepted without any change to the terms of the SSA (including the Purchase Consideration) in view that the disposal consideration in respect of the Disposal of PT Eramas (RM7.00 million) which will be attributable to our Shareholders after the completion of the Proposed Acquisition is higher than and represents a premium against:-

- (i) the purchase consideration to be paid by SCGM to the Vendors attributable to Eramas Global Group's then 35% equity interest in PT Eramas (RM5.44 million) by 28.68%; and
- (ii) Eramas Global Group's 35% share of the audited NA attributable to the shareholders of PT Eramas as at 31 December 2024 (RM5.43 million) by 28.91%.

Notwithstanding the abovementioned premium represented by the disposal consideration in respect of the Disposal of PT Eramas, the Vendors have agreed that there will be no variation to the Purchase Consideration.

This is premised upon the following:-

- (i) the Vendors had already agreed to dispose of Eramas Global Group (including the then 35% equity interest in PT Eramas) to SCGM pursuant to the SSA prior to the Disposal of PT Eramas; and
- (ii) the disposal consideration of RM7.00 million arose from the disposal of PT Eramas, being part of the target asset which was already agreed to be acquired by SCGM pursuant to the Proposed Acquisition.

In consideration of SCGM having agreed to enter into the SSA, each of the Vendors jointly and severally, irrevocably and unconditionally guarantees to SCGM that the Eramas Group shall achieve the Guaranteed Net Profit pursuant to the terms and conditions in the SSA.

3. Profit Guarantee

- (i) Each of the Vendors jointly and severally, irrevocably and unconditionally guarantees to SCGM that the Eramas Group shall achieve consolidated PAT of RM18.00 million based on the Eramas Group's audited financial statements prepared in accordance with the MFRS and IFRS Accounting Standards for FYE 2025.

SALIENT TERMS OF THE SSA (cont'd)

- (ii) The Vendors undertake to procure that the audited financial statements of the Eramas Group shall be prepared in accordance with generally accepted accounting practice, standards and principles adopted by the Eramas Group in respect of FYE 2025 together with any notes, reports or statements included therein or annexed thereto and audited by SCGM's appointed auditors, a copy of which shall be delivered to SCGM for review not later than 4 months following the end of FYE 2025.
- (iii) For the avoidance of doubt, the aforementioned consolidated PAT shall be determined in accordance with the requirements of all applicable laws and generally accepted accounting principles applicable in Malaysia with proper provisions having been made for all liabilities and losses in the audited financial statements of the Eramas Group, and shall not include the following:-
 - (a) extraordinary items including but not limited to expenses incurred pursuant to Internal Restructuring of Eramas Group and the SSA;
 - (b) profits or losses of a capital nature arising *inter alia* from the disposal of fixed assets, investments, plant and equipment or any other assets or which are in the ordinary course of business made on realisation of shares, intellectual property, goodwill or real property;
 - (c) profits and losses attributable to businesses, if any, acquired after the execution of the SSA; and
 - (d) any financial grants, rebates and/or tax incentives received from the relevant authorities.

For the avoidance of doubt, the aforementioned consolidated PAT shall also exclude any share of profits or losses of PT Eramas (the then 35%-owned associate of Eramas Global Group).

- (iv) As security for the Guaranteed Net Profit, the Vendors shall:-
 - (a) on the Completion Date, deliver to SCGM all documents, forms and confirmations as may be required by SCGM or the Trustee to give effect to the transfer of such number of Pledged Shares⁽¹⁾ with a total market value equivalent to RM21.60 million as at the expiry of the Moratorium Period into stakeholder's accounts managed by the Trustee at costs to be incurred by the Vendors; and

Note:-

- (1) As set out in Section II of this Circular, all remaining Consideration Shares after the Proposed Offer for Sale shall be subject to the Moratorium Requirement. After the expiry of the Moratorium Period, the Pledged Shares will be transferred into stakeholder's accounts managed by the Trustee.

In order to facilitate the transfer of the Pledged Shares into stakeholder's accounts after the expiry of the Moratorium Period, the Vendors shall, on or before the Completion Date, deliver all documents, forms and confirmations as may be required to give effect to the transfer (including the execution of a stakeholders' agreement with SCGM and the Trustee in respect of the pledged securities arrangement as well as share transfer forms). Upon determination of the number of Pledged Shares to be transferred into the stakeholder's accounts based on the market price of SCGM Shares as at the expiry of the Moratorium Period, the share transfer forms will be completed and the transfer of Pledged Shares will be effected.

SALIENT TERMS OF THE SSA (cont'd)

- (b) ensure that the Pledged Shares are transferred into the stakeholder's accounts maintained by the Trustee immediately after the expiry of the Moratorium Period for account of the Vendors, to be held and dealt with by the Trustee in accordance with the terms of the SSA,

in proportion to their respective shareholdings in Eramas Global Group immediately prior to the Acquisition of PT Eramas or such other proportion which may be agreed between the Vendors. The proportion, unless agreed otherwise between the Vendors, shall be as follows:-

No.	Name	No. of Eramas Shares held immediately prior to the Acquisition of PT Eramas	Proportion (%)
(1)	Chin Kok Tian	88,927,290	40.65
(2)	Yan Hua Lan	81,100,896	37.08
(3)	Tan Ah Tek	31,685,128	14.48
(4)	Gan Chuan Lee	10,890,036	4.98
(5)	Tey Chee Shin	3,564,631	1.63
(6)	Tan Tai Chong	2,380,018	1.09
(7)	Lau Sie Khian	202,004	0.09
Total		218,750,003	100.00

- (v) The parties to the SSA agree and covenant that Pledged Entitlements, if any, shall be held by the Trustee for the benefit of the Vendors and shall accrue to and form part of the securities to be held and dealt with by the Trustee in accordance with the terms of the SSA.
- (vi) SCGM shall notify the Trustee of the audited PAT achieved by the Eramas Group for FYE 2025, as determined and approved by our Board, within 14 days after the date on which the audited financial statements of the Eramas Group for FYE 2025 are delivered to SCGM.
- (vii) In the event the audited PAT of the Eramas Group for FYE 2025 exceeds the Guaranteed Net Profit for FYE 2025 i.e. RM18.00 million, the Vendors shall not be entitled to claim against SCGM or the Eramas Group for any of the excess PAT achieved.

In the event the audited PAT of the Eramas Group for FYE 2025 is less than the Guaranteed Net Profit for FYE 2025 i.e. RM18.00 million, the Vendors shall pay to SCGM an amount equivalent to such shortfall in cash based on the proportion as stated in Clause 3(iv) above within 7 days from the date of receipt from SCGM of a written notice to the Vendors to claim for such shortfall.

If the shortfall is not paid by all or any of the Vendors within 7 days from the date of receipt from SCGM of the written notice to the Vendors to claim for such shortfall, the Trustee shall be and is authorised to, without further notice to the Vendors and without necessity for legal proceedings, remit such cash amount of any Pledged Entitlements to SCGM and if this is inadequate to meet the shortfall, on the instructions of SCGM, sell such number of Pledged Shares and Pledged Entitlements, if any, to pay for the remaining shortfall to SCGM.

SALIENT TERMS OF THE SSA (cont'd)

However, in the event the audited PAT of the Eramas Group for FYE 2025 is less than the Guaranteed Net Profit for FYE 2025 i.e. RM18.00 million, and the shortfall occurs prior to the expiry of the Moratorium Period, the Pledged Shares and Pledged Entitlements, if any, that are subject to the Moratorium Requirement cannot be sold and/or remitted to SCGM to cover the shortfall until the expiry of the Moratorium Period. Immediately after the expiry of the Moratorium Period, the Trustee shall be and is authorised to, without further notice to the Vendors and without necessity for legal proceedings, on the instructions of SCGM, sell such number of Pledged Shares and Pledged Entitlements, if any, to pay for the shortfall to SCGM.

The proceeds of the sale of the Pledged Shares and Pledged Entitlements, if any, shall be applied by SCGM to pay:-

- (a) all costs, fees and expenses paid or incurred by SCGM in connection with the sale of the Pledged Shares and Pledged Entitlements, if any, as well as exercise or enforcement of SCGM's rights and remedies under the SSA;
- (b) the entire indebtedness owing by the Vendors to SCGM under the SSA; and
- (c) the excess, if any, shall be returned to the Vendors whose Pledged Shares and Pledged Entitlements, if any, were sold.

If the proceeds from the Pledged Shares and Pledged Entitlements, if any, are inadequate to meet the shortfall, any balance indebtedness owing by the Vendors to SCGM thereafter shall be immediately payable by the Vendors to SCGM, failing which late payment interest of 8% per annum shall accrue until full settlement.

Upon fulfilment of the Vendors' obligations in respect of the Profit Guarantee pursuant to the SSA, the security interest created on the Pledged Shares and Pledged Entitlements, if any, in favour of SCGM shall terminate and the Trustee shall be and is authorised by the parties to the SSA to return all the Pledged Shares and Pledged Entitlements, if any, held in the stakeholder's accounts to the Vendors whose Pledged Shares and Pledged Entitlements, if any, were held in the stakeholder's accounts.

Note:-

Based on the audited consolidated financial statements of Eramas Global Group for FYE 2025 and after relevant adjustments in accordance with the SSA, the Eramas Group has achieved the Guaranteed Net Profit and the Vendors' obligations in respect of the Profit Guarantee pursuant to the SSA have been fulfilled. Accordingly, the Vendors are not required to provide any security to be held by the Trustee in respect of the Guaranteed Net Profit.

4. Issue price

- (i) The issue price of the Consideration Shares is a fixed issue price of RM0.365 per Consideration Share after adjusting for the Proposed Special Dividend and subject to such adjustment in accordance with Clause 4(ii) below.
- (ii) In the event of declaration or payment of any dividend or distribution by SCGM to our Shareholders whereby the entitlement date for such dividend or distribution is after the date of the SSA and prior to the Completion Date, the issue price of the Consideration Shares shall be adjusted and reduced by the amount of dividend or distribution declared or paid by SCGM on a per ordinary share basis.
- (iii) Except pursuant to Clause 4(ii) above and unless otherwise agreed in writing between the parties to the SSA, there shall be no change to the issue price of the Consideration Shares prior to the completion of the SSA.

SALIENT TERMS OF THE SSA (cont'd)

5. Conditions precedent

- (i) The obligations of the parties to the SSA are subject to and conditional upon the following being obtained / fulfilled / waived by the Cut-Off Date:-
 - (a) SCGM being satisfied at our absolute discretion with the results of the due diligence of the financial, legal, business and other affairs of the Eramas Group;
 - (b) SCGM having obtained the approval from the SC for the Proposed Regularisation Plan, including the Bumiputera equity requirement for public listed companies;
 - (c) SCGM having obtained the clearance from the MITI in relation to the Bumiputera equity requirement for public listed companies;
 - (d) SCGM having obtained the approval of our Shareholders at an EGM to be convened for the Proposed Regularisation Plan;
 - (e) SCGM having obtained the approval of Bursa Securities for the listing and quotation of the Consideration Shares on the Main Market of Bursa Securities;
 - (f) the Vendors and PACs having obtained the approval from the SC for the Proposed Exemption (if required);
 - (g) the Vendors having obtained the approval or consent of the financiers / creditors of the Eramas Group for, *inter alia*, the sale and transfer of the Sale Shares in favour of SCGM upon the terms and subject to the conditions of the SSA, where required;
 - (h) the Vendors having obtained the approval or consent of any other party which has entered into any subsisting arrangement, contract or undertaking or guarantee with or involving the Eramas Group, where required, in each case to the extent that at the Completion Date the same to be completed or performed or remain in force; and
 - (i) any other approvals, waivers or consents of any authorities or parties as may be required by law or regulation or deemed necessary by the parties.
- (ii) If :-
 - (a) at any time prior to the expiry of the Cut-Off Date, any of the conditions precedent shall have been refused and appeal or appeals to the relevant authorities or persons against such refusal have not been successful; or
 - (b) on the expiry of the Cut-Off Date, any of the conditions precedent have not been obtained or fulfilled; or
 - (c) at any time prior to the expiry of the Cut-Off Date, any of the conditions precedent shall have been granted subject to the terms and conditions which are not acceptable to the affected party being terms and conditions which affect the affected party, and further representations to the relevant authorities or persons to vary such terms and conditions have not been successful, and the affected party is not willing to accept such terms and conditions then imposed by the relevant authorities or persons,

SALIENT TERMS OF THE SSA *(cont'd)*

then either party shall be entitled to terminate the SSA by giving a notice of termination to that effect to the other party, whereupon the parties shall not have any further rights under the SSA except in respect of any obligations under the SSA which are expressed to apply after the termination of the SSA, and any rights and obligations which have accrued in respect of any breach of any of the provisions of the SSA to either party prior to such termination.

- (iii) The SSA shall become unconditional on the day upon which the conditions precedent have been fulfilled as confirmed in writing by both parties in accordance with the provisions of the SSA.

6. Completion

- (i) The date on which SCGM is entered into the Register of Members of Eramas Global Group as the holder of the Sale Shares shall be the Completion Date.
- (ii) On or in any event within 3 Business Days after the Completion Date, SCGM shall cause the Consideration Shares to be issued to the Vendors.

7. Warranties and representations

- (i) The Vendors jointly and severally warrant and represent to SCGM in the terms as set out in the SSA in respect of matters relating to Eramas Global Group such as ownership of the Sale Shares, constitutional and corporate documents, audited accounts, finance and guarantees, compliance with laws, disputes and investigations, environmental, health and safety, insolvency, trading and contractual arrangements, employees, taxation, assets and intellectual property, information technology, property and data protection.
- (ii) Each of the warranty and representation is deemed to be given as at the date of the SSA and to be repeated immediately before the completion of the SSA in relation to the facts then existing.
- (iii) The Vendors must promptly disclose in writing to SCGM any event or circumstance (including any omission to act), which arises or becomes known to them after the date of the SSA and prior to the completion of the SSA, which is inconsistent with any of the warranties and representations or which might be material to be known by SCGM for value of the Sale Shares.

8. Termination

- (i) The SSA will continue and remain in full force and effect unless terminated pursuant to the provisions of the SSA.
- (ii) The Vendors may, at any time prior to the completion of the SSA, elect to terminate the SSA by giving the notice of termination to SCGM in the event that SCGM fails, neglects or refuses to perform or comply with any of its obligations, undertakings and covenants on its part in the SSA or breaches any term whatsoever under the SSA.

SALIENT TERMS OF THE SSA (cont'd)

- (iii) SCGM may, at any time prior to the completion of the SSA, elect to terminate the SSA by giving the notice of termination to the Vendors, in the event that:-
 - (a) the Vendors fail, neglect or refuse to perform or comply with any of their obligations, undertakings and covenants on their part in the SSA or breach any term whatsoever under the SSA; or
 - (b) any warranty and representation of the Vendors is or becomes false, misleading or incorrect when made or regarded as made under the SSA.
- (iv) SCGM or the Vendors may, at any time prior to the completion of the SSA, elect to terminate the SSA by giving the notice of termination to the other party of the SSA if:-
 - (a) SCGM or the Vendors has become, or is adjudicated or found to be, bankrupt or insolvent or suspends payment of its debts or is (or is deemed to be) unable to or admits inability to pay its debts as they fall due or proposes or enters into any composition or other arrangement for the benefit of its creditors generally or winding-up proceedings or any other proceedings are commenced in relation to that party under any law, regulation or procedure relating to winding up or reconstruction or adjustment of debts; or
 - (b) an administrator or receiver or receiver and manager is appointed over, or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of SCGM or the Vendors.
- (v) In the event of the notice of termination being duly given under Clause 8(ii), 8(iii) or 8(iv) above, without prejudice to any rights or remedies whatsoever available to a non-defaulting party under the SSA or in law, thereupon the SSA will have no further effect and the parties to the SSA will not be liable to each other except:-
 - (a) under the confidentiality clause, termination clause and costs and expenses clause as stated in the SSA;
 - (b) any obligation under the SSA which is expressed to apply after the termination of the SSA; and
 - (c) in respect of any antecedent breach of the SSA occurring before termination.
- (vi) Notwithstanding the provisions above, SCGM or the Vendors are at liberty to take such action in law as may be necessary to compel the other party, by way of specific performance, to complete the sale and purchase of the Sale Shares in accordance with the provisions of the SSA (in which respect the alternative remedy of monetary compensation will not be regarded as compensation or sufficient compensation for any default of the defaulting party in the performance of the terms and conditions of the SSA) and to recover damages for the defaulting party's breach of the SSA.

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INFORMATION ON SCGM

1. INFORMATION ON SCGM

1.1 Profile and history of SCGM

SCGM was incorporated in Malaysia on 29 June 2007 under the Companies Act, 1965 as a public limited company under the existing name. SCGM was listed on the former Second Board of Bursa Securities on 28 February 2008 and was subsequently transferred to the Main Market of Bursa Securities on 3 August 2009, following the merger of the former Main Board and Second Board of Bursa Securities.

SCGM was previously principally involved in the manufacturing and trading of plastic packaging products for the food and beverages, electronics and medical industries, and personal protective equipment such as face masks through LSSPI, its former wholly-owned subsidiary.

On 9 May 2022, SCGM entered into a conditional share sale agreement with Mitsui & Co., Ltd and FP Corporation (as varied and amended pursuant to an addendum letter to the share sale agreement dated 24 June 2022) for the Disposal of LSSPI. The Disposal of LSSPI was deemed as a major disposal pursuant to paragraph 10.11A of the Listing Requirements i.e. being a disposal of all or substantially all of SCGM's assets which may result in SCGM being no longer suitable for continued listing on the Official List.

The Disposal of LSSPI was completed on 31 August 2022 and LSSPI ceased to be a subsidiary of SCGM. Pursuant to the Disposal of LSSPI, SCGM received a total cash consideration of approximately RM556.99 million, of which our Company had utilised approximately RM356.24 million for the Special Dividend 2022 (paid on 29 September 2022) and approximately RM69.32 million for the Capital Reduction and Repayment 2023 (paid on 4 January 2023).

Following the completion of the Disposal of LSSPI, our Board announced on 2 September 2022 that Bursa Securities had, vide its letter dated 2 September 2022, notified our Company that SCGM is a Cash Company pursuant to paragraph 8.03(1) of the Listing Requirements upon completion of the Disposal of LSSPI.

Pursuant to the completion of the Disposal of LSSPI, SCGM had triggered paragraphs 8.03(1) and 8.03A(2) of the Listing Requirements. Therefore, our Company is required to comply with the provisions and requirements of paragraph 8.03 and Practice Note 16 of the Listing Requirements. In order to regularise our Company's condition as a Cash Company in accordance with paragraph 8.03(5) of the Listing Requirements to maintain listing status on the Main Market of Bursa Securities, SCGM intends to undertake the Proposed Regularisation Plan. Upon completion of the Proposed Regularisation Plan, the Enlarged SCGM Group shall undertake the business strategies and future plans of the Eramas Group as set out in Section 3, Appendix III(B) of this Circular.

1.2 Controlling Shareholders

As at the LPD, SCGM does not have any controlling Shareholders.

INFORMATION ON SCGM (cont'd)

1.3 Arrangement which may result in a change in control of our Company

The Vendors and PACs will emerge as the controlling Shareholders upon completion of the Proposed Acquisition with an aggregate shareholding of 80.94% comprising 616,975,630 Shares. Assuming all 95,300,000 Offer Shares are fully subscribed under the Proposed Offer for Sale, the collective shareholdings of the Vendors and PACs will decrease to 68.44% comprising 521,675,630 Shares.

Upon expiry of the Moratorium Period, the Vendors intend to undertake an offer for sale for an additional up to 50,000,000 SCGM Shares to institutional investors and selected investors who qualify under Schedule 6 or Schedule 7 of the CMSA at an offer price to be determined later. The offer for sale is intended to be undertaken, amongst others, to allow participation from more institutional investors and high net worth investors as well as to increase the public float of SCGM which in turn may further enhance the trading liquidity of the SCGM Shares. Assuming all 50,000,000 Shares are fully subscribed under the offer for sale, the collective shareholdings of the Vendors and PACs will further decrease to 61.88% comprising 471,675,630 Shares. The Vendors and PACs intend to hold the remaining SCGM Shares after the offer for sale to continue participating in and contributing to the future growth of the Eramas Group through SCGM.

Save for the above, there is no arrangement which may, at a date subsequent to the completion of the Proposed Regularisation Plan, result in a change in control of our Company.

1.4 Market capitalisation

As at the LPD, the market capitalisation of our Company stood at approximately RM90.50 million (based on a closing market price of RM0.47 per Share).

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INFORMATION ON SCGM (cont'd)

2. DIRECTORS

2.1 Particulars and shareholdings of Directors and Proposed Directors

As at 3 June 2026, our Directors and their respective shareholdings in SCGM are as follows:-

Name	Nationality	Designation	Direct		Indirect	
			No. of SCGM Shares	% ⁽¹⁾	No. of SCGM Shares	% ⁽¹⁾
Dato' Sri Lee Hock Seng	Malaysian	Executive Chairman ⁽²⁾	10,004,453	5.20	11,452,414	5.95 ⁽³⁾
Dato' Sri Lee Hock Chai	Malaysian	Managing Director ⁽⁴⁾	1,654,871	0.86	19,585,597	10.17 ⁽⁵⁾
Patricia Rangene Packium	Malaysian	Senior Independent Non-Executive Director	-	-	-	-
Lim Peng Peng	Malaysian	Independent Non-Executive Director	-	-	-	-
Lee Yee Ling	Malaysian	Independent Non-Executive Director	-	-	10,000	0.01 ⁽⁶⁾
Lee Lih Chyong	Malaysian	Alternate Director to Dato' Sri Lee Hock Seng ⁽⁷⁾	111,800	0.06	10,315,452	5.36 ⁽⁸⁾

Notes:-

- (1) Based on 192,561,041 Shares (after excluding 1,038,600 treasury shares) in issue as at 3 June 2026.
- (2) Dato' Sri Lee Hock Seng will be redesignated as the Non-Independent Non-Executive Deputy Chairman upon completion of the Proposed Regularisation Plan.
- (3) Represents the shareholdings in SCGM held by his siblings, namely Dato' Sri Lee Hock Chai, Dato' Sri Lee Hock Guan, Lee Hock Lai, Lee Boi Choo and Lee Sooi Choo and his children, namely Lee Li Ching, Lee Lih Chyong and Lee Wee Teck.
- (4) Dato' Sri Lee Hock Chai will resign from his position upon completion of the Proposed Regularisation Plan.
- (5) Represents the shareholdings in SCGM held by his siblings, namely Dato' Sri Lee Hock Guan, Dato' Sri Lee Hock Seng, Lee Hock Lai, Lee Boi Choo and Lee Sooi Choo.
- (6) Represents the shareholdings in SCGM held by her mother, Ho Ek Che.
- (7) Lee Lih Chyong will resign from her position upon completion of the Proposed Regularisation Plan.
- (8) Represents the shareholdings in SCGM held by her father, Dato' Sri Lee Hock Seng, her spouse, Tai Chin Lian and her siblings, namely Lee Li Ching and Lee Wee Teck.

INFORMATION ON SCGM (cont'd)

Upon completion of the Proposed Regularisation Plan, our Directors and Proposed Directors as well as their respective shareholdings in the Enlarged SCGM Group (assuming the Offer Shares are fully subscribed under the Proposed Offer for Sale) are as follows:-

Name	Nationality	Designation	Direct		Indirect	
			No. of SCGM Shares	% ⁽¹⁾	No. of SCGM Shares	% ⁽¹⁾
Dato' Sri Lee Hock Seng	Malaysian	Non-Independent Non-Executive Deputy Chairman	10,004,453	1.31	11,452,414	1.50 ⁽²⁾
Patricia Rangene Packium	Malaysian	Senior Independent Non-Executive Director	-	-	-	-
Lim Peng Peng	Malaysian	Independent Non-Executive Director	-	-	-	-
Lee Yee Ling	Malaysian	Independent Non-Executive Director	-	-	10,000	* ⁽³⁾ (4)
<u>Proposed Directors</u> Chin Kok Tian	Malaysian	Non-Independent Non-Executive Chairman	206,909,316	27.15	188,185,588	24.69 ⁽⁵⁾
Yan Hua Lan	Malaysian	Group Managing Director	188,133,588	24.68	206,961,316	27.15 ⁽⁶⁾
Tan Ah Tek	Malaysian	Executive Director	90,054,241	11.81	-	-
Dr. May Luwe Chin Kei	Malaysian	Independent Non-Executive Director	-	-	-	-

Notes:-

- (1) Based on 762,259,671 Shares (after excluding 1,038,600 treasury shares) in issue after the Proposed Regularisation Plan.
- (2) Represents the shareholdings in SCGM held by his siblings, namely Dato' Sri Lee Hock Chai, Dato' Sri Lee Hock Guan, Lee Hock Lai, Lee Boi Choo and Lee Sooi Choo and his children, namely Lee Li Ching, Lee Lih Chyong and Lee Wee Teck.
- (3) * indicates percentage less than 0.01%.
- (4) Represents the shareholdings in SCGM held by her mother, Ho Ek Che.
- (5) Represents the shareholdings in SCGM held by his spouse, Yan Hua Lan and his son, Chin Kai Ying.
- (6) Represents the shareholdings in SCGM held by her spouse, Chin Kok Tian and her son, Chin Kai Ying.

INFORMATION ON SCGM (cont'd)

2.2 Profiles of our Directors

The profiles of our Directors are as follows:-

(i) Dato' Sri Lee Hock Seng

Dato' Sri Lee Hock Seng, a Malaysian, aged 75, is the Executive Chairman of SCGM. He was appointed to our Board on 19 December 2007. He was one of the founders of LSSPI and had been the Managing Director of LSSPI since its incorporation on 4 May 1984 until the completion of the Disposal of LSSPI on 31 August 2022.

After his secondary education, Dato' Sri Lee Hock Seng started his career in 1969 when he joined his family business, Lee Soon Seng, a distributor and wholesaler of beverages and sundry products where he was involved in all aspects of the business.

In 1984, he co-founded LSSPI with Dato' Sri Lee Hock Chai. Prior to the Disposal of LSSPI, LSSPI was principally involved in the manufacturing and trading of plastic packaging products for the food and beverages, electronics and medical industries, and personal protective equipment such as face masks.

From December 2007 until December 2015, he served as the Executive Chairman / Managing Director of SCGM before being redesignated as the Executive Chairman of SCGM in December 2015. As the Executive Chairman of SCGM, he is mainly responsible for business development and setting the strategic business direction of the SCGM Group.

Dato' Sri Lee Hock Seng will be redesignated as the Non-Independent Non-Executive Deputy Chairman of SCGM upon completion of the Proposed Regularisation Plan.

Please refer to Section 2.6(i), Appendix II(A) of this Circular for the involvement of Dato' Sri Lee Hock Seng in other businesses / corporations outside the SCGM Group.

(ii) Dato' Sri Lee Hock Chai

Dato' Sri Lee Hock Chai, a Malaysian, aged 63, is the Managing Director of SCGM. He was appointed to our Board on 19 December 2007. He was one of the founders of LSSPI and had been the Executive Director of LSSPI since its incorporation on 4 May 1984 until the completion of the Disposal of LSSPI on 31 August 2022.

After his secondary education, Dato' Sri Lee Hock Chai began his career as the Factory Manager of LSSPI in 1984 where he was responsible for overseeing the manufacturing activities of LSSPI. In 1998, he was redesignated as the Operations Manager of LSSPI where he was responsible for developing new products and overseeing the maintenance of the manufacturing facility and machinery.

INFORMATION ON SCGM (cont'd)

From December 2007 until December 2015, he served as the Executive Director of SCGM before being redesignated as the Managing Director of SCGM in December 2015. As the Managing Director of SCGM, he is mainly responsible for implementing and executing the strategic business plans and the day-to-day operations of the SCGM Group.

Dato' Sri Lee Hock Chai will resign from his position as the Managing Director of SCGM upon completion of the Proposed Regularisation Plan.

Please refer to Section 2.6(ii), Appendix II(A) of this Circular for the involvement of Dato' Sri Lee Hock Chai in other businesses / corporations outside the SCGM Group.

(iii) Patricia Rangene Packium

Patricia Rangene Packium, a Malaysian, aged 51, is the Senior Independent Non-Executive Director of SCGM. She was appointed to our Board on 16 August 2019 as an Independent Non-Executive Director and was redesignated as the Senior Independent Non-Executive Director on 29 June 2020.

She graduated with a Bachelor of Laws (Hons) degree from the University of London in 1997 and was called to the Malaysian Bar as an advocate and solicitor in October 2002.

She began her career in Jesvant & Co (currently known as Chambers of Jesvant Singh) as a Legal Assistant in 2002 and was promoted to Partner in 2006. In 2010, she joined Rahim & Lawrnee as a Legal Assistant. In 2012, she joined Chambers of Jesvant Singh as a Partner. In 2015, she set up her own law firm, Patricia Packium & Associates. Her practice area focuses on mainly conveyancing law in addition to general civil litigation, banking and corporate matters.

She is also an Independent Non-Executive Director of SDS Group Berhad, a company listed on the Main Market of Bursa Securities.

Please refer to Section 2.6(iii), Appendix II(A) of this Circular for the involvement of Patricia Rangene Packium in other businesses / corporations outside the SCGM Group.

(iv) Lim Peng Peng

Lim Peng Peng, a Malaysian, aged 45, is an Independent Non-Executive Director of SCGM. She was appointed to our Board on 16 August 2019.

She graduated from Monash University with a Bachelor of Business and Commerce degree in 2002. She is a Chartered Accountant, a member of the CPA Australia and a member of the Malaysian Institute of Accountants (MIA).

Upon graduation, she began her career in Deloitte KassimChan (currently known as Deloitte) as an Audit Assistant in 2002. Over the years, she progressed through various roles within the firm and was promoted to Audit Manager in 2006. From 2007 to 2008, she worked at Horwath First Trust followed by Ernst & Young in Singapore as an Audit Manager. In May 2008, she rejoined Deloitte KassimChan as an Audit Manager and was promoted to Audit Director in 2012. In 2014, she joined Kudos Ling Chuo & Lim as an Audit Director.

INFORMATION ON SCGM (cont'd)

In 2016, she joined SCGM as the Group Financial Controller where she was responsible for overseeing the management of the finance department. She left SCGM in May 2017. She continued her career in Kudos Ling Chuo & Lim as Audit Director and was promoted to Audit Principal in 2018.

In 2023, she left Kudos Ling Chuo & Lim and joined SY Sai & Co as Audit Principal, a position she holds till date.

She is also an Independent Non-Executive Director of Harvest Miracle Capital Berhad, a company listed on the ACE Market of Bursa Securities.

Please refer to Section 2.6(iv), Appendix II(A) of this Circular for the involvement of Lim Peng Peng in other businesses / corporations outside the SCGM Group.

(v) Lee Yee Ling

Lee Yee Ling, a Malaysian, aged 41, is an Independent Non-Executive Director of SCGM. She was appointed to our Board on 16 August 2019.

She graduated from the University of Bradford, United Kingdom with a Bachelor of Science (Honours Degree) in Business and Management Studies in 2006.

Lee Yee Ling began her career as a Production Planning Executive with Hitachi Koki (M) Sdn Bhd in 2006 where she was involved in production resource planning. In 2008, she joined Lee Heng High Precision Engineering Sdn Bhd as a Marketing Executive and was subsequently promoted to Marketing Manager in 2010, where she was involved in the formulation of marketing strategy, operation management, resource planning and financial planning. She was promoted to General Manager in 2013 and subsequently appointed as its Executive Director in the same year, a position she holds to date.

She is also an Independent Non-Executive Director of SDS Group Berhad, a company listed on the Main Market of Bursa Securities.

Please refer to Section 2.6(v), Appendix II(A) of this Circular for the involvement of Lee Yee Ling in other businesses / corporations outside the SCGM Group.

(vi) Lee Lih Chyong

Lee Lih Chyong, a Malaysian, aged 55, was appointed as the Alternate Director to Dato' Sri Lee Hock Seng on 28 June 2021.

She graduated from Coventry University, United Kingdom with a Bachelor's Degree in Business Administration in 1995.

In 1995, she joined Beaver Industries (M) Sdn Bhd as a Production and Materials Control Coordinator, where she was responsible for material purchasing and scheduling as well as import and export arrangements.

INFORMATION ON SCGM (cont'd)

In 1996, she was transferred to Beaver Industries (Philippines) Co. where she was responsible for training new recruits and assisting in setting up the workflow of the Production and Materials Control Department for a new manufacturing plant. In 1997, she joined Formpak Industries Sdn Bhd as an Administration and Purchasing Executive where she was involved in administrative matters, purchasing and delivery arrangements.

In 2000, she joined LSSPI as an Operations Executive. Her responsibilities included assisting in the overall management of LSSPI's day-to-day operations. She progressed through the ranks to be the Administrative Manager of LSSPI and was responsible for the overall administrative and procurement management before she retired in 2025.

Lee Lih Chyong will resign from her position as the Alternate Director to Dato' Sri Lee Hock Seng upon completion of the Proposed Regularisation Plan.

Please refer to Section 2.6(vi), Appendix II(A) of this Circular for the involvement of Lee Lih Chyong in other businesses / corporations outside the SCGM Group.

2.3 Profiles of our Proposed Directors

The profiles of our Proposed Directors are as follows:-

(i) Chin Kok Tian

Chin Kok Tian, a Malaysian, aged 59, will be appointed as the Non-Independent Non-Executive Chairman of SCGM upon completion of the Proposed Regularisation Plan. He is currently a director of Eramas Global Group and its subsidiaries.

He graduated with a Bachelor's Degree in Science (Agribusiness) from Universiti Putra Malaysia in 1991.

Upon graduation in 1991, he commenced his career as a Material Control Supervisor with Sony TV Industry Sdn Bhd where he was involved in inventory management, production control as well as supply chain coordination. In 1992, he joined Mah Sing Group Berhad (a company listed on the Main Market of Bursa Securities), as a Planning and Material Control Executive where he was involved in consolidating regular reports on material control metrics and present findings to management.

In 1994, he joined Idealpoly Plastic Industries Sdn Bhd as a General Manager and was appointed its director in July 1994. This company was mainly involved in repalletising and recycling plastic raw materials. In his role as General Manager, he was responsible for, amongst others, overseeing the production planning, material control and warehousing departments.

In 1997, Chin Kok Tian together with his spouse, Yan Hua Lan, co-founded and operated Erapoly Marketing Sdn Bhd, a company mainly involved in recycling and exporting of plastic resin. In 2017, Erapoly Marketing Sdn Bhd was acquired by a third party.

INFORMATION ON SCGM *(cont'd)*

In August 2008, Chin Kok Tian and Yan Hua Lan also founded the Eramas Group through the incorporation of Erapoly Global to trade and distribute palm products. The initial shareholders of Erapoly Global at the point of its incorporation include another individual investor who subsequently sold his entire equity interest in Erapoly Global to Chin Kok Tian in 2011. Under the joint leadership of Chin Kok Tian as the Managing Director and Yan Hua Lan as the Executive Director, the Eramas Group expanded its product lineup to include, amongst others, coconut products as well as dairy products in Malaysia and overseas.

In December 2014, Chin Kok Tian and Yan Hua Lan invested in KCI through their respective acquisition of 32.50% and 20.00% equity interest in SB Food Industries Sdn Bhd which held the entire equity interest in KCI. The shares in KCI were subsequently transferred from SB Food Industries Sdn Bhd to its shareholders in 2019. As at the LPD, Chin Kok Tian and Yan Hua Lan hold 10% equity interest in KCI each. KCI (in the midst of winding up) was principally involved in the business of manufacturing and selling of coconut milk powder, creamers and desiccated coconuts. KCI was one of the major suppliers of the Eramas Group until KCI ceased its business operations in 2023 after the transfer of the food processing operations from KCI to Eramas Ingredients in 2022. The cessation and transfer of KCI's business operations was due to the manufacturing facility of KCI was operating at full capacity by 2018, and its rented factory was too small to accommodate the installation of new food processing lines needed to meet the growing demand for coconut and palm powder from the Eramas Group's customers.

In 2019, Chin Kok Tian stepped down as the Managing Director of the Eramas Group to focus on his new business venture under My Miracle Sdn Bhd, a company mainly involved in the manufacturing and trading of postbiotic and nutrition products.

Please refer to Section 2.6(vii), Appendix II(A) of this Circular for the involvement of Chin Kok Tian in other businesses / corporations outside the SCGM Group.

(ii) Yan Hua Lan

Yan Hua Lan, a Malaysian, aged 57, will be appointed as the Group Managing Director of SCGM upon completion of the Proposed Regularisation Plan. She is currently the Managing Director of the Eramas Group. Her responsibilities include formulating and implementing business strategies, product development and overseeing the overall day-to-day operations of the Eramas Group.

She graduated from University of Malaya with a Bachelor's Degree in Economics (Business Administration) with Honours in 1992.

She began her career in 1992 when she joined Mah Sing Group Berhad (a company listed on the Main Market of Bursa Securities) as a Purchasing Executive where she was involved in supplier management, sourcing and cost control. In 1994, she joined Hitachi Electronic Products (Malaysia) Sdn Bhd as a Material Control Senior Executive where she was involved in inventory management, vendor management and supply chain coordination.

INFORMATION ON SCGM *(cont'd)*

In 1997, Yan Hua Lan together with her spouse, Chin Kok Tian, co-founded and operated Erapoly Marketing Sdn Bhd, a company mainly involved in recycling and exporting of plastic resin. In 2017, Erapoly Marketing Sdn Bhd was acquired by a third party.

In August 2008, Yan Hua Lan and Chin Kok Tian also founded the Eramas Group through the incorporation of Erapoly Global to trade and distribute palm products. The initial shareholders of Erapoly Global at the point of its incorporation include another individual investor who subsequently sold his entire equity interest in Erapoly Global to Chin Kok Tian in 2011. Under the joint leadership of Yan Hua Lan as the Executive Director and Chin Kok Tian as the Managing Director, the Eramas Group expanded its product lineup to include, amongst others, coconut products as well as dairy products in Malaysia and overseas.

In December 2014, Yan Hua Lan and Chin Kok Tian invested in KCI through their respective acquisition of 20.00% and 32.50% equity interest in SB Food Industries Sdn Bhd which held the entire equity interest in KCI. The shares in KCI were subsequently transferred from SB Food Industries Sdn Bhd to its shareholders in 2019. As at the LPD, Yan Hua Lan and Chin Kok Tian hold 10% equity interest in KCI each. KCI (in the midst of winding up) was principally involved in the business of manufacturing and selling of coconut milk powder, creamers and desiccated coconuts. KCI was one of the major suppliers of the Eramas Group until KCI ceased its business operations in 2023 after the transfer of the food processing operations from KCI to Eramas Ingredients in 2022. The cessation and transfer of KCI's business operations was due to the manufacturing facility of KCI was operating at full capacity by 2018, and its rented factory was too small to accommodate the installation of new food processing lines needed to meet the growing demand for coconut and palm powder from the Eramas Group's customers.

In 2019, Yan Hua Lan was redesignated as the Managing Director of the Eramas Group when Chin Kok Tian stepped down to focus on his new business venture under My Miracle Sdn Bhd. Yan Hua Lan has been instrumental in expanding the Eramas Group's market presence both locally and overseas. Under her leadership, the Eramas Group incorporated Eramas Marketing as part of its strategy to grow the domestic market. Her leadership has also been recognised through the numerous awards received by the Eramas Group. In 2025, Yan Hua Lan was a recipient of the ASEAN Outstanding Women Entrepreneur Excellence Award at the ASEAN Leadership and Partnership Forum 2025, organised by the KSI Strategic Institute for Asia Pacific and ASEAN Economic Club.

Please refer to Section 2.6(viii), Appendix II(A) of this Circular for the involvement of Yan Hua Lan in other businesses / corporations outside the SCGM Group.

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INFORMATION ON SCGM *(cont'd)***(iii) Tan Ah Tek**

Tan Ah Tek, a Malaysian, aged 63, will be appointed as the Executive Director of SCGM upon completion of the Proposed Regularisation Plan. He is currently a director of Eramas Global Group and its subsidiaries (other than Erapoly Global). His responsibilities include overseeing the Eramas Group's manufacturing and quality assurance / quality control processes.

He graduated from Universiti Putra Malaysia with a Bachelor's Degree in Food Science and Technology in 1988.

He began his career when he joined Jamanis Sdn Bhd as a Sales Executive in 1988 where he was involved in liaising with potential customers for food additives. In 1990, he joined Mackessen Sdn Bhd as a Sales Executive where he performed similar roles. In 1992, he joined Alfa Laval Singapore Pte Ltd as a Project Engineer where he was responsible for designing, sizing and selecting equipment for food processing for its customers. In 1994, he co-founded Angsana Food Industries Sdn Bhd, a food processing company. He played an active role as a director of the company in managing its business until 2013 and the company was subsequently wound up in 2019.

Tan Ah Tek took a short break until 2015 when he took on an active role in KCI, a company previously acquired by Tan Ah Tek, Gan Chuan Lee, Tan Tai Chong and a third party investor in 2009. From 2009 to 2014, Tan Ah Tek was only a passive investor in KCI. Tan Ah Tek was appointed a director of KCI on 31 December 2014 and was in charge of overseeing manufacturing operations of KCI. KCI (in the midst of winding up) was principally involved in the business of manufacturing and selling of coconut milk powder, creamers and desiccated coconuts. KCI was one of the major suppliers of the Eramas Group until KCI ceased its business operations in 2023.

Eramas Ingredients subsequently replaced KCI as the manufacturing arm of the Eramas Group. Following his appointment as a director of Eramas Ingredients on 28 May 2018, Tan Ah Tek oversaw the transfer of the food processing operations from KCI to Eramas Ingredients and eventually, the commencement of Eramas Ingredients' operations in October 2022.

Please refer to Section 2.6(ix), Appendix II(A) of this Circular for the involvement of Tan Ah Tek in other businesses / corporations outside the SCGM Group.

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INFORMATION ON SCGM (cont'd)

(iv) Dr. May Luwe Chin Kei

Dr. May Luwe Chin Kei, a Malaysian, aged 58, will be appointed as an Independent Non-Executive Director of SCGM upon completion of the Proposed Regularisation Plan.

She graduated from Universiti Sains Malaysia with a Bachelor Degree of Management (Honours) in 1993. Thereafter, she obtained a Diploma in Training and Development from the University of Leicester, United Kingdom in 1999. She further obtained her Masters of Business Administration in 2002 and a Doctorate (Ph.D.) of Philosophy in Human Resource Management in 2015 from Universiti Sains Malaysia.

She began her career in 1993 when she joined Matsushita Refrigeration Industries (M) Sdn Bhd as a Training Executive where she was involved in employee training activities as well as training needs analysis and training effectiveness evaluation. In 1995, she joined Goulene Woven Products Sdn Bhd as a Training Executive where she performed similar roles. In 1997, she was promoted to Training Manager where she was responsible for all spectrums of training activities. In 1998, she was transferred to Dynacraft Industries Sdn Bhd as a Training Manager where she performed similar roles. In 2005, she was promoted to the Head of Human Resources where she was responsible for the human resource department and all human resource related matters. In 2012, she joined ESCATEC Mechatronics Sdn Bhd as the Head of Human Resources where she performed similar roles.

In 2014, she joined Sanmina-SCI Systems (Malaysia) Sdn Bhd as a Human Resources Director and was subsequently promoted to Senior Human Resources Director in 2016, a position she holds to date.

Please refer to Section 2.6(x), Appendix II(A) of this Circular for the involvement of Dr. May Luwe Chin Kei in other businesses / corporations outside the SCGM Group.

2.4 Representatives of corporate Shareholders

As at the LPD, none of our Directors are representatives of any corporate Shareholders.

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INFORMATION ON SCGM (cont'd)**2.5 Directors' and Proposed Directors' remuneration and material benefits-in-kind**

The actual and estimated remuneration (including benefits-in-kind) of our Directors paid or to be paid by SCGM for FYE 2025 and FYE 2026 respectively are as follows:-

Actual for FYE 2025

Name	Salaries and bonuses (RM'000)	Directors' fees (RM'000)	Allowances (RM'000)	Benefits-in-kind (RM'000)	Statutory contributions (RM'000)	Total (RM'000)
Dato' Sri Lee Hock Seng	168	-	-	-	8	176
Dato' Sri Lee Hock Chai	168	-	-	-	8	176
Patricia Rangene Packium	-	34	1	-	-	35
Lim Peng Peng	-	34	1	-	-	35
Lee Yee Ling	-	34	1	-	-	35
Lee Lih Chyong ⁽¹⁾	-	-	-	-	-	-

Note:-

(1) Lee Lih Chyong is the Alternate Director to Dato' Sri Lee Hock Seng.

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INFORMATION ON SCGM *(cont'd)***Estimated for FYE 2026**

Name	Salaries and bonuses (RM'000)	Directors' fees (RM'000)	Allowances (RM'000)	Benefits-in-kind (RM'000)	Statutory contributions (RM'000)	Total (RM'000)
Dato' Sri Lee Hock Seng	168	-	-	-	8	176
Dato' Sri Lee Hock Chai ⁽¹⁾	140	-	-	-	6	146
Patricia Rangene Packium	-	40	1	-	-	41
Lim Peng Peng	-	40	1	-	-	41
Lee Yee Ling	-	40	1	-	-	41
Lee Lih Chyong ⁽²⁾	-	-	-	-	-	-

Notes:-

- (1) Assuming that Dato' Sri Lee Hock Chai will resign from his position in October 2026, after the completion of the Proposed Regularisation Plan.
- (2) Assuming that Lee Lih Chyong will resign from her position in October 2026, after the completion of the Proposed Regularisation Plan.

Remuneration (including salaries and bonuses), directors' fees, allowances, other benefits-in-kind and statutory contributions must be considered and recommended by the Remuneration Committee and subsequently, to be approved by our Board. The Directors' fees must be further approved and endorsed by our Shareholders at a general meeting.

INFORMATION ON SCGM *(cont'd)*

Our Proposed Directors will only be appointed to our Board after the completion of the Proposed Regularisation Plan. As such, there is no remuneration paid or to be paid to our Proposed Directors by SCGM for FYE 2025.

The estimated remuneration (including benefits-in-kind) of our Proposed Directors to be paid by the Enlarged SCGM Group for FYE 2026 (assuming that they are appointed as our Directors in October 2026, after the completion of the Proposed Regularisation Plan) are as follows:-

Estimated for FYE 2026

Name	Salaries and bonuses (RM'000)	Directors' fees (RM'000)	Allowances (RM'000)	Benefits-in-kind (RM'000)	Statutory contributions (RM'000)	Total (RM'000)
Chin Kok Tian	-	30	-	-	-	30
Yan Hua Lan	150	-	-	-	31	181
Tan Ah Tek	45	-	-	-	7	52
Dr. May Luwe Chin Kei	-	10	*(1)	-	-	10

Note:-

(1) * indicates amount less than RM500.

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INFORMATION ON SCGM (cont'd)

Chin Kok Tian, Yan Hua Lan and Tan Ah Tek are the directors of Eramas Global Group. The actual and estimated remuneration (including benefits-in-kind) of Chin Kok Tian, Yan Hua Lan and Tan Ah Tek paid or to be paid by the Eramas Group for the FYE 2025 and FYE 2026 respectively are as follows:-

Actual for FYE 2025

Name	Salaries and bonuses (RM'000)	Directors' fees (RM'000)	Allowances (RM'000)	Benefits-in-kind (RM'000)	Statutory contributions (RM'000)	Total (RM'000)
Chin Kok Tian	-	-	-	-	-	-
Yan Hua Lan	350	-	-	-	70	420
Tan Ah Tek	156	-	-	-	23	179

Estimated for FYE 2026

Name	Salaries and bonuses (RM'000)	Directors' fees (RM'000)	Allowances (RM'000)	Benefits-in-kind (RM'000)	Statutory contributions (RM'000)	Total (RM'000)
Chin Kok Tian	-	-	-	-	-	-
Yan Hua Lan	445	-	-	-	85	530
Tan Ah Tek	156	-	-	-	23	179

INFORMATION ON SCGM (cont'd)

2.6 Involvement of Directors and Proposed Directors in other businesses / corporations outside the SCGM Group

The following tables set out the principal present directorships of our Directors and Proposed Directors as at the LPD and past directorships which were held within the past 5 years up to the LPD, as well as their involvement in principal business activities outside the SCGM Group as at the LPD:-

(i) Dato' Sri Lee Hock Seng

Directorships	Principal activities	Date of appointment / resignation	Position held	Equity interest held as at the LPD	
				Direct (%)	Indirect (%)
<u>Present directorships</u> Benxon Hightech Sdn Bhd	Management and operator of shopping complex	2 August 2000	Director	29.00	-
Golden Valley Capital Sdn Bhd	Property development activities. It also holds a wholly-owned subsidiary, Golden Valley High Tech Park Sdn Bhd which is dormant and has not commenced its business activity since incorporation	21 July 2023	Director	22.00	-
Good Venture Property Development Sdn Bhd	Dormant. Intended principal activity is property development	27 February 2026	Director	10.00	-
Good Venture Property Holding Sdn Bhd	Property investment	23 February 2026	Director	16.67	-

INFORMATION ON SCGM (cont'd)

Directorships	Principal activities	Date of appointment / resignation	Position held	Equity interest held as at the LPD	
				Direct (%)	Indirect (%)
Kulai City Inn Sdn Bhd	Operator of hotel	8 February 2010	Director	33.33	-
SCGM Lee Sdn Bhd	Ceased operations. Previously involved in investment holding (investment in SCGM)	23 October 2007	Director	31.90	-
<u>Past directorship</u> LSSPI	Manufacturing and trading in plastic products	4 May 1984 / 31 August 2022	Director	-	-
Lee Soon Seng Holding Sdn Bhd	Dissolved on 1 December 2025. Previously involved in property investment	6 May 1994 / 1 December 2025	Director	-	-

In addition to the above, Dato' Sri Lee Hock Seng holds 6.25% equity interest in Eonmetall Group Berhad (a company listed on the Main Market of Bursa Securities), which is an investment holding company. Through its subsidiaries, the company is principally involved in manufacturing and sale of metalwork, industrial process machinery and equipment, steel products, steel racking system and storage solutions, palm oil related products, provider of information technology solutions including software development to related company, property and investment holding, operation of palm fibre oil extraction plants, and production of bio-coal and technical services.

(ii) Dato' Sri Lee Hock Chai

Directorships	Principal activities	Date of appointment / resignation	Position held	Equity interest held as at the LPD	
				Direct (%)	Indirect (%)
<u>Present directorships</u> Benxon Hightech Sdn Bhd	Management and operator of shopping complex	2 August 2000	Director	28.00	-

INFORMATION ON SCGM (cont'd)

Directorships	Principal activities	Date of appointment / resignation	Position held	Equity interest held as at the LPD	
				Direct (%)	Indirect (%)
Golden Valley Capital Sdn Bhd	Property development activities. It also holds a wholly-owned subsidiary, Golden Valley High Tech Park Sdn Bhd which is dormant and has not commenced its business activity since incorporation	21 July 2023	Director	10.00	-
Good Venture Property Development Sdn Bhd	Dormant. Intended principal activity is property development	27 February 2026	Director	10.00	-
Good Venture Property Holding Sdn Bhd	Property investment	23 February 2026	Director	16.67	-
Kulai City Inn Sdn Bhd	Operator of hotel	16 February 2011	Director	33.33	-
SCGM Lee Sdn Bhd	Ceased operations. Previously involved in investment holding (investment in SCGM)	23 October 2007	Director	22.70	-
<u>Past directorship</u> LSSPI	Manufacturing and trading in plastic products	4 May 1984 / 31 August 2022	Director	-	-
Lee Soon Seng Holding Sdn Bhd	Dissolved on 1 December 2025. Previously involved in property investment	6 May 1994 / 1 December 2025	Director	-	-

INFORMATION ON SCGM (cont'd)

(iii) Patricia Rangene Packium

Directorships	Principal activities	Date of appointment / resignation	Position held	Equity interest held as at the LPD	
				Direct (%)	Indirect (%)
<u>Present directorship</u> SDS Group Berhad (listed on the Main Market of Bursa Securities)	Investment holding. Through its subsidiaries, the company is principally involved in manufacturing and distribution of bakery products as well as operating food and beverage outlets	25 October 2022	Independent Non-Executive Director	-	-
<u>Past directorship</u> Nil					

In addition to the above, Patricia Rangene Packium has her own law firm, Patricia Packium & Associates.

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INFORMATION ON SCGM (cont'd)

(iv) Lim Peng Peng

Directorships	Principal activities	Date of appointment / resignation	Position held	Equity interest held as at the LPD	
				Direct (%)	Indirect (%)
<u>Present directorship</u> Harvest Miracle Capital Berhad (listed on the ACE Market of Bursa Securities)	Investment holding. Through its subsidiaries, the company is principally involved in the trading of information technology and information communication technology related products and services, investment holding, money lending, plantation, manufacturing, property investment, trading of building materials, property construction and property development businesses	9 April 2024	Independent Non-Executive Director	-	-
<u>Past directorship</u> Nil					

In addition to the above, Lim Peng Peng is currently an Audit Principal in SY Sai & Co.

INFORMATION ON SCGM (cont'd)

(v) Lee Yee Ling

Directorships	Principal activities	Date of appointment / resignation	Position held	Equity interest held as at the LPD	
				Direct (%)	Indirect (%)
<u>Present directorships</u> CKJJ Property Sdn Bhd	Real estate activities with own or leased property; wholesale of a variety of goods without any particular specialisation; other service activities	30 June 2023	Director	Less than 0.01	-
Lee Heng High Precision Engineering Sdn Bhd	Manufacturing of metal and all kinds of precision parts and industrial components	27 December 2013	Director	-	-
SDS Group Berhad (listed on the Main Market of Bursa Securities)	Investment holding. Through its subsidiaries, the company is principally involved in manufacturing and distribution of bakery products as well as operating food and beverage outlets	25 October 2022	Independent Non-Executive Director	-	-
Galant Fastech Sdn Bhd	Manufacturing of screws, nuts, bolts, screw caps and related products for industrial, construction, engineering and electrical purposes	4 August 2025	Director	-	-
LH Meditech Solutions Sdn Bhd	Computer consultancy, computer programming activities, manufacture of medical and dental instrument and supplies	18 May 2026	Director	-	-
<u>Past directorship</u> Nil					

INFORMATION ON SCGM (cont'd)

(vi) Lee Lih Chyong

Directorships	Principal activities	Date of appointment / resignation	Position held	Equity interest held as at the LPD	
				Direct (%)	Indirect (%)
<u>Present directorship</u> Nil					
<u>Past directorship</u> JustLee Sdn Bhd	Dissolved on 18 April 2024. The company has not commenced its business activity since incorporation	18 November 2013 / 18 April 2024	Director	-	-

(vii) Chin Kok Tian

Directorships	Principal activities	Date of appointment / resignation	Position held	Equity interest held as at the LPD	
				Direct (%)	Indirect (%)
<u>Present directorships</u> Charisco Sdn Bhd	Investment holding (no subsidiary) and rubber plantation operator	12 September 2011	Director	50.00	50.00
Eramas Global Group	Investment holding	22 February 2024	Director	40.30	36.34
Eramas Ingredients	Manufacturing of all kinds of food related powder ranging from coconut to palm series	3 December 2014	Director	-	100.00
Eramas International Holdings	Investment holding	17 October 2023	Director	-	100.00
Eramas Marketing	Sale and distribution of coconut related products in the local market	27 September 2019	Director	-	100.00

INFORMATION ON SCGM (cont'd)

Directorships	Principal activities	Date of appointment / resignation	Position held	Equity interest held as at the LPD	
				Direct (%)	Indirect (%)
Erapoly Global	Sale and distribution of coconut related products, palm oil and fat products and dairy products to local and overseas market	19 August 2008	Director	-	100.00
Erapoly Sdn Bhd	Derives rental income from letting of its properties	12 March 1997	Director	52.50	47.50
Eraworld Development Sdn Bhd	Housing developer and contractor activities	18 November 2013	Director	50.00	-
Eraworld Marketing Sdn Bhd	Commenced winding up process on 28 June 2024. Previously involved in sale and distribution of palm oil and fats products	6 December 2019	Director	40.00	21.50
KCI	Commenced winding up process on 25 July 2024. Previously involved in manufacturing and selling of coconut milk powder, creamers and desiccated coconuts	31 December 2014	Director	10.00	10.00
My Miracle Sdn Bhd	Manufacturing and trading in healthcare and nutrition products	17 March 2020	Director	44.80	18.90

INFORMATION ON SCGM (cont'd)

Directorships	Principal activities	Date of appointment / resignation	Position held	Equity interest held as at the LPD	
				Direct (%)	Indirect (%)
PT Erapoly	Dormant. The company has not commenced its business activity since incorporation	14 February 2013	Director	30.00	30.00
<u>Past directorships</u> Erafeed Sdn Bhd	Trading of animal feed, supplement and related products	7 September 2006 / 30 June 2021	Director	-	-
Highlands Manufacturing Sdn Bhd	Dissolved on 2 September 2024. Previously involved in wholesale of coffee, tea, cocoa and other beverages	6 September 2023 / 14 September 2023	Director	-	-
KEB Residence Sdn Bhd	Property developer	19 April 2012 / 29 September 2021	Director	-	-
My Miracle Marketing Sdn Bhd	Dissolved on 26 April 2022. The company has not commenced its business activity since incorporation	17 December 2020 / 26 April 2022	Director	-	-
PT Eramas	Manufacturing of coconut cream / milk, coconut water and desiccated coconut	8 November 2016 / 1 August 2024	Commissioner	-	-
Shanghai Eramas International Co., Ltd	Trading of food products	3 August 2020 / 7 August 2023	Director	-	-

INFORMATION ON SCGM (cont'd)

Directorships	Principal activities	Date of appointment / resignation	Position held	Equity interest held as at the LPD	
				Direct (%)	Indirect (%)
SB Food Industries Sdn Bhd	Ceased operations. Previously involved in manufacturing of coconut food products, consumable foods and other related products	31 December 2014 / 5 June 2025	Director	-	-

(viii) Yan Hua Lan

Directorships	Principal activities	Date of appointment / resignation	Position held	Equity interest held as at the LPD	
				Direct (%)	Indirect (%)
<u>Present directorships</u> Charisco Sdn Bhd	Investment holding (no subsidiary) and rubber plantation operator	12 September 2011	Director	50.00	50.00
Eramas Global Group	Investment holding	22 February 2024	Director	36.34	40.30
Eramas Ingredients	Manufacturing of all kinds of food related powder ranging from coconut to palm series	25 October 2022	Director	-	100.00
Eramas International Holdings	Investment holding	17 October 2023	Director	-	100.00
Eramas Marketing	Sale and distribution of coconut related products in the local market	3 October 2022	Director	-	100.00

INFORMATION ON SCGM (cont'd)

Directorships	Principal activities	Date of appointment / resignation	Position held	Equity interest held as at the LPD	
				Direct (%)	Indirect (%)
Erapoly Global	Sale and distribution of coconut related products, palm oil and fat products and dairy products to local and overseas market	19 August 2008	Director	-	100.00
Erapoly Sdn Bhd	Derives rental income from letting of its properties	1 December 1998	Director	47.50	52.50
Eraworld Marketing Sdn Bhd	Commenced winding up process on 28 June 2024. Previously involved in sale and distribution of palm oil and fats products	6 December 2019	Director	21.50	40.00
KCI	Commenced winding up process on 25 July 2024. Previously involved in manufacturing and selling of coconut milk powder, creamers and desiccated coconuts	31 December 2014	Director	10.00	10.00
My Miracle Sdn Bhd	Manufacturing and trading in healthcare and nutrition products	17 March 2020	Director	18.90	44.80

INFORMATION ON SCGM (cont'd)

Directorships	Principal activities	Date of appointment / resignation	Position held	Equity interest held as at the LPD	
				Direct (%)	Indirect (%)
PT Erapoly	Dormant. The company has not commenced its business activity since incorporation	14 February 2013	Director	30.00	30.00
<u>Past directorships</u> Erafeed Sdn Bhd	Trading of animal feed, supplement and related products	10 May 2011 / 30 June 2021	Director	-	-
Highlands Manufacturing Sdn Bhd	Dissolved on 2 September 2024. Previously involved in wholesale of coffee, tea, cocoa and other beverages	6 September 2023 / 14 September 2023	Director	-	-
PT Eramas	Manufacturing of coconut cream / milk, coconut water and desiccated coconut	1 August 2024 / 4 September 2025	Commissioner	-	-
SB Food Industries Sdn Bhd	Ceased operations. Previously involved in manufacturing of coconut food products, consumable foods and other related products	31 December 2014 / 5 June 2025	Director	-	-

INFORMATION ON SCGM (cont'd)

(ix) Tan Ah Tek

Directorships	Principal activities	Date of appointment / resignation	Position held	Equity interest held as at the LPD	
				Direct (%)	Indirect (%)
<u>Present directorships</u> Blue Ocean Properties Sdn Bhd	Investment in properties	21 June 2012	Director	99.999	0.001
Blue Ocean Property Services Sdn Bhd	Management of property, building, land and estate of any persons and act as intermediaries in the introduction	29 November 2013	Director	80.00	-
Eramas Global Group	Investment holding	22 February 2024	Director	15.81	-
Eramas Ingredients	Manufacturing of all kinds of food related powder ranging from coconut to palm series	28 May 2018	Director	-	-
Eramas International Holdings	Investment holding	17 October 2023	Director	-	-
Eramas Marketing	Sale and distribution of coconut related products in the local market	27 September 2019	Director	-	-
KCI	Commenced winding up process on 25 July 2024. Previously involved in manufacturing and selling of coconut milk powder, creamers and desiccated coconuts	31 December 2014	Director	50.00	-

INFORMATION ON SCGM (cont'd)

Directorships	Principal activities	Date of appointment / resignation	Position held	Equity interest held as at the LPD	
				Direct (%)	Indirect (%)
<u>Past directorships</u> Astrobumi Corporation Sdn Bhd	Investment holding (no subsidiary) and commission agent	2 November 2015 / 24 July 2024	Director	-	-
Highlands Manufacturing Sdn Bhd	Dissolved on 2 September 2024. Previously involved in wholesale of coffee, tea, cocoa and other beverages	6 September 2023 / 14 September 2023	Director	-	-
Shanghai Eramas International Co., Ltd	Trading of food products	3 August 2020 / 7 August 2023	Director	-	-
PT Eramas	Manufacturing of coconut cream / milk, coconut water and desiccated coconut	8 November 2016 / 4 September 2025	Director	-	-
SB Food Industries Sdn Bhd	Ceased operations. Previously involved in manufacturing of coconut food products, consumable foods and other related products	31 December 2014 / 5 June 2025	Director	-	-

INFORMATION ON SCGM (cont'd)

(x) Dr. May Luwe Chin Kei

Directorships	Principal activities	Date of appointment / resignation	Position held	Equity interest held as at the LPD	
				Direct (%)	Indirect (%)
<u>Present directorship</u> Nil					
<u>Past directorship</u> Nil					

The involvement of our Directors and Proposed Directors in other businesses / corporations outside the SCGM Group does not affect their contribution to our Group / Enlarged SCGM Group or negatively impact their ability to act as our Directors and Proposed Directors in view that:-

- (i) save for the Eramas Group, the other businesses / corporations outside the SCGM Group do not require the involvement of our Executive Directors on a daily basis due to the nature of these businesses / corporations (such as property investment and related services) or these businesses / corporations are managed by their respective management; and
- (ii) the Non-Executive Directors are not involved in the day-to-day operations and management of our Group / Enlarged SCGM Group.

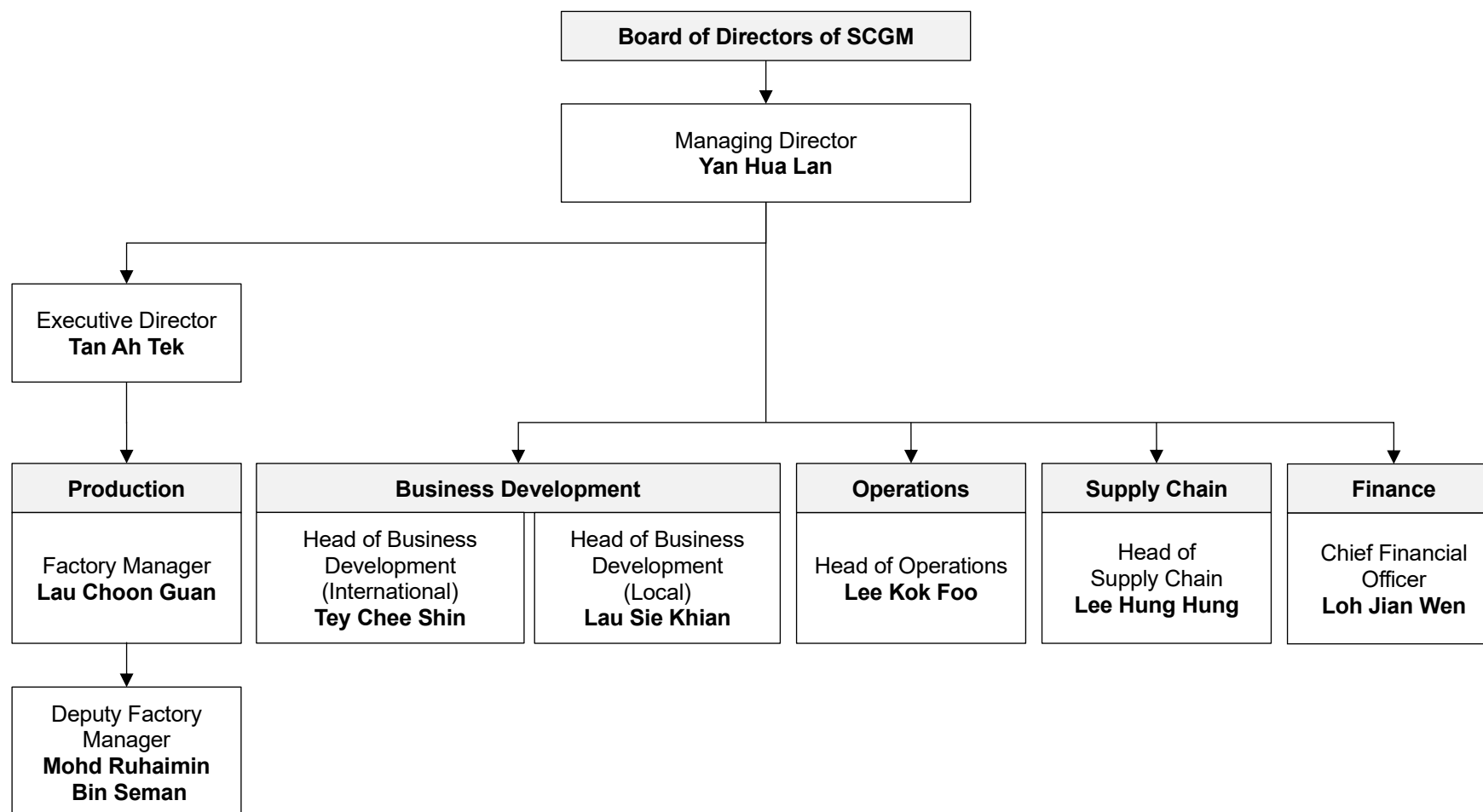
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INFORMATION ON SCGM (cont'd)

3. KEY SENIOR MANAGEMENT

3.1 Management reporting structure

The management reporting structure of the Enlarged SCGM Group after the Proposed Regularisation Plan is as follows:-



INFORMATION ON SCGM *(cont'd)***3.2 Particulars and shareholdings of Key Senior Management**

As at the LPD, the SCGM Group does not have any key senior management or key technical personnel as the SCGM Group currently does not have any business operations.

Upon completion of the Proposed Regularisation Plan, the Key Senior Management as well as their respective shareholdings in the Enlarged SCGM Group (assuming the Offer Shares are fully subscribed under the Proposed Offer for Sale) are as follows:-

Name	Nationality	Designation	Direct		Indirect	
			No. of SCGM Shares	% ⁽¹⁾	No. of SCGM Shares	% ⁽¹⁾
Tey Chee Shin	Malaysian	Head of Business Development (International)	7,490,838	0.98	-	-
Lau Sie Khian	Malaysian	Head of Business Development (Local)	424,498	0.06	-	-
Lee Kok Foo	Malaysian	Head of Operations	-	-	-	-
Lee Hung Hung	Malaysian	Head of Supply Chain	-	-	-	-
Lau Choon Guan	Malaysian	Factory Manager	-	-	-	-
Mohd Ruhaimin Bin Seman	Malaysian	Deputy Factory Manager	-	-	-	-
Loh Jian Wen	Malaysian	Chief Financial Officer	-	-	-	-

INFORMATION ON SCGM (cont'd)

3.3 Profiles of the Key Senior Management

The profiles of the Key Senior Management are as follows:-

(i) Tey Chee Shin

Tey Chee Shin, a Malaysian, aged 42, is the Head of Business Development (International) of the Eramas Group.

He graduated from the University of Glamorgan, United Kingdom with a Bachelor of Science in Electrical and Electronic Engineering in 2006.

In 2006, Tey Chee Shin joined SBK Technology Sdn Bhd as an Assistant Engineer where he was involved in ensuring the production goals are met on time and within cost. In 2007, he joined Man Plug Industries Sdn Bhd as a Sales Executive where he was involved in developing and implementing sales strategies to drive sales growth.

In 2008, he joined the Eramas Group as a Business Development Executive where he was involved in identifying new business opportunities. He was subsequently promoted to Senior Manager of Business Development in 2015 and Head of Business Development (International) in 2022, a position he holds till date where he is responsible for developing new accounts, attending to customers' inquiries and complaints, meeting sales targets, managing the business development team, and overseeing new product development for the export market of the Eramas Group.

Please refer to Section 3.5(i), Appendix II(A) of this Circular for the involvement of Tey Chee Shin in other businesses / corporations outside the SCGM Group.

(ii) Lau Sie Khian

Lau Sie Khian, a Malaysian, aged 54, is the Head of Business Development (Local) of the Eramas Group.

He obtained a Second Level Single Subjects (Book-keeping and Accounts) Certificate and a Third Level Single Subjects (Business Statistics) Certificate from the London Chamber of Commerce and Industry Examinations Board in 1991. Subsequently, he obtained a Systematic Diploma in Marketing from the Chartered Institute of Marketing, United Kingdom in 1994.

In 1995, Lau Sie Khian joined S&P Industries Sdn Bhd as a Sales Executive where he was involved in product promotion, gathering market and customer information, representing the company at trade exhibitions, and building relationships with distributors and wholesalers.

In 1998, he joined Stancodex Sdn Bhd as an Assistant Sales Manager where he was involved in mapping potential customers, managing existing and potential clients, meeting sales targets, and overseeing monthly sales.

INFORMATION ON SCGM (cont'd)

In 2012, he joined Rasa Mulia Sdn Bhd as a Sales Manager where he was responsible for achieving sales targets, client management, and monthly sales monitoring. In 2014, he joined Tastiway Sdn Bhd as a Sales Manager where he performed similar roles. In 2016, he joined KCI as a Sales Manager where he was responsible for managing and opening new accounts, market surveying, and meeting annual sales targets.

In 2019, he joined the Eramas Group as a Senior Sales Manager. In 2021, he was promoted to the position of Senior Sales and Marketing Manager and subsequently in 2023, to his current role, where his responsibilities include creating new accounts, attending to customers' inquiries and complaints, meeting sales targets, managing the business development team, and overseeing new product development for the Malaysian market of the Eramas Group.

Please refer to Section 3.5(ii), Appendix II(A) of this Circular for the involvement of Lau Sie Khian in other businesses / corporations outside the SCGM Group.

(iii) Lee Kok Foo

Lee Kok Foo, a Malaysian, aged 41, is the Head of Operations of the Eramas Group.

He obtained a Third Level Diploma in Business Studies from Institut Jati in 2003. He also obtained a Certificate (Level 3 Advanced Business Calculations and Level 3 Business Statistics) from the London Chamber of Commerce and Industry Examinations Board in 2003.

In 2003, he joined Huat Hing Rubberwood Sdn Bhd as an Account Executive where he assisted in accounting tasks and handling financial statements. In 2010, he joined Oriental Real Estate Sdn Bhd as an Account Executive where he performed similar roles.

In 2011, he joined the Eramas Group as a Business Development Executive where he was involved in identifying new business opportunities. Throughout the years, he progressed up the ranks and eventually was promoted to Deputy Head of Business Development in 2023. He was redesignated as the Head of Operations of the Eramas Group in 2024, a position he holds till date where he is responsible for overseeing the operations department, focusing on the preparation and execution of shipping documents as well as shipping arrangements in addition to his role to support the international business development team in identifying new business opportunities and maintaining close relationship with existing customers of the Eramas Group.

Please refer to Section 3.5(iii), Appendix II(A) of this Circular for the involvement of Lee Kok Foo in other businesses / corporations outside the SCGM Group.

INFORMATION ON SCGM *(cont'd)*

(iv) Lee Hung Hung

Lee Hung Hung, a Malaysian, aged 32, is the Head of Supply Chain of the Eramas Group.

She obtained a Level 3 Diploma in Computerised Accounting of the London Chamber of Commerce and Industry International Qualifications in 2012.

In 2013, she joined KCI as an Accountant Assistant where she was involved in the preparation of monthly management accounts, journal entries and salaries listing. She was promoted to Account Executive in 2014 and subsequently to Senior Finance Executive in 2016 where she was involved in the preparation, review and analysis of monthly financial reporting while ensuring various financial reporting deliverables are in accordance with internal policies and financial reporting standards.

In 2022, she joined the Eramas Group as a Corporate Secretary cum Admin where she was responsible for monitoring the Eramas Group's compliance with regulatory and statutory requirements. In 2023, she was promoted to the Head of Supply Chain of the Eramas Group, a position she holds till date where she is responsible for overseeing the end-to-end supply chain operations of Eramas Ingredients to facilitate the flow of goods, information and services from suppliers to customers.

Please refer to Section 3.5(iv), Appendix II(A) of this Circular for the involvement of Lee Hung Hung in other businesses / corporations outside the SCGM Group.

(v) Lau Choon Guan

Lau Choon Guan, a Malaysian, aged 43, is the Factory Manager of the Eramas Group.

He graduated from Monash University with a Bachelor's Degree in Biotechnology in 2005.

In 2006, he joined Monsanto (Malaysia) Sdn Bhd as a Quality Assurance Assistant where he was involved in assisting inspections, maintaining documentations, conducting laboratory tests and ensuring compliance with standards to uphold product quality. In the same year, he left Monsanto (Malaysia) Sdn Bhd and joined Barry Callebaut Manufacturing Malaysia Sdn Bhd as a Microbiologist where he was responsible for conducting microbiological testing on finished goods, in-process products and samples. In 2008, he joined Eonlipids Sdn Bhd as a Microbiologist / Quality Assurance Executive and gradually advanced through various roles, eventually becoming the Group Research and Development Manager where he was responsible for handling key customer accounts, sales inquiries, technical support, overseeing product development and quality control and the formulation of new products based on the customer needs. In 2023, he joined Syarikat Wen Ken Drug Sdn Bhd as a Product Manager where he was responsible for coordination with third party manufacturers, overseeing product lifecycles from launch to maturity and communication of product strategies to stakeholders.

INFORMATION ON SCGM (cont'd)

In 2024, he joined the Eramas Group as the Factory Manager where he is responsible for the day-to-day operations of the manufacturing facility of Eramas Ingredients which amongst others include overseeing the planning, processing, production, quality assurance and quality control, product development and equipment maintenance.

Please refer to Section 3.5(v), Appendix II(A) of this Circular for the involvement of Lau Choon Guan in other businesses / corporations outside the SCGM Group.

(vi) Mohd Ruhaimin Bin Seman

Mohd Ruhaimin Bin Seman, a Malaysian, aged 42, is the Deputy Factory Manager of the Eramas Group.

He graduated from Politeknik Ungku Omar with a Certificate in Mechanical Engineering (Refrigeration & Air Conditioning) in 2003 and a Diploma in Mechanical Engineering (Refrigeration & Air Conditioning) in 2004.

In 2003, he began his career in Golden Hope Biogonic Sdn Bhd as a Trainee. In 2005, he joined KCI as a Management Trainee where he was involved in assisting with administration and production, overseeing and scheduling maintenance for the firefighting system, data collection and records management and issuance of critical engineering stock and spare parts.

In 2006, he left KCI and joined Golden Hope Food & Beverages Sdn Bhd as a Production Supervisor where he was involved in plant operations, aseptic filling and production planning. In 2011, he joined Kerry Ingredients (M) Sdn Bhd as a Production Executive where he was involved in management and coordination of the spray dryer and maintenance of the production systems. In 2016, he joined KCI as an Assistant Production Manager where he was responsible for production of kernel, coconut cream / milk and calibration of processing equipment. In 2022, he joined F&N Dairies Manufacturing Sdn Bhd as an Operation Engineer where he was responsible for maintenance and sanitisation of machinery and equipment.

In 2023, he joined the Eramas Group and assumed his current position where he is responsible for monitoring production and packing line activities as well as the maintenance of machinery and equipment.

Please refer to Section 3.5(vi), Appendix II(A) of this Circular for the involvement of Mohd Ruhaimin Bin Seman in other businesses / corporations outside the SCGM Group.

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INFORMATION ON SCGM *(cont'd)*

(vii) Loh Jian Wen

Loh Jian Wen, a Malaysian, aged 30, is the Chief Financial Officer of the Eramas Group and will be the Chief Financial Officer of the Enlarged SCGM Group.

In 2017, he graduated from the University of Manchester, United Kingdom with a Bachelor of Arts Degree in Economic and Social Studies (Accounting and Finance). He is a member of the Institute of Chartered Accountants in England and Wales (ICAEW) and a member of the Malaysian Institute of Accountants (MIA).

Upon his graduation, Loh Jian Wen began his career with Deloitte LLP, United Kingdom as an Associate in 2017 where he was involved in auditing financial statements. He was promoted to Senior Associate in 2018 where he was involved in leading the engagement team to deliver audit deliverables. He was subsequently promoted to the position of Audit Assistant Manager in 2019. In 2020, he left Deloitte LLP, United Kingdom to join Petroliam Nasional Berhad as a Senior Executive, Group Corporate Finance where he was involved in portfolio monitoring, providing capital structure advisory and restructuring of intercompany debt.

In 2023, he joined the Eramas Group and assumed his current position where he is responsible for overseeing the finance department and financial reporting of the Eramas Group.

Please refer to Section 3.5(vii), Appendix II(A) of this Circular for the involvement of Loh Jian Wen in other businesses / corporations outside the SCGM Group.

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INFORMATION ON SCGM (cont'd)

3.4 Key Senior Management's remuneration and material benefits-in-kind

The actual and estimated remuneration (including benefits-in-kind) of the Key Senior Management paid or to be paid by the Eramas Group for the FYE 2025 and FYE 2026 respectively are as follows:-

Actual for FYE 2025

Name	(in bands of RM50,000)				
	Salaries and bonuses (RM'000)	Allowances (RM'000)	Benefits-in-kind (RM'000)	Statutory contributions (RM'000)	Total (RM'000)
Tey Chee Shin	100-150	0-50	-	0-50	150-200
Lau Sie Khian	100-150	-	-	0-50	100-150
Lee Kok Foo	50-100	0-50	-	0-50	100-150
Lee Hung Hung	50-100	-	-	0-50	100-150
Lau Choon Guan	150-200	-	-	0-50	200-250
Mohd Ruhaimin Bin Seman	100-150	-	-	0-50	100-150
Loh Jian Wen	150-200	50-100	-	0-50	200-250

INFORMATION ON SCGM (cont'd)**Estimated for FYE 2026**

Name	(in bands of RM50,000)				
	Salaries and bonuses (RM'000)	Allowances (RM'000)	Benefits-in-kind (RM'000)	Statutory contributions (RM'000)	Total (RM'000)
Tey Chee Shin	100-150	0-50	-	0-50	150-200
Lau Sie Khian	100-150	-	-	0-50	100-150
Lee Kok Foo	50-100	0-50	-	0-50	100-150
Lee Hung Hung	50-100	-	-	0-50	100-150
Lau Choon Guan	150-200	-	-	0-50	150-200
Mohd Ruhaimin Bin Seman	100-150	-	-	0-50	100-150
Loh Jian Wen	100-150	50-100	-	0-50	200-250

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INFORMATION ON SCGM (cont'd)

3.5 Involvement of Key Senior Management in other businesses / corporations outside the SCGM Group

The following tables set out the principal present directorships of the Key Senior Management as at the LPD and past directorships which were held within the past 5 years up to the LPD, as well as their involvement in principal business activities outside the SCGM Group as at the LPD:-

(i) Tey Chee Shin

Directorships	Principal activities	Date of appointment / resignation	Position held	Equity interest held as at the LPD	
				Direct (%)	Indirect (%)
<u>Present directorship</u> Nil	Dormant. The company has not commenced its business activity since incorporation	14 February 2013 / 15 October 2024	Commissioner	-	-
<u>Past directorship</u> PT Erapoly					

In addition to the above, Tey Chee Shin holds 1.58% equity interest in Eramas Global Group and 1.50% equity interest in Eraworld Marketing Sdn Bhd (commenced winding up process on 28 June 2024), which was previously involved in sale and distribution of palm oil and fats products.

(ii) Lau Sie Khian

Directorships	Principal activities	Date of appointment / resignation	Position held	Equity interest held as at the LPD	
				Direct (%)	Indirect (%)
<u>Present directorship</u> Nil					
<u>Past directorship</u> Nil					

In addition to the above, Lau Sie Khian holds 0.09% equity interest in Eramas Global Group.

INFORMATION ON SCGM (cont'd)

(iii) Lee Kok Foo

Directorships	Principal activities	Date of appointment / resignation	Position held	Equity interest held as at the LPD	
				Direct (%)	Indirect (%)
<u>Present directorship</u> Nil					
<u>Past directorship</u> Nil					

(iv) Lee Hung Hung

Directorships	Principal activities	Date of appointment / resignation	Position held	Equity interest held as at the LPD	
				Direct (%)	Indirect (%)
<u>Present directorship</u> Nil					
<u>Past directorships</u> Chubby Boy Trade Mart Sdn Bhd	Convenient store, import of food stuff and forwarding agent	15 November 2021 / 30 June 2022	Director	-	-
Sea Cuber Sdn Bhd	Import of a variety of goods without any particular specialisation, forwarding of freight	10 February 2022 / 30 June 2022	Director	-	-

INFORMATION ON SCGM (cont'd)

(v) Lau Choon Guan

Directorships	Principal activities	Date of appointment / resignation	Position held	Equity interest held as at the LPD	
				Direct (%)	Indirect (%)
<u>Present directorships</u> BGH Trading Sdn Bhd	Palm oil cultivation and other agricultural activities	26 July 2021	Director	33.00	-
Delustig (M) Sdn Bhd	Sales and display of audio equipment and its related products	18 March 2010	Director	50.00	-
Jaben Audio (M) Sdn Bhd	Sales and display of audio equipment and its related products	18 March 2010	Director	1.00	58.00
Peak Fusion AV Solution Sdn Bhd	Sales and display of audio and visual equipment and related products	02 August 2012	Director	30.00	-

In addition to the above, Lau Choon Guan holds 9% equity interest in Wah Seng (Muar) Sdn Bhd, an investment holding company (no subsidiary) and property owner.

INFORMATION ON SCGM (cont'd)

(vi) Mohd Ruhaimin Bin Seman

Directorships	Principal activities	Date of appointment / resignation	Position held	Equity interest held as at the LPD	
				Direct (%)	Indirect (%)
<u>Present directorship</u> Nil					
<u>Past directorship</u> Nil					

(vii) Loh Jian Wen

Directorships	Principal activities	Date of appointment / resignation	Position held	Equity interest held as at the LPD	
				Direct (%)	Indirect (%)
<u>Present directorship</u> Nil					
<u>Past directorship</u> Nil					

The involvement of Key Senior Management in other businesses / corporations outside the SCGM Group does not affect their contribution to the Enlarged SCGM Group or negatively impact their ability to act as the Key Senior Management in view that save for the Eramas Group, the other businesses / corporations outside the SCGM Group do not require the involvement of the Key Senior Management on a daily basis as these businesses / corporations are managed by their respective management.

INFORMATION ON SCGM (cont'd)

4. ASSOCIATIONS AND FAMILY RELATIONSHIPS

Save as disclosed below, there are no associations and family relationships between our Directors, our Proposed Directors, directors of Eramas Global Group, our existing / proposed substantial Shareholders, existing / proposed substantial shareholders of Eramas Global Group and Key Senior Management:-

- (i) Chin Kok Tian (our Proposed Director and substantial Shareholder as well as a director and substantial shareholder of Eramas Global Group) is the spouse of Yan Hua Lan (our Proposed Director and substantial Shareholder as well as a director and substantial shareholder of Eramas Global Group); and
- (ii) Dato' Sri Lee Hock Seng (our Director and substantial Shareholder) is the father of Lee Lih Chyong (our Director and substantial Shareholder) and brother of Dato' Sri Lee Hock Chai (our Director).

5. BOARD PRACTICE

Save as disclosed below, the SCGM Group / Enlarged SCGM Group has adopted all the recommendations of the MCCG:-

- (i) Under Practice 4.3 of the MCCG, it is recommended that our Board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to our Company and its business, including climate-related risks and opportunities. Further, Practice 4.4 of the MCCG recommends that performance evaluations of our Board and senior management include a review of the performance of our Board and senior management in addressing our Company's material sustainability risks and opportunities.

Following the completion of the Disposal of LSSPI on 31 August 2022, our Group does not have any business operations and there are minimal sustainability issues relevant to our Group.

Accordingly, the performance evaluations of our Board and senior management of SCGM did not include a review of their performance in addressing our Group's material sustainability risks and opportunities.

Moving forward, upon completion of the Proposed Regularisation Plan, both Practice 4.3 and Practice 4.4 of the MCCG will be applied based on sustainability issues relevant to the Enlarged SCGM Group.

- (ii) Under Practice 13.3 of the MCCG, it is recommended that listed companies should leverage technology to facilitate voting including voting in absentia and remote shareholders' participation at general meetings. Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

In addition, Practice 13.5 of the MCCG recommends that our Board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between our Board, senior management and Shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by Shareholders. Questions posed by Shareholders should be made visible to all meeting participants during the meeting itself.

INFORMATION ON SCGM *(cont'd)*

Our Company's 19th AGM was held on 26 May 2026 at a venue located in Kulai, Johor. There was no live streaming of the AGM and as such, remote shareholders' participation at the AGM was not made available.

Nonetheless, our Shareholders were given a notice of the AGM at least 28 days prior to the AGM. If any of our Shareholders were not able to participate in person, our Shareholders were able to submit their appointment of proxies prior to the AGM. In this regard, our Shareholders were able to vote in absentia via proxies duly appointed by them.

A physical AGM, apart from minimising cyber threats, enables a face-to-face conversation which shall support meaningful engagement between our Board, senior management and our Shareholders. This is also in line with the joint announcement released by the SC and Bursa Securities on 30 August 2024, stating that all public listed companies on Bursa Securities must hold hybrid or physical general meetings from 1 March 2025.

Moving forward, our Company will hold either hybrid or physical general meetings in line with the requirements.

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INFORMATION ON SCGM (cont'd)**5.1 Directors' and Proposed Directors' term of office**

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

Name	Designation	Date of appointment	Date of expiration of the current term of office	No. of years in office
Dato' Sri Lee Hock Seng	Executive Chairman ⁽¹⁾	19 December 2007	June 2027	18
Dato' Sri Lee Hock Chai	Managing Director ⁽²⁾	19 December 2007	June 2028	18
Patricia Rangene Packium	Senior Independent Non-Executive Director	16 August 2019	June 2028	6
Lim Peng Peng	Independent Non-Executive Director	16 August 2019	June 2027	6
Lee Yee Ling	Independent Non-Executive Director	16 August 2019	June 2029	6
Lee Lih Chyong	Alternate Director to Dato' Sri Lee Hock Seng ⁽³⁾	28 June 2021	Upon vacation of office by Dato' Sri Lee Hock Seng	4
<u>Proposed Directors</u>				
Chin Kok Tian	Non-Independent Non-Executive Chairman	To be appointed after completion of the Proposed Regularisation Plan	Not applicable ⁽⁴⁾	-
Yan Hua Lan	Group Managing Director	To be appointed after completion of the Proposed Regularisation Plan	Not applicable ⁽⁴⁾	-
Tan Ah Tek	Executive Director	To be appointed after completion of the Proposed Regularisation Plan	Not applicable ⁽⁴⁾	-
Dr. May Luwe Chin Kei	Independent Non-Executive Director	To be appointed after completion of the Proposed Regularisation Plan	Not applicable ⁽⁴⁾	-

INFORMATION ON SCGM (cont'd)Notes:-

- (1) Dato' Sri Lee Hock Seng will be redesignated as the Non-Independent Non-Executive Deputy Chairman upon completion of the Proposed Regularisation Plan.
- (2) Dato' Sri Lee Hock Chai will resign from his position upon completion of the Proposed Regularisation Plan.
- (3) Lee Lih Chyong will resign from her position upon completion of the Proposed Regularisation Plan.
- (4) Not applicable as they will only be appointed after completion of the Proposed Regularisation Plan. They will retire and offer themselves for re-election at the next immediate AGM of our Company following their appointment according to Article 92 of the Constitution.

5.2 Audit Committee

The Audit Committee of SCGM as at the LPD and after the Proposed Regularisation Plan comprises the following members:-

Name	Designation	Directorship
Lim Peng Peng	Chairperson	Independent Non-Executive Director
Patricia Rangene Packium	Member	Senior Independent Non-Executive Director
Lee Yee Ling	Member	Independent Non-Executive Director

The principal responsibilities of the Audit Committee are as follows:-

- (i) Financial reporting

To review and approve the quarterly and annual financial statements of our Group for recommendation to our Board, focusing particularly on:-

 - (a) any changes in or implementation of major accounting policies and practices;
 - (b) significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;
 - (c) significant adjustments arising from external audit;
 - (d) compliance with accounting standards and other legal requirements; and
 - (e) going concern assumption.
- (ii) Risk management and internal control
 - (a) To consider the effectiveness of the system of internal controls and risk management framework adopted within our Group and to be satisfied that the methodology employed allows identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner;
 - (b) To assess processes and procedures to ensure compliance with all laws, rules and regulations, directives and guidelines established by the relevant regulatory bodies;

INFORMATION ON SCGM *(cont'd)*

- (c) To ensure that the system of internal controls is in place, effectively administered and regularly monitored;
 - (d) To review the compliance with established internal policies, standards, plans and procedures;
 - (e) To obtain assurance that proper plans for control have been developed prior to major changes being made within our Group;
 - (f) To recommend to our Board steps to improve the system of internal controls based on the findings of the internal and external auditors; and
 - (g) To report to our Board any suspected frauds or irregularities, serious internal control deficiencies or suspected infringement of laws, rules and regulations which come to its attention and are of sufficient importance.
- (iii) Internal audit
- (a) To review the effectiveness of the internal audit function and processes, including the ability, competency and qualification of the internal audit team and/or outsourced internal auditors (if any) to perform their duties;
 - (b) To review the adequacy of the scope, competency and resources of the internal auditors and to ensure that the internal auditors have the necessary authority to carry out their work;
 - (c) To review and approve the internal audit plan in respect of the internal audit work to be undertaken for the year;
 - (d) To receive and review on a regular basis the internal audit reports, findings and recommendations and to ensure that appropriate actions have been taken to implement the audit recommendations;
 - (e) To ensure the internal auditors have full, free and unrestricted access to all activities, records, property and personnel necessary to perform their duties;
 - (f) To review any matters concerning the employment or appointment (and re-appointment) of the in-house and/or the outsourced internal auditors (as the case may be) and the reasons for resignation or termination of the internal auditors;
 - (g) To request for any special audit or investigation and review the findings with the internal auditors as the Audit Committee deems necessary; and
 - (h) To receive satisfactory management's response to major findings of internal audit or investigation.

INFORMATION ON SCGM (cont'd)

- (iv) External audit
 - (a) To determine and review the suitability of the external auditors to be appointed or re-appointed, including their compensation, experience, adequacy of resources, performance, qualifications and independence;
 - (b) To discuss with the external auditors on their audit plan including the nature and scope of their audit and their coordination with component auditors, if any;
 - (c) To review any matters concerning the appointment (and re-appointment) of the external auditors and the reasons for resignation or termination of the external auditors;
 - (d) To discuss with the external auditors on any difficulties encountered in the course of their audit which may hinder their ability to meet deadlines as contemplated in the external audit plan, including the level of assistance provided by the management / employees of our Group to the external auditors;
 - (e) To review the external auditors' management letter arising from their evaluation of the system of internal controls of our Group and management's response to the management letter;
 - (f) To review any engagement of the external auditors in performing non-audit services within our Group to assess whether their position as external auditors is compromised by the non-audit services rendered and fees received;
 - (g) To review the external auditors' findings arising from the external audit;
 - (h) To review with the external auditors the Statement on Risk Management and Internal Control of our Group as prescribed in the Listing Requirements for inclusion in the annual report; and
 - (i) To conduct an annual evaluation of the performance of the external auditors and to undertake follow-up measures, where required.
- (v) Others
 - (a) To review any related party transactions and conflict of interest situations that may arise within our Group, including any transaction, procedure or course of conduct that raises questions of management integrity;
 - (b) To prepare the annual Audit Committee Report to our Board for inclusion in the annual report and to review our Board's statements on compliance with the MCGG for inclusion in the annual report;
 - (c) To oversee the management of principal business risks and material economics, environmental and social risks and opportunities;
 - (d) To ensure resources and processes are in place to enable our Group to achieve its sustainability commitments and targets;

INFORMATION ON SCGM (cont'd)

- (e) To review disclosure statements relating to the management of our Group's sustainability matters in the annual report;
- (f) To exercise its powers and carry out its responsibilities under the Whistleblowing Policy of our Group;
- (g) To report to our Board summarising the work performed in fulfilling the Audit Committee's primary responsibilities; and
- (h) To carry out other functions as may be agreed upon by the Audit Committee and our Board.

5.3 Nomination Committee

The Nomination Committee of SCGM as at the LPD and after the Proposed Regularisation Plan comprises the following members:-

Name	Designation	Directorship
Patricia Rangene Packium	Chairperson	Senior Independent Non-Executive Director
Lim Peng Peng	Member	Independent Non-Executive Director
Lee Yee Ling	Member	Independent Non-Executive Director

The principal responsibilities of the Nomination Committee are as follows:-

- (i) To assist our Board in ensuring that our Board is of an effective composition, considering the mix of skills, independence, diversity, size and commitment to discharge its responsibilities and duties adequately;
- (ii) To ensure appropriate selection criteria and processes and to identify and recommend candidates for directorships of our Company and members of the relevant Board Committees to our Board;
- (iii) To undertake appropriate review to ensure the requirement and qualification of the candidate nominated based on a prescribed set of objective criteria and merit comprising but not limited to the following:-
 - (a) skills, knowledge, expertise, experience, age, cultural background and gender;
 - (b) professionalism;
 - (c) integrity;
 - (d) existing number of directorships held, including non-listed companies;
 - (e) confirmation of not being an undischarged bankrupt or involved in any court proceedings in connection with the promotion, formation or management of a corporation involving fraud or dishonesty punishable on conviction with imprisonment or subject to any investigation by any regulatory authority under any legislation; and

INFORMATION ON SCGM (cont'd)

- (f) In the case of candidates being considered for the position of independent director, such potential candidates should be able to discharge such responsibilities / functions as expected from independent non-executive directors. Amongst others, the potential candidates must fulfil the criteria used in the definition of “independent directors” prescribed by the Listing Requirements and be able to bring independent and objective judgment to our Board;
- (iv) To assist our Board in assessing and evaluating circumstances where a Director’s involvement outside our Group may give rise to a potential conflict of interest with our Group’s businesses;
- (v) To evaluate the performance and effectiveness of our Board and the relevant Board Committees annually;
- (vi) To recommend for approval by our Board concerning the re-election / re-appointment of our Directors retiring by rotation at the AGM as well as filling casual vacancy pursuant to our Company’s Constitution;
- (vii) To conduct an assessment of the Independent Non-Executive Director in instances where an Independent Non-Executive Director is to be retained beyond 9 years, and recommend to our Board whether the Independent Non-Executive Director shall remain independent or be re-designated as a Non-Independent Non-Executive Director; and
- (viii) To ensure that an appropriate framework for succession planning is in place for our Board and management succession, including the future Chairperson, Executive Directors and Chief Executive Officer.

5.4 Remuneration Committee

The Remuneration Committee of SCGM as at the LPD and after the Proposed Regularisation Plan comprises the following members:-

Name	Designation	Directorship
Lim Peng Peng	Chairperson	Independent Non-Executive Director
Patricia Rangene Packium	Member	Senior Independent Non-Executive Director
Lee Yee Ling	Member	Independent Non-Executive Director

The principal responsibilities of the Remuneration Committee are as follows:-

- (i) To recommend a remuneration framework for the Managing Director, Executive Directors, and Key Senior Management of our Group for our Board’s approval. The framework should cover all aspects of remuneration, including the Director’s fee, salaries, allowance, bonuses, incentives and benefits and take into account the complexity of our Group’s business and the individual’s responsibilities;
- (ii) To recommend specific remuneration packages for the Managing Director, Executive Directors and Key Senior Management. The remuneration should be aligned with the business strategy and long-term objectives of our Group and take into consideration our Group’s performance in managing material sustainability risks and opportunities. As for Non-Executive Directors, the level of remuneration should be linked to their level of responsibilities undertaken and contribution to the effective functioning of our Board;

INFORMATION ON SCGM (cont'd)

- (iii) To ensure the establishment of a formal and transparent procedure for determining the remuneration of the Managing Director, Executive Directors and Key Senior Management;
- (iv) To recommend to our Board the Directors' fees and/or allowances of Non-Executive Directors; and
- (v) To perform any other functions as required by our Board.

6. SERVICE CONTRACT

As at the LPD, none of our Directors, Proposed Directors or Key Senior Management have any existing or proposed service contract which provide for benefits upon termination of employment with the SCGM Group.

7. DECLARATION BY DIRECTORS, PROPOSED DIRECTORS AND KEY SENIOR MANAGEMENT

None of our Directors, Proposed Directors and Key Senior Management were involved in the following events, whether in or outside Malaysia:-

- (i) In the last 10 years, a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or member of key senior management;
- (ii) Such person was disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) In the last 10 years, such person was charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding. If convicted, the date must be calculated from the date of conviction or if sentenced to imprisonment, from the date of release from prison;
- (iv) In the last 10 years, any judgment was entered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (v) In the last 10 years, such person was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market;
- (vi) Such person was the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity;
- (vii) In the last 10 years, such person has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and
- (viii) Any unsatisfied judgment against such person.

INFORMATION ON SCGM (cont'd)

8. ADDITIONAL INFORMATION

The following are the summary of the provisions of SCGM's Constitution relating to (i) remuneration, voting and borrowing powers of our Directors, (ii) changes to share capital, (iii) transfer of securities and (iv) rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights:-

8.1 Remuneration of Directors**Article 94**

- (I) Fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover. Salaries payable to executive Directors may not include a commission on or percentage of turnover.
- (II) The fees of Directors, and any benefits payable to Directors shall be subject to annual shareholders' approval at a general meeting.

Article 95

The Directors shall also be paid such travelling, hotel and other expenses properly and reasonably incurred by them in the execution of their duties including any such expenses incurred in connection with their attendance at meetings of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company as the Directors may determine.

Article 120(I)(d)

Any fee paid by the Company to the alternate shall be deducted from that Director's remuneration.

Article 123

The remuneration of a Managing Director or Managing Directors shall be fixed by the Directors and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but shall not include a commission on or percentage of turnover.

8.2 Voting powers of Directors**Article 112**

- (I) Subject to the Constitution any question arising at any meeting of Directors shall be decided by a majority of Directors shall for all purposes be deemed a determination of the Directors. Each Director shall have one vote.
- (II) In case of equality of votes, the Chairman of the meeting shall have a second or casting vote. Where at the meeting only two (2) Directors form the quorum or only two (2) Directors are competent to vote on the question at issue, the Chairman of the meeting shall not have a casting vote.

INFORMATION ON SCGM (cont'd)

Article 114

Every Director shall comply with the provisions of the Act in connection with the disclosure of his shareholding and interests in the Company and his interest in any contract or proposed contract with the Company and in connection with the disclosure of the fact and the nature, character and extent of any office or possession of any property whereby whether directly or indirectly duties or interest might be created in conflict with his duty of interest as a Director of the Company. No Director shall as a Director vote in respect of any contract or arrangement in which he is so interested, and, if he does so vote, his vote shall not be counted.

Article 115

A Director shall not vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly an interest.

Article 116

A Director notwithstanding his interest may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any office or place of profit under the Company or whereat the terms of any such appointment are considered, he may vote on any such matter other than in respect of his own appointment and/or the fixing of the terms thereof.

Article 117

A Director may vote in respect of:-

- (I) any arrangement for giving the Director himself or any other Director for any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or
- (II) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by deposit of a security.

8.3 Borrowing powers of Directors**Article 99**

- (I) The Directors may exercise all the powers of the Company to borrow any sum or sums of money from any person, bank, firm or company (expressly including any person holding the office of Director) and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company, or its wholly owned subsidiaries or of any related or associated corporation. The Directors may guarantee the whole or any part of the loans or debts raised or incurred by or on behalf of the Company or any interest payable thereon with power to the Directors to indemnify the guarantors from or against liability under their guarantees by means of a mortgage or hypothecation of or charge upon any property and asset of the Company or otherwise. The Directors may exercise all the powers of the Company to guarantee and give guarantees or indemnities for the payment of money, the performance of contracts or obligations, or for the benefit or interest of the Company or of any subsidiary corporation.

INFORMATION ON SCGM (cont'd)

- (II) The Directors shall not borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property, or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

8.4 Changes to share capital**Article 3**

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, and subject to the provisions of the Constitution and the Act and the Central Depositories Act and to the provisions of any resolution of the Company, shares in the Company may be issued by the Directors, who may allot or otherwise dispose of such shares to such persons on such terms and conditions with such (whether in regard to dividend, voting or return of capital) preferred, deferred or other special rights, and subject to such restrictions and at such time or times as the Directors may think fit but the Directors in making any issues of shares shall comply with the following conditions:-

- (I) in the case of shares, other than ordinary shares, no special rights shall be attached until the same have been expressed in the Constitution or in the resolution creating the same;
- (II) no issue of shares shall be made which will have the effect of transferring a controlling interest in the Company to any person, company or syndicate without prior approval of the members in general meeting; and
- (III) every share issuance scheme for employees and/or Directors shall be approved by the members in general meeting and in relation to a Director such approval shall specifically detail the amount of shares or options to be issued to such Director and such Director has abstained from voting on the relevant resolution.

Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution.

Article 6

The Company shall have power to issue preference shares carrying a right to redemption out of profits of liable to be redeemed at the option of the Company and the Directors may, subject to the provisions of the Act, redeem such shares on such terms and in such manner and either at par or at a premium as they may think fit.

INFORMATION ON SCGM (cont'd)

Article 12

Subject to the provisions of the Act and the Listing Requirements and the approval of the members and any other relevant authority, if applicable, the Company shall have the power to purchase its own shares and to deal with the shares so purchased in the manner provided by the Act and the Listing Requirements.

The provisions of Articles 55 and 56 hereof shall not affect the power of the Company to cancel any shares or reduce its share capital pursuant to any exercise of the Company's powers under this Article.

Article 55

The Company may by special resolution:-

- (i) consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares; or
- (ii) divide its share capital or any part thereof into shares of smaller amount than is fixed by the Constitution by subdivision of its existing shares or any of them subject nevertheless to the provisions of the Act and so that as between the resulting shares, one or more of such sub-division is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the other or any other of such shares; or
- (iii) cancel any shares which at the date of the passing of the resolution in that behalf have not been taken, agreed to be taken by any persons or shares which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled; or
- (iv) subject to the provisions of this Constitution and the Act, convert and/or re-classify any class of shares into any other class of shares

Article 56

The Company may by special resolution reduce its share capital and any capital redemption reserve fund or any share premium account in any manner subject to any conditions and any consent required by law. The Company shall give notice to the Registrar in accordance with the Act of such alteration in capital.

8.5 Transfer of Shares**Article 27**

The transfer of any listed security or class of listed security of the Company, shall be by way of book entry by the Depository in accordance with the Rules of the Depository and, notwithstanding sections 105, 106 or 110 of the Act, but subject to section 148(2) of the Act and any exemption that may be made from compliance with section 148(1) of the Act the Company shall be precluded from registering and effecting any transfer of the listed securities.

INFORMATION ON SCGM (cont'd)

Article 28

Subject to the provisions of the Act, the Central Depositories Act and the Rules of the Depository, neither the Company nor any of its Directors or other officers shall incur any liability for acting upon a transfer of shares registered by the Depository, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although transferred, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred, or otherwise in defective manner. In every such case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

Article 29

The Directors may decline to effect the registration of any transfer of shares if such shares are not fully paid up or the Company has a lien on them or otherwise if the transfer does not comply with the provisions of the Act, the Central Depositories Act and the Rules of the Depository.

Article 30

Any Member whose transfer of shares has been refused shall be notified of the precise reasons thereof or dealt with in accordance with the Act, the Central Depositories Act and the Rules of the Depository.

Article 31

The registration of transfers may be suspended at such times and for such duration as the Directors may from time to time determine provided the period shall not exceed thirty (30) days in the aggregate in any one year. Any suspension shall comply with the notice requirements applicable to members and the Depository as prescribed by the Act, the Central Depositories Act or the Rules of the Depository.

Article 32

Subject to the provisions of the Constitution the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person.

8.6 Rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights

Article 4

Subject to the Act, any preference shares may with the sanction of a special resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed and the Company shall not without the consent of the existing preference shareholders at a class meeting issue further preference shares ranking in priority above preference shares already issued, but may issue preference shares ranking equally therewith.

Preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and audited financial statements, and attending general meetings of the Company.

INFORMATION ON SCGM (cont'd)

Preference shareholders must be entitled to a right to vote in each of the following circumstances:-

- (a) when the dividend or part of the dividend on the preference shares is in arrears for more than six (6) months;
- (b) on a proposal to reduce the Company's share capital;
- (c) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
- (d) on a proposal that affects rights attached to the share;
- (e) on a proposal to wind up the Company; and
- (f) during the winding up of the Company.

Article 5

Notwithstanding Article 7 hereof the repayment of preference share capital other than redeemable preference shares or any alteration of preference shareholder rights shall only be made pursuant to a special resolution of the preference shareholders concerned PROVIDED ALWAYS that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing obtained from the holders of three-fourths (3/4) of the preference shares concerned within two (2) months of the meeting shall be as valid and effectual as a special resolution carried at the meeting.

Article 7

Whenever the capital of the Company is divided into different classes of shares or groups the special rights attached to any class or group may subject to the provisions of the Constitution (unless otherwise provided by the terms of issue of the shares of the class), either with the consent in writing of the holders of three-quarters (3/4) of the issued shares of the class or group, or with the sanction of any special resolution passed at a separate general meeting of such holders (but not otherwise), be modified or abrogated, and may be so modified or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up, and such writing or resolution shall be binding upon all the holders of shares of the class. To every such separate general meeting all the provisions of this Constitution relating to general meetings or to the proceedings thereat shall, mutatis mutandis, apply, except that the necessary quorum shall be two persons at least holding or representing by proxy one-tenth (1/10) in nominal amount of the issued shares of the class or group (but so that if an adjourned meeting of such holders a quorum as above defined is not present those members who are present shall be a quorum), that any holder of shares in the class present in person or by proxy may demand a poll and that the holders of shares of the class or group shall, on a poll, have one vote in respect of every share of the class or group held by them respectively.

Article 8

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects *pari passu* therewith but in no respect in priority thereto.

Article 72(I)

Subject to the Constitution and to any rights or restrictions for the time being attached to any shares or classes of shares, at meetings of members or classes of members, each member entitled to vote may vote in person or by proxy or by attorney. On a resolution to be decided by a poll, every member voting in person or by proxy or by attorney shall have one (1) vote for each share he holds.

INFORMATION ON SCGM *(cont'd)*

As at the LPD, our Company only has 1 class of shares, namely ordinary shares. All the Shares rank equally with one another in all respects including rights to voting, dividend and return of capital on liquidation. There are no special rights attached to our Shares.

Pursuant to subsection 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed our Shares as securities to be deposited into the central depository system. Any dealings in our Shares will be carried out in accordance with the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository. Dealings in our Shares will be effected by means of entries in the securities account of depositors. A depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares will be deemed to be our Shareholder and will be entitled to all rights and benefits and be subject to all liabilities and obligations in respect of, or arising from, such Shares.

Subject to the above, there is no limitation on the right to own our Shares, including any limitation on the right of a non-resident or non-Malaysian shareholder to hold our Shares or to exercise his voting rights, which is imposed by Malaysian law or by our Constitution.

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FINANCIAL INFORMATION OF SCGM**1. DIVIDEND POLICY**

As at the LPD, there is no dividend policy in place for our Company.

The dividends paid or declared by SCGM for the Financial Years Under Review are as follows:-

For 1 January 2019 to 31 December 2019

No.	Dividend	Total (RM)
(i)	An interim dividend of 0.50 sen per Share for the financial year ended 30 April 2019 was declared and paid on 18 January 2019	963,806
(ii)	An interim dividend of 0.25 sen per Share for the financial year ended 30 April 2019 was declared and paid on 26 April 2019	481,903
(iii)	An interim dividend of 0.25 sen per Share for the financial year ended 30 April 2019 was declared and paid on 26 July 2019	481,403
(iv)	An interim dividend of 0.25 sen per Share for the financial year ended 30 April 2020 was declared and paid on 23 October 2019	481,403
		2,408,515

For 1 January 2020 to 31 December 2020

No.	Dividend	Total (RM)
(i)	An interim dividend of 1.00 sen per Share for the financial year ended 30 April 2020 was declared and paid on 10 January 2020	1,925,610
(ii)	An interim dividend of 0.50 sen per Share for the financial year ended 30 April 2020 was declared and paid on 30 April 2020	962,806
(iii)	An interim dividend of 1.50 sen per Share for the financial year ended 30 April 2020 was declared and paid on 29 July 2020	2,888,416
(iv)	A final dividend of 0.35 sen per Share for the financial year ended 30 April 2020 was declared and paid on 28 October 2020	673,964
(v)	An interim dividend of 1.70 sen per Share for the financial year ended 30 April 2021 was declared and paid on 12 November 2020	3,273,538
		9,724,334

For 1 January 2021 to 31 December 2021

No.	Dividend	Total (RM)
(i)	An interim dividend of 1.50 sen per Share for the financial year ended 30 April 2021 was declared and paid on 22 January 2021	2,888,416
(ii)	An interim dividend of 2.20 sen per Share for the financial year ended 30 April 2021 was declared and paid on 28 April 2021	4,236,343
(iii)	An interim dividend of 1.70 sen per Share for the financial year ended 30 April 2021 was declared and paid on 29 July 2021	3,273,537
(iv)	An interim dividend of 2.00 sen per Share for the financial year ended 30 April 2022 was declared and paid on 29 October 2021	3,851,221
		14,249,517

FINANCIAL INFORMATION OF SCGM (cont'd)

For 1 January 2022 to 31 December 2022

No.	Dividend	Total (RM)
(i)	An interim dividend of 1.70 sen per Share for the financial year ended 30 April 2022 was declared and paid on 26 January 2022	3,273,537
(ii)	An interim dividend of 1.40 sen per Share for the financial year ended 30 April 2022 was declared and paid on 28 April 2022	2,696,053
(iii)	An interim dividend of 1.32 sen per Share for the financial year ended 30 April 2022 was declared and paid on 29 July 2022	2,541,806
(iv)	A special dividend of RM1.85 per Share for the financial year ended 30 April 2023 was declared and paid on 29 September 2022	356,237,926
		364,749,322

Save for the Proposed Special Dividend, our Company does not intend to declare and/or pay any dividends before the completion of the Proposed Regularisation Plan. Further details of the Proposed Special Dividend are set out in Section 2, Part A of this Circular.

Save as disclosed above, there were no other dividends declared and/or paid by our Company for the Financial Years Under Review and up to the LPD.

As at the LPD, save for the compliance with solvency requirement under the Act, there are no dividend restriction imposed on our Company.

2. EXCHANGE CONTROLS

As at the LPD, the SCGM Group has not established any other place of business outside Malaysia and is not subject to any governmental law, decree, regulation or other requirement which may affect the repatriation of capital and remittance of profit by or to the SCGM Group.

3. TAXATION

Since the YA 2008, income tax has been imposed at a single level (single-tier) on dividends distributed by companies in Malaysia. Under this single-tier tax system, the tax on company profits is final, and dividends distributed are exempted from tax at the shareholder level. The Government does not levy withholding tax on dividend payment. Therefore, there is no withholding tax imposed on dividends paid to non-residents by Malaysian resident companies. There is no Malaysian capital gains tax arising from the disposal of listed shares.

Notwithstanding the above, dividend income exceeding RM100,000 received by individual shareholders is subject to a 2% dividend tax, effective from the YA 2025. As announced in the Budget 2025 on 18 October 2024, the following is exempted from dividend tax:-

- dividend income from abroad;
- dividend income distributed from the profits of companies that received pioneer status and reinvestment allowances;
- dividend income paid, credited or distributed from the profits of shipping companies that are exempted from tax;
- dividend income distributed by cooperatives;
- dividend income declared by closed-end funds;
- dividend income received by residents from Labuan entities; and
- any exemption given on dividend income at individual shareholder level as determined by the Minister of Finance of Malaysia.

Further, the imposition of dividend tax is not applicable to profit distributions made to contributors and depositors by Kumpulan Wang Simpanan Pekerja (KWSP), Lembaga Tabung Angkatan Tentera (LTAT), Amanah Saham Nasional Bumiputera (ASNB) or any unit trust.

FINANCIAL INFORMATION OF SCGM (cont'd)

4. CAPITALISATION AND INDEBTEDNESS

The table below sets out our unaudited cash, capitalisation and indebtedness position as at 30 April 2026 and the pro forma after adjusting for the effects of the Proposed Special Dividend and Proposed Acquisition.

	Unaudited as at 30 April 2026 (RM'000)	Pro forma	
		(I)	(II)
		After the Proposed Special Dividend (RM'000)	After (I) and the Proposed Acquisition (RM'000)
Cash Cash and bank balances and fixed deposits with licensed banks	116,083	67,943	92,862
Capitalisation Shareholders' equity	115,673	67,533	172,428
Indebtedness			
<u>Current</u>			
<u>Secured and guaranteed</u>			
Borrowings	-	-	7,088
Lease liabilities	-	-	113
	-	-	7,201
<u>Non-current</u>			
<u>Secured and guaranteed</u>			
Lease liabilities	-	-	218
Total indebtedness	-	-	7,419
Total capitalisation and indebtedness	115,673	67,533	179,847
Gearing ratio ⁽¹⁾ (times)	-	-	0.04 ⁽²⁾⁽³⁾

Notes:-

- (1) Gearing ratio is computed based on total indebtedness over total capitalisation.
- (2) This represents the pro forma gearing ratio of the Enlarged SCGM Group after the completion of the Proposed Regularisation Plan.
- (3) The gearing ratio of the Eramas Group as at 30 April 2026 (i.e. without the effects of the Proposed Regularisation Plan) is 0.07 times based on the total indebtedness of RM7.42 million above divided by the unaudited shareholders' equity of the Eramas Group of RM106.22 million as at 30 April 2026.

FINANCIAL INFORMATION OF SCGM (cont'd)**5. CONTINGENT LIABILITIES**

As at the LPD, there are no contingent liabilities incurred or known to be incurred by the SCGM Group, which upon becoming enforceable, may have a material effect on the business or financial position of the SCGM Group.

6. MATERIAL COMMITMENTS

As at the LPD, save for the Proposed Acquisition, there are no material commitments incurred or known to be incurred by the SCGM Group, which upon becoming enforceable, may have a material effect on the business or financial position of the SCGM Group.

7. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, the SCGM Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, including those pending or threatened against the SCGM Group, which might materially or adversely affect the SCGM Group's financial position or business.

8. HISTORICAL FINANCIAL INFORMATION

The key historical financial information of the SCGM Group for the financial year ended 30 April 2022, financial year ended 30 April 2023, 8-month FYE 2023, FYE 2024, FYE 2025, 3-month financial period ended 31 March 2025 and 3-month financial period ended 31 March 2026 are as follows:-

	Audited					Unaudited	
	Financial year ended 30 April 2022 (Represented) ⁽¹⁾ (RM'000)	Financial year ended 30 April 2023 ⁽¹⁾ (RM'000)	8-month FYE 2023 ⁽²⁾ (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)	3-month financial period ended 31 March 2025 (RM'000)	3-month financial period ended 31 March 2026 (RM'000)
<u>Continuing operations</u>							
Revenue	-	-	-	-	-	-	-
GP	-	-	-	-	-	-	-
Other income	-	335,726	7,005	-	-	-	-
(Loss before tax) / PBT	(383)	330,024	7,290	(2,149)	1,166	616	149

FINANCIAL INFORMATION OF SCGM (cont'd)

	Audited					Unaudited	
	Financial year ended 30 April 2022 (Represented) ⁽¹⁾ (RM'000)	Financial year ended 30 April 2023 ⁽¹⁾ (RM'000)	8-month FYE 2023 ⁽²⁾ (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)	3-month financial period ended 31 March 2025 (RM'000)	3-month financial period ended 31 March 2026 (RM'000)
(Loss after tax) / PAT attributable to owners of our Company							
- Continuing operations	(383)	329,105	6,647	(3,068)	527	371	(51)
- Discontinued operation	31,248	3,069	-	-	-	-	-
	30,865	332,174	6,647	(3,068)	527	371	(51)
Basic / Diluted (loss per share) / EPS (sen)							
- Continuing operations	(0.20)	170.91	3.45	(1.59)	0.27	0.19	(0.03)
- Discontinued operation	16.23	1.59	-	-	-	-	-
	16.03	172.50	3.45	(1.59)	0.27	0.19	(0.03)
<u>As at the end of financial year / period</u>							
Current assets	109,532	120,692	127,238	116,277	116,453	116,259	116,080
Current liabilities	61,686	9,063	8,962	1,085	731	695	409
Current ratio ⁽³⁾ (times)	1.78	13.32	14.20	107.17	159.31	167.28	283.81
Total assets	316,288	120,692	127,238	116,293	116,465	116,274	116,092
Total equity / NA attributable to owners of our Company	207,557	111,629	118,276	115,208	115,734	115,579	115,683
Total borrowings and lease liabilities	64,753	-	-	-	-	-	-
Gearing ratio ⁽⁴⁾ (times)	0.31	-	-	-	-	-	-
Net cash from / (used in) operating activities	38,179	20,380	(2,977)	(6,413)	(3,621)	(1,129)	(1,227)
Cash and cash equivalents as at the end of financial year / period	9,337	109,032	127,168	116,221	116,396	116,112	116,002

FINANCIAL INFORMATION OF SCGM (cont'd)

For the financial years / period under review, the SCGM Group did not record any revenue and cost of sales from continuing operations due to the Disposal of LSSPI. Accordingly, profitability margins, trade receivables turnover period, trade payables turnover period and inventory turnover period are not applicable and are not presented.

Notes:-

- (1) For the financial years ended 30 April 2022 (represented) and 30 April 2023, the operation of LSSPI was classified as discontinued operation due to the Disposal of LSSPI and the amounts relating to the operation of LSSPI are presented separately in the statement of profit or loss and other comprehensive income within one line item, "Profit for the financial year from discontinued operation, net of tax".
- (2) On 24 November 2023, SCGM announced the change of financial year end from 30 April 2024 to 31 December 2023. Hence, the audited consolidated financial statements of SCGM for 8-month FYE 2023 are for the period from 1 May 2023 to 31 December 2023.
- (3) Current ratio is computed based on current assets over current liabilities as at the end of the respective financial year / period.
- (4) Gearing ratio is computed based on total borrowings and lease liabilities over total equity as at the end of the respective financial year / period.

Financial commentaries for the SCGM Group are as follows:-

Comparison between financial year ended 30 April 2022 and financial year ended 30 April 2023

The SCGM Group recorded an aggregate PAT from both continuing operations and discontinued operation of RM332.17 million in financial year ended 30 April 2023, representing an increase of RM301.30 million or 976.03% as compared to the PAT of RM30.87 million in financial year ended 30 April 2022. The higher PAT was mainly due to one-off gain of RM335.67 million from the Disposal of LSSPI, which was recognised in financial year ended 30 April 2023.

The SCGM Group's total assets decreased by RM195.60 million or 61.84% from RM316.29 million as at 30 April 2022 to RM120.69 million as at 30 April 2023, mainly due to the cash distributions of RM356.24 million for the Special Dividend 2022 (paid on 29 September 2022) and RM69.32 million for the Capital Reduction and Repayment 2023 (paid on 4 January 2023), which offset the increase in total assets due to one-off gain from the Disposal of LSSPI.

The SCGM Group's NA decreased by RM95.93 million or 46.22% from RM207.56 million as at 30 April 2022 to RM111.63 million as at 30 April 2023, mainly due to the abovementioned cash distributions for the Special Dividend 2022 and Capital Reduction and Repayment 2023 which offset the increase in NA due to one-off gain of RM335.67 million from the Disposal of LSSPI.

The current ratio of the SCGM Group increased from 1.78 times as at 30 April 2022 to 13.32 times as at 30 April 2023, mainly due to the deconsolidation of LSSPI following the Disposal of LSSPI, which resulted in the decrease of trade payables and borrowings.

The gearing ratio of the SCGM Group decreased from 0.31 times as at 30 April 2022 to nil as at 30 April 2023, mainly due to the deconsolidation of LSSPI's borrowings and lease liabilities following the Disposal of LSSPI.

The cash and cash equivalents of the SCGM Group increased by RM99.69 million from RM9.34 million as at 30 April 2022 to RM109.03 million as at 30 April 2023, mainly due to cash proceeds received from the Disposal of LSSPI, net of cash distributions for the Special Dividend 2022 and Capital Reduction and Repayment 2023.

FINANCIAL INFORMATION OF SCGM (cont'd)

Comparison between financial year ended 30 April 2023 and 8-month FYE 2023

As SCGM has a change of financial year end from 30 April 2024 to 31 December 2023, there are no comparative figures available for 8-month FYE 2023.

The SCGM Group recorded PAT of RM6.65 million in 8-month FYE 2023, mainly arose from gain on disposal of 3 properties by Habipack of RM6.98 million.

The SCGM Group's total assets increased by RM6.55 million or 5.43% from RM120.69 million as at 30 April 2023 to RM127.24 million as at 31 December 2023, while the SCGM Group's NA increased by RM6.65 million or 5.96% from RM111.63 million as at 30 April 2023 to RM118.28 million as at 31 December 2023. The increase in the SCGM Group's total assets and NA was mainly due to gain on disposal of 3 properties by Habipack of RM6.98 million.

The current ratio of the SCGM Group increased from 13.32 times as at 30 April 2023 to 14.20 times as at 31 December 2023, mainly due to the increase in cash and cash equivalents of the SCGM Group as explained below.

The gearing ratio of the SCGM Group was nil as at 30 April 2023 and 31 December 2023 as the SCGM Group did not have any borrowings and lease liabilities.

The cash and cash equivalents of the SCGM Group increased by RM18.14 million from RM109.03 million as at 30 April 2023 to RM127.17 million as at 31 December 2023, mainly due to cash proceeds received from the disposal of 3 properties by Habipack of RM18.50 million.

Comparison between 8-month FYE 2023 and FYE 2024

As SCGM has a change of financial year end from 30 April 2024 to 31 December 2023, there are no comparative figures available for FYE 2024.

The SCGM Group recorded loss after tax of RM3.07 million in FYE 2024, mainly due to administrative expenses of RM6.09 million incurred mainly in respect of the Proposed Regularisation Plan were higher than interest income of RM3.98 million earned in FYE 2024.

The SCGM Group's total assets decreased by RM10.95 million or 8.61% from RM127.24 million as at 31 December 2023 to RM116.29 million as at 31 December 2024, mainly due to repayment of amount due to a Director of RM8.50 million and loss after tax of RM3.07 million in FYE 2024.

The SCGM Group's NA decreased by RM3.07 million or 2.60% from RM118.28 million as at 31 December 2023 to RM115.21 million as at 31 December 2024 due to loss after tax of RM3.07 million in FYE 2024.

The current ratio of the SCGM Group increased from 14.20 times as at 31 December 2023 to 107.17 times as at 31 December 2024, mainly due to repayment of amount due to a Director of RM8.50 million.

The gearing ratio of the SCGM Group was nil as at 31 December 2023 and 31 December 2024 as the SCGM Group did not have any borrowings and lease liabilities.

The cash and cash equivalents of the SCGM Group decreased by RM10.95 million from RM127.17 million as at 31 December 2023 to RM116.22 million as at 31 December 2024, mainly due to repayment of amount due to a Director of RM8.50 million and loss after tax of RM3.07 million in FYE 2024.

FINANCIAL INFORMATION OF SCGM (cont'd)

Comparison between FYE 2024 and FYE 2025

The SCGM Group recorded PAT of RM0.52 million in FYE 2025, representing an increase of RM3.59 million or 116.94% as compared to the loss after tax of RM3.07 million in FYE 2024. This was mainly due to higher administrative expenses of RM6.09 million incurred mainly in respect of the Proposed Regularisation Plan in FYE 2024 (FYE 2025: RM2.63 million).

The SCGM Group's total assets increased by RM0.18 million or 0.15% from RM116.29 million as at 31 December 2024 to RM116.47 million as at 31 December 2025, mainly due to the increase in cash and cash equivalents of the SCGM Group as explained below.

The SCGM Group's NA increased by RM0.52 million or 0.45% from RM115.21 million as at 31 December 2024 to RM115.73 million as at 31 December 2025 due to PAT of RM0.52 million in FYE 2025.

The current ratio of the SCGM Group increased from 107.17 times as at 31 December 2024 to 159.31 times as at 31 December 2025, mainly due to settlement of tax payable.

The gearing ratio of the SCGM Group was nil as at 31 December 2024 and 31 December 2025 as the SCGM Group did not have any borrowings and lease liabilities.

The cash and cash equivalents of the SCGM Group increased by RM0.18 million from RM116.22 million as at 31 December 2024 to RM116.40 million as at 31 December 2025, mainly due to PAT of RM0.52 million in FYE 2025 offset by settlement of tax payable.

Comparison between 3-month financial period ended 31 March 2025 and 3-month financial period ended 31 March 2026

The SCGM Group recorded loss after tax of RM0.05 million in the 3-month financial period ended 31 March 2026, representing a decrease of RM0.42 million or 113.51% as compared to the PAT of RM0.37 million in the 3-month financial period ended 31 March 2025. This was mainly due to higher administrative expenses of RM0.68 million incurred mainly in respect of the Proposed Regularisation Plan and lower interest income of RM0.83 million recognised in the 3-month financial period ended 31 March 2026 (3-month financial period ended 31 March 2025: RM0.40 million; RM1.02 million).

Comparison between FYE 2025 and 3-month financial period ended 31 March 2026

The SCGM Group's total assets decreased by RM0.38 million or 0.33% from RM116.47 million as at 31 December 2025 to RM116.09 million as at 31 March 2026, mainly due to the decrease in cash and cash equivalents of the SCGM Group as explained below.

The SCGM Group's NA decreased by RM0.05 million or 0.04% from RM115.73 million as at 31 December 2025 to RM115.68 million as at 31 March 2026 due to loss after tax of RM0.05 million in the 3-month financial period ended 31 March 2026.

The current ratio of the SCGM Group increased from 159.31 times as at 31 December 2025 to 283.81 times as at 31 March 2026, mainly due to payments made to other payables.

The gearing ratio of the SCGM Group was nil as at 31 December 2025 and 31 March 2026 as the SCGM Group did not have any borrowings and lease liabilities.

The cash and cash equivalents of the SCGM Group decreased by RM0.40 million from RM116.40 million as at 31 December 2025 to RM116.00 million as at 31 March 2026, mainly due to payments made to other payables.

INFORMATION ON THE ERAMAS GROUP**1. INFORMATION ON THE VENDORS****1.1 Particulars and shareholdings of the Vendors**

As at the LPD, the Vendors and their respective shareholdings in Eramas Global Group are as follows:-

Name	Nationality	Designation	Direct		Indirect	
			No. of Eramas Shares	% ⁽¹⁾	No. of Eramas Shares	% ⁽¹⁾
Chin Kok Tian	Malaysian	Director	90,981,431	40.30	82,046,712	36.34 ⁽²⁾
Yan Hua Lan	Malaysian	Director	82,046,712	36.34	90,981,431	40.30 ⁽³⁾
Tan Ah Tek	Malaysian	Director	35,685,071	15.81	-	-
Gan Chuan Lee	Malaysian	-	10,890,036	4.82	-	-
Tey Chee Shin	Malaysian	-	3,564,631	1.58	-	-
Tan Tai Chong	Malaysian	-	2,380,018	1.06	-	-
Lau Sie Khian	Malaysian	-	202,004	0.09	-	-

Notes:-

(1) Based on 225,749,903 Eramas Shares in issue as at the LPD.

(2) Represents the shareholdings in Eramas Global Group held by his spouse, Yan Hua Lan.

(3) Represents the shareholdings in Eramas Global Group held by her spouse, Chin Kok Tian.

INFORMATION ON THE ERAMAS GROUP (cont'd)

The shareholdings of the Vendors in SCGM before the completion of the Proposed Regularisation Plan and after the completion of the Proposed Regularisation Plan (assuming the Offer Shares are fully subscribed under the Proposed Offer for Sale) are as follows:-

Name	Before the Proposed Regularisation Plan				After the Proposed Regularisation Plan			
	Direct		Indirect		Direct		Indirect	
	No. of SCGM Shares	% ⁽¹⁾	No. of SCGM Shares	% ⁽¹⁾	No. of SCGM Shares	% ⁽²⁾	No. of SCGM Shares	% ⁽²⁾
Chin Kok Tian	15,500,000	8.05	15,552,000	8.08 ⁽³⁾	206,909,316	27.15	188,185,588	24.69 ⁽³⁾
Yan Hua Lan	15,500,000	8.05	15,552,000	8.08 ⁽⁴⁾	188,133,588	24.68	206,961,316	27.15 ⁽⁴⁾
Tan Ah Tek	15,500,000	8.05	-	-	90,054,241	11.81	-	-
Gan Chuan Lee	615,000	0.32	110,000	0.06 ⁽⁵⁾	23,499,697	3.08	110,000	0.01 ⁽⁵⁾
Tey Chee Shin	-	-	-	-	7,490,838	0.98	-	-
Tan Tai Chong	-	-	-	-	5,001,452	0.66	-	-
Lau Sie Khian	-	-	-	-	424,498	0.06	-	-

Notes:-

- (1) Based on 192,561,041 SCGM Shares (after excluding 1,038,600 treasury shares) in issue as at 3 June 2026.
- (2) Based on 762,259,671 SCGM Shares (after excluding 1,038,600 treasury shares) in issue after the Proposed Regularisation Plan.
- (3) Represents the shareholdings in SCGM held by his spouse, Yan Hua Lan and his son, Chin Kai Ying.
- (4) Represents the shareholdings in SCGM held by her spouse, Chin Kok Tian and her son, Chin Kai Ying.
- (5) Represents the shareholdings in SCGM held by his spouse, Tan Lee Eng.

INFORMATION ON THE ERAMAS GROUP (cont'd)**1.2 Profiles of the Vendors**

The profiles of Chin Kok Tian, Yan Hua Lan and Tan Ah Tek are set out in Section 2.3, Appendix II(A) of this Circular. The profiles of Tey Chee Shin and Lau Sie Khian are set out in Section 3.3, Appendix II(A) of this Circular.

The profiles of the other Vendors are as follows:-

(i) Gan Chuan Lee

Gan Chuan Lee, a Malaysian, aged 67, is one of the Vendors. He is also a shareholder holding 10% equity interest in PT Eramas.

He started his career at a young age of 15 in 1974 when he assisted his siblings with their chicken-selling business in the wet market. In 1986, he assisted his father's coconut-selling business. In 1989, he established a sole proprietor, Gan Chuan Lee to be involved in the business of selling raw coconuts. In 2009, he, Tan Ah Tek, Tan Tai Chong and a third party investor acquired the entire equity interest of KCI, a company principally involved in the business of manufacturing and selling of coconut milk powder, creamers and desiccated coconut. KCI was one of the major suppliers of the Eramas Group until KCI ceased its business operations in 2023. As at the LPD, KCI is in the midst of winding up.

Gan Chuan Lee was a shareholder of Eramas Marketing and Eramas Ingredients prior to the completion of the Internal Restructuring of Eramas Group.

(ii) Tan Tai Chong

Tan Tai Chong, a Malaysian, aged 66, is one of the Vendors. He is also a shareholder holding 5% equity interest in PT Eramas.

After his lower secondary education, Tan Tai Chong began his career in 1977 when he joined his family business which was involved in the trading of raw coconuts. He was mainly assisting his father in managing the business. In 1987, he established a sole proprietor, Tan Tai Chong which principal activity involves the trading of raw coconuts. In 2009, he, Gan Chuan Lee, Tan Ah Tek and a third party investor acquired the entire equity interest of KCI, a company principally involved in the business of manufacturing and selling of coconut milk powder, creamers and desiccated coconut. KCI was one of the major suppliers of the Eramas Group until KCI ceased its business operations in 2023. As at the LPD, KCI is in the midst of winding up.

Tan Tai Chong was a shareholder of Eramas Marketing and Eramas Ingredients prior to the completion of the Internal Restructuring of Eramas Group.

INFORMATION ON THE ERAMAS GROUP (cont'd)**1.3 Changes in the direct and indirect shareholdings of the Vendors in Eramas Global Group**

The changes in the direct and indirect shareholdings of the Vendors in Eramas Global Group since its incorporation on 22 February 2024 are as follows:-

Name	As at 22 February 2024				As at 5 March 2024 / As at the LPD			
	Direct		Indirect		Direct		Indirect	
	No. of Eramas Shares	% ⁽¹⁾	No. of Eramas Shares	% ⁽¹⁾	No. of Eramas Shares	% ⁽²⁾	No. of Eramas Shares	% ⁽²⁾
Chin Kok Tian	1	33.33	1	33.33 ⁽³⁾	90,981,431	40.30	82,046,712	36.34 ⁽³⁾
Yan Hua Lan	1	33.33	1	33.33 ⁽⁴⁾	82,046,712	36.34	90,981,431	40.30 ⁽⁴⁾
Tan Ah Tek	1	33.33	-	-	35,685,071	15.81	-	-
Gan Chuan Lee	-	-	-	-	10,890,036	4.82	-	-
Tey Chee Shin	-	-	-	-	3,564,631	1.58	-	-
Tan Tai Chong	-	-	-	-	2,380,018	1.06	-	-
Lau Sie Khian	-	-	-	-	202,004	0.09	-	-

Notes:-

- (1) Based on 3 Eramas Shares in issue as at 22 February 2024.
- (2) Based on 225,749,903 Eramas Shares in issue as at 5 March 2024 / as at the LPD. On 5 March 2024, Eramas Global Group issued a total of 225,749,900 new Eramas Shares to the Vendors for the Acquisition of Eramas International Holdings, Acquisition of Eramas Ingredients and Acquisition of PT Eramas as part of the Internal Restructuring of Eramas Group.
- (3) Represents the shareholdings in Eramas Global Group held by his spouse, Yan Hua Lan.
- (4) Represents the shareholdings in Eramas Global Group held by her spouse, Chin Kok Tian.

INFORMATION ON THE ERAMAS GROUP (cont'd)**1.4 Amounts or benefits paid or intended to be paid or given to the Vendors**

Save for Proposed Special Dividend, the aggregate remuneration and benefits-in-kinds paid or to be paid to the Vendors as set out in Section 2.5, Appendix II(A) of this Circular and Section 3.4, Appendix II(A) of this Circular and the satisfaction of purchase consideration in relation to the Internal Restructuring of Eramas Group by way of share issuance as set out in Section 2.1, Appendix III(A) of this Circular, there are no other amounts or benefits that have been paid or intended to be paid or given to the Vendors within the 2 years preceding the date of this Circular.

2. INFORMATION ON ERAMAS GLOBAL GROUP**2.1 Background information and principal activity**

Eramas Global Group was incorporated in Malaysia on 22 February 2024 under the Act as a private limited company under the existing name.

Eramas Global Group is an investment holding company. Through its subsidiaries, the Eramas Group is principally engaged in the manufacturing, trading, distribution and marketing of food products, supplying both the Malaysian and overseas markets. The Eramas Group's head office is located at Lot 4089 Kajang while its manufacturing facility is located at Lot 34719 Enstek.

The corporate structure of the Eramas Group was formed after a series of restructuring exercises pursuant to the Internal Restructuring of Eramas Group, which are further detailed below:-

- (i) Acquisition of Erapoly Global pursuant to a share sale agreement dated 16 November 2023 (as amended, varied and supplemented by a supplemental share sale agreement dated 20 December 2023), which was fully satisfied via the issuance of 7,500,000 new ordinary shares in Eramas International Holdings at an issue price of RM1.00 each.

Further details of the Acquisition of Erapoly Global are as follows:-

Vendors	No. of ordinary shares in Erapoly Global acquired from the vendors	%	Purchase consideration (RM)	No. of new ordinary shares in Eramas International Holdings issued to the vendors
Chin Kok Tian	1,250,000	50.81	3,810,975	3,810,975
Yan Hua Lan	1,150,000	46.75	3,506,098	3,506,098
Tey Chee Shin	60,000	2.44	182,927	182,927
Total	2,460,000	100.00	7,500,000	7,500,000

The Acquisition of Erapoly Global was completed on 27 December 2023. Thereafter, Erapoly Global became a wholly-owned subsidiary of Eramas International Holdings;

INFORMATION ON THE ERAMAS GROUP (cont'd)

- (ii) Acquisition of Eramas Marketing pursuant to a share sale agreement dated 16 November 2023 (as amended, varied and supplemented by a supplemental share sale agreement dated 20 December 2023), which was fully satisfied via the issuance of 1,000,000 new ordinary shares in Eramas International Holdings at an issue price of RM1.00 each.

Further details of the Acquisition of Eramas Marketing are as follows:-

Vendors	No. of ordinary shares in Eramas Marketing acquired from the vendors	%	Purchase consideration (RM)	No. of new ordinary shares in Eramas International Holdings issued to the vendors
Chin Kok Tian	600,000	32.97	329,670	329,670
Yan Hua Lan	380,000	20.88	208,791	208,791
Tan Ah Tek	600,000	32.97	329,670	329,670
Gan Chuan Lee	150,000	8.24	82,418	82,418
Tey Chee Shin	20,000	1.10	10,989	10,989
Tan Tai Chong	50,000	2.74	27,473	27,473
Lau Sie Khian	20,000	1.10	10,989	10,989
Total	1,820,000	100.00	1,000,000	1,000,000

The Acquisition of Eramas Marketing was completed on 27 December 2023. Thereafter, Eramas Marketing became a wholly-owned subsidiary of Eramas International Holdings.

The total purchase consideration of RM7.50 million for the Acquisition of Erapoly Global and RM1.00 million for the Acquisition of Eramas Marketing were arrived at based on a willing-buyer willing-seller basis. Both acquisitions were undertaken simultaneously to consolidate the trading operations of Eramas Group under a common entity, namely Eramas International Holdings. Accordingly, the purchase consideration for Erapoly Global and Eramas Marketing were determined based on the Vendors' perceived value of these entities based on the ratio of their eventual contribution to the financial performance of Eramas International Holdings;

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INFORMATION ON THE ERAMAS GROUP (cont'd)

- (iii) Acquisition of Eramas International Holdings pursuant to a share sale agreement dated 28 February 2024, which was fully satisfied via the issuance of 156,250,000 new Eramas Shares at an issue price of RM1.00 each.

Further details of the Acquisition of Eramas International Holdings are as follows:-

Vendors	No. of ordinary shares in Eramas International Holdings acquired from the vendors	%	Purchase consideration (RM)	No. of new Eramas Shares issued to the vendors
Chin Kok Tian	4,140,646	48.71	76,114,789	76,114,789
Yan Hua Lan	3,714,890	43.71	68,288,395	68,288,395
Tan Ah Tek	329,671	3.88	6,060,127	6,060,127
Gan Chuan Lee	82,418	0.97	1,515,036	1,515,036
Tey Chee Shin	193,916	2.28	3,564,631	3,564,631
Tan Tai Chong	27,473	0.32	505,018	505,018
Lau Sie Khian	10,989	0.13	202,004	202,004
Total	8,500,003	100.00	156,250,000	156,250,000

The total purchase consideration of RM156.25 million for the Acquisition of Eramas International Holdings was arrived at based on an estimated profit of Eramas International Holdings of RM12.50 million for FYE 2024 and a price-to-earnings ratio of 12.5 times.

The Acquisition of Eramas International Holdings was completed on 28 February 2024. Thereafter, Eramas International Holdings became a wholly-owned subsidiary of Eramas Global Group;

- (iv) Acquisition of Eramas Ingredients pursuant to a share sale agreement dated 26 February 2024, which was fully satisfied via the issuance of 62,500,000 new Eramas Shares at an issue price of RM1.00 each.

Further details of the Acquisition of Eramas Ingredients are as follows:-

Vendors	No. of ordinary shares in Eramas Ingredients acquired from the vendors	%	Purchase consideration (RM)	No. of new Eramas Shares issued to the vendors
Chin Kok Tian	6,150,000	20.50	12,812,500	12,812,500
Yan Hua Lan	6,150,000	20.50	12,812,500	12,812,500
Tan Ah Tek	12,300,000	41.00	25,625,000	25,625,000
Gan Chuan Lee	4,500,000	15.00	9,375,000	9,375,000
Tan Tai Chong	900,000	3.00	1,875,000	1,875,000
Total	30,000,000	100.00	62,500,000	62,500,000

The total purchase consideration of RM62.50 million for the Acquisition of Eramas Ingredients was arrived at based on an estimated profit of Eramas Ingredients of RM5.00 million for FYE 2024 and a price-to-earnings ratio of 12.5 times.

The Acquisition of Eramas Ingredients was completed on 1 March 2024. Thereafter, Eramas Ingredients became a wholly-owned subsidiary of Eramas Global Group; and

INFORMATION ON THE ERAMAS GROUP (cont'd)

- (v) Acquisition of PT Eramas pursuant to a conditional sale and purchase of shares agreement dated 4 March 2024, which was fully satisfied via the issuance of 6,999,900 new Eramas Shares at an issue price of RM1.00 each.

Further details of the Acquisition of PT Eramas are as follows:-

Vendors	No. of ordinary shares in PT Eramas acquired from the vendors	%	Purchase consideration (RM)	No. of new Eramas Shares issued to the vendors
Chin Kok Tian	7,167	10.27	2,054,141	2,054,141
Yan Hua Lan	3,300	4.73	945,816	945,816
Tan Ah Tek	13,956	20.00	3,999,943	3,999,943
Total	24,423	35.00	6,999,900	6,999,900

The total purchase consideration of RM6,999,900 for the Acquisition of PT Eramas was arrived at based on 35% of the unaudited NA attributable to shareholders of PT Eramas of approximately IDR64.26 billion as at 30 June 2023 (which is equivalent to approximately RM20 million, based on an exchange rate of IDR100:RM0.0312 as at 30 June 2023).

The Acquisition of PT Eramas was completed on 9 July 2024. Thereafter, PT Eramas became a 35%-owned associate of Eramas Global Group.

PT Eramas subsequently ceased to be an associate of Eramas Global Group as a result of the Disposal of PT Eramas pursuant to a share sale agreement dated 29 August 2025. Pursuant to the Disposal of PT Eramas, Eramas Global Group disposed of its 35% equity interest in PT Eramas to PT Pulaumas Moromulia for a cash consideration of RM7.00 million.

The disposal consideration of RM7.00 million was determined based on Eramas Global Group's original cost of investment in PT Eramas of approximately RM7.00 million and shall be payable in the following 4 tranches:-

- (a) RM1.00 million upon execution of the share sale agreement on 29 August 2025;
- (b) RM1.40 million on or before 31 October 2025;
- (c) RM2.30 million on or before 31 December 2025; and
- (d) RM2.30 million on or before 30 June 2026.

As at the LPD, Eramas Global Group has received in aggregate RM4.70 million of the disposal consideration.

The abovementioned terms of payment for the Disposal of PT Eramas were mutually agreed based on the negotiations between Eramas Global Group and PT Pulaumas Moromulia, taking into consideration that:-

- (i) PT Pulaumas Moromulia was already the controlling shareholder with 50% equity interest in PT Eramas prior to the Disposal of PT Eramas. Hence, PT Pulaumas Moromulia was the most suited buyer for Eramas Global Group's 35% equity interest in PT Eramas. Substantial time and efforts would have otherwise been required for identification of potential buyers, due diligence exercise by potential buyers as well as negotiation and finalisation of the terms of agreement as the disposal involved a significant stake of 35% equity interest in PT Eramas;

INFORMATION ON THE ERAMAS GROUP (cont'd)

- (ii) PT Pulaumas Moromulia had requested for the disposal consideration to be paid in tranches to allow PT Pulaumas Moromulia to manage its funds as it had only acquired 50% equity interest in PT Eramas from the then shareholders (namely Tony, Usup Tjanggal and Mily) in the 2nd quarter of 2025; and
- (iii) the disposal consideration of RM7.00 million for the Disposal of PT Eramas would enable Eramas Global Group to recoup its original cost of investment in PT Eramas. The disposal consideration represents a premium of RM1.57 million (28.91%) to Eramas Global Group's 35% share of the audited NA attributable to the shareholders of PT Eramas as at 31 December 2024 of approximately IDR55.85 billion (which is equivalent to approximately RM15.53 million, based on an exchange rate of IDR100:RM0.0278 as at 31 December 2024).

The Disposal of PT Eramas was deemed completed upon execution of the share sale agreement on 29 August 2025 with Eramas Global Group delivering to PT Pulaumas Moromulia all such documents as may be required to effect the transfer of shares in favour of PT Pulaumas Moromulia and to enable PT Pulaumas Moromulia to be registered as the holder of the shares. There was no condition precedent in the share sale agreement to be fulfilled by Eramas Global Group or PT Pulaumas Moromulia for the completion of the Disposal of PT Eramas. Eramas Global Group and PT Pulaumas Moromulia had agreed that notwithstanding the disposal consideration for the Disposal of PT Eramas had not been fully paid to Eramas Global Group, Eramas Global Group shall proceed with the transfer of shares to PT Pulaumas Moromulia and PT Pulaumas Moromulia would be registered as the holder of the shares.

The balance disposal consideration for the Disposal of PT Eramas shall constitute a debt due and owing from PT Pulaumas Moromulia to Eramas Global Group, which shall be payable in tranches as set out above. In the event that the balance disposal consideration for the Disposal of PT Eramas is not paid by PT Pulaumas Moromulia, Eramas Global Group shall be entitled to, without prejudice to any other remedies available, charge interest at the rate of 10% per annum on any outstanding sum to be calculated on a daily rest basis from the date the amount is due up to full and actual payment of the outstanding amount.

In accordance with the share sale agreement, Eramas Global Group and PT Pulaumas Moromulia had agreed that PT Pulaumas Moromulia shall be entitled to all profits, rights and benefits and be liable for all losses, liabilities, costs or expenses incurred by PT Eramas in respect of the 35% equity interest in PT Eramas with effect from 1 January 2025 ("**Effective Date**")⁽¹⁾.

The Disposal of PT Eramas was undertaken due to the differences in view in terms of PT Eramas' strategic direction and future plans. Particularly, PT Pulaumas Moromulia planned to diversify the business operations of PT Eramas to include the production and sale of non-food and beverage products such as coconut-based activated carbon for industrial use. The said diversification is not aligned with Eramas Global Group's strategic focus on food and beverage industry.

INFORMATION ON THE ERAMAS GROUP (cont'd)

In addition, such diversification would require additional capital injections into the new product segment of PT Eramas. Based on previous discussions with PT Pulaumas Moromulia, PT Pulaumas Moromulia intended to commence setting up the manufacturing facilities for coconut-based activated carbon in 2026. The capital investment for the purchase of land, construction of the manufacturing plant and warehouse as well as purchase, installation and commissioning of 3 coconut shell activated carbon production lines was estimated to be RM30.00 million. The said capital investment was expected to be funded by additional capital injections from the shareholders of PT Eramas in proportion to their respective shareholdings. Based on Eramas Global Group's 35% equity interest in PT Eramas, Eramas Global Group would have been required to inject approximately RM10.50 million to fund the capital investment.

Other than additional capital injections, the diversification of PT Eramas' business operations to include the production and sale of non-food and beverage products would require additional time commitment and efforts from the directors and management of Eramas Global Group. The new products segment is outside their expertise and experience in the food and beverage industry. Hence, in order to safeguard the interests of the Eramas Group in PT Eramas, the directors and management of Eramas Global Group would need to allocate additional time to learn, understand and appraise the viability of the proposed business plan (including assessing the financial projections), taking into account operational processes and associated risks involved. These would detract their time and attention from focusing on the Eramas Group's core business in the food and beverage industry.

In view of the above, Eramas Global Group had then decided to divest its investment in PT Eramas and to focus on its business operations in Malaysia.

Note:-

- (1) As set out above, the Disposal of PT Eramas was a strategic divestment by Eramas Global Group as the planned business diversification of PT Eramas is not aligned with Eramas Global Group's focus on food and beverage industry. The disposal consideration of RM7.00 million for the Disposal of PT Eramas was determined based on Eramas Global Group's original cost of investment in PT Eramas of approximately RM7.00 million as Eramas Global Group intended to recoup its original cost of investment in PT Eramas. In determining the purchase consideration, the audited financial statements of PT Eramas for FYE 2024 were used as reference in the negotiations between Eramas Global Group and PT Pulaumas Moromulia.

Based on the abovementioned strategic rationale, basis of determining the disposal consideration and reference point of negotiations for the Disposal of PT Eramas, Eramas Global Group and PT Pulaumas Moromulia had agreed on the Effective Date of 1 January 2025. As the disposal consideration for the Disposal of PT Eramas had been agreed at RM7.00 million, the Effective Date would not have any net impact on the consolidated financial results of Eramas Global Group. Had the effective date been the date of completion of Disposal of PT Eramas, any share of profit or loss of PT Eramas to be recognised by Eramas Global Group up to the said effective date would be correspondingly offset by a loss or gain on disposal of investment in PT Eramas. In view that the Effective Date would not have any net impact on the consolidated financial results of Eramas Global Group for FYE 2025, having the Effective Date of 1 January 2025 would simplify the accounting and administrative process in the books of Eramas Global Group.

INFORMATION ON THE ERAMAS GROUP (cont'd)

Please refer to Section 1, Appendix III(B) of this Circular for information on the important events in the history and development of the Eramas Group and its business.

2.2 Share capital

As at the LPD, the issued share capital of Eramas Global Group is RM225,749,903 comprising 225,749,903 Eramas Shares.

The changes in the issued share capital of Eramas Global Group for the Financial Years Under Review are as follows:-

Date of allotment	No. of shares allotted	Type of issue / Consideration	Cumulative issued share capital	
			No. of shares	RM
22 February 2024	3	Subscribers' shares / RM1.00 each	3	3
5 March 2024	225,749,900	Share issuance for the Acquisition of Eramas International Holdings, Acquisition of Eramas Ingredients and Acquisition of PT Eramas / RM1.00 each	225,749,903	225,749,903

There were no discounts, special terms or installment payment terms given in consideration of the above allotments of Eramas Shares.

As at the LPD, there are no outstanding warrants, options, convertible securities and uncalled capital in Eramas Global Group.

2.3 Directors

As at the LPD, the directors of Eramas Global Group are Chin Kok Tian, Yan Hua Lan and Tan Ah Tek. Their shareholdings in Eramas Global Group are set out in Section 1.1, Appendix III(A) of this Circular.

The profiles of the directors of Eramas Global Group are set out in Section 2.3, Appendix II(A) of this Circular.

2.4 Shareholders

As at the LPD, the shareholders of Eramas Global Group are Chin Kok Tian, Yan Hua Lan, Tan Ah Tek, Gan Chuan Lee, Tey Chee Shin, Tan Tai Chong and Lau Sie Khian. Their shareholdings in Eramas Global Group are set out in Section 1.1, Appendix III(A) of this Circular.

2.5 Key senior management

The key senior management of the Eramas Group and their profiles are set out in Section 3.3, Appendix II(A) of this Circular.

INFORMATION ON THE ERAMAS GROUP (cont'd)**2.6 Subsidiaries and associate**

As at the LPD, the subsidiaries of Eramas Global Group are as follows:-

Name / Registration no.	Date of incorporation	Country of incorporation / Principal place of business	Effective equity interest (%)	Principal activities
Eramas International Holdings Sdn Bhd 202301041091 (1535010-K)	17 October 2023	Malaysia	100	Investment holding
Erapoly Global Sdn Bhd 200801028569 (829896-X)	19 August 2008	Malaysia	100	Sale and distribution of coconut related products, palm oil and fat products and dairy products to local and overseas market
Eramas Marketing (SEA) Sdn Bhd 201901034886 (1344216-X)	27 September 2019	Malaysia	100	Sale and distribution of coconut related products in the local market
Eramas Ingredients Sdn Bhd 201401044733 (1120915-W)	3 December 2014	Malaysia	100	Manufacturing of all kinds of food related powder ranging from coconut to palm series

As at the LPD, Eramas Global Group does not have any associate.

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INFORMATION ON THE ERAMAS GROUP (cont'd)**3. INFORMATION ON SUBSIDIARIES OF ERAMAS GLOBAL GROUP****3.1 Eramas International Holdings****(i) Background information and principal activity**

Eramas International Holdings was incorporated in Malaysia on 17 October 2023 under the Act as a private limited company under the existing name. Eramas International Holdings is an investment holding company.

(ii) Share capital

As at the LPD, the issued share capital of Eramas International Holdings is RM8,500,003 comprising 8,500,003 ordinary shares in Eramas International Holdings.

The changes in the issued share capital of Eramas International Holdings for the Financial Years Under Review are as follows:-

Date of allotment	No. of shares allotted	Type of issue / Consideration	Cumulative issued share capital	
			No. of shares	RM
17 October 2023	3	Subscribers' shares / RM1.00 each	3	3
27 December 2023	8,500,000	Share issuance for the Acquisition of Erapoly Global and Acquisition of Eramas Marketing / RM1.00 each	8,500,003	8,500,003

There were no discounts, special terms or installment payment terms given in consideration of the above allotments of ordinary shares in Eramas International Holdings.

As at the LPD, there are no outstanding warrants, options, convertible securities and uncalled capital in Eramas International Holdings.

(iii) Directors

As at the LPD, the directors of Eramas International Holdings are Chin Kok Tian, Yan Hua Lan and Tan Ah Tek.

(iv) Shareholder

As at the LPD, Eramas International Holdings is a wholly-owned subsidiary of Eramas Global Group.

(v) Subsidiaries and associate

As at the LPD, save for Erapoly Global and Eramas Marketing which are wholly-owned subsidiaries of Eramas International Holdings, Eramas International Holdings does not have any other subsidiaries or associate.

INFORMATION ON THE ERAMAS GROUP (cont'd)

3.2 Erapoly Global**(i) Background information and principal activity**

Erapoly Global was incorporated in Malaysia on 19 August 2008 under the Companies Act, 1965 as a private limited company under the name of Erapoly Oil & Fats Sdn Bhd. The company subsequently changed name to its present name on 16 February 2012. Erapoly Global is principally involved in the sale and distribution of coconut related products, palm oil and fat products and dairy products to local and overseas market.

(ii) Share capital

As at the LPD, the issued share capital of Erapoly Global is RM2,460,000 comprising 2,460,000 ordinary shares in Erapoly Global.

There is no change in the issued share capital of Erapoly Global for the Financial Years Under Review.

As at the LPD, there are no outstanding warrants, options, convertible securities and uncalled capital in Erapoly Global.

(iii) Directors

As at the LPD, the directors of Erapoly Global are Chin Kok Tian and Yan Hua Lan.

(iv) Shareholder

As at the LPD, Erapoly Global is a wholly-owned subsidiary of Eramas International Holdings.

(v) Subsidiary and associate

As at the LPD, Erapoly Global does not have any subsidiary or associate.

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INFORMATION ON THE ERAMAS GROUP (cont'd)**3.3 Eramas Marketing****(i) Background information and principal activity**

Eramas Marketing was incorporated in Malaysia on 27 September 2019 under the Act as a private limited company under the existing name. Eramas Marketing is principally involved in the sale and distribution of coconut related products in the local market.

(ii) Share capital

As at the LPD, the issued share capital of Eramas Marketing is RM1,820,000 comprising 1,820,000 ordinary shares in Eramas Marketing.

The changes in the issued share capital of Eramas Marketing for the Financial Years Under Review are as follows:-

Date of allotment	No. of shares allotted	Type of issue / Consideration	Cumulative issued share capital	
			No. of shares	RM
27 September 2019	100	Subscribers' shares / RM1.00 each	100	100
28 May 2020	1,799,900	Subscription of new shares / RM1.00 each	1,800,000	1,800,000
15 February 2022	20,000	Subscription of new shares / RM1.00 each	1,820,000	1,820,000

There were no discounts, special terms or installment payment terms given in consideration of the above allotments of ordinary shares in Eramas Marketing.

As at the LPD, there are no outstanding warrants, options, convertible securities and uncalled capital in Eramas Marketing.

(iii) Directors

As at the LPD, the directors of Eramas Marketing are Chin Kok Tian, Yan Hua Lan and Tan Ah Tek.

(iv) Shareholder

As at the LPD, Eramas Marketing is a wholly-owned subsidiary of Eramas International Holdings.

(v) Subsidiary and associate

As at the LPD, Eramas Marketing does not have any subsidiary or associate.

INFORMATION ON THE ERAMAS GROUP (cont'd)**3.4 Eramas Ingredients****(i) Background information and principal activity**

Eramas Ingredients was incorporated in Malaysia on 3 December 2014 under the Companies Act, 1965 as a private limited company under the name of Flower Kingdom Sdn Bhd. The company subsequently changed name to its present name on 4 May 2018. Eramas Ingredients is principally involved in the manufacturing of all kinds of food related powder ranging from coconut to palm series.

(ii) Share capital

As at the LPD, the issued share capital of Eramas Ingredients is RM30,000,000 comprising 30,000,000 ordinary shares in Eramas Ingredients.

The changes in the issued share capital of Eramas Ingredients for the Financial Years Under Review are as follows:-

Date of allotment	No. of shares allotted	Type of issue / Consideration	Cumulative issued share capital	
			No. of shares	RM
3 January 2022	1,999,998	Capitalisation of amount owing / RM1.00 each	2,000,000	2,000,000
1 August 2023	6,500,000	Subscription of new shares / RM1.00 each	8,500,000	8,500,000
1 August 2023	21,500,000	Capitalisation of amount owing / RM1.00 each	30,000,000	30,000,000

There were no discounts, special terms or installment payment terms given in consideration of the above allotments of ordinary shares in Eramas Ingredients.

As at the LPD, there are no outstanding warrants, options, convertible securities and uncalled capital in Eramas Ingredients.

(iii) Directors

As at the LPD, the directors of Eramas Ingredients are Chin Kok Tian, Yan Hua Lan and Tan Ah Tek.

(iv) Shareholder

As at the LPD, Eramas Ingredients is a wholly-owned subsidiary of Eramas Global Group.

(v) Subsidiary and associate

As at the LPD, Eramas Ingredients does not have any subsidiary or associate.

4. SERVICE CONTRACT

As at the LPD, none of the directors of Eramas Global Group or Key Senior Management have any existing or proposed service contract which provide for benefits upon termination of employment with the Eramas Group.

BUSINESS OVERVIEW OF THE ERAMAS GROUP

1. OVERVIEW OF THE ERAMAS GROUP

1.1 History of the Eramas Group

The history of the Eramas Group started in 2008 with the incorporation of Erapoly Global (formerly known as Erapoly Oil & Fats Sdn Bhd) on 19 August 2008 by Chin Kok Tian, Yan Hua Lan and another individual investor, who subsequently sold his entire equity interest in Erapoly Global to Chin Kok Tian in 2011. In the early years, the Eramas Group focused on the trading and distribution of oil and fats products and later dairy products, to customers in Africa, the Middle East, the Caribbean, South Asia, Central Asia and Europe.

In 2008, following the demand from its customers for products labelled under their respective brand names, Erapoly Global appointed third party manufacturers to produce oil and fats products (such as shortening and soap) under OEM arrangements, marking the Eramas Group's foray into food product development activities. Initially, these product development activities involved Erapoly Global acting as intermediaries between its international customers and third party manufacturers in Malaysia and Indonesia to develop products that meet its customers' specifications (e.g. ingredients and their quantities used, nutritional and taste profile and packaging requirements). As at the LPD, the Eramas Group's food product development capabilities have grown to include the development of new products to expand the Eramas Group's product portfolio. For example, in 2019, Erapoly Global developed its own formulation of MCT powder through internal R&D and started offering this product to its customers. More recently in 2026, the Eramas Group has developed new products such as condensed milk powder, ice-cream powder and instant beverage powder. These products are currently undergoing testing stage to gauge their market acceptance prior to product commercialisation.

In December 2014, Chin Kok Tian and Yan Hua Lan invested in KCI through their respective acquisition of 32.50% and 20.00% equity interest in SB Food Industries Sdn Bhd which held the entire equity interest in KCI. The shares in KCI were subsequently transferred from SB Food Industries Sdn Bhd to its shareholders in 2019. As at the LPD, Chin Kok Tian and Yan Hua Lan hold 10% equity interest in KCI each. KCI (in the midst of winding up) was principally involved in the business of manufacturing and selling of coconut milk powder, creamers and desiccated coconuts. Prior to their investment, KCI was owned by Tan Ah Tek, Gan Chuan Lee, Tan Tai Chong and a third party investor. Following their investment in KCI, the Eramas Group expanded its product range to include the coconut products produced by KCI to supplement its existing product line-up of oil and fats products and dairy products.

On 8 November 2016, Chin Kok Tian together with Tan Ah Tek, Gan Chuan Lee, Tan Tai Chong and 3 Indonesian shareholders incorporated PT Eramas in Indonesia. Yan Hua Lan became a shareholder of PT Eramas on 9 October 2023. The incorporation of PT Eramas allows the Eramas Group to secure a reliable and consistent supply of coconut raw materials and products by establishing a coconut purchasing and processing facility in Medan, Indonesia. PT Eramas is currently one of the major suppliers of the Eramas Group, supplying frozen coconut cream, UHT coconut cream / milk, coconut water and desiccated coconut. Please refer to Section 16, Appendix III(B) of this Circular for the details on the purchases contribution from PT Eramas for the Financial Years Under Review.

By 2018, the manufacturing facility of KCI was operating at full capacity, and its rented factory was too small to accommodate the installation of new food processing lines needed to meet the growing demand for coconut and palm powder from the Eramas Group's customers.

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

For the purpose of setting up a new manufacturing facility, Erapoly Global applied for and obtained a grant from the MPOB in August 2018 amounting to RM6.00 million in respect of eligible expenditures incurred in relation to *inter alia* planning, construction and commissioning of a new plant for the production of high fat powders. The grant was subsequently novated to Eramas Ingredients with effect from 31 December 2021.

Eramas Ingredients (incorporated on 3 December 2014 under the name of Flower Kingdom Sdn Bhd and changed name to its present name on 4 May 2018) was used as the company to set up the new manufacturing facility in Bandar Baru Enstek, Negeri Sembilan. The acquisition of land for the new manufacturing facility was completed in January 2019 and the construction of the manufacturing facility at Lot 34719 Enstek commenced in the same year.

On 27 September 2019, Eramas Marketing was incorporated to focus on the sale and distribution of coconut related products in Malaysia while Erapoly Global will focus mainly on serving international customers. In the same year, the Eramas Group achieved a significant milestone for its local market when it secured an OEM contract from a Government-linked company which is one of the world's largest producers of crude palm oil. The customer has since become one of the major customers of the Eramas Group.

In 2022, the food processing operations were gradually transferred from KCI to Eramas Ingredients and eventually, Eramas Ingredients commenced its manufacturing operations in October 2022 after various delays in the delivery, installation and testing of machinery and equipment due to MCO restrictions.

Eramas Ingredients currently serves as the internal manufacturing arm of the Eramas Group, focusing on the manufacturing of food related powder ranging from coconut to palm series. Eramas Ingredients has an annual production capacity of approximately 2,112 MT or approximately 176.0 MT per month, which is higher than the production capacity of KCI of approximately 12.8 MT per month. For information purposes, KCI ceased its operations in 2023 and is in the midst of winding up.

In 2023, the Eramas Group was awarded the BrandLaureate SMEs BestBrands Award for its in-house brand "Emma" in the category of Best Choice, F & B - Coconut Based Products. As at the LPD, the Eramas Group's products under "Emma" brand achieved a distribution reach of over 4,000 outlets across Malaysia through various channels including hypermarkets, supermarkets and general grocery stores.

In 2024, the Eramas Group completed the Internal Restructuring of Eramas Group to facilitate the Proposed Regularisation Plan. Upon completion of the Internal Restructuring of Eramas Group, Erapoly Global, Eramas Marketing, Eramas International Holdings and Eramas Ingredients became wholly-owned subsidiaries of Eramas Global Group while PT Eramas became a 35%-owned associate of Eramas Global Group.

In the 2nd quarter of 2025, a new shareholder (namely PT Pulaumas Moromulia) emerged in PT Eramas after it acquired 50% equity interest in PT Eramas from the 3 Indonesian shareholders (namely Tony, Usup Tjanggal and Mily).

BUSINESS OVERVIEW OF THE ERAMAS GROUP *(cont'd)*

Pursuant to the Disposal of PT Eramas (which was deemed completed upon execution of the share sale agreement on 29 August 2025), Eramas Global Group disposed of its 35% equity interest in PT Eramas to PT Pulaumas Moromulia. PT Eramas ceased to be an associate of Eramas Global Group as a result of the Disposal of PT Eramas and Yan Hua Lan and Tan Ah Tek had resigned from their positions on the board of commissioners and board of directors of PT Eramas respectively. On the other hand, PT Pulaumas Moromulia increased its equity interest in PT Eramas from 50% to 85%. The remaining 15% equity interest in PT Eramas are held by Gan Chuan Lee (10%) and Tan Tai Chong (5%).

The Disposal of PT Eramas was undertaken due to the differences in view in terms of PT Eramas' strategic direction and future plans. Particularly, PT Pulaumas Moromulia planned to diversify the business operations of PT Eramas to include the production and sale of non-food and beverage products such as coconut-based activated carbon for industrial use. The said diversification is not aligned with Eramas Global Group's strategic focus on food and beverage industry.

As set out in Section 8.1.2, Part A of this Circular, the Disposal of PT Eramas is not expected to have a material adverse impact on the business operations and financial performance of the Eramas Group.

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BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)**1.2 Key business milestones of the Eramas Group**

The key business milestones of the Eramas Group are as follows:-

Year	Milestone
2008	- Erapoly Global (formerly known as Erapoly Oil & Fats Sdn Bhd) was incorporated for the trading and distribution of oil and fats products. - Erapoly Global appointed third party manufacturers to produce oil and fats products under OEM arrangements, marking the Eramas Group's foray into food product development activities.
2012	Erapoly Global began offering dairy products to its customers.
2014	- Eramas Ingredients was incorporated under the name of Flower Kingdom Sdn Bhd. It subsequently changed name to its present name on 4 May 2018. - Chin Kok Tian and Yan Hua Lan invested in KCI. Following their investment in KCI, the Eramas Group expanded its product range to include the coconut products produced by KCI.
2016	Chin Kok Tian together with Tan Ah Tek, Gan Chuan Lee, Tan Tai Chong and 3 Indonesian shareholders incorporated PT Eramas in Indonesia.
2018	Erapoly Global obtained a grant from MPOB amounting to RM6.00 million for the purpose of setting up a new manufacturing facility.
2019	- Eramas Ingredients completed the acquisition of land for the new manufacturing facility and commenced the construction of the manufacturing facility at Lot 34719 Enstek. - Eramas Marketing was incorporated to focus on the sale and distribution of coconut related products in Malaysia. - The Eramas Group achieved a significant milestone for its local market when it secured an OEM contract from a Government-linked company. The customer has since become one of the major customers of the Eramas Group. - Erapoly Global developed its own formulation of MCT powder through internal R&D and started offering this product to its customers.
2022	Eramas Ingredients commenced its manufacturing operations in October 2022.
2023	The Eramas Group was awarded the BrandLaureate SMEs BestBrands Award for its in-house brand "Emma" in the category of Best Choice, F & B - Coconut Based Products.
2024	The Internal Restructuring of Eramas Group was completed.
2025	The Disposal of PT Eramas was deemed completed.
2026	- Products under in-house brand "Emma" achieved a distribution reach of over 4,000 outlets across Malaysia through various channels including hypermarkets, supermarkets, and general grocery stores. - The Eramas Group developed new products such as condensed milk powder, ice-cream powder and instant beverage powder. These products are currently undergoing testing stage prior to product commercialisation.

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)**1.3 Awards received by the Eramas Group**

Over the years, the Eramas Group has received several awards and recognitions for its outstanding performance as follows:-

Award	Awarding parties	Recipients	Year
The Golden Bull Award (The Outstanding Business Award)			
▪ Super Golden Bull	Business Media International	Erapoly Global	2021
▪ Outstanding SME	Business Media International	Eramas Marketing	2023
Export Excellence Awards (Mid-Tier & Large Companies)			
▪ Agriculture, Food & Beverage category - Gold Award	Star Media Group Berhad and Standard Chartered Bank, Malaysia	Erapoly Global	2021
▪ Agriculture, Food & Beverage category - Silver Award	Star Media Group Berhad and Standard Chartered Bank, Malaysia	Erapoly Global	2023
Halal Excellence Brand Awards	HQC Global Brand Awards Organizing Committee	Erapoly Global and Eramas Marketing	2022 / 2023
Sin Chew Business Excellence Awards - Export Business Excellence Awards	Sin Chew Daily	Erapoly Global	2022
Platinum Business Awards - SME Export Excellence Award	SME Association of Malaysia	Erapoly Global	2022
Asia Pacific Enterprise Awards - Corporate excellence category in the trading & wholesaling industry	Enterprise Asia	Erapoly Global	2023
The BrandLaureate SMEs BestBrands Awards to Emma in the category of Best Choice, F&B - Coconut Based Products	The World Brands Foundation	Eramas Marketing	2023
Malaysia Industry Awards for the category of Excellence Manufacturing Food & Beverages Ingredients	Federation of Malaysian Business Association	Eramas Ingredients	2024

BUSINESS OVERVIEW OF THE ERAMAS GROUP *(cont'd)***2. COMPETITIVE STRENGTHS****2.1 The Eramas Group's trading and distribution business is well established, with a global reach via its network of international customers and suppliers**

The Eramas Group has built an extensive network of customers and suppliers globally from its 17 years of operations since the incorporation of Erapoly Global in August 2008. For the Financial Years Under Review, the Eramas Group's products were exported to over 90 countries and sold to over 700 customers locally and overseas. The Eramas Group's revenue has increased from RM70.51 million for FYE 2019 to RM148.58 million for FYE 2025, representing a CAGR of approximately 13.2%.

The Eramas Group is able to leverage on their distribution strength and understanding of different markets to gain access to diverse markets as well as consumer base. The Eramas Group's global reach and understanding of customers' requirements allow it to offer products or services customised to suit diverse cultural backgrounds and cater to a broad range of consumer tastes and preferences.

As set out in Section 14, Appendix III(B) of this Circular, the Eramas Group is not dependent on any single customer for business as it has acquired a large global customer base. The awards and recognitions received by the Eramas Group over recent years (see Section 1.3, Appendix III(B) of this Circular) serve as a testament to its outstanding business performance and export excellence. In addition to fostering good relationships with its existing customers, the Eramas Group continuously identifies and connects with potential customers to expand its business. Up to the LPD, the Eramas Group's length of relationship with its major customers ranges from 2 years to 15 years.

The Eramas Group has also established good relationships with its suppliers, enabling it to secure a consistent supply of goods and services which meets local and international food quality and safety standards as well as the requirements of the Eramas Group's customers. For the Financial Years Under Review, the Eramas Group has made purchases from more than 190 suppliers, mainly from Malaysia, Indonesia, Singapore and Vietnam. Up to the LPD, the Eramas Group's length of relationship with its major suppliers ranges from 1 year to 15 years. Further details of the major suppliers are set out in Section 16, Appendix III(B) of this Circular.

2.2 Eramas Ingredients' manufacturing facility complies with local and international food quality and safety standards and allows the Eramas Group's involvement in the upstream activities

The manufacturing facility of Eramas Ingredients at Lot 34719 Enstek is registered with the MOH as a food premise involved in manufacturing of food. In addition, the manufacturing facility is registered with the U.S. Food and Drug Administration, allowing the Eramas Group to export its food products to the US and other countries recognising such registration.

As set out in Section 11, Appendix III(B) of this Circular, the manufacturing operations of Eramas Ingredients have also obtained food quality and safety certificates such as MeSTI, HACCP and FSSC 22000 certifications for the manufacture of coconut cream / milk powder, non-dairy creamer powder and fat powder. These certifications provide assurance that Eramas Ingredients has fulfilled the requirements of the respective issuing bodies, and a food safety assurance programme is in place. This provides confidence to the customers in terms of the quality, safety and reliability of food products manufactured by Eramas Ingredients.

BUSINESS OVERVIEW OF THE ERAMAS GROUP *(cont'd)*

Further, the manufacturing processes and products of Eramas Ingredients have been inspected and meet the certification requirements of Halal authentication issued by JAKIM. This enables Eramas Ingredients to manufacture Halal certified products to cater to the Halal market, both in Malaysia as well as overseas. Besides, Eramas Ingredients has obtained kosher certification for its products. Certain of its products are also registered with The Vegan Society and are therefore able to meet the criteria to carry the “Vegan” trademark.

All the abovementioned certifications, accreditations and registrations underscore the Eramas Group’s commitment to delivering high-quality, ethically sourced, and safe food products to its customers with diverse cultural backgrounds and preferences worldwide. Please refer to Section 11, Appendix III(B) of this Circular for the relevant certificates, accreditations and registrations of Eramas Ingredients as at the LPD.

With the manufacturing facility of Eramas Ingredients, the Eramas Group is able to participate in the upstream manufacturing activities. This enhances profitability of the Eramas Group and provides certainty on the production outputs. As part of the Eramas Group’s business strategies and future plans, the Eramas Group intends to expand the manufacturing facility. The expansion plan is expected to commence by the 3rd quarter of 2026 and to be completed by the 4th quarter of 2027. This expansion will not only enhance operational capacity but also provide opportunities for the Eramas Group to broaden the products that are manufactured in-house in the future.

2.3 The Eramas Group offers extensive product portfolio with continued innovation to cater to different markets and customers’ requirements

The Eramas Group supplies a broad range of products spread across 4 categories (namely coconut products, oil and fats products, dairy products as well as specialty food ingredients and other products) to cater to different markets and customers’ requirements. Further details on the range of products distributed by the Eramas Group are set out in Section 4.1, Appendix III(B) of this Circular.

Coconuts are known for their versatility as there are a wide range of products that can be produced from coconuts. The Eramas Group mainly distributes kernel-based coconut products which are mainly used in the manufacture of food-based and cosmetic-based products. These include coconut cream / milk and their powder variants, coconut oil, desiccated coconut, toasted coconut paste and coconut water. In particular, coconut oil is also widely used in the skincare and beauty industry due to its characteristics such as being able to boost moisture content as well as strengthen the hair. The demand for coconut products from a wide range of end-user markets is expected to support the expansion of the coconut products industry in Malaysia as well as across the globe.

Palm oil has also been used across a wide range of products globally, including in the food and beverage industry. Food products containing palm oil include chocolate, chips, cookies, cereals, ice cream and frozen pizza. Palm oil is also used in the manufacture of shortening, margarine, ghee and soap products. At the same time, palm oil is also one of the most consumed cooking oils in the world, especially in Asia.

There are a wide range of dairy products across the globe to cater for the needs and preference of consumers of varying ages and gender. The growing range of dairy products is expected to bode well for the development of the dairy products industry.

BUSINESS OVERVIEW OF THE ERAMAS GROUP *(cont'd)*

In addition, due to the change in population's lifestyle as people work longer hours and live more hectic lives, there has been a growing preference for ready-to-eat packaged food products, including coconut products such as coconut cream / milk. These packaged products have longer shelf life as compared to fresh coconut products. Coconut products in packed form (and especially, in powdered form) are also easier to transport, whether to local supermarkets and grocery stores, or to overseas markets.

The Eramas Group carries out research and product development activities as an ongoing process focusing on continuously expanding its product portfolio. In 2019, Erapoly Global developed its own formulation of MCT powder through internal R&D and started offering this product to its customers. MCT is a type of fat commonly found in coconut oil, palm kernel oil, and dairy products. It is easily absorbed and metabolised due to its composition and is generally used in health and dietary supplements. More recently in 2026, the Eramas Group has developed new products such as condensed milk powder, ice-cream powder and instant beverage powder. These products are currently undergoing testing stage to gauge their market acceptance prior to product commercialisation.

Leveraging on its product development experience and capabilities, the Eramas Group provides a high degree of customisation services to its customers ranging from selecting ingredients and optimising nutritional and taste profiles to customising product design and packaging. Such personalisation and understanding of customers' requirements enhance the appeal of the Eramas Group's OEM solutions. In 2019, the Eramas Group achieved a significant milestone for its local market when it secured an OEM contract from a Government-linked company which is one of the world's largest producers of crude palm oil. The customer has since become one of the major customers of the Eramas Group.

2.4 The Eramas Group's in-house brands are well received and recognised

The Eramas Group has in-house brands to market its products such as Emma and ISTIMA (for its coconut products), ERA-KING, ERA-OILS and Bake Master (for its oil and fats products) and E.R.A (for its dairy products).

Over the years, the Eramas Group's in-house brands have been gaining awareness and recognition. The Eramas Group's revenue from products marketed under its in-house brands has increased from RM28.54 million for FYE 2019 to RM54.83 million for FYE 2025, representing a CAGR of approximately 11.5%.

Amongst the Eramas Group's in-house brands, the "Emma" brand is currently the best performing in-house brand as it is the top contributor to the Eramas Group's revenue for FYE 2025. As at the LPD, the Eramas Group's products under "Emma" brand achieved a distribution reach of over 4,000 outlets across Malaysia through various channels including hypermarkets, supermarkets and general grocery stores. In addition, in 2023, the Eramas Group was awarded the BrandLaureate SMEs BestBrands Award for its in-house brand "Emma" in the category of Best Choice, F & B - Coconut Based Products.

As part of the Eramas Group's business strategies and future plans, the Eramas Group plans to allocate an amount of RM1.50 million for the rental of billboards to promote its "Emma" brand (for its coconut products). To this end, the Eramas Group intends to rent billboards at strategic locations along major roads and highways throughout Peninsular Malaysia, which have high road traffic, in order to maximise visibility.

BUSINESS OVERVIEW OF THE ERAMAS GROUP *(cont'd)***2.5 The Eramas Group is led by experienced and hands-on management team**

The Eramas Group is spearheaded by Yan Hua Lan (as the Managing Director) and Tan Ah Tek (as the Executive Director), who are industry veterans and have each participated in the food product industry for over 17 years. Their extensive and in-depth knowledge as well as good understanding of the market dynamics including consumer tastes and preferences have been instrumental in determining the overall strategic direction and business development of the Eramas Group.

In addition, Chin Kok Tian (who is the spouse of Yan Hua Lan and one of the co-founders of Erapoly Global) will continue to play an oversight role as a director, providing his experience and guidance to the directors and key senior management team in his areas of expertise.

The key senior management team of the Eramas Group possesses relevant industry and functional expertise as a result of years of experience in their respective fields. Furthermore, they take an active, hands-on role in spearheading their respective departments to support the growth of the Eramas Group. As a result, there is a transfer of skills and knowledge to employees at all levels within the organisation. Their hands-on involvement in the Eramas Group demonstrates their strong commitment to the growth of the Eramas Group.

3. BUSINESS STRATEGIES AND FUTURE PLANS

The Eramas Group's business strategies and future plans are focused on (i) growing the trading and distribution business of the Eramas Group, both in Malaysia as well as overseas, (ii) expanding manufacturing capabilities of the Eramas Group as well as (iii) growing market share of its in-house brands in Malaysia.

3.1 Growing the trading and distribution business of the Eramas Group, both in Malaysia as well as overseas

The Eramas Group has established a strong distribution network, which is demonstrated by its extensive coverage in Malaysia and overseas markets. For the Financial Years Under Review, the Eramas Group's products were exported to over 90 countries and sold to over 700 customers locally and overseas. The Eramas Group's revenue has increased from RM70.51 million for FYE 2019 to RM148.58 million for FYE 2025, representing a CAGR of approximately 13.2%.

Under the leadership of Yan Hua Lan (Managing Director of the Eramas Group) and supported by Tey Chee Shin (Head of Business Development (International)), Lau Sie Khian (Head of Business Development (Local)) and Lee Kok Foo (Head of Operations), the business development teams will continue to foster good relationships with existing customers of the Eramas Group while identifying new opportunities and potential areas of business growth.

The Eramas Group will continue to participate in international food-related trade fairs to identify and connect with potential customers as well as to engage with its existing customers through customer visits to gather feedback and information. The Eramas Group will leverage on its product development experience and capabilities to provide a high degree of customisation services to its customers ranging from selecting ingredients and optimising nutritional and taste profiles to customising product design and packaging. The business development teams will work closely with the production and R&D teams to develop products that meet customers' requirements.

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)**3.2 Expanding manufacturing capabilities of the Eramas Group**

The Eramas Group currently operates a manufacturing facility in Bandar Baru Enstek, Negeri Sembilan where all its in-house manufacturing activities are conducted. The manufacturing facility contains a spray drying system which has a production capacity of approximately 2,112 MT of food related powder per annum, 5 packaging machines which are able to pack finished goods into packets of either 1 kg, 300g or 100g as well as sachets / pouches of 50g, a warehouse with a pallet racking system and cold storage containers.

The Eramas Group intends to expand its manufacturing facility to increase production and warehousing capacity. The expansion plan is expected to mainly involve the following:-

- (i) the construction of an extension to the existing manufacturing facility which is expected to increase the total built-up area of the manufacturing facility by approximately 44,821 sq ft to house a new spray drying system and machineries to be acquired and an extension to the existing warehouse and packing area. As at the LPD, the existing warehouse of Eramas Ingredients has reached full capacity and the Eramas Group currently engages 3rd party logistics providers for additional storage space. Hence, the extension of the warehouse will allow Eramas Ingredients to expand its storage capacity;
- (ii) the purchase, installation and commissioning of a new spray drying system. The addition of a new spray drying system will reduce the downtime between each production cycle. At present, the existing spray drying system needs to be bled and chemically washed to change production from one product category to another to prevent cross contamination of the different products. A new spray drying system will enable Eramas Ingredients to dedicate one line to the production of a single type of product, with the other line to produce batches of other products as and when required by its customers. With the new spray drying system, Eramas Ingredients' annual production capacity is estimated to increase to approximately 4,200 MT of food related powder.

The Eramas Group intends to acquire a new spray drying system of a more superior quality and make, which is more durable and more consistent in its production quality as well as capable of spray drying powder with higher fat contents. Powder products with higher fat contents are usually considered to be more premium and command higher profitability margins. With the new spray drying system, the Eramas Group will be able to identify, research and develop new products with higher fat contents and accordingly, increase the number of SKUs to be offered to its customers;

- (iii) the purchase, installation and commissioning of additional 1 new packaging machine which has the capability to pack finished goods into packets of 1 kg. This is product size that is more commonly packed and sold by Eramas Ingredients. In addition, Eramas Ingredients plans to purchase a side labeller, which functions to label the packaged goods. The new packaging machine and side labeller are expected to support a higher volume of packing activities in line with the anticipated increase in production activities arising from the new spray drying system; and
- (iv) the purchase and installation of a new pallet racking system with a storage capacity of up to 1,500 pallets as well as the purchase of 2 reach trucks and 1 forklift to support the increased storage requirements in anticipation of the increase in production volume.

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

The total estimated costs for the expansion plan are as follows:-

Description	Amount (RM'000)
(a) Construction of an extension to the existing manufacturing facility	12,500
(b) Purchase, installation and commissioning of a new spray drying system and machineries	41,775
(c) Purchase and installation of a new racking system as well as purchase of reach trucks and forklift	827
Total	55,102

Prior to the completion of the Proposed Regularisation Plan, the Eramas Group may fund part of the costs in relation to the above via borrowings and/or internally generated funds. Upon completion of the Proposed Regularisation Plan, a similar portion of cash and bank balances of the Enlarged SCGM Group will be earmarked to repay the borrowings and/or to replenish the internally generated funds of the Eramas Group.

Barring any unforeseen circumstances, the Eramas Group's expansion plan is expected to be completed by the 4th quarter of 2027. Further details of the expansion plan are set out in Section 6, Part A of this Circular.

3.3 Growing market share of its in-house brands in Malaysia

The Eramas Group prioritises the promotion of its in-house brands, such as Emma and ISTIMA (for its coconut products), ERA-KING, ERA-OILS and Bake Master (for its oil and fats products) and E.R.A (for its dairy products), to increase product awareness and establish brand loyalty.

The Eramas Group's revenue from products marketed under its in-house brands has increased from RM28.54 million for FYE 2019 to RM54.83 million for FYE 2025, representing a CAGR of approximately 11.5%. As at the LPD, the Eramas Group's products under "Emma" brand achieved a distribution reach of over 4,000 outlets across Malaysia through various channels including hypermarkets, supermarkets and general grocery stores.

In order to grow the recognition of the Eramas Group's in-house brands in Malaysia, the local business development team will continue to identify growth opportunities to expand the distribution reach of products marketed under the Eramas Group's in-house brands, including boosting online presence via third party e-commerce platforms namely Lazada, Shopee and TikTok.

The Eramas Group aims to increase its annual marketing and advertising expenditure. In particular, the increased marketing budget will be used for its marketing and advertising efforts such as increasing product displays on retailers' shelves, advertising and promotional activities via buntings and leaflets in retail outlets and participating in more product demonstrations at public events and in supermarkets. In addition, the Eramas Group will allocate an amount of RM1.50 million towards rental of billboards at strategic locations along major roads and highways throughout Peninsular Malaysia to promote its "Emma" brand (for its coconut products).

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

4. BUSINESS OVERVIEW

The Eramas Group is principally engaged in the manufacturing, trading, distribution and marketing of food products, supplying both the Malaysian and overseas markets. The products sold by the Eramas Group include coconut products, oil and fats products, dairy products as well as specialty food ingredients and other products, which are further elaborated in Section 4.1, Appendix III(B) of this Circular.

The Eramas Group's trading and distribution activities are carried out by its wholly-owned subsidiaries, Erapoly Global and Eramas Marketing from the Eramas Group's head office at Lot 4089 Kajang. Erapoly Global is principally involved in the sale and distribution of coconut related products, palm oil and fat products and dairy products to local and overseas market while Eramas Marketing is principally involved in the sale and distribution of coconut related products in the local market. For the Financial Years Under Review, the Eramas Group exported its products to international customers in over 90 countries. The overseas sales generated 71.43% of the Eramas Group's total revenue for FYE 2025.

The Eramas Group's manufacturing activities are carried out by its wholly-owned subsidiary, Eramas Ingredients from its manufacturing facility at Lot 34719 Enstek, focusing on the manufacturing of food related powder ranging from coconut to palm series. The manufacturing facility of Eramas Ingredients meets local and international food quality and safety standards, with certifications obtained as further detailed in Section 11, Appendix III(B) of this Circular. Besides internal manufacturing capabilities, the Eramas Group has a network of external OEM manufacturers to produce products according to its specifications and requirements.

With the support from its internal manufacturing capabilities and a network of external manufacturers, the Eramas Group is able to provide OEM services to its customers. Leveraging on its product development experience and capabilities, the Eramas Group provides a high degree of customisation services to its customers. These services range from selecting ingredients and optimising nutritional and taste profiles to customising product design and packaging, thereby catering to customers' unique preferences and market demands. Such personalisation and understanding of customers' requirements enhance the appeal of the Eramas Group's OEM solutions, enabling it to foster long-term relationships with its OEM customers that are not easily replaceable.

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BUSINESS OVERVIEW OF THE ERAMAS GROUP *(cont'd)***4.1 Products distributed by the Eramas Group**

The products distributed by the Eramas Group can be broadly categorised into the following categories:-

(i) Coconut products

The Eramas Group distributes a range of coconut products made from coconut kernel / flesh and water, as follows:-

Products	In-house brands	Packing type	Description
UHT coconut cream / milk	Cocoboy, Emma, ISTIMA	Cartons	Coconut cream / milk is derived from processing coconut flesh. Generally, UHT coconut cream / milk is differentiated by their fat content and texture, where coconut cream has a higher fat content and higher viscosity as compared to coconut milk.
Frozen coconut cream	Cocoboy, Emma, Just Vegan	Cartons	Frozen coconut cream is supplied to the industrial customers of the Eramas Group and is used for further processing into other coconut products such as UHT coconut cream and coconut cream powder.
Vegan coconut cream / milk powder	Cocoboy, Emma, Just Vegan	Packets and bags	Vegan range of coconut cream / milk powder that only uses vegan processing aids such as dairy-free and carrageenan-free ingredients such as emulsifiers and stabilisers in its production.
Coconut cream / milk powder	Cocoboy, Emma, ISTIMA	Packets, bags and cartons	Coconut cream / milk powder is a product resulting from the spray drying of liquid coconut cream / milk. The Eramas Group's coconut cream / milk powder is available from 10% to 68% fat content, and can be used directly or mixed with water to produce liquid coconut cream / milk. It is generally used for cooking and baking and can serve as substitute in countries where fresh coconut cream / milk is in short supply or hard to obtain.

BUSINESS OVERVIEW OF THE ERAMAS GROUP *(cont'd)*

Products	In-house brands	Packing type	Description
RBD coconut oil and virgin coconut oil	Emma, ERA-KING and Medetop	Cans, bottles and sachets	RBD coconut oil is extracted from coconut flesh (copra) and dried coconut kernels that have been refined, bleached and deodorised where impurities, odour, and flavour from the crude coconut oil are removed. Virgin coconut oil refers to the coconut oil obtained from coconut milk or coconut flesh. It is produced by separating the emulsion of oil and water in coconut milk and only uses vegan processing aids in the production process. Besides its use in food preparation, coconut oil may be used for skincare, hair care and body care products.
Desiccated coconut	Emma, Cocoboy, Just Vegan	Bags	Desiccated coconut is the grated and dehydrated flesh of coconut that undergoes milling, extraction, and drying processes. Desiccated coconut is mainly used in the bakery and confectionery industries.
Toasted coconut paste	Emma	Bags and sachets	Toasted coconut paste, also known as 'kerisik' is a coconut paste made from dehydrated coconut that is pounded and/or grounded into a paste.
Coconut water	Emma	Bags, cartons and drums	Coconut water is the natural liquid extracted during the fruit peeling process.
Coconut sugar	Emma	Bags	Coconut sugar, otherwise known as 'gula nira', is made from sap harvested from coconut trees. The collected sap is processed to evaporate the water content and thicken it into syrup. The syrup is then formed into blocks of sugar.

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)**(ii) Oil and fats products**

The Eramas Group distributes a range of oil and fats products, as follows:-

Products	In-house brands	Packing type	Description
Red palm oil	ERA-KING, ERA-OILS	Tin cans and bottles	Red palm oil is extracted from the flesh of fresh fruit bunches.
RBD palm olein	ERA-KING, ERA-OILS	Jerry cans, drums and tanks	RBD palm olein is derived from palm oil, obtained by a process that separates refined palm oil to isolate liquid parts (olein) from solid parts (stearin). It is a clear yellow liquid at room temperature.
Palm shortening	Bake Master	Cartons	Shortening is a type of fat that is solid at room temperature. It is produced by adding hydrogen to vegetable oil and is widely used in the baking of dough products.
Vegetable margarine	Bake Master	Sachets, cartons and pails	Margarine is made using vegetable oil and can be used as a non-dairy substitute to butter.
Vegetable ghee	Bake Master	Tin cans	Vegetable ghee is a vegetable-based substitute for butter fat or animal ghee.
Soap products	ERATOP	Carton box	Soap products are made from palm oil that are specially formulated for various applications as follows:- ▪ Laundry soap - formulated for washing of clothes by hand; and ▪ Multipurpose soap - a versatile soap formulated for bathing and various cleaning tasks.

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)**(iii) Dairy products**

The Eramas Group distributes a range of dairy products in both liquid and powdered form, as follows:-

Products	In-house brands	Packing type	Description
Sweetened condensed milk	E.R.A, INSTANT GOLDFARM	Cans	Sweetened condensed milk is a sweetened milk product with condensed consistency. It is made from regular milk by eliminating most of the water content before sugar is added.
Evaporated filled milk	E.R.A, INSTANT GOLDFARM	Cans	Evaporated filled milk is a product prepared by homogenising a recombined mix of milk solids, edible vegetable fat and water. Evaporated filled milk is often used in cooking and baking.
Whole milk powder and instant milk powder	E.R.A, INSTANT GOLDFARM	Bags and tin cans	Milk powder is a product that has been subjected to a dehydration process to remove its moisture content. Whole milk powder eliminates water from milk and retains all the natural nutrients. Instant milk powder is similarly produced but is subject to an additional process which allows it easier to dissolve.

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BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)**(iv) Specialty food ingredients and other products**

The Eramas Group distributes a range of specialty food ingredients and other products, which includes the following:-

Products	In-house brands	Packing type	Description
Vegan and non-vegan cheese powder	E.R.A	Bags	Cheese powder comprises plant protein ingredients and flavourings and is manufactured via the spray drying process. Cheese powder acts as a seasoning blend providing texture, stability and flavour profile for a variety of food applications.
Non-dairy creamer	E.R.A	Bags	Non-dairy creamer is a liquid or granular product intended to serve as a substitute for dairy-based milk or cream. It does not contain lactose and can be used as milk substitutes in bakery, soup, sauces and ice cream or as an additive to coffee, tea, hot chocolate or other beverages.
MCT oil powder	E.R.A	Bags	MCT oil powder acts as a substitute to liquid MCT oil extracted from palm kernel oil and coconut oil. MCT oil powder is applied in coffee, smoothies, shakes and other applications.
High fat powder	E.R.A	Bags	High fat powder is made from liquid oil extracted from sources such as coconut whereby it is converted into powder through spray drying process. It is typically used in preparation of food products such as soups and sauces, snacks, meat products, ice cream, dairy products, bakery and pastry.
Keto coffee	E.R.A	Sachets	Keto coffee is an instant coffee premix that contains mixture of coffee powder and MCT oil powder.

BUSINESS OVERVIEW OF THE ERAMAS GROUP *(cont'd)***4.2 Products manufactured by the Eramas Group**

The products manufactured by the Eramas Group mainly use the spray drying system owned and operated by Eramas Ingredients at its manufacturing facility at Lot 34719 Enstek and comprise the following products:-

- (i) coconut cream / milk powder;
- (ii) vegan coconut cream / milk powder;
- (iii) non-dairy creamer;
- (iv) MCT oil powder; and
- (v) high fat powder.

Further details of the products are set out in Section 4.1, Appendix III(B) of this Circular.

4.3 Categories of customers of the Eramas Group

The Eramas Group's customers are categorised into commercial segment customers (i.e. traders, wholesalers and end-users) and industrial segment customers (i.e. OEM customers, manufacturers and distributors).

Further details on the Eramas Group's customer segments are as follows:-

- (i) Commercial segment customers
 - Traders : Customers that purchase the products of the Eramas Group for resale in smaller quantities to their customers, which may consist of end-users
 - Wholesalers : Customers that make bulk purchases of the products of the Eramas Group to sell to their customers, which may consist of traders and end-users
 - End-users : Customers that purchase the products of the Eramas Group from online platforms and retail outlets for own consumption.
- (ii) Industrial segment customers
 - OEM customers : Customers that purchase products which are manufactured and packed by the Eramas Group according to the customers' specifications in terms of product ingredients, design and packaging;
 - Manufacturers : Customers that purchase large quantities of the products of the Eramas Group for manufacturing use; and
 - Distributors : Customers that purchase the products of the Eramas Group which are then sold to their customers, which may consist of wholesalers, traders and retailers.

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)**4.4 In-house brands of the Eramas Group**

The principal in-house brands of the Eramas Group that are used to market its products are as follows:-

Brand	Product differentiation
	“Emma” brand carries a wide range of coconut related products including coconut cream, desiccated coconut, coconut water, coconut amino, coconut oil, coconut chunks, coconut sugar and toasted coconut paste. In FYE 2025, the products under “Emma” brand were mostly sold in Malaysia and exported to Nigeria, Pakistan, Singapore and The People’s Republic of China.
	“Bake Master” brand carries dairy and oil and fats products including shortening and margarine for baking and cooking purpose. In FYE 2025, the products under “Bake Master” brand were mostly exported to Africa and Southeast Asia.
	“E.R.A” brand carries dairy products such as sweetened condensed milk and evaporated filled milk, and specialty food ingredients such as non-dairy creamer, MCT oil powder and cheese powder. The brand also carries specialty beverages including 3-in-1 instant white coffee and keto coffee. In FYE 2025, the products under “E.R.A” brand were sold in Malaysia and were mostly exported to Brunei and Mongolia.
 	“ERA-OILS” brand carries palm olein product. In FYE 2025, the products under “ERA-OILS” brand were mostly exported to America and Southeast Asia.
	“ERA-KING” brand carries RBD palm oil and RBD coconut oil. In FYE 2025, the products under “ERA-KING” brand were exported to Djibouti and Somalia.
	“ERATOP” brand carries palm oil related products including ghee, laundry soap and multipurpose soap. In FYE 2025, the products under “ERATOP” brand were exported to Africa and West Asia.
 	“INSTANT GOLDFARM” brand carries a range of dairy products including sweetened condensed milk, evaporated filled milk and full cream milk powder. In FYE 2025, the products under “INSTANT GOLDFARM” brand were exported to The People’s Republic of China.
	“ISTIMA” brand carries a range of coconut related products, including coconut cream / milk powder. In FYE 2025, the products under “ISTIMA” brand were sold in Malaysia.

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

Brand	Product differentiation
	“Just Vegan” brand carries plant-based products including coconut cream / milk powder. In FYE 2025, the products under “Just Vegan” brand were exported to Italy and Republic of Korea.
	“Medetop” brand carries a range of health-focused and skincare products such as virgin coconut oil and skin serum. In FYE 2025, the products under “Medetop” brand were sold in Malaysia.
	“Cocoboy” brand carries coconut-based products including coconut milk powder. In FYE 2025, the products under “Cocoboy” brand were mostly exported to Guyana and Pakistan.

Please refer to Section 24, Appendix III(B) of this Circular for further details on the Eramas Group’s registered trademarks.

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BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)**Revenue by brand**

The breakdown of the Eramas Group's revenue by brand for the Financial Years Under Review is as follows:-

	FYE 2019		FYE 2020		FYE 2021		FYE 2022		FYE 2023		FYE 2024		FYE 2025	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
In-house brands	28,541	40.48	54,920	39.80	77,116	50.19	45,304	33.24	65,663	45.62	47,688	33.56	54,826	36.90
Third party brands	41,964	59.52	83,054	60.20	76,517	49.81	91,007	66.76	78,282	54.38	94,400	66.44	93,751	63.10
Total	70,505	100.00	137,974	100.00	153,633	100.00	136,311	100.00	143,945	100.00	142,088	100.00	148,577	100.00

For FYE 2025, the Eramas Group's revenue was mainly derived from products under third party brands.

Notwithstanding the above, the products under the Eramas Group's in-house brands still contributed a significant portion to the total revenue of the Eramas Group for FYE 2025 (36.90%).

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BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)**5. PRINCIPAL MARKETS****Revenue by product category**

The breakdown of the Eramas Group's revenue by product category for the Financial Years Under Review is as follows:-

	FYE 2019		FYE 2020		FYE 2021		FYE 2022		FYE 2023		FYE 2024		FYE 2025	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Coconut products	29,840	42.32	42,465	30.78	62,706	40.82	77,774	57.06	70,843	49.22	94,207	66.30	94,317	63.48
Oil and fats products	15,188	21.54	69,846	50.62	52,737	34.33	13,308	9.76	22,430	15.58	10,403	7.32	14,540	9.78
Dairy products	25,230	35.79	25,658	18.60	36,419	23.70	44,238	32.45	48,229	33.50	34,851	24.53	37,853	25.48
Specialty food ingredients and other products	247	0.35	5	*(1)	1,771	1.15	991	0.73	2,443	1.70	2,627	1.85	1,867	1.26
Total	70,505	100.00	137,974	100.00	153,633	100.00	136,311	100.00	143,945	100.00	142,088	100.00	148,577	100.00

Note:-

(1) * indicates percentage less than 0.01%.

For FYE 2025, the Eramas Group's revenue was mainly derived from coconut products, followed by dairy products and oil and fats products.

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)**Revenue by geographical location**

The breakdown of the Eramas Group's revenue by geographical location for the Financial Years Under Review is as follows:-

	FYE 2019		FYE 2020		FYE 2021		FYE 2022		FYE 2023		FYE 2024		FYE 2025	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Africa	27,238	38.63	77,342	56.06	65,930	42.91	38,830	28.49	27,544	19.14	15,328	10.79	20,360	13.70
America	6,540	9.28	10,238	7.42	6,800	4.43	8,391	6.16	19,359	13.45	15,476	10.89	19,118	12.87
Asia														
- Malaysia	2,142	3.04	10,754	7.80	38,832	25.28	47,170	34.60	27,827	19.33	35,920	25.28	42,446	28.57
- Northeast Asia	8,761	12.43	7,164	5.19	12,155	7.91	11,989	8.79	16,323	11.34	17,478	12.30	11,821	7.95
- South Asia	2,402	3.41	6,955	5.04	5,441	3.54	2,626	1.93	3,164	2.20	4,292	3.02	6,908	4.65
- Southeast Asia (excluding Malaysia)	4,094	5.81	4,501	3.26	4,331	2.82	3,645	2.67	11,506	7.99	17,395	12.24	11,943	8.04
- West Asia	15,111	21.43	14,547	10.54	9,370	6.10	16,283	11.95	32,409	22.51	28,720	20.22	28,151	18.95
Commonwealth of Independent States	581	0.82	528	0.38	92	0.06	91	0.07	154	0.11	-	-	-	-
Europe	2,223	3.15	4,582	3.32	7,981	5.19	4,064	2.98	2,440	1.69	2,021	1.42	1,964	1.32
Oceania	1,413	2.00	1,363	0.99	2,701	1.76	3,222	2.36	3,219	2.24	5,458	3.84	5,866	3.95
Total	70,505	100.00	137,974	100.00	153,633	100.00	136,311	100.00	143,945	100.00	142,088	100.00	148,577	100.00

For FYE 2025, the Eramas Group's revenue was mainly derived from Southeast Asia (including Malaysia) followed by West Asia, Africa and America.

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BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)**6. MATERIAL PLANT AND MACHINERY**

As at 31 December 2025, the material plant and machinery owned by the Eramas Group are as follows:-

Plant and machinery	No. of units	Average age (years)	Audited net book value as at 31 December 2025 (RM'000)
Spray drying system	1	4	7,070
Boiler	1	4	216
Packaging machine (1 kg packets)	2	2 to more than 5 ⁽¹⁾	94
Packaging machine (100g to 300g packets)	1	More than 5 ⁽¹⁾	* ⁽²⁾
Packaging machine (50g sachets / pouches)	2	Less than 1 ⁽³⁾ to 2	441
Total			7,821

Notes:-

- (1) The packaging machines of more than 5 years were purchased from KCI.
(2) Less than RM1,000.
(3) The packaging machine was acquired in August 2025.

Further details of the material plant and machinery owned by the Eramas Group are as follows:-

6.1 Spray drying system

A spray drying system is a machine system designed to convert liquids into powdered form. This system comprises a heating tank, blending tank, homogeniser, pasteuriser, and a spray drying chamber.

At the start of the process, the liquid which is intended to be powderised (e.g. coconut cream / milk) is heated to a specified temperature before being transferred via pipes into the blending tank for mixing with other ingredients, in accordance with the recipe of the end product. Subsequently, the mixed ingredients are passed through a homogeniser which further reduces the size of the particles which results in a more even distribution of the ingredients throughout the mixture.

Following this, the blended liquid is transferred via pipes to a pasteuriser and is heated up to temperatures ranging from 68 degrees Celsius to 75 degrees Celsius (depending on the mixture) for a set period of time to eliminate all microorganisms including those which are harmful for human consumption. After pasteurisation, the mixture is transferred via pipes to the spray drying chamber. Within the spray drying chamber, the blended liquid is sprayed into the chamber in the form of tiny droplets whilst heated air is circulated within. The hot air swiftly evaporates the moisture from the product, leaving a powdered form of the liquid at the bottom of the chamber.

As at the LPD, Eramas Ingredients owns and operates 1 spray drying system at the manufacturing facility in Bandar Baru Enstek, Negeri Sembilan. This spray drying system is used by Eramas Ingredients to process liquid MCT oil and coconut cream / milk into MCT oil powder and coconut cream / milk powder, respectively.

BUSINESS OVERVIEW OF THE ERAMAS GROUP *(cont'd)*

Whilst the same drying chamber can be calibrated to process either palm oil or coconut cream / milk, the machine must be thoroughly prepared for the change in output, whereby the system is bled and chemically washed, in order to avoid cross contamination of the different products. Such preparation takes approximately 24 hours to complete and requires the purchase and use of specialised cleaning chemicals. In view of this, the Eramas Group plans to purchase, install and commission a new spray drying system in order to increase its production capacity and reduce production downtime by reducing the need to prepare the same machine to process different types of liquid products.

6.2 Boiler

A boiler is a machine that generates steam to pasteurise coconut milk, eliminating harmful microorganisms and ensuring that the milk is safe for consumption and has a longer shelf life. Additionally, the steam generated is used to concentrate the coconut milk by removing excess water content, a preparatory step before the milk is spray dried into powder.

The boiler provides essential heat through steam to maintain the high temperatures required in the spray drying system, which transforms the liquid into fine powder. As at the LPD, Eramas Ingredients owns and operates 1 boiler at the manufacturing facility in Bandar Baru Enstek, Negeri Sembilan.

6.3 Packaging machines

Packaging machines are used to dispense the finished goods accurately and efficiently into the container sizes as requested by the customers. The packaging machines are able to accurately measure and dispense the predetermined amount of product into each container.

As at the LPD, Eramas Ingredients owns and operates a total of 5 packaging machines at the manufacturing facility in Bandar Baru Enstek, Negeri Sembilan, which are able to pack finished goods into packets of either 1 kg, 300g or 100g as well as sachets / pouches of 50g. The packaging machines (1 kg packets) are mainly used for packing products for restaurants, hotels, catering services and industrial usage, while the smaller sizes cater to end consumers' needs.

Eramas Ingredients plans to purchase, install and commission additional 1 new packaging machine which has the capability to pack finished goods into packets of 1 kg. This is product size that is more commonly packed and sold by Eramas Ingredients. In addition, Eramas Ingredients plans to purchase a side labeller, which functions to label the packaged goods. The new packaging machine and side labeller are expected to help support a higher volume of packing activities in line with the anticipated increase in production activities arising from the new spray drying system.

7. PRODUCTION CAPACITY AND UTILISATION

The products manufactured by the Eramas Group (namely food related powder) mainly use the spray drying system owned and operated by Eramas Ingredients at its manufacturing facility in Bandar Baru Enstek, Negeri Sembilan. The manufacturing facility also contains 5 packaging machines which are able to pack finished goods into packets of either 1 kg, 300g or 100g as well as sachets / pouches of 50g, a warehouse with a pallet racking system and cold storage containers.

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)Spray drying system

The production capacity and utilisation rate of the spray drying system since the commencement of Eramas Ingredients' operations in October 2022 are as follows:-

Description	FYE	Production capacity ⁽¹⁾ (MT)	Actual output (MT)	Utilisation rate ⁽²⁾ (%)
Spray drying system	2022 (3 months) ⁽³⁾	528	343	65.0
	2023 (12 months)	2,112	1,668	79.0
	2024 (12 months)	2,112	2,104	99.6
	2025 (12 months)	2,112	2,281	108.0 ⁽⁴⁾
	2026 (5 months) ⁽⁵⁾	880	1,036	117.7 ⁽⁴⁾

Notes:-

- (1) The production capacity is estimated primarily based on machine design capacity of the spray drying system (1 MT per hour) at 8 operating hours per day for 22 working days per month;
- (2) The utilisation rate is calculated by dividing the actual output of powder by the production capacity.
- (3) The manufacturing facility of Eramas Ingredients only commenced operations in October 2022. Accordingly, the production capacity and actual output for FYE 2022 are based on 3 months of operations.
- (4) Due to increased customers' orders for coconut products, there were overtime operations and the spray drying system ran for more than 8 hours per working day.
- (5) The production capacity and actual output for FYE 2026 are based on information available up to 31 May 2026 and accordingly, are based on 5 months of operations.

Packaging machines

The production capacity and utilisation rate of the packaging machines since the commencement of Eramas Ingredients' operations in October 2022 are as follows:-

Description	FYE	Production capacity ⁽¹⁾ (cartons)	Actual output (cartons)	Utilisation rate ⁽²⁾ (%)
Packaging machine (1 kg packets)	2022 (3 months) ⁽³⁾	8,448	5,565	65.9
	2023 (12 months)	33,792	21,403	63.3
	2024 (12 months)	67,584	46,236	68.4
	2025 (12 months)	67,584	46,622	69.0
	2026 (5 months) ⁽⁴⁾	28,160	15,099	53.6
Packaging machine (100g to 300g packets)	2022 (3 months) ⁽³⁾	7,392	3,566	48.2
	2023 (12 months)	29,568	11,492	38.9
	2024 (12 months)	29,568	6,662	22.5
	2025 (12 months)	29,568	10,161	34.4
	2026 (5 months) ⁽⁴⁾	12,320	3,952	32.1
Packaging machine (sachets / pouches)	2022 (3 months) ⁽³⁾	12,672	9,367	73.9
	2023 (12 months)	50,688	81,750	161.3 ⁽⁵⁾
	2024 (12 months)	50,688	54,841	108.2 ⁽⁵⁾
	2025 (12 months)	76,032	138,464	182.1 ⁽⁵⁾
	2026 (5 months) ⁽⁴⁾	52,800	33,821	64.05

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)Notes:-

- (1) The production capacity is estimated primarily based on the following:-
- (i) a packaging machine (1 kg packets) has a daily capacity of 128 cartons based on 8 operating hours per day for 22 working days per month. As at the LPD, Eramas Ingredients owns and operates 2 packaging machines (1 kg packets), of which 1 of them was only commissioned in January 2024;
 - (ii) a packaging machine (100g to 300g packets) has a daily capacity of 112 cartons based on 8 operating hours per day for 22 working days per month. As at the LPD, Eramas Ingredients owns and operates 1 packaging machine (100g to 300g packets); and
 - (iii) a packaging machine (sachets / pouches) has a daily capacity per machine of 96 cartons based on 8 operating hours per day for 22 working days per month which was commissioned in February 2024 to replace an old machine (2026: 192 cartons due to enhancements made to the packaging machine), and another packaging machine (sachets / pouches) has a daily capacity per machine of 288 cartons based on 8 operating hours per day for 22 working days per month which was commissioned in August 2025 to replace an old machine. As at the LPD, Eramas Ingredients owns and operates 2 packaging machines (sachets / pouches).
- (2) The utilisation rate is calculated by dividing the actual output of powder by the production capacity.
- (3) The manufacturing facility of Eramas Ingredients only commenced operations in October 2022. Accordingly, the production capacity and actual output for FYE 2022 are based on 3 months of operations.
- (4) The production capacity and actual output for FYE 2026 are based on information available up to 31 May 2026 and accordingly, are based on 5 months of operations.
- (5) Due to increased customers' orders for products in sachet packaging, there were overtime operations and the packaging machines (sachets) ran for more than 8 hours per working day.

Warehouse

The storage capacity and utilisation rate of the warehouse are as follows:-

Description	As at	Storage capacity (MT)	Actual usage (MT)	Utilisation rate ⁽¹⁾ (%)
Warehouse	31 December 2022	1,094	1,094	100.0
	31 December 2023	1,020 ⁽²⁾	1,020	100.0
	31 December 2024	1,020	1,020	100.0
	31 December 2025	1,020	1,020	100.0
	31 May 2026	1,020	1,020	100.0
Cold storage containers	31 December 2022	54	54	100.0
	31 December 2023	54	54	100.0
	31 December 2024	135 ⁽³⁾	135	100.0
	31 December 2025	243 ⁽³⁾	243	100.0
	31 May 2026	243	243	100.0

Notes:-

- (1) The utilisation rate is calculated by dividing the actual usage by the storage capacity.
- (2) The storage capacity of the warehouse reduced in FYE 2023 following a reorganisation of the warehouse to increase operational efficiency of the Eramas Group's packaging activities.
- (3) The storage capacity of the cold storage containers increased as the Eramas Group acquired and rented additional cold storage containers.

The warehouse and cold storage containers of Eramas Ingredients have reached full capacity and the Eramas Group currently engages 3rd party logistics providers for additional storage space.

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)**8. MATERIAL INVESTMENTS AND MATERIAL DIVESTITURES**

Save as disclosed below, the Eramas Group does not have any material investments and material divestitures for the Financial Years Under Review and up to the LPD:-

Description	FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)	1 January 2026 up to the LPD (RM'000)
<u>Material investments (at cost)</u>								
Investment in an associate	-	-	-	-	-	7,000	-	-
Freehold land	4,000	-	-	-	21,960	-	-	-
Motor vehicles	-	200	102	1,135	475	583	407	-
Plant and machinery	30	-	2	2,419	618	1,269	819	125
Capital work-in-progress	12,426	5,406	3,219	302	-	-	84	1,281
	16,456	5,606	3,323	3,856	23,053	8,852	1,310	1,406
<u>Material divestitures (at cost)</u>								
Investment in an associate	-	-	-	-	-	-	7,000	-
Motor vehicles	-	-	-	155	388	1,724	583	-
Plant and machinery	-	93	-	-	793	825	-	7
	-	93	-	155	1,181	2,549	7,583	7

The investment in an associate i.e. the acquisition of 35% equity interest in PT Eramas for a purchase consideration of approximately RM7.00 million was fully satisfied via issuance of new Eramas Shares. Other material investments above were mainly financed by internally generated funds as well as advances / capital contributions from directors and/or shareholders of the Eramas Group. The Eramas Group also utilised external sources of funds i.e. lease liabilities / hire purchase facilities for purchase of motor vehicles.

As at the LPD, save for the material commitments for capital expenditures as set out in Section 3.7, Appendix III(D) of this Circular, there are no other material investments and material divestitures which are in progress or which the Eramas Group has made firm commitments.

For information purposes, the Eramas Group intends to expand its existing manufacturing facility in Bandar Baru Enstek, Negeri Sembilan, as further detailed in Section 6, Part A of this Circular and Section 3.2, Appendix III(B) of this Circular. As at the LPD, the Eramas Group has obtained the approval from Majlis Bandaraya Seremban in respect of the planning permission for the construction of the extension and it has submitted the building plans for approval by the authorities. The construction is expected to commence by the 3rd quarter of 2026 after all relevant regulatory approvals have been obtained. As at the LPD, the Eramas Group has not purchased or committed to purchase the new spray drying system, machineries, new racking system as well as reach trucks and forklift.

Save for the acquisition and disposal of the investment in PT Eramas (a company based in Indonesia), other material investments and material divestitures relate to assets based in Malaysia.

BUSINESS OVERVIEW OF THE ERAMAS GROUP *(cont'd)***9. BUSINESS DEVELOPMENT AND MARKETING ACTIVITIES**

The Eramas Group's business development and marketing activities are focused on achieving 2 main objectives:-

- (i) to grow the trading and distribution business of the Eramas Group, both in Malaysia as well as overseas; and
- (ii) to grow the recognition of the in-house brands of the Eramas Group in Malaysia.

9.1 Growing the trading and distribution business in Malaysia as well as overseas

The Eramas Group has established a strong distribution network, which is demonstrated by its extensive coverage in Malaysia and overseas markets. For the Financial Years Under Review, the Eramas Group's products were exported to over 90 countries and sold to over 700 customers locally and overseas. The Eramas Group's revenue has increased from RM70.51 million for FYE 2019 to RM148.58 million for FYE 2025, representing a CAGR of approximately 13.2%.

Leveraging on its business development teams, the Eramas Group developed direct relationships with certain of its end customers and industrial customers through efforts such as customer visits to gather feedback and information. This extends to the Eramas Group's ability to provide its customers with tailored / customised products that cater to their needs, providing value-added services such as OEM services.

The Eramas Group's business development teams comprise 12 personnel as at the LPD and are spearheaded by Tey Chee Shin and Lau Sie Khian, who are responsible for the international and local markets respectively. Tey Chee Shin and Lau Sie Khian have 17 years and 30 years of sales experience in the local food industry respectively. Lee Kok Foo, who has 15 years of sales experience in the local food industry, plays a role to support the international business development team in addition to his role as the Head of Operations of the Eramas Group.

The business development teams are responsible for identifying new opportunities and potential areas of business growth. They carry out market research and analyse available data to enable better and informed decisions on, for example, the type of products to penetrate an identified market.

The Eramas Group identifies and connects with potential customers through regular visits and participation in international food-related trade fairs. The business development teams work closely with their customers to gather information and feedback, which are then relayed to the R&D team to create or customise a product according to local taste palette and food safety requirements.

9.2 Growing the recognition of the in-house brands of the Eramas Group in Malaysia

The business development teams prioritise the promotion of the Eramas Group's in-house brands, such as Emma and ISTIMA (for its coconut products), ERA-KING, ERA-OILS and Bake Master (for its oil and fats products) and E.R.A (for its dairy products), to increase product awareness and establish brand loyalty. To incentivise the performance of its business development teams, the Eramas Group adopts a sales commission scheme which provides a higher commission rate for sales of products under its in-house brands as compared to other products.

BUSINESS OVERVIEW OF THE ERAMAS GROUP *(cont'd)*

In order to grow the recognition of the Eramas Group's in-house brands in Malaysia, the local business development team continuously identifies growth opportunities to expand the distribution reach of products marketed under the Eramas Group's in-house brands. The Eramas Group's revenue from products marketed under its in-house brands has increased from RM28.54 million for FYE 2019 to RM54.83 million for FYE 2025, representing a CAGR of approximately 11.5%. As at the LPD, the Eramas Group's products under "Emma" brand achieved a distribution reach of over 4,000 outlets across Malaysia through various channels including hypermarkets, supermarkets and general grocery stores.

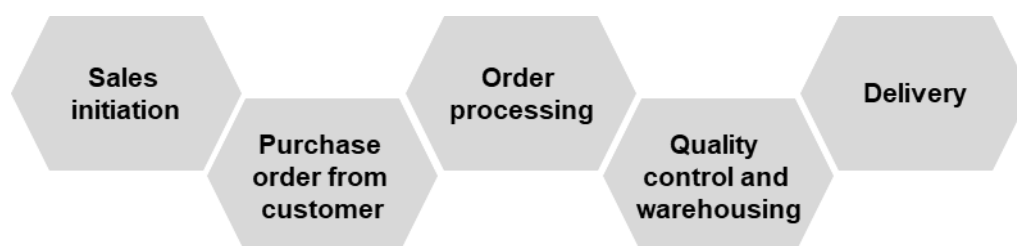
The Eramas Group has also established an online presence via third party e-commerce platforms namely Lazada, Shopee and TikTok. In line with its future plans and strategies, the Eramas Group aims to increase its annual marketing and advertising expenditure. In particular, the increased marketing budget will be used for its marketing and advertising efforts such as increasing product displays on retailers' shelves, advertising and promotional activities via buntings and leaflets in retail outlets and participating in more product demonstrations at public events and in supermarkets. In addition, the Eramas Group will allocate an amount of RM1.50 million towards rental of billboards at strategic locations along major roads and highways throughout Peninsular Malaysia to promote its "Emma" brand (for its coconut products).

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BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)**10. PROCESS FLOWS****10.1 Trading and distribution of products**

The following operational flow outlines the steps involved in the Eramas Group's trading and distribution activities. For the avoidance of doubt, the operational flow below applies to both the Eramas Group's local and international customers, covering its commercial segment (including traders, wholesalers and end-users) and industrial segment (including OEM customers, manufacturers and distributors) customers.

Within the commercial segment, the Eramas Group also supplies its products to end-users via third party e-commerce platforms. While the payment terms and shipping or delivery arrangements may vary among the categories of customers, the overall process remains consistent for all types of customers.

**(i) Sales initiation**

The process commences when the Eramas Group receives a sales enquiry either from an existing customer or a new customer for its products. The enquiry will be forwarded to the business development team that will initiate direct communication with the customer to gather further information regarding his requirements and specifications.

For new customers, a prequalification process is performed by the business development team, assessing their financial capabilities, payment terms and credit limit, as well as checking if the company or country they operate from, is included in international trade sanctions.

For supermarket and hypermarket customers, the Eramas Group may coordinate initial product listing or registration requirements before the first purchase order is confirmed.

In addition, the Eramas Group may receive online orders placed via third party e-commerce platforms. In such instances, basic customer information (e.g. shipping details and payment method) is captured directly through the relevant platform for further processing.

(ii) Purchase order from customer

Based on the information gathered, a business development personnel will process and assess the Eramas Group's ability to meet the customer's order and requirements. Depending on the source of the supplies (either from external suppliers or the Eramas Group's internal manufacturing arm), the personnel will assess, amongst others, order quantity, existing stock available, and lead time from external suppliers.

BUSINESS OVERVIEW OF THE ERAMAS GROUP *(cont'd)*

For products produced internally by Eramas Ingredients, the personnel will work with the production team to assess the availability and type of raw materials required, production capacity that can be assigned, as well as common pre-shipment and payment terms, and delivery schedule. The personnel will then prepare a sales quotation based on the requirements with details such as pricing, minimum order quantities, and delivery and payment terms.

Once the sales quotation is accepted, the customer will submit an official purchase order, specifying the price, order quantities, delivery schedule and payment terms, amongst others.

On the other hand, e-commerce orders are confirmed through the online checkout process and subsequently transmitted to the Eramas Group's order management system.

(iii) Order processing

Upon receipt of a confirmed sales order, the business development team proceeds with the procurement of the products, either from external suppliers or in-house manufacturing arm of the Eramas Group. Further details of the Eramas Group's manufacturing process are available in Section 10.2, Appendix III(B) of this Circular.

The Eramas Group's operations team is tasked with coordinating with suppliers and customers to confirm shipping schedules for goods, ensuring a smooth point-to-point delivery process. This includes determining the estimated time of arrival to customers and estimated time of departure from external suppliers or in-house manufacturing arm of the Eramas Group. The operations team will also ensure that the pre-agreed shipping terms are adhered to.

For international shipments, the operations team is responsible for managing essential customs documentation, such as obtaining the necessary health certificates and customs declaration forms. This comprehensive approach ensures that the logistics and customs clearance processes are efficiently handled, avoiding disputes, delays, or legal issues and facilitating a seamless delivery of goods to their destination. Such documents are not required for deliveries / shipment to local customers.

While shipping terms and payment arrangements may differ between customers in the commercial segment and industrial segment, the logistics process which includes managing supplier schedules and adherence to shipping terms remains the same for all customer types including both local and international customers.

(iv) Quality control and warehousing

Quality control for products that are sourced from external suppliers is performed by the suppliers according to quality assurance procedures and checks that are specified according to the Eramas Group's internal requirements.

If manufactured in-house, the finished products are subject to internal quality control measures to ensure that the products meet export requirements and adhere to international food quality and safety standards.

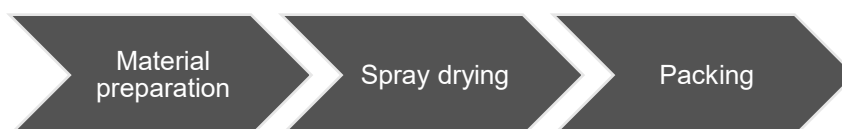
Upon quality assurance procedures and checks have been performed, the products are then warehoused awaiting delivery to the customers.

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)**(v) Delivery**

The Eramas Group engages the services of third party companies to manage logistics for order shipment and deliveries to its local and international customers. For e-commerce orders, delivery details and tracking information are integrated with the third party e-commerce platforms, which enable end-users to monitor shipments in real time. The logistics costs will either be borne by the Eramas Group or the customers depending on the agreed arrangements. Deliveries can originate from either Eramas Ingredients' warehouse or directly from the warehouse of the Eramas Group's external suppliers.

10.2 Manufacturing of food related powder ranging from coconut to palm series

Eramas Ingredients uses frozen coconut cream / milk, additives and other ingredients as raw materials for its food related powder. The following describes the production of its coconut and palm-based powder:-

**(i) Material preparation**

For the manufacturing of coconut cream / milk powder, the frozen coconut cream / milk is crushed and consistently stirred in a tank while heat is slowly applied to facilitate its thawing into liquid form. The relevant liquid (coconut cream / milk to manufacture coconut-based powder, or palm oil to manufacture palm-based powder) is then mixed with other raw materials, such as emulsifier and/or solidifier, and blended to create homogeneous mixture according to formulated recipe. Thereafter, the blended liquid is pasteurised and homogenised to eliminate microorganisms and ensure consistent texture. The liquid is then transferred to a holding tank that connects to a drying chamber.

(ii) Spray drying

The holding tank feeds the liquid into the drying chamber where moisture is reduced by circulating heated air through the chamber. The liquid is then sprayed in the form of tiny droplets. The hot air in the chamber evaporates the moisture from these droplets, leaving behind dry particles. These particles are then sprayed from the machine to achieve powder-like form. The resulting powder then goes through a sieving process to ensure uniform particle size, breaking down clumps as well as eliminating foreign materials.

(iii) Packing

The dry powder is weighed to a specific weight and then filled into its intended packs. These packaged products are then passed through a metal detector to ensure the absence of metallic impurities that may contaminate the products arising from the manufacturing process.

BUSINESS OVERVIEW OF THE ERAMAS GROUP *(cont'd)*

Thereafter, the products undergo secondary packaging which involves the processing of primary packaged products into fully packaged products ready for distribution to end-users. At this stage, the products are placed in a sturdy outer carton, which serves as an additional layer of protection during transit and storage.

Before these packaged products are being transported, the workers conduct visual inspections and thorough quality checks to ensure that the products meet the quality standards, including packaging structure, product labeling and expiry dates.

Throughout the production process, the Eramas Group undertakes stringent quality control at various stages of production. All incoming raw materials, such as frozen coconut cream / milk, are tested to ensure that they meet the required specifications, are consistent and free from any contaminants. Metal detectors are installed at various key stages of production to detect and remove heavy metals and other contaminants. In addition, the moisture content of the resulting powder products is tested at the end of the process to ensure that the products meet the required specifications. Production records and samples for every production batch are kept, ensuring traceability through the production and supply chain.

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BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)**11. QUALITY ASSURANCE / QUALITY CONTROL PROCEDURES**

The manufacturing facility of Eramas Ingredients complies with local and international food quality and safety standards. The manufacturing facility at Lot 34719 Enstek has a certificate of registration for food premises (food premises involved in manufacturing of food) issued by the MOH. In addition, the manufacturing facility of Eramas Ingredients is registered with the U.S. Food and Drug Administration.

The manufacturing operations of Eramas Ingredients have been assessed and accredited with food quality and safety certificates which include MeSTI certificate, certificate of approval in relation to the Food Safety According to HACCP System (MS 1480:2019) and certificate of approval in relation to the Food Safety Management Systems (in compliance with the requirements of FSSC 22000) for the manufacture of coconut cream / milk powder, non-dairy creamer powder and fat powder. These certifications provide assurance that Eramas Ingredients has fulfilled the requirements of the respective issuing bodies, and a food safety assurance programme is in place.

The products manufactured by Eramas Ingredients meet the certification requirements of Halal authentication issued by JAKIM and kosher certification. Certain products of the Eramas Group are also registered with The Vegan Society and are therefore able to meet the criteria to carry the "Vegan" trademark.

All the abovementioned certifications, accreditations and registrations underscore the Eramas Group's commitment to delivering high-quality, ethically sourced, and safe food products to its customers with diverse cultural backgrounds and preferences worldwide.

In terms of its trading and distribution business, the Eramas Group works with suppliers and manufacturers that possess relevant food safety standards certifications, to ensure that products pose no health or safety threats and meet the quality standards expected by customers. In addition, Erapoly Global and Eramas Marketing have received ISO 9001:2015 certifications for their quality management systems.

The relevant certificates, accreditations and registrations of the Eramas Group as at the LPD are as follows:-

Certificates, accreditations and registrations	Issuing body	Validity period
<u>Eramas Ingredients</u> Certificate of registration for food premises (food premises involved in manufacturing of food)	MOH	17.02.2025 to 17.02.2028
Certificate of registration with U.S. Food and Drug Administration	Registrar Corp	15.10.2025 to 31.12.2026
MeSTI certificate	MOH	24.02.2025 to 23.02.2028
Certificate of approval in relation to the Food Safety According to HACCP System (MS 1480:2019) for the manufacture of coconut cream / milk powder, non-dairy creamer powder and fat powder	LRQA Malaysia Sdn Bhd	30.05.2025 to 29.05.2028
Certificate of approval in relation to the Food Safety Management Systems for the manufacture of coconut cream / milk powder, non-dairy creamer powder and fat powder (in compliance with the requirements of FSSC 22000)	LRQA Limited	30.05.2025 to 29.05.2028

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

Certificates, accreditations and registrations	Issuing body	Validity period
Certificate of Halal authentication (OEM manufacturer of food / drink / supplements)	JAKIM	16.10.2025 to 15.10.2028
Certificate of Halal authentication for:- ▪ Coconut cream / milk powder ▪ Coconut cream / milk powder (vegan) ▪ Creamer ▪ Fat blend powder ▪ Fat filled powder ▪ MCT coconut oil powder ▪ MCT coconut oil powder vegan ▪ MCT oil powder ▪ MCT oil powder vegan	JAKIM	16.05.2026 to 15.05.2028
Letter of Kosher certification in relation to the following products under "Emma" brand:- ▪ coconut cream powder 30 (Regular) ▪ coconut cream powder 50 ▪ coconut cream powder 63 ▪ coconut cream powder 63 (Deluxe 636) ▪ coconut cream powder 63 (Deluxe 638) ▪ coconut cream powder 63 (Regular) ▪ coconut cream powder 68 ▪ coconut milk powder 20 ▪ coconut milk powder 30 ▪ coconut milk powder 40 ▪ gulf 30 ▪ MCT fat powder 70 60/40 ▪ MCT fat powder vegan 50 60/40 ▪ MCT fat powder vegan 50 C8 ▪ non-dairy creamer 32 R08	Kashruth Division of the Orthodox Union	25.08.2025 to 31.08.2026
Certificate of registration with The Vegan Society	The Vegan Society	22.04.2025 to 20.04.2028
<u>Erapoly Global</u> Bureau Veritas Certification ISO 9001:2015 (Scope of certification: Trading of palm oil, coconut, dairy and its related products)	Bureau Veritas Certification Holding SAS - UK Branch	18.12.2023 to 17.12.2026
<u>Eramas Marketing</u> Bureau Veritas Certification ISO 9001:2015 (Scope of certification: Trading in coconut products)	Bureau Veritas Certification Holding SAS - UK Branch	24.02.2026 to 06.03.2029

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)**12. RESEARCH AND PRODUCT DEVELOPMENT**

The Eramas Group carries out research and product development activities as an ongoing process focusing on continuously expanding its product portfolio. The Eramas Group's R&D policies place emphasis on the following management's philosophy and principles:-

- (i) the inputs / resources required for the product shall be readily available in Malaysia or neighbouring countries such as Indonesia;
- (ii) the product shall be able to have a global reach without legal, social, cultural or any other restrictions; and
- (iii) the product shall have its niche and appeal to targeted markets to avoid direct competition with large producing nations such as The People's Republic of China and India or it shall be able to serve as a substitute to goods which have been predominantly imported from other countries.

The diagram below illustrates the key product development stages involved:-



(i) **Idea generation**

At the initial stage, an existing or potential client will request a special formulation of one of the Eramas Group's products to meet their specific requirements such as the types and percentage of ingredients to be used, the cost of the final products as well as other factors such as the colour, viscosity and aroma of the final products. The business development team will receive such requests, which will then be further discussed with the production team.

The Eramas Group also introduces new products to be manufactured and sold under its in-house brands. In such instances, the business development and production teams brainstorm ideas to develop products to meet market trends and customers' demands, based on feedback gathered by business development team during its engagement with customers and the marketplace. Generated ideas and plans are later filtered to eliminate those that do not align with the Eramas Group's objectives.

(ii) **Preliminary evaluation**

Requests from the existing or potential client as well as new product ideas undergo assessment by the product development, business development and management teams, where ideas are evaluated based on the Eramas Group's overall objectives, similar products in the market, market potential and ability to meet customers' requirement. Ideas may be modified along the way to meet the development objectives.

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

(iii) Feasibility study

New formulation requests and product ideas that successfully pass preliminary evaluation are then subject to further assessments, where scope of work required, types of raw materials and other inputs are considered. A feasibility study will then be conducted, assessing areas which include:-

- Technology: This evaluates the Eramas Group's technical capabilities and expertise available for the product development taking into account potential technological challenges and manpower availability.
- Regulatory: This assesses the product development's ability to comply with local and international regulations, health and safety standards, and quality standards, amongst others.
- Financial: The financial aspect of product development is also taken into consideration, where assessments are made on cost estimations, revenue projections as well as budget allocations, amongst others.

Following the feasibility study, the Eramas Group may adjust its product development plans to ensure alignment with its objectives in product development.

(iv) Testing

If the product development is determined to be feasible, for new formulations of products requested by the client, a sample batch is manufactured and sent to the client for testing. Necessary adjustments are made to the products based on the client's feedback and further requirements.

For new products intended to be marketed under an in-house brand of the Eramas Group, the products are selected for small scale manufacturing and limited distribution. The aim of this exercise is to assess the products' performance and gather feedback from stakeholders including customers, which provides insights to gauge the products' market acceptance. The information and feedback gathered will then be used to make the necessary adjustments to the products before product commercialisation.

(v) Product commercialisation

If the new formulation of the product meets the client's requirements, the product is then added to the list of the Eramas Group's SKUs and plans are then made to manufacture the products at scale, either by Eramas Ingredients or by OEM manufacturers appointed by the Eramas Group. For information purposes, the rights to the formulation created by the Eramas Group will belong to the Eramas Group.

For new products under in-house brands, after reviewing the outcome of test marketing, the Eramas Group assesses whether the products are ready for commercialisation. This evaluation determines whether adjustments based on feedback are necessary or if a discontinuation is warranted. If the products are deemed suitable for commercialisation, the Eramas Group proceeds with necessary steps which include planning for the supply chain and production as well as devising effective marketing, promotions and sales strategies. The commercialisation process is carefully aligned with insights gained during the R&D phase to facilitate a smooth transition from product development to launching the final products in the market.

The amount spent on research and product development for the Financial Years Under Review is not significant when compared to the net revenue in the corresponding Financial Years Under Review.

BUSINESS OVERVIEW OF THE ERAMAS GROUP *(cont'd)*

13. TECHNOLOGIES USED

As at the LPD, the Eramas Group uses the following technologies in its trading and distribution business and manufacturing operations:-

- (i) Supervisory Control and Data Acquisition (SCADA). The Eramas Group uses the SCADA systems to monitor and control selected industrial processes at its manufacturing facility. Manufacturing processes such as pasteurisation and homogenisation processes require close monitoring of the temperature and pressure. This is enabled by using sensors which are fed to the central system, allowing operators to have the latest data for analysis and control purposes;
- (ii) Autocount. The Eramas Group uses the accounting software to record financial transactions including revenue recognition from the products that the Eramas Group delivers; and
- (iii) SQL accounting system. The Eramas Group uses SQL accounting system to manage and retrieve data within databases, such as for the purposes of tracking, updating, and analysing inventory levels.

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BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)**14. MAJOR CUSTOMERS**

The top 5 customers of the Eramas Group by revenue contribution for the Financial Years Under Review are as follows:-

FYE 2019

Major customers	Country of incorporation	Main type of products	Length of relationship ⁽¹⁾ (years)	Revenue contribution	
				(RM'000)	(%)
(i) Mafcom (Angola) Comercio Geral LDA	Angola	Dairy products	12	5,876	8.33
(ii) New Masno General Trading. Co	Somalia	Coconut products	11	5,195	7.37
(iii) European Food Suppliers Limited	United Kingdom	Coconut products, oil and fats products and dairy products	7	4,636	6.58
(iv) Noorien Star General Trading LLC	United Arab Emirates	Oil and fats products	14	3,126	4.43
(v) Al Yosfi For Cooling and General Trading	Yemen	Oil and fats products and dairy products	7	3,106	4.41
Sub total				21,939	31.12
Total revenue of Eramas Group				70,505	

FYE 2020

Major customers	Country of incorporation	Main type of products	Length of relationship ⁽¹⁾ (years)	Revenue contribution	
				(RM'000)	(%)
(i) Group Igal SARL	Djibouti	Oil and fats products	6	21,681	15.71
(ii) Diamond Foodstuff Trading LLC	Somalia	Oil and fats products	6	9,573	6.94
(iii) Amira K.A Foods International DMCC	United Arab Emirates	Oil and fats products	6	6,940	5.03
(iv) Aastar Trading Pte Ltd	Singapore	Oil and fats products	6	6,192	4.49
(v) Delima Oil Products Sdn Bhd	Malaysia	Coconut products	6	5,449	3.95
Sub total				49,835	36.12
Total revenue of Eramas Group				137,974	

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)**FYE 2021**

Major customers	Country of incorporation	Main type of products	Length of relationship ⁽¹⁾ (years)	Revenue contribution	
				(RM'000)	(%)
(i) Group Igal SARL	Djibouti	Oil and fats products	6	37,297	24.28
(ii) Delima Oil Products Sdn Bhd	Malaysia	Coconut products	6	15,573	10.14
(iii) Promac Enterprises Sdn Bhd	Malaysia	Dairy products	12	13,634	8.87
(iv) Hilina Enriched Food Processing Center P.L.C	Ethiopia	Oil and fats products	15	5,982	3.89
(v) European Food Suppliers Limited	United Kingdom	Coconut products, oil and fats products and dairy products	7	4,764	3.10
Sub total				77,250	50.28
Total revenue of Eramas Group				153,633	

FYE 2022

Major customers	Country of incorporation	Main type of products	Length of relationship ⁽¹⁾ (years)	Revenue contribution	
				(RM'000)	(%)
(i) Promac Enterprises Sdn Bhd	Malaysia	Coconut products and dairy products	12	14,671	10.76
(ii) European Food Suppliers Limited	United Kingdom	Coconut products, oil and fats products and dairy products	7	12,188	8.94
(iii) New Masno General Trading. Co	Somalia	Coconut products	11	10,124	7.43
(iv) KCI	Malaysia	Coconut products	10	8,438	6.19
(v) Delima Oil Products Sdn Bhd	Malaysia	Coconut products	6	6,859	5.03
Sub total				52,280	38.35
Total revenue of Eramas Group				136,311	

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)**FYE 2023**

Major customers	Country of incorporation	Main type of products	Length of relationship ⁽¹⁾ (years)	Revenue contribution	
				(RM'000)	(%)
(i) Business Verity for Trading Ltd Co.	Saudi Arabia	Dairy products	6	16,978	11.79
(ii) Delima Oil Products Sdn Bhd	Malaysia	Coconut products	6	6,356	4.42
(iii) Paten International Pte Ltd	Singapore	Coconut products	3	6,025	4.19
(iv) Hilina Enriched Food Processing Center P.L.C	Ethiopia	Oil and fats products	15	4,721	3.28
(v) Nutriset	France	Oil and fats products	3	4,656	3.23
Sub total				38,736	26.91
Total revenue of Eramas Group				143,945	

FYE 2024

Major customers	Country of incorporation	Main type of products	Length of relationship ⁽¹⁾ (years)	Revenue contribution	
				(RM'000)	(%)
(i) Business Verity for Trading Ltd Co.	Saudi Arabia	Dairy products	6	15,434	10.86
(ii) PT Lucky Intercoco	Indonesia	Coconut products	3	9,355	6.59
(iii) Delima Oil Products Sdn Bhd	Malaysia	Coconut products	6	8,884	6.25
(iv) Jasmine Food Corporation Sdn Bhd	Malaysia	Coconut products	2	5,160	3.63
(v) Paten International Pte Ltd	Singapore	Coconut products	3	4,726	3.33
Sub total				43,559	30.66
Total revenue of Eramas Group				142,088	

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)**FYE 2025**

Major customers	Country of incorporation	Main type of products	Length of relationship ⁽¹⁾ (years)	Revenue contribution	
				(RM'000)	(%)
(i) Business Verity for Trading Ltd Co.	Saudi Arabia	Dairy products	6	14,643	9.86
(ii) Delima Oil Products Sdn Bhd	Malaysia	Coconut products	6	9,808	6.60
(iii) Socma Trading (M) Sendirian Berhad	Malaysia	Coconut products	6	6,604	4.44
(iv) Jasmine Food Corporation Sdn Bhd	Malaysia	Coconut products	2	6,591	4.44
(v) Hilina Enriched Food Processing Center P.L.C	Ethiopia	Oil and fats products	15	6,519	4.39
Sub total				44,165	29.73
Total revenue of Eramas Group				148,577	

Note:-

(1) Length of relationship with the Eramas Group's major customers is calculated based on the date of first business transaction with these customers up to the LPD.

The sales to Group Igal SARL, a third party customer, accounted for 15.71% and 24.28% of the total revenue of the Eramas Group for FYE 2020 and FYE 2021 respectively. Subsequent to FYE 2021, the sales to Group Igal SARL (mainly sales of RBD palm olein) had significantly declined as the Eramas Group reduced its focus on trading of RBD palm olein to mitigate the risk from volatile CPO prices. Hence, the Eramas Group is not dependent on Group Igal SARL for business.

The sales to Delima Oil Products Sdn Bhd, a third party customer, accounted for 10.14% of the total revenue of the Eramas Group for FYE 2021. Subsequent to FYE 2021, the sales to Delima Oil Products Sdn Bhd contributed less than 10.00% of the total revenue of the Eramas Group. Hence, the Eramas Group is not dependent on Delima Oil Products Sdn Bhd for business.

The sales to Promac Enterprises Sdn Bhd, a third party customer, accounted for 10.76% of the total revenue of the Eramas Group for FYE 2022. Subsequent to FYE 2022, the sales to Promac Enterprises Sdn Bhd contributed less than 10.00% of the total revenue of the Eramas Group. Hence, the Eramas Group is not dependent on Promac Enterprises Sdn Bhd for business.

BUSINESS OVERVIEW OF THE ERAMAS GROUP *(cont'd)*

The sales to Business Verity for Trading Ltd Co., a third party customer, accounted for 11.79% and 10.86% of the total revenue of the Eramas Group for FYE 2023 and FYE 2024 respectively. The sales to Business Verity for Trading Ltd Co. were in respect of sweetened condensed milk and evaporated filled milk. These are common food products, and the Eramas Group also transacts similar products with its other customers. Hence, the Eramas Group is not dependent on Business Verity for Trading Ltd Co. for business.

The Eramas Group is not dependent on other major customers for business as the sales to each of them contributed less than 10.00% of the total revenue of the Eramas Group for the respective financial year.

The Eramas Group is not dependent on any single customer for business as it has acquired a large global customer base throughout its 17 years of operations. For the Financial Years Under Review, the Eramas Group's products were sold to over 700 customers locally and overseas.

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BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)**15. TYPES, SOURCES AND AVAILABILITY OF RAW MATERIALS OR INPUTS**

The following table sets out the breakdown of the Eramas Group's purchases for the Financial Years Under Review:-

Types of purchases	Principal sources	FYE 2019		FYE 2020		FYE 2021		FYE 2022		FYE 2023		FYE 2024		FYE 2025	
		(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Trading goods															
- Coconut products	Malaysia and Indonesia	21,002	36.07	29,936	24.61	51,242	39.69	56,903	46.49	36,496	32.01	38,274	36.32	32,356	30.99
- Oil and fats products	Malaysia and Indonesia	11,684	20.06	65,589	53.93	41,904	32.45	10,280	8.40	18,415	16.15	8,620	8.18	12,126	11.61
- Dairy products	Malaysia	20,792	35.71	21,327	17.53	31,260	24.21	37,412	30.56	42,287	37.09	31,537	29.92	29,460	28.22
- Specialty food ingredients and other products	Malaysia	200	0.34	206	0.17	379	0.29	277	0.23	1,602	1.41	1,873	1.78	909	0.87
Raw materials ⁽¹⁾															
	Malaysia, Indonesia and Vietnam	53,678	92.18	117,058	96.24	124,785	96.64	104,872	85.68	98,800	86.66	80,304	76.20	74,851	71.69
		-	-	149	0.12	1,040	0.81	11,004	8.99	14,433	12.66	22,871	21.70	26,599	25.47
Packaging materials	Malaysia and Indonesia	4,553	7.82	4,424	3.64	3,295	2.55	6,524	5.33	770	0.68	2,214	2.10	2,966	2.84
Total		58,231	100.00	121,631	100.00	129,120	100.00	122,400	100.00	114,003	100.00	105,389	100.00	104,416	100.00

Note:-

(1) The raw materials used in production are frozen coconut cream / milk, additives and other ingredients.

The purchases of the Eramas Group are mainly trading goods, raw materials and packaging materials. For the Financial Years Under Review, the Eramas Group's major purchases were trading goods which accounted for more than 70% of the Eramas Group's total purchases for the Financial Years Under Review.

The Eramas Group's purchases from Malaysian and overseas suppliers for the Financial Years Under Review are as follows:-

	FYE 2019		FYE 2020		FYE 2021		FYE 2022		FYE 2023		FYE 2024		FYE 2025	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Malaysia	42,571	73.11	96,154	79.05	54,128	41.92	67,980	55.54	59,229	51.95	49,574	47.04	47,131	45.14
Overseas	15,660	26.89	25,477	20.95	74,992	58.08	54,420	44.46	54,774	48.05	55,815	52.96	57,285	54.86
Total	58,231	100.00	121,631	100.00	129,120	100.00	122,400	100.00	114,003	100.00	105,389	100.00	104,416	100.00

BUSINESS OVERVIEW OF THE ERAMAS GROUP *(cont'd)*

For the Financial Years Under Review, the Eramas Group's purchases are subject to fluctuations in foreign currencies and commodity prices. Please refer to Sections 8.1.9 and 8.2.2, Part A of this Circular for the Eramas Group's exposure to fluctuations in foreign currencies and prices of raw materials respectively. In particular, the CPO prices had been trending upwards since the latter half of 2020 due to supply chain disruptions and movement control across the globe resulting from COVID-19. The war between Russia and Ukraine further pushed up prices of CPO from fear of reduced supply of sunflower oil, which is another major edible oil. Further, for the period from late-2024 to early-2025, a significant coconut supply shortage arose due to adverse weather conditions, which impacted coconut supply in major coconut producing countries including Indonesia and the Philippines. This had resulted in higher coconut prices and longer duration for the Eramas Group to secure coconut supplies.

For the Financial Years Under Review and up to the LPD, save as disclosed above, the Eramas Group has not experienced any major disruptions in the supply of trading goods, raw materials and packaging materials. The trading goods, raw materials and packaging materials are generally available and can be sourced from local and overseas suppliers.

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BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)**16. MAJOR SUPPLIERS**

The top 5 suppliers of the Eramas Group by purchases contribution for the Financial Years Under Review are as follows:-

FYE 2019

Major suppliers	Country of incorporation	Main type of products	Length of relationship ⁽¹⁾ (years)	Purchases contribution	
				(RM'000)	(%)
(i) F & B Nutrition Sdn Bhd	Malaysia	Dairy products	13	18,205	31.26
(ii) KCI	Malaysia	Coconut products	11	13,334	22.90
(iii) TOGO Palm Oils & Fats Sdn Bhd (currently known as TOGO Greenland Sdn Bhd)	Malaysia	Coconut products and oil and fats products	6	2,991	5.14
(iv) PT Sri Makmur Abadi	Indonesia	Coconut products	6	2,966	5.09
(v) PT Asianagro Agungjaya (part of Apical Group ⁽²⁾)	Indonesia	Oil and fats products	15	2,867	4.92
Sub total				40,363	69.32
Total purchases of Eramas Group				58,231	

FYE 2020

Major suppliers	Country of incorporation	Main type of products	Length of relationship ⁽¹⁾ (years)	Purchases contribution	
				(RM'000)	(%)
(i) TOGO Palm Oils & Fats Sdn Bhd (currently known as TOGO Greenland Sdn Bhd)	Malaysia	Oil and fats products	6	21,644	17.79
(ii) Eraworld Marketing Sdn Bhd	Malaysia	Oil and fats products	6	20,855	17.15
(iii) F & B Nutrition Sdn Bhd	Malaysia	Dairy products	13	16,873	13.87
(iv) KCI	Malaysia	Coconut products	11	14,939	12.28
(v) PT Eramas	Indonesia	Coconut products	8	9,694	7.97
Sub total				84,005	69.07
Total purchases of Eramas Group				121,631	

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)**FYE 2021**

Major suppliers	Country of incorporation	Main type of products	Length of relationship ⁽¹⁾ (years)	Purchases contribution	
				(RM'000)	(%)
(i) Able Perfect Pte Ltd	Singapore	Oil and fats products	5	31,127	24.11
(ii) PT Eramas	Indonesia	Coconut products	8	29,623	22.94
(iii) KCI	Malaysia	Coconut products	11	16,884	13.08
(iv) F & B Nutrition Sdn Bhd	Malaysia	Dairy products	13	15,860	12.28
(v) Promac Enterprises Sdn Bhd	Malaysia	Dairy products	15	13,237	10.25
Sub total				106,731	82.66
Total purchases of Eramas Group				129,120	

FYE 2022

Major suppliers	Country of incorporation	Main type of products	Length of relationship ⁽¹⁾ (years)	Purchases contribution	
				(RM'000)	(%)
(i) PT Eramas	Indonesia	Coconut products	8	30,400	24.84
(ii) KCI	Malaysia	Coconut products	11	22,824	18.65
(iii) F & B Nutrition Sdn Bhd	Malaysia	Dairy products	13	13,275	10.85
(iv) Meetco (Malaysia) Sdn Bhd	Malaysia	Dairy products	5	12,776	10.44
(v) Etika Dairies Sdn Bhd	Malaysia	Dairy products	4	9,279	7.58
Sub total				88,554	72.35
Total purchases of Eramas Group				122,400	

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)**FYE 2023**

Major suppliers	Country of incorporation	Main type of products	Length of relationship ⁽¹⁾ (years)	Purchases contribution	
				(RM'000)	(%)
(i) F & B Nutrition Sdn Bhd	Malaysia	Dairy products	13	34,780	30.51
(ii) PT Eramas	Indonesia	Coconut products	8	27,124	23.79
(iii) Apical Group ⁽²⁾	Singapore / Indonesia	Oil and fats products	15	11,148	9.78
(iv) Able Perfect Pte Ltd	Singapore	Coconut products and oil and fats products	5	7,694	6.75
(v) Etika Dairies Sdn Bhd	Malaysia	Dairy products	4	7,508	6.59
Sub total				88,254	77.41
Total purchases of Eramas Group				114,003	

FYE 2024

Major suppliers	Country of incorporation	Main type of products	Length of relationship ⁽¹⁾ (years)	Purchases contribution	
				(RM'000)	(%)
(i) PT Eramas	Indonesia	Coconut products	8	30,949	29.37
(ii) F & B Nutrition Sdn Bhd	Malaysia	Dairy products	13	28,889	27.41
(iii) Apical Group ⁽²⁾	Singapore / Indonesia	Oil and fats products	15	6,643	6.30
(iv) Promac Enterprises Sdn Bhd	Malaysia	Coconut products and oil and fats products	15	3,615	3.43
(v) Ben Tre Import and Export Joint Stock Corporation	Vietnam	Coconut products	1	3,234	3.07
Sub total				73,330	69.58
Total purchases of Eramas Group				105,389	

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)**FYE 2025**

Major suppliers	Country of incorporation	Main type of products	Length of relationship⁽¹⁾ (years)	Purchases contribution	
				(RM'000)	(%)
(i) F & B Nutrition Sdn Bhd	Malaysia	Dairy products	13	27,598	26.43
(ii) PT Eramas	Indonesia	Coconut products	8	26,995	25.85
(iii) Apical Group ⁽²⁾	Singapore / Indonesia	Oil and fats products	15	10,905	10.44
(iv) Ben Tre Import and Export Joint Stock Corporation	Vietnam	Coconut products	1	8,389	8.04
(v) Hainan Shengda Import and Export Trade Co Ltd	People's Republic of China	Coconut products	1	2,458	2.36
Sub total				76,345	73.12
Total purchases of Eramas Group				104,416	

Notes:-

- (1) Length of relationship with the Eramas Group's major suppliers is calculated based on the date of first business transaction with these suppliers up to the LPD.
- (2) Apical Group comprises AAA Oils & Fats Pte Ltd, incorporated in Singapore and PT Asianagro Agungjaya, incorporated in Indonesia. Both AAA Oils & Fats Pte Ltd and PT Asianagro Agungjaya are within the same group of companies.

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BUSINESS OVERVIEW OF THE ERAMAS GROUP *(cont'd)*

The purchases from F & B Nutrition Sdn Bhd, a third party supplier, accounted for 31.26%, 13.87%, 12.28%, 10.85%, 30.51%, 27.41% and 26.43% of the total purchases of the Eramas Group for FYE 2019, FYE 2020, FYE 2021, FYE 2022, FYE 2023, FYE 2024 and FYE 2025 respectively. The Eramas Group is dependent on F & B Nutrition Sdn Bhd for its purchases. The risk of dependency on F & B Nutrition Sdn Bhd is mitigated by the length of relationship between the Eramas Group and F & B Nutrition Sdn Bhd where the Eramas Group has had business relationships with F & B Nutrition Sdn Bhd for 13 years up to the LPD. The Eramas Group has not experienced any significant difficulties in procuring supplies from F & B Nutrition Sdn Bhd. Furthermore, the purchases from F & B Nutrition Sdn Bhd were mainly in respect of sweetened condensed milk / creamer (dairy products). These are common food products, and the Eramas Group also transacts similar products with its other suppliers. In the event of any shortage in supplies from F & B Nutrition Sdn Bhd, the Eramas Group may procure the same products from other suppliers.

The purchases from KCI, a related party supplier, accounted for 22.90%, 12.28%, 13.08% and 18.65% of the total purchases of the Eramas Group for FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively. KCI is in the midst of winding up and has ceased all business operations with the Eramas Group as at the LPD. Eramas Ingredients has replaced KCI as the manufacturing arm of the Eramas Group. Hence, the Eramas Group is not dependent on KCI for its purchases.

The purchases from TOGO Palm Oils & Fats Sdn Bhd (currently known as TOGO Greenland Sdn Bhd), a third party supplier, accounted for 17.79% of the total purchases of the Eramas Group for FYE 2020. Subsequent to FYE 2020, the purchases from TOGO Palm Oils & Fats Sdn Bhd contributed less than 10.00% of the total purchases of the Eramas Group. Hence, the Eramas Group is not dependent on TOGO Palm Oils & Fats Sdn Bhd for its purchases.

The purchases from Eraworld Marketing Sdn Bhd, a related party supplier, accounted for 17.15% of the total purchases of the Eramas Group for FYE 2020. Subsequent to FYE 2020, the purchases from Eraworld Marketing Sdn Bhd contributed less than 10.00% of the total purchases of the Eramas Group. Eraworld Marketing Sdn Bhd is in the midst of winding up and has ceased all business operations with the Eramas Group as at the LPD. Hence, the Eramas Group is not dependent on Eraworld Marketing Sdn Bhd for its purchases.

The purchases from Able Perfect Pte Ltd, a third party supplier, accounted for 24.11% of the total purchases of the Eramas Group for FYE 2021. Subsequent to FYE 2021, the purchases from Able Perfect Pte Ltd contributed less than 10.00% of the total purchases of the Eramas Group. Hence, the Eramas Group is not dependent on Able Perfect Pte Ltd for its purchases.

The purchases from PT Eramas, the then 35%-owned associate of the Eramas Group, accounted for 22.94%, 24.84%, 23.79%, 29.37% and 25.85% of the total purchases of the Eramas Group for FYE 2021, FYE 2022, FYE 2023, FYE 2024 and FYE 2025 respectively. The Eramas Group is dependent on PT Eramas for its purchases. The risk of dependency on PT Eramas is mitigated by the length of relationship between the Eramas Group and PT Eramas where the Eramas Group has had business relationships with PT Eramas for 8 years up to the LPD. In the 2nd quarter of 2025, a new shareholder (namely PT Pulaumas Moromulia) emerged in PT Eramas after it acquired 50% equity interest in PT Eramas from the then shareholders (namely Tony, Usup Tjanggal and Mily). Pursuant to the Disposal of PT Eramas (which was deemed completed upon execution of the share sale agreement on 29 August 2025), Eramas Global Group disposed of its 35% equity interest in PT Eramas to PT Pulaumas Moromulia. PT Eramas ceased to be an associate of Eramas Global Group as a result of the Disposal of PT Eramas and Yan Hua Lan and Tan Ah Tek had resigned from their positions on the board of commissioners and board of directors of PT Eramas respectively. On the other hand, PT Pulaumas Moromulia increased its equity interest in PT Eramas from 50% to 85%.

BUSINESS OVERVIEW OF THE ERAMAS GROUP *(cont'd)*

PT Eramas was incorporated in 2016 to allow the Eramas Group to secure a reliable and consistent supply of coconut raw materials and products by establishing a coconut purchasing and processing facility in Medan, Indonesia. PT Eramas is currently one of the major suppliers of the Eramas Group, supplying frozen coconut cream, UHT coconut cream / milk, coconut water and desiccated coconut. On the other hand, the Eramas Group is a major customer of PT Eramas. This establishes a mutual dependence between the Eramas Group and PT Eramas to continue their business relationship.

The directors of Eramas Global Group confirmed that subsequent to the emergence of PT Pulaumas Moromulia as a new controlling shareholder of PT Eramas and the Disposal of PT Eramas in 2025 and up to the LPD, there has been no material change to the business relationship between the Eramas Group and PT Eramas which would result in any material adverse impact to the business operations and financial performance of the Eramas Group. In addition, the Eramas Group did not experience any significant difficulties in procuring supplies from PT Eramas or any significant disruptions to its business operations arising from the Disposal of PT Eramas. PT Eramas remains committed to continue its existing business relationship with the Eramas Group.

The purchases from PT Eramas were mainly coconut cream / milk, coconut water and desiccated coconut (coconut products). These are common food products, and the Eramas Group also transacts similar products with its other suppliers. In the event of any difficulties in procuring supplies from PT Eramas, the Eramas Group can procure the same products from other suppliers. Based on past transactions, the other suppliers were able to offer similar product quality and lead time for delivery. However, the purchase prices and payment terms offered by the other suppliers in the past transactions were less favourable than PT Eramas, mainly due to smaller quantities of coconut products acquired from the other suppliers. The Eramas Group can negotiate with the other suppliers for similar purchase prices and payment terms offered by PT Eramas if the Eramas Group were to procure similarly large quantities of coconut products from the other suppliers.

Accordingly, the Disposal of PT Eramas is not expected to have any material adverse impact to the business operations and financial performance of the Eramas Group.

The purchases from Promac Enterprises Sdn Bhd, a third party supplier, accounted for 10.25% of the total purchases of the Eramas Group for FYE 2021. Subsequent to FYE 2021, the purchases from Promac Enterprises Sdn Bhd contributed less than 10.00% of the total purchases of the Eramas Group. Hence, the Eramas Group is not dependent on Promac Enterprises Sdn Bhd for its purchases.

The purchases from Meetco (Malaysia) Sdn Bhd, a third party supplier, accounted for 10.44% of the total purchases of the Eramas Group for FYE 2022. Subsequent to FYE 2022, the purchases from Meetco (Malaysia) Sdn Bhd contributed less than 10.00% of the total purchases of the Eramas Group. Hence, the Eramas Group is not dependent on Meetco (Malaysia) Sdn Bhd for its purchases.

The purchases from the Apical Group, a third-party supplier, accounted for 10.44% of the total purchases of the Eramas Group for FYE 2025. For FYE 2019 to FYE 2024, the purchases from the Apical Group contributed less than 10.00% of the total purchases of the Eramas Group (FYE 2025: only slightly above 10.00%). The purchases from the Apical Group were mainly in respect of vegetable ghee, palm shortening and RBD palm olein (oil and fats products). These are common food products, and the Eramas Group also transacts similar products with its other suppliers. Hence, the Eramas Group is not dependent on the Apical Group for its purchases.

The Eramas Group is not dependent on other major suppliers for its purchases as the purchases from each of them contributed less than 10.00% of the total purchases of the Eramas Group for the respective financial year.

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

Save for F & B Nutrition Sdn Bhd and PT Eramas, the Eramas Group is not dependent on any single supplier for its purchases. For the Financial Years Under Review, save as disclosed in Section 8.2.2, Part A of this Circular, the Eramas Group has not encountered any material supply disruptions and/or major supplies delay from its major suppliers which have materially and adversely affected the Eramas Group's financial condition and performance.

17. SEASONALITY

The Eramas Group's products are subject to seasonality where orders for coconut products (such as coconut cream / milk and their powder variants) increase during the month of Ramadan and decrease for a period of time after Eid al-Fitr (Hari Raya Aidilfitri) before normalising for the rest of the year.

18. MATERIAL DEPENDENCY ON CONTRACTS, INTELLECTUAL PROPERTY RIGHTS, LICENSES AND PERMITS OR PRODUCTION OR BUSINESS PROCESSES

As at the LPD, save for the major licenses, permits and approvals as set out in Section 23, Appendix III(B) of this Circular and intellectual property rights as set out in Section 24, Appendix III(B) of this Circular, the Eramas Group's business or profitability is not materially dependent on any contracts, intellectual property rights, licenses and permits or production or business processes.

19. MATERIAL CONTRACTS

Save for the agreements in respect of the Internal Restructuring of Eramas Group (further details as set out in Section 2.1, Appendix III(A) of this Circular) and as disclosed below, the Eramas Group has not entered into any material contracts, not being contracts in the ordinary course of business for the Financial Years under Review and up to the date of this Circular:-

- (i) a sale and purchase agreement dated 15 August 2018 between Eramas Ingredients (as the purchaser) and Blue Ocean Properties Sdn Bhd (as the vendor) in relation to the acquisition of a parcel of vacant land bearing the title HSD 172104, PT 29071 (New Lot 34719), Mukim Labu, Daerah Seremban, Negeri Sembilan for a cash purchase consideration of RM4,000,000. The acquisition of the land was completed on 30 January 2019;
- (ii) a sale and purchase agreement dated 3 October 2022 between Erapoly Global (as the purchaser) and Pelaburan Hartanah Berhad (as the vendor) in relation to the acquisition of a parcel of vacant land bearing the title GRN 270931, Lot 61316, Bandar Baru Enstek, Daerah Seremban, Negeri Sembilan for a cash purchase consideration of RM21,000,124. The acquisition of the land was completed on 4 September 2023;
- (iii) a memorandum of agreement dated 17 August 2018 between MPOB and Erapoly Global (as the grantee) in relation to the provision of a grant amounting to RM6,000,000 in respect of eligible expenditures incurred in relation to *inter alia* planning, construction and commissioning of a new plant for the production of high fat powders. Following a supplemental agreement cum novation dated 25 July 2022 between MPOB, Erapoly Global and Eramas Ingredients, all the rights and obligations of Erapoly Global as the grantee were novated to Eramas Ingredients with effect from 31 December 2021. As at the LPD, the grant of RM6,000,000 has been fully claimed and received by the Eramas Group; and
- (iv) a share sale agreement dated 29 August 2025 between Eramas Global Group (as the vendor) and PT Pulaumas Moromulia (as the purchaser) in relation to the disposal of 35% equity interest in PT Eramas for a cash consideration of RM7.00 million. The Disposal of PT Eramas was deemed completed on 29 August 2025.

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)**20. EMPLOYEES**

The number of employees of the Eramas Group as at 31 December 2025 and as at the LPD are as follows:-

Category / Department	Number of employees				
	Permanent		Contractual / Temporary		Total
	Local	Foreign	Local	Foreign	
<u>As at 31 December 2025</u>					
• Senior management	4	-	-	-	4
• Accounts / Administrative / Human Resource	13	-	-	-	13
• Business development	9	-	-	-	9
• Operations	18	1	-	-	19
• Laboratory (including R&D)	17	-	-	-	17
• Maintenance	7	-	-	2	9
• Production	22	-	-	25	47
• Warehouse	3	-	-	2	5
Total	93	1	-	29	123
<u>As at the LPD</u>					
• Senior management	5	-	-	-	5
• Accounts / Administrative / Human Resource	12	-	-	-	12
• Business development	12	-	-	-	12
• Operations	18	1	-	-	19
• Laboratory (including R&D)	17	-	-	-	17
• Maintenance	9	-	-	2	11
• Production	21	-	-	32	53
• Warehouse	4	-	-	2	6
Total	98	1	-	36	135

All employees of the Eramas Group are based in Malaysia. As at the LPD, all foreign employees of the Eramas Group have valid and subsisting working permits, and none of its employees are a member of any union. The Eramas Group has not experienced any major industrial disputes in the past.

21. INTERRUPTIONS TO BUSINESS AND OPERATIONS

Save as disclosed below, the Eramas Group has not experienced any material interruptions to its business and operations for the Financial Years Under Review and up to the LPD:-

21.1 COVID-19 pandemic

The World Health Organisation declared COVID-19 a pandemic on 11 March 2020. The Government subsequently implemented the first MCO on 18 March 2020 to curb the spread of COVID-19 in Malaysia. The MCO involved restrictions on movement of people within Malaysia and internationally, and restrictions on business, economic, cultural and recreational activities. Other countries in the world had similarly imposed lockdowns to restrict movements to curb the spread of COVID-19.

BUSINESS OVERVIEW OF THE ERAMAS GROUP *(cont'd)*

Throughout the COVID-19 pandemic period, the Government declared several MCOs and implemented strict control measures to contain the outbreak of COVID-19 in the country. These measures include the closure of all business sectors and activities, except for those classified as essential services, restrictions on movement of people within Malaysia (including restrictions on inter-state and inter-district travel), and restrictions on international travel into and out of Malaysia.

As the Eramas Group is involved in the trading and distribution of food products, the Eramas Group's business falls within essential services. On 18 April 2020, the Eramas Group obtained conditional approval from the MITI to continue its operations and the Eramas Group was able to operate during the implementation of MCOs, subject to adherence to the specified standard operating procedures and guidelines.

The movement restrictions under the MCOs eventually relaxed and Malaysia reopened its border to international travellers on 1 April 2022 as the country transitioned to endemic phase. All economic sectors were also allowed to operate, subject to adherence to standard operating procedures and guidelines.

During the various MCO periods, the Eramas Group did not experience any material decline in its revenue. On the contrary, the Eramas Group registered an increase of 95.67% in its revenue from RM70.51 million for FYE 2019 to RM137.97 million for FYE 2020. The revenue further grew by 11.35% to RM153.63 million for FYE 2021. The management of the Eramas Group believed that the increase in its revenue was because food products are necessities and essential products during global lockdowns. In addition, the Eramas Group's coconut products experienced significant growth from FYE 2019 to FYE 2022 as many households had resorted to and accustomed to cooking at home.

Nonetheless, the Eramas Group was, to a certain extent, adversely affected due to the global lockdowns. The Eramas Group experienced longer delivery time to its international customers due to shortage of shipping containers and implementation of restrictions and standard operating procedures at the ports. The Eramas Group also incurred higher shipping costs. The Eramas Group's freight and logistics charges increased from RM5.04 million for FYE 2020 to RM12.62 million for FYE 2021 due to higher sea freight rates during the period.

Further, the travel restrictions pursuant to the MCOs had delayed the commencement of Eramas Ingredients' manufacturing operations. Although the construction of the manufacturing facility at Lot 34719 Enstek had commenced in 2019, Eramas Ingredients only commenced its manufacturing operations in October 2022. This resulted from various delays in the delivery, installation and testing of machinery and equipment due to MCO restrictions.

21.2 Red Sea crisis

For FYE 2024, the Eramas Group experienced increased sea freight rates and shipment delays due to the Red Sea crisis. The Red Sea crisis had a significant impact on global logistics, particularly on shipping routes. Attacks on vessels in the Red Sea prompted many shipping companies to reroute their vessels from the Suez Canal, an important maritime passage linking Asia and Europe, towards the longer alternative route around the Cape of Good Hope. This diversion resulted in extended transit time and increased fuel consumption, which led to higher sea freight rates. These disruptions have significantly affected the Eramas Group's supply chain, especially for shipments to Africa and Europe.

Please refer to Section 8.1.8, Part A of this Circular for further details.

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)**21.3 Adverse weather events**

For the period from late-2024 to early-2025, a significant coconut supply shortage arose due to adverse weather conditions, which impacted coconut supply in major coconut producing countries including Indonesia and the Philippines. In 2024, the drought caused by El Niño had reduced coconut yields in affected regions in major coconut producing countries, contributing to lower coconut supply. The Philippines was further impacted by a series of typhoons that damaged plantations and disrupted harvesting activities. These adverse weather conditions also constrained supply chains as floods and storm damage limited transportation and reduced throughput at mills, resulted in operations to run below capacity. The coconut supply began to normalise in the 2nd quarter of 2025.

The coconut supply shortage had resulted in higher coconut prices and longer duration for the Eramas Group to secure coconut supplies. Due to the coconut supply shortage, the Eramas Group's sales volume of coconut products for the FYE 2025 was adversely affected and decreased by 25.64%.

Please refer to Section 8.2.2, Part A of this Circular for further details.

21.4 Iran war

On 28 February 2026, the US and Israel initiated coordinated military strikes against Iran, targeting its nuclear facilities, military infrastructure and leadership. Iran responded by targeting US and Israeli assets in the Gulf region, and restricting passage in the Strait of Hormuz to exert pressure, causing energy prices to surge. The Strait of Hormuz connects the Persian Gulf to the Gulf of Oman and the Arabian Sea and is one of the world's most critical maritime chokepoints, carrying around a quarter of global seaborne oil trade and significant volumes of liquefied natural gas and fertilisers. The blockade of the Strait of Hormuz disrupted global food and energy supply chains.

Daily maritime traffic through the Strait of Hormuz plunged as freight rates and insurance costs for shipping in the region increased significantly due to war risk premium, restricting imports of products into the Middle East as well as exports of a large share of global fertiliser, crude oil and natural gas from the Middle East. This resulted in significant increases in global fertiliser and energy prices. The conflicts, if prolonged, may lead to global economic uncertainties, rising operating costs driven by higher fertiliser, energy and logistics costs as well as higher inflation, adversely impacting consumer spending and retail activities and ultimately, affecting businesses globally.

The Iran war also led to Iran-backed group, Hezbollah in Lebanon to enter the war to retaliate against Israel. In response, Israel launched a bombing campaign and ground invasion into southern Lebanon, leading to massive civilian displacement. In addition, the Iran war renewed Iran-aligned Houthi's aggression particularly in the Bab al-Mandeb Strait, which serves as the southern gate to the Red Sea. This effectively caused naval disruptions at both critical Middle Eastern maritime corridors simultaneously.

At the inception of the Iran war, many international shipments to and from the Middle East were temporarily put on hold or cancelled as a result of the blockades. Subsequently, international shipments gradually resumed as shipping companies monitored the conflicts closely and devised alternative routes for shipments to and from the Middle East through selected ports which include (i) sailing through the Red Sea from the south with high-risk surcharges being imposed or (ii) rerouting around the Cape of Good Hope and sailing through the Suez Canal to enter the Red Sea from the north, to reach the Jeddah Islamic Port and King Abdullah Port in Saudi Arabia and (iii) multi-modal sea-to-land routes using bonded trucking networks through Salalah Port and Sohar Port in Oman to cross into other parts of the Middle East.

BUSINESS OVERVIEW OF THE ERAMAS GROUP *(cont'd)*

The interruptions to shipping routes and schedules led to port congestion across regions as shipping queues built up, contributing to bottlenecks and shortages in shipment capacity as well as higher sea freight rates and logistics cost. Nonetheless, the Eramas Group has generally been able to pass on the higher freight and logistics costs to its customers. The Eramas Group does not expect any material risk that it will be unable to pass on increases in freight and logistics costs to its customers arising from the Iran war as it is an industry-wide issue and the Eramas Group's products comprise food products which are necessities. In addition, the Eramas Group has not experienced material incidences of being unable to deliver or material delays in delivery of goods to its customers in any regions (save for the West Asia region).

As a result of the war, some of the Eramas Group's customers from the West Asia region either deferred their purchases or requested the Eramas Group to postpone their product deliveries until the conflict situation stabilises. This has led to a significant decline in the Eramas Group's export sales to the West Asia region in March 2026, with only one order to Qatar being fulfilled in early March 2026. The export sales to Saudi Arabia began to recover in April 2026 as customers began adapting to the new industry norm and alternative shipping routes at higher costs and surcharges.

For information purposes, the export sales to the West Asia region were RM28.72 million and RM28.15 million, contributing to 20.22% and 18.95% of the total sales of the Eramas Group for FYE 2024 and FYE 2025 respectively. The export sales to the West Asia region for the first 5 months of FYE 2026 declined by approximately RM8.49 million and RM3.99 million as compared to the corresponding periods in FYE 2024 and FYE 2025, respectively. As a result, the GP in respect of the export sales to the West Asia region for the said period also declined by approximately RM0.83 million and RM0.82 million as compared to the corresponding periods in FYE 2024 and FYE 2025, respectively (GP margin for first 5 months: FYE 2024: 11.55%; FYE 2025: 16.39%; FYE 2026: 13.80%).

In mid-June 2026, the US and Iran have signed a memorandum of understanding to end the Iran war. The memorandum of understanding includes, amongst others, an immediate and permanent termination of military operations on all fronts, including in Lebanon, an extendable 60-day period for the US and Iran to negotiate and achieve a final peace deal and the reopening of the Strait of Hormuz. The US will fully end the naval blockade within 30 days while Iran will make arrangements using its best efforts for the safe passage of commercial vessels with no charge for 60 days, from the Persian Gulf to the Sea of Oman and vice versa. The negotiations to reach the final agreement on a peace deal are still ongoing. If the negotiations fall through and the Iran war escalates, the Eramas Group's business and financial performance may be adversely impacted.

Please refer to Section 3.2, Part A of this Circular for further details on impacts of Iran war on the business operations and financial performance of the Eramas Group and the Proposed Acquisition.

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BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)**22. MATERIAL PROPERTIES****22.1 Properties owned by the Eramas Group**

As at the LPD, the properties owned by the Eramas Group are as follows:-

No.	Registered owner / Title / Postal address / Tenure	Description / Existing use	Express conditions / Category of land use / Restriction-in-interest	Encumbrances	Date of issuance of CCC	Land area / Built-up area	Audited net book value as at 31 December 2025 (RM'000)
1.	<u>Registered owner</u> Eramas Ingredients <u>Title</u> HSD 172104 PT 29071 (New Lot 34719) Mukim Labu Daerah Seremban Negeri Sembilan <u>Postal address</u> Lot 34719, Lengkok Teknologi Taman Teknologi Enstek (Techpark @ Enstek) 71760 Bandar Baru Enstek Negeri Sembilan <u>Tenure</u> Freehold	<u>Description</u> 1 unit of single storey factory with an annexed 3- storey office building <u>Existing use</u> Factory and office	<u>Express conditions</u> This land is to be used for industrial purposes only <u>Category of land use</u> Industrial <u>Restriction-in-interest</u> This land shall not be transferred, leased, or charged without written permission from the State Authority	Charge in favour of Maybank Islamic Berhad registered on 13 December 2022	21.12.2021	<u>Land area</u> 153,020 sq ft <u>Built-up area</u> 39,521 sq ft	<u>Land</u> 4,000 <u>Buildings</u> 9,118

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

No.	Registered owner / Title / Postal address / Tenure	Description / Existing use	Express conditions / Category of land use / Restriction-in-interest	Encumbrances	Date of issuance of CCC	Land area / Built-up area	Audited net book value as at 31 December 2025 (RM'000)
2.	<u>Registered owner</u> Erapoly Global <u>Title</u> GRN 270931 Lot 61316 Bandar Baru Enstek Daerah Seremban Negeri Sembilan <u>Postal address</u> Lot 61316 Jalan Teknologi 4 Taman Teknologi 2 @ Enstek 71760 Bandar Baru Enstek Negeri Sembilan <u>Tenure</u> Freehold	<u>Description</u> Vacant land <u>Existing use</u> Vacant land / For future expansion	<u>Express conditions</u> This land is to be used for industrial purposes only <u>Category of land use</u> Industrial <u>Restriction-in-interest</u> This land shall not be transferred, leased, or charged without written permission from the State Authority	Charge in favour of CIMB Islamic Bank Berhad registered on 18 January 2024	Not applicable	<u>Land area</u> 446,810 sq ft <u>Built-up area</u> Not applicable	<u>Land</u> 21,960 (including transaction costs capitalised)

As at the LPD, the properties owned by the Eramas Group are not in breach of any relevant laws, rules or building regulations which may materially affect its usage of the properties.

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)**22.2 Properties rented by the Eramas Group**

As at the LPD, the properties rented by the Eramas Group are as follows:-

No.	Tenant / Landlord	Postal address	Description / Existing use	Period of tenancy	Date of issuance of CFO / CCC	Approximate built-up area	Rental per annum (RM)
1.	<u>Tenants</u> Erapoly Global and Eramas Marketing <u>Landlord</u> Erapoly Sdn Bhd	Lot 4089, Jalan P4/8, Seksyen 4, Bandar Teknologi Kajang, 43500 Semenyih, Selangor	<u>Description</u> 1 st and 2 nd floor of a 3-storey office building which is annexed to a single storey factory <u>Existing use</u> Head office of the Eramas Group	01.01.2024 to 31.12.2026 (with option to renew for a further term of 1 year) ⁽¹⁾	26.09.2002 and 19.12.2023 ⁽²⁾	8,681 sq ft	420,000
2.	<u>Tenant</u> Eramas Ingredients <u>Landlord</u> GDB Land (M) Sdn Bhd	Menara H, No. 128 H, Jalan S2 B5, Seremban 2, 70300 Seremban, Negeri Sembilan	<u>Description</u> 2 units located in 1 block of a 4-storey centralised labour quarters <u>Existing use</u> Workers' accommodation	05.11.2025 to 04.11.2026 (Unit 64-1) 07.05.2026 to 06.05.2027 (Unit 64-2B)	17.11.2000	Not more than 1,281 sq ft (Unit 64-1) Not more than 600 sq ft (Unit 64-2B)	86,400 (Unit 64-1) 43,200 (Unit 64-2B)

Notes:-

- (1) The tenants have the option to renew the tenancy for a further term of 1 year based on a monthly rent to be negotiated and agreed upon by the landlord and tenants at the then prevailing rent value provided that any increase shall not exceed 15% of the last paid rental. The tenants also have the option to serve a 2-month notice to the landlord to terminate the tenancy prior to its expiry without any penalty being imposed.
- (2) The CCC dated 19 December 2023 is for the extension and renovation of the office space at Level 2.

As at the LPD, the properties rented by the Eramas Group are not in breach of any relevant laws, rules or building regulations which may materially affect its usage of the properties.

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)**23. MAJOR LICENSES, PERMITS AND APPROVALS**

Details of the major licenses, permits and approvals obtained by the Eramas Group for its business operations are as follows:-

No.	Licensee	Approving authority / Issuer	Description of licenses / permits / approvals	License / Permit / Reference No.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
1.	Erapoly Global	Majlis Perbandaran Kajang	Business premise and signboard license <u>For Premise:</u> Lot 4089 Kajang	LBUS-05229	21.02.2026 / 20.02.2027	Nil	Not applicable
2.	Erapoly Global	MPOB	License to:- (i) sell and move palm oleochemicals and processed palm kernel oil; (ii) purchase and move palm fatty acids, processed palm oil and processed palm kernel oil; and (iii) export palm fatty acids, palm oleochemicals, processed palm oil and processed palm kernel oil <u>For Premise:</u> Lot 4089 Kajang	523768117000	01.10.2025 / 30.09.2026	Nil	Not applicable

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

No.	Licensee	Approving authority / Issuer	Description of licenses / permits / approvals	License / Permit / Reference No.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
3.	Eramas Marketing	Majlis Perbandaran Kajang	Business premise and signboard license <u>For Premise:</u> Lot 4089 Kajang	LBUS-20374	30.08.2025 / 29.08.2026	Nil	Not applicable
4.	Eramas Ingredients	Majlis Bandaraya Seremban	Business premise and signboard license <u>For Premise:</u> Lot 34719 Enstek	02020051022022	23.01.2026 / 03.02.2027	(i) Eramas Ingredients is only allowed to run a business, performance or game that is written on the business license. (ii) The license must be displayed at all times at an easily visible place. (iii) All licenses issued by Majlis Bandaraya Seremban may not be transferred except with the written consent and approval of Majlis Bandaraya Seremban. Any change of address or closure of business must be notified immediately to Majlis Bandaraya Seremban in writing.	Complied Complied Noted

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

No.	Licensee	Approving authority / Issuer	Description of licenses / permits / approvals	License / Permit / Reference No.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
5.	Eramas Ingredients	MPOB	License to purchase, move and store processed palm kernel oil <u>For Premise:</u> Lot 34719 Enstek	622328017000	01.12.2025 / 30.11.2026	Nil	Not applicable
6.	Eramas Ingredients	MITI	Manufacturing license for fat filled powder <u>For Premise:</u> Lot 34719 Enstek	A 024914	25.01.2023 / Until terminated or revoked	(i) The sale of shares of this company shall be notified to the MITI and Malaysian Investment Development Authority. (ii) The company is required to train Malaysian citizens to enable the transfer of technology and expertise at all levels of positions. (iii) The company must comply with the capital investment per employee ratio requirement of at least RM140,000.00.	Complied Complied Complied

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

<u>No.</u>	<u>Licensee</u>	<u>Approving authority / Issuer</u>	<u>Description of licenses / permits / approvals</u>	<u>License / Permit / Reference No.</u>	<u>Issuance date / Expiry date</u>	<u>Major conditions imposed</u>	<u>Status of compliance</u>
						(iv) The company's total full-time workforce must consist of at least 80% Malaysian citizens by 31 December 2024 ⁽¹⁾ . The employment of foreigners including workers obtained through outsourcing is subject to the current policy.	To be complied

Note:-

- (1) On 16 December 2024, the MITI has further extended the compliance with the 80:20 workforce employment requirement for the manufacturing sector until the multi-tiered levy mechanism is fully implemented. Under the 13th Malaysia Plan (2026-2030), it is stated that the multi-tiered levy mechanism will be implemented in 2026 to support efforts in reducing dependency on foreign workers. For the manufacturing sector, the multi-tiered levy mechanism will replace the 80:20 policy under the conditions of the manufacturing license.

- (v) The company must provide information on investment performance and project implementation under Industrial Co-ordination Act 1975 and Malaysian Investment Development Authority (Incorporation) Act 1965 whenever required by Malaysian Investment Development Authority. Complied

BUSINESS OVERVIEW OF THE ERAMAS GROUP *(cont'd)*

<u>No.</u>	<u>Licensee</u>	<u>Approving authority / Issuer</u>	<u>Description of licenses / permits / approvals</u>	<u>License / Permit / Reference No.</u>	<u>Issuance date / Expiry date</u>	<u>Major conditions imposed</u>	<u>Status of compliance</u>
						Failure to provide the information could result in the company:- (a) being guilty of an offence and may be fined not more than RM1,000 or imprisoned for a period not exceeding 3 months or both and may be further fined not more than RM500 for every day during which such offence continues; or (b) committing an offence if it provides any statement or other information that is false or misleading in any material detail and may be fined not exceeding RM2,000 or imprisoned for a period not exceeding 6 months or both. (vi) The company must implement its project as approved and in accordance with the laws and other regulations stipulated in Malaysia.	Complied

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

No.	Licensee	Approving authority / Issuer	Description of licenses / permits / approvals	License / Permit / Reference No.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
7.	Eramas Ingredients	MOH	MeSTI Certificate that Eramas Ingredients has fulfilled the terms and conditions for certification of MeSTI <u>For Premise:</u> Lot 34719 Enstek	ME0222173-1/1	24.02.2025 / 23.02.2028	(i) Renewal application shall be submitted 6 months before the expiry of the certificate. (ii) The MesTI Certificate and Logo shall not be transferred nor shall its content be altered. (iii) Any changes to the name or address of the factory or premise, certification scope or anything related thereto shall be informed in writing to the Senior Director for Food Safety and Quality, MOH for further action. Certification will be automatically void should the factory or premise ceased operation. (iv) The Certificate holder shall be subjected to inspection, monitoring and enforcement activities conducted by the MOH. (v) The Certificate holder is subjected to the laws and regulations that are currently in force in the country.	Noted Noted Noted Noted Noted

BUSINESS OVERVIEW OF THE ERAMAS GROUP *(cont'd)*

No.	Licensee	Approving authority / Issuer	Description of licenses / permits / approvals	License / Permit / Reference No.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
						(vi) The Certificate holder shall be held responsible for any abuse or manipulation of the Certificate. Any loss or damage of the Certificate shall immediately be informed in writing to the Senior Director for Food Safety and Quality, MOH.	Noted
						(vii) The Certificate remains the property of the MOH. It may be withdrawn or terminated at any time if there is violation of any guidelines, laws or regulations that are currently in force.	Noted
						(viii) The use of the Logo is only allowed for food product that is being produced in the premise as stated in the Certificate.	Noted

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

No.	Licensee	Approving authority / Issuer	Description of licenses / permits / approvals	License / Permit / Reference No.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
8.	Eramas Ingredients	MOH	Certificate of Registration for Food Premises (Food premises involved in manufacturing of food) <u>For Premise:</u> Lot 34719 Enstek	FSSM022201100-0	17.02.2025 / 17.02.2028	(i) Certificate of registration for food premise is non-transferable. (ii) This notice should be displayed in the premises.	Noted Complied
9.	Eramas Ingredients	LRQA Malaysia Sdn Bhd	Certificate of Approval in relation to the Food Safety According to HACCP System (MS 1480:2019) for the manufacture of coconut cream / milk powder, non-dairy creamer powder and fat powder <u>For Premise:</u> Lot 34719 Enstek	10693329	30.05.2025 / 29.05.2028	Nil	Not applicable

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

No.	Licensee	Approving authority / Issuer	Description of licenses / permits / approvals	License / Permit / Reference No.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
10.	Eramas Ingredients	LRQA Limited	Certificate of Approval in relation to the Food Safety Management Systems for the manufacture of coconut cream / milk powder, non-dairy creamer powder and fat powder (in compliance with the requirements of FSSC 22000) <u>For Premise:</u> Lot 34719 Enstek	10693330	30.05.2025 / 29.05.2028	At least 1 surveillance audit is required to be undertaken unannounced after the initial certification audit and within each 3-year period thereafter.	Noted
11.	Eramas Ingredients	JAKIM	Certificate of Halal Authentication (OEM manufacturer of food / drink / supplements) <u>For Premise:</u> Lot 34719 Enstek	JAKIM.700-2/3/8 041-03/2022	16.10.2025 / 15.10.2028	(i) The certificate holder shall be responsible for any violations or misuse of the certificate and shall be subject to the applicable laws and regulations. (ii) The relevant authority shall have the power to suspend or revoke or terminate the validity period of the certificate or take other actions deemed necessary at any time if the certificate holder is found to have violated the Malaysian Halal certification procedures or is subject to action under any applicable laws and regulations.	Noted Noted

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

No.	Licensee	Approving authority / Issuer	Description of licenses / permits / approvals	License / Permit / Reference No.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
						(iii) The certificate shall not be traded, leased, transferred, forged, misused, nor amended of its contents in whatever form.	Noted
						(iv) The original and valid certificate shall be displayed at all times at the address as stated on the certificate.	Complied
						(v) The certificate holder under the contract manufacturing / OEM scheme shall not use, print, affix and display the Malaysian Halal logo on processed or manufactured products unless the products have Halal certificates under the product schemes.	Complied
						(vi) The certificate holder which is under suspension shall not use the Malaysian Halal logo on the manufactured products for the duration of such suspension.	Noted
						(vii) A renewal application shall be submitted at the earliest 6 months or no later than 3 months before the expiry of the certificate.	Noted

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

No.	Licensee	Approving authority / Issuer	Description of licenses / permits / approvals	License / Permit / Reference No.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
12.	Eramas Ingredients	JAKIM	Certificate of Halal Authentication for:- (i) Coconut cream / milk powder; (ii) Coconut cream / milk powder (vegan); (iii) Creamer; (iv) Fat blend powder; (v) Fat filled powder; (vi) MCT coconut oil powder; (vii) MCT coconut oil powder vegan; (viii) MCT oil powder; and (ix) MCT oil powder vegan <u>For Premise:</u> Lot 34719 Enstek	JAKIM.700-2/3/1 041-03/2022	16.05.2026 / 15.05.2028	(i) The certificate holder shall be responsible for any violations or misuse of the certificate and shall be subject to the applicable laws and regulations. (ii) The relevant authority shall have the power to suspend or revoke or terminate the validity period of the certificate or take other actions deemed necessary at any time if the certificate holder is found to have violated the Malaysian Halal certification procedures or is subject to action under any applicable laws and regulations. (iii) The certificate shall not be traded, leased, transferred, forged, misused, nor amended of its contents in whatever form. (iv) The original and valid certificate shall be displayed at all times at the address as stated on the certificate.	Noted Noted Noted Complied

BUSINESS OVERVIEW OF THE ERAMAS GROUP *(cont'd)*

<u>No.</u>	<u>Licensee</u>	<u>Approving authority / Issuer</u>	<u>Description of licenses / permits / approvals</u>	<u>License / Permit / Reference No.</u>	<u>Issuance date / Expiry date</u>	<u>Major conditions imposed</u>	<u>Status of compliance</u>
						(v) The certificate holder which is under suspension shall not use the Malaysian Halal logo on the manufactured products for the duration of such suspension.	Noted
						(vi) A renewal application shall be submitted at the earliest 6 months or no later than 3 months before the expiry of the certificate.	Noted

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BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

No.	Licensee	Approving authority / Issuer	Description of licenses / permits / approvals	License / Permit / Reference No.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
13.	Eramas Ingredients	Kashruth Division of the Orthodox Union	Letter of Kosher Certification in relation to the following products under "Emma" brand:- (i) coconut cream powder 30 (Regular) (ii) coconut cream powder 50 (iii) coconut cream powder 63 (iv) coconut cream powder 63 (Deluxe 636) (v) coconut cream powder 63 (Deluxe 638) (vi) coconut cream powder 63 (Regular) (vii) coconut cream powder 68 (viii) coconut milk powder 20 (ix) coconut milk powder 30 (x) coconut milk powder 40 (xi) gulf 30 (xii) MCT fat powder 70 60/40 (xiii) MCT fat powder vegan 50 60/40 (xiv) MCT fat powder vegan 50 C8 (xv) non-dairy creamer 32 R08 <u>For Premise:</u> Lot 34719 Enstek	Not available	25.08.2025 / 31.08.2026	Nil	Not applicable
14.	Eramas Ingredients	Registrar Corp	Certificate of Registration with U.S. Food and Drug Administration <u>For Premise:</u> Lot 34719 Enstek	16592052466	15.10.2025 / 31.12.2026	Nil	Not applicable

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

No.	Licensee	Approving authority / Issuer	Description of licenses / permits / approvals	License / Permit / Reference No.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
15.	Eramas Ingredients	Fire and Rescue Department of Malaysia	Fire Certificate <u>For Premise:</u> Lot 34719 Enstek	348795	10.11.2025 / 09.11.2026	(i) No changes are permitted to be made to the premises which will affect the adequacy of safety facilities. Any proposed changes in relation to the use of the premises as covered in the fire certificate must be notified to the Fire and Rescue Department with the proposed changes together with associated documents. (ii) Application for renewal of the fire certificate shall be submitted 30 days before the expiry date of the fire certificate. A renewal application will not be allowed after the expiry date of the fire certificate and a new application must be made. (iii) If the fire certificate is lost or destroyed, the Director General must be informed in writing within 14 days and an application for a replacement must be submitted together with a fee of RM50.00.	Noted Noted Noted

BUSINESS OVERVIEW OF THE ERAMAS GROUP *(cont'd)*

No.	Licensee	Approving authority / Issuer	Description of licenses / permits / approvals	License / Permit / Reference No.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
						(iv) The fire certificate must be displayed at an easily visible place and must be available for inspection at any time.	Complied
16.	Eramas Ingredients	DOSH	Certificate of Fitness for goods hoist at Lot 34719 Enstek	NS-PMA-81739	28.05.2025 / 04.08.2026	Nil	Not applicable
17.	Eramas Ingredients	DOSH	Certificate of Fitness for steam header at Lot 34719 Enstek	NS-PMT-42472	14.08.2025 / 04.11.2026	Nil	Not applicable
18.	Eramas Ingredients	DOSH	Certificate of Fitness for air / vacuum / N2 tank 2000 litres x -1/10 bar at Lot 34719 Enstek	NS-PMT-82419	31.03.2026 / 29.06.2027	Nil	Not applicable
19.	Eramas Ingredients	DOSH	Certificate of Fitness for autoclave at Lot 34719 Enstek	NS-PMD-80342	08.01.2026 / 21.03.2027	Nil	Not applicable
20.	Eramas Ingredients	DOSH	Certificate of Fitness for passenger lift at Lot 34719 Enstek	NS-PMA-81760	29.05.2025 / 04.08.2026	Nil	Not applicable
21.	Eramas Ingredients	DOSH	Certificate of Fitness for steam boiler at Lot 34719 Enstek	NS-PMD-7585	14.08.2025 / 04.11.2026	Nil	Not applicable

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)**24. INTELLECTUAL PROPERTY RIGHTS**

The Eramas Group's business or profitability is, to a certain extent, materially dependent on the trademarks to prevent any unauthorised use of its brands and counterfeiting of its products by other parties. For FYE 2025, the revenue from products marketed under the Eramas Group's in-house brands accounted for 36.90% of its total revenue.

As at the LPD, the Eramas Group has the following registered trademarks:-

Local registered trademarks

No.	Trademark	Registered owner / Trademark no.	Place of registration	Class / Description of trademark	Status / Expiry date
1.	EMMA	Eramas Marketing / 05013327	Malaysia	Class 29 / Coconut milk powder, coconut extract, coconut milk, frozen coconut milk, pasteurized and chilled coconut milk, desiccated coconut (both low fat and high fat) and other edible coconut products; all included in Class 29	Registered / 9 August 2035
2.		Erapoly Global / 2011052991	Malaysia	Class 29 / Edible oils and fats; shortening butter; ghee and margarine; all included in Class 29	Registered / 16 August 2031
3.		Erapoly Global / 2018058211	Malaysia	Class 29 / Milk and milk products, condensed milk, evaporated milk; all included in Class 29	Registered / 19 April 2028
4.		Erapoly Global / 2018058212	Malaysia	Class 29 / Palm oil and fat, kernel oil, edible oil, vegetable oil, coconut milk powder, coconut extract, coconut milk ((UHT), frozen, chilled and pasteurised), desiccated coconut (high and low fat), coconut cream, coconut cream powder, coconut milk for cooking, instant coconut milk-based beverages and coconut oil; all included in Class 29	Registered / 19 April 2028

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

No.	Trademark	Registered owner / Trademark no.	Place of registration	Class / Description of trademark	Status / Expiry date
5.		Erapoly Global / 2011052992	Malaysia	Class 3 / Cleaning, washing and laundry preparations and substances for laundry use; soap powder, soaps; detergent; non-medicated toilet preparations and products; cleaning, polishing, scouring and abrasive preparations; toilet bowl detergents; stain removers; all purpose cleaners included in Class 3	Registered / 16 August 2031
6.		Erapoly Global / 2013053796	Malaysia	Class 29 / Milk and milk products, sweetened condensed milk, dairy creamer, milk powder, evaporated milk; edible fats; all included in Class 29	Registered / 22 April 2033
7.	Instant Goldfarm	Erapoly Global / 2013052946	Malaysia	Class 29 / Milk powder included in Class 29	Registered / 29 March 2033
8.	ISTIMA	Eramas Marketing / 05013328	Malaysia	Class 29 / Coconut milk powder, coconut extract, coconut milk, frozen coconut milk, pasteurized and chilled coconut milk, desiccated coconut (both low fat and high fat) and other edible coconut products; all included in class 29	Registered / 9 August 2035
9.	JUST VEGAN	Erapoly Global / 2017066858	Malaysia	Class 29 / Coconut milk powder; coconut milk for cooking; coconut oil; fruit-based snack bars; coconut butter; coconut cream; coconut fat; coconut flakes; dried coconuts; desiccated coconut; grated coconut; all included in Class 29	Registered / 5 September 2027
10.		Erapoly Global / 2011052993	Malaysia	Class 3 / Cleaning, washing and laundry preparations and substances for laundry use; soap powder, soaps; detergent; non-medicated toilet preparations and products; cleaning, polishing, scouring and abrasive preparations; toilet bowl detergents; stain removers; all purpose cleaners included in Class 3	Registered / 16 August 2031

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

No.	Trademark	Registered owner / Trademark no.	Place of registration	Class / Description of trademark	Status / Expiry date
11.	太子椰 COCOBOY	Erapoly Global / 2015060339	Malaysia	Class 29 / Coconut milk powder, coconut milk for cooking, coconut oil, fruit-based snack bars, all included in Class 29	Registered / 30 June 2035
12.	YENI	Erapoly Global / TM2025016761	Malaysia	Class 29 / Coffee whiteners consisting primarily of dairy products; milk-based beverages; coconut milk for culinary purposes; coconut milk, canned, dried and preserved coconut; coconut milk; coconut, desiccated; coconut cream; coconut milk powder; coconut milk (beverage); fruits, prepared; vegetables, prepared; fruit-based food; vegetable-based food; fruit-based snack foods; vegetable-based snack foods	Registered / 23 May 2035
13		Erapoly Global / TM2020025092	Malaysia	Class 29 / Cooking oil; edible oils and fats; fatty substances for the manufacture of edible fats; blended oil for food; edible vegetable oils; blended vegetable oils; canola oil; coconut oil for food; corn oil; grapeseed oil for food; nut oils; rapeseed oil; rice bran oil; soya bean oil for food; palm kernel oil for food; palm oil for food; peanut oil; sesame oil; sunflower oil	Registered / 27 October 2030

Note:-

(1) The trademark YENI is intended for use in marketing the Eramas Group's products in the future.

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)**Foreign registered trademarks**

No.	Trademark	Registered owner / Trademark no.	Place of registration	Class / Description of trademark	Status / Expiry date
1.		Erapoly Global / 35929716	People's Republic of China	Class 29 / Coconut flour; coconut shreds; dehydrated coconut; coconut milk; coconut milk for cooking; coconut milk-based beverages and edible coconut oil	Registered / 20 February 2030
2.		Erapoly Global / 49564	Brunei	Class 29 / Coconut milk powder, coconut extract, coconut milk (UHT), frozen, chilled and pasteurised), desiccated coconut (high and low fat), coconut paste, coconut cream powder; coconut milk for cooking, instant coconut beverage and coconut oil	Registered / 6 February 2028
3.		Erapoly Global / 74257	Jamaica	Class 29 / Coconut milk powder, coconut extract, coconut milk (UHT), frozen, chilled and pasteurised, desiccated coconut (high and low fat), coconut paste, coconut cream powder, coconut milk for cooking and coconut oil	Registered / 25 January 2028
4.		Erapoly Global / 401441816	Republic of Korea	Class 29 / Coconut milk powder, coconut extract for processed food, coconut milk ((UHT), frozen, chilled and pasteurised), desiccated coconut (high and low fat), coconut paste, coconut cream powder for food, coconut milk for cooking, instant coconut milk-based beverages, coconut oil for food	Registered / 29 January 2029
5.	EMMA	Erapoly Global / 42024510900	Philippines	Class 29 / Coffee whiteners consisting primarily of dairy products; milk-based beverages; coconut milk for culinary purposes; coconut milk, canned, dried and preserved coconut; coconut milk; coconut, desiccated; coconut cream; coconut milk powder; coconut milk beverage; fruits, prepared; vegetables, prepared; fruit-based food; vegetable-based food; fruit-based snack foods; vegetable-based snack foods	Registered / 13 June 2034

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

No.	Trademark	Registered owner / Trademark no.	Place of registration	Class / Description of trademark	Status / Expiry date
6.		Erapoly Global / 1439014012	Saudi Arabia	Class 29 / Meat, fish, poultry and game, meat extracts, preserved, dried and cooked fruits and vegetables, jellies, jams, fruit sauce, eggs, milk and milk products, edible oils and fats	Registered / 18 November 2027
7.		Erapoly Global / 40201801683P	Singapore	Class 29 / Coconut milk powder, coconut extract, coconut milk (ultra-high temperature processing, frozen, chilled and pasteurised), desiccated coconut (high and low fat), coconut paste, coconut cream powder; coconut milk for cooking, instant coconut milk-based beverage and coconut oil	Registered / 26 January 2028
8.		Erapoly Global / 01993126	Taiwan	Class 29 / Coconut milk-based beverage, coconut milk for cooking, coconut powder, coconut oil for cooking, coconut oil, cooking oil	Registered / 15 June 2029
9.		Erapoly Global / 73297517	People's Republic of China	Class 30 / Soy sauce; condiments; seasoning sauces; food condiments other than essential oils; condiments; salad condiments; miso (condiments); edible smoked spices; seasoned sauces	Registered / 6 April 2034
10.		Erapoly Global / 72905363	People's Republic of China	Class 32 / Whey drinks; protein-rich sports drinks; plant drinks; coconut juice (beverages); coconut water; non-alcoholic drinks containing coconut granules; non-alcoholic drinks for athletes to supplement energy; energy drinks (non-alcoholic); bottled water (drink); sports energy drink	Registered / 20 January 2034
11.		Erapoly Global / 201105034	Thailand	Class 29 / Coconut milk powder, coconut extract, coconut milk ((UHT), frozen, chilled and pasteurised), desiccated coconut (high and low fat), coconut paste, coconut cream powder; coconut milk for cooking, instant coconut beverage and coconut oil	Registered / 4 March 2028

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

No.	Trademark	Registered owner / Trademark no.	Place of registration	Class / Description of trademark	Status / Expiry date
12.		Erapoly Global / IDM000713850	Indonesia	Class 29 / Coconut milk powder, coconut extract, coconut milk ((UHT), frozen, chilled and pasteurised), desiccated coconut (high and low fat), coconut paste, coconut cream powder; coconut milk for cooking, instant coconut beverage and coconut oil	Registered / 23 February 2028
13.		Erapoly Global / 3754480	India	Class 29 / Coconut milk powder, coconut extract, coconut milk ((UHT), frozen, chilled and pasteurised), desiccated coconut (high and low fat), coconut paste, coconut cream powder; coconut milk for cooking, instant coconut beverage and coconut oil	Registered / 15 February 2028
14.	EMMA	Erapoly Global / IDM001162684	Indonesia	Class 29 / Coconut milk powder, coconut extract, coconut milk ((UHT), frozen, chilled and pasteurised), desiccated coconut (high and low fat), coconut paste, coconut cream powder; coconut milk for cooking, instant coconut beverage and coconut oil	Registered / 19 May 2033
15.		Erapoly Global / 29394262	People's Republic of China	Class 29 / Coconut milk-based beverage, coconut milk for cooking, coconut powder, coconut oil for cooking, coconut oil, cooking oil	Registered / 6 February 2029
16.	MEDETOP	Erapoly Global / 20702416	People's Republic of China	Class 29 / Coconut cream; coconut fat; coconut oil; fruit-based snack bars; dried coconuts; fruit slices; soy milk (milk alternative); milk and milk powder	Registered / 13 September 2027
17.	MEDETOP	Erapoly Global / IDM000623558	Indonesia	Class 29 / Coconut milk powder; coconut milk for cooking; coconut oil; fruit-based snack bars; coconut butter; coconut cream; coconut fat; coconut flakes; dried coconuts; desiccated coconut; grated coconut	Registered / 28 November 2026

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

No.	Trademark	Registered owner / Trademark no.	Place of registration	Class / Description of trademark	Status / Expiry date
18.	MEDETOP	Erapoly Global / 40201619955S	Singapore	Class 29 / Coconut milk powder; coconut milk for cooking; coconut oil; fruit-based snack bars; coconut butter; coconut cream; coconut fat; coconut flakes; dried coconuts; desiccated coconut; grated coconut	Registered / 21 November 2026
19.	MEDETOP	Erapoly Global / 4-0375158-000	Vietnam	Class 29 / Coconut milk powder; coconut milk for cooking; coconut oil; fruit-based snack bars; coconut butter; coconut cream; coconut fat; coconut flakes; dried coconuts; desiccated coconut; grated coconut	Registered / 4 December 2028
20.	MEDETOP	Erapoly Global / 20702417	People's Republic of China	Class 35 / Import-export agency services; auction services; promoting the goods and services of others; marketing services; presentation of financial products on communication media, for retail purposes; advertisement and presentation of products to the public	Registered / 6 June 2028
21.	MEDETOP	Erapoly Global / 01844315	Taiwan	Class 29 / Edible oils; edible oils and fats; vegetable oil; coconut oil; coconut fat; vegetable oil for cooking; coconut oil and fat; coconut milk powder; coconut powder; dried fruits; candied fruits; canned fruits; fruits in preserved form and processed fruit	Registered / 31 May 2027

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

No.	Trademark	Registered owner / Trademark no.	Place of registration	Class / Description of trademark	Status / Expiry date
22.	MEDETOP	Erapoly Global / 01844886	Taiwan	Class 35 / Retail and wholesale services relating to agricultural products; retail and wholesale services relating to beverages; retail and wholesale services relating to coconut oil; retail and wholesale services relating to coconut milk; retail and wholesale services relating to preserved fruits; import-export agency services; providing consumer product advice; advertisement; presentation of goods on communication media, for retail purposes; presentation of goods on communication media, for retail purposes; product demonstration; distribution of samples; business advice and consultancy relating to franchising; providing commercial information; marketing consultancy; business management consultancy and business administration assistance	Registered / 31 May 2027
23.	MEDETOP	Erapoly Global / 160116640	Thailand	Class 29 / Coconut milk powder; coconut milk for cooking; coconut oil; fruit-based snack bars; coconut butter; coconut cream; coconut fat; coconut flakes; dried coconuts; desiccated coconut; grated coconut	Registered / 28 November 2026
24.	秘之島	Erapoly Global / 20485665	People's Republic of China	Class 5 / Medical food supplement; mineral dietary supplements; nutritional supplements; enzyme dietary supplements; glucose supplements; lechithin supplements; casein supplements; protein supplements; vitamin preparations; fibre supplements	Registered / 20 August 2027
25.	秘之島	Erapoly Global / 20485664	People's Republic of China	Class 29 / Coconut fat; coconut grease; coconut oil; fruit-based snack; fruit-vegetable-based snack; dried coconuts; fruit slices; soy milk; milk; milk powder	Registered / 20 August 2027

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

No.	Trademark	Registered owner / Trademark no.	Place of registration	Class / Description of trademark	Status / Expiry date
26.	秘之島	Erapoly Global / 20485663	People's Republic of China	Class 35 / Business management assistance, import and export agency, auction, selling for others, marketing, provide business information and advice to consumers (consumer advice agency), display products on communication media for retail purposes, advertisement, exhibition of goods, commercial management of franchising	Registered / 20 August 2027
27.	秘之島	Erapoly Global / 01844314	Taiwan	Class 29 / Edible oil; edible grease; vegetable oil; coconut oil; coconut fat; vegetable oil for cooking; coconut grease; coconut milk powder; coconut powder; coconut milk; dried fruit and vegetable; dehydrated fruit and vegetable; conserved fruit and vegetable; fruit can; preserved fruit; processed fruit	Registered / 31 May 2027
28.	秘之島	Erapoly Global / 01844885	Taiwan	Class 35 / Retail and wholesale services relating to agricultural products; retail and wholesale services relating to beverages; retail and wholesale services relating to coconut oil; retail and wholesale services relating to coconut milk; retail and wholesale services relating to preserved fruits; import-export agency services; providing consumer product advice; advertisement; presentation of goods on communication media, for retail purposes; presentation of goods on communication media, for retail purposes; product demonstration; distribution of samples; business advice and consultancy relating to franchising; providing commercial information; marketing consultancy; business management consultancy and business administration assistance	Registered / 31 May 2027

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

No.	Trademark	Registered owner / Trademark no.	Place of registration	Class / Description of trademark	Status / Expiry date
29.	迷人格	Erapoly Global / 27092051	People's Republic of China	Class 29 / Fruit slices, dehydrated coconut, coconut milk for cooking, vegetable butter, fruit based snacks and snacks, coconut oil, cream (dairy products), coconut butter, dried fruit, coconut oil, coconut paste, coconut powder	Registered / 6 October 2028
30.	MYRACLE	Erapoly Global / 27069335	People's Republic of China	Class 29 / Cream (dairy products), vegetable butter	Registered / 27 January 2029
31.	太子椰 COCOBOY	Erapoly Global / 17361023	People's Republic of China	Class 29 / Coconut oils and fats; coconut fat; coconut oil; fruit-based snack; vegetable-based snack	Registered / 6 September 2026
32.		Erapoly Global / 01971087	Taiwan	Class 29 / Coconut powder, coconut milk powder; coconut milk for cooking, virgin coconut oil, coconut oil, cooking oil, milk powder, dried fruits and vegetables	Registered / 15 February 2029
33.		Erapoly Global / 4-0370888-000	Vietnam	Class 29 / Coconut milk powder; coconut milk (UHT); coconut milk (frozen); desiccated coconut; coconut milk-based instant beverage; coconut water for culinary purpose	Registered / 2 July 2028
34.		Erapoly Global / 22732114	People's Republic of China	Class 3 / Soap essence	Registered / 20 April 2028
35.		Erapoly Global / 053950	Brunei	Class 29 / Sweetened condensed milk; evaporated milk; cooking oil; coconut milk; coconut milk powder; coconut milk based beverages; coconut cream powder; coconut cream; desiccated coconut	Registered / 4 January 2034

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

No.	Trademark	Registered owner / Trademark no.	Place of registration	Class / Description of trademark	Status / Expiry date
36.	伊玛	Erapoly Global / 71850388	People's Republic of China	Class 29 / Fruit-based snack foods, desiccated coconut, fruit and vegetable-based snack foods, plant-based milk substitutes, soy milk as a milk substitute, milk powder, milk, non-dairy creamer, coconut oil, and coconut fat	Registered / 6 July 2035

As at the LPD, the Eramas Group has the following trademarks which are pending registration:-

No.	Trademark	Name of applicant / Application no.	Place of application	Class / Description of trademark	Status / Application date
1.	EMMA	Eramas Marketing / 99796663	US	Class 29 / Coconut milk powder; coconut milk; desiccated coconut.	Awaiting examination ⁽¹⁾ / 30 April 2026
2.		Erapoly Global / TM2026006362	Malaysia	Class 29 / Milk and milk products, condensed milk, evaporated milk	Under substantive examination ⁽²⁾ / 25 February 2026

Notes:-

- (1) The expected timeframe for registration of this trademark is 11 months from the date of application.
 (2) The expected timeframe for registration of this trademark is 9 months from the date of application.

BUSINESS OVERVIEW OF THE ERAMAS GROUP *(cont'd)*

25. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRACTICES**25.1 SCGM Group**

Following the completion of the Disposal of LSSPI on 31 August 2022, our Group does not have any business operations and hence, there are no available data or performance indicators for our Group's environmental and social practices.

Despite having no business operations, our Group remains committed to upholding strong governance practices. Our Group continues to maintain a board of directors responsible for overseeing corporate governance matters and ensuring compliance with regulatory requirements. As at the LPD, our Group has adopted most of the recommendations of the MCCG (save as disclosed in Section 5, Appendix II(A) of this Circular which will be applied accordingly moving forward).

In addition, our Group remains vigilant in assessing and addressing corruption-related risks to uphold the highest standards of integrity as well as data privacy protection.

25.2 Eramas Group**(i) Environmental**

The Eramas Group is dedicated to reducing the carbon footprint of its manufacturing operations to ensure environmental sustainability. The Eramas Group will install electric vehicle charging stations in its existing manufacturing facility to support low-carbon transportation by encouraging the use of electric vehicles. Its manufacturing processes generate waste, including wastewater and used / spoilt packing materials. The Eramas Group manages its waste by treating wastewater in its on-site treatment plant and segregating used / spoilt packing materials for recycling. Additionally, the proposed new warehouse to be constructed will incorporate environmentally friendly features, such as a rainwater conservation area for general cleaning and rooftop solar systems to harness sunlight for electricity, further reducing reliance on coal-generated energy.

(ii) Social

The Eramas Group is committed to acting responsibly toward all stakeholders in its business operations, as well as the community in which it operates. The Eramas Group ensures that its products meet the quality standards expected by customers. This is achieved by collaborating with suppliers who hold the necessary certifications in quality and food safety to ensure that the products pose no health or safety threats.

The safety, health, and welfare of employees are top priorities. The Eramas Group maintains a conducive and safe workplace by implementing standard operating procedures based on its occupational safety and health policy, which aims to protect employees from risks arising during operational processes.

Additionally, the Eramas Group has undertaken various corporate social responsibility initiatives which include participating in agricultural training programs for indigenous communities in Pahang, enabling them to generate income from coconut farming.

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)**(iii) Governance**

The Eramas Group is committed to conducting its business ethically and in compliance with all relevant laws and regulations.

Additionally, the Eramas Group maintains a zero-tolerance policy towards bribery and has implemented policies and procedures to ensure compliance with the Malaysian Anti-Corruption Commission Act, 2009 and its subsequent amendments. It has also established a risk management framework to monitor risks associated with the Eramas Group's business. Furthermore, it has instituted a whistleblowing policy and a privacy policy to promote fairness and integrity in all its business dealings.

26. REGULATORY REQUIREMENTS AND ENVIRONMENTAL ISSUES

The following is an overview of the laws, regulations, rules or requirements governing the conduct of the Eramas Group's business in Malaysia and environmental issues which may materially affect the Eramas Group's business or operations:-

(i) Industrial Co-ordination Act 1975

The Industrial Co-ordination Act 1975 provides for the co-ordination and orderly development of manufacturing activities in Malaysia, for the establishment of an Industrial Advisory Council and for other matters connected therewith or incidental thereto.

Pursuant to Section 3(1) of the Industrial Co-ordination Act 1975, no person shall engage in any manufacturing activity unless he is issued a license in respect of such manufacturing activity. The Industrial Co-ordination Act 1975 defines "manufacturing activity" as the "making, altering, blending, ornamenting, finishing or otherwise treating or adapting any article or substance with a view to its use, sale, transport, delivery or disposal and includes the assembly of parts and ship repairing but shall not include any activity normally associated with retail or wholesale trade".

Any person engaging in any manufacturing activity with a shareholders' fund of RM2,500,000 and above or employing 75 or more full-time paid employees are required to apply for a manufacturing license.

Failure to comply constitutes an offence and such person shall, on conviction, be liable to a fine not exceeding RM2,000 or to a term of imprisonment not exceeding 6 months and to a further fine not exceeding RM1,000 for every day during which such default continues.

As at the LPD, the Eramas Group holds and maintains valid manufacturing license issued by the MITI. Please refer to Section 23, Appendix III(B) of this Circular for the details of the manufacturing license.

As announced by the MITI in February 2025, the Industrial Co-ordination Act 1975 is planned to be replaced by the Industrial Development Bill 2025 (not yet enacted), intended to simplify business process for manufacturers that fulfill requirements to obtain manufacturing licenses and manufacturing status, and to ensure the resilience of supply chain. The new Industrial Development Bill 2025 intends to use the issuance of manufacturing license and manufacturing status, as well as the once-every-three-year validation, as a mechanism to keep track of local manufacturing activities and build a resilient local supply chain.

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

(ii) Food Act 1983, Food Regulations 1985 and Food Hygiene Regulations 2009

The Food Act 1983 and Food Regulations 1985 are laws governing the food safety and quality control including standards, hygiene, import and export, advertisement and accreditation of laboratories. The objective is to protect the public against health hazards and fraud in the preparation, sale and use of food, and for other related matters.

Section 15 of the Food Act 1983 provides that where a standard has been prescribed for any food, any person who prepares, packages, labels or advertises any food which does not comply with that standard, in such a manner that it is likely to be mistaken for food of the prescribed standard, commits an offence and is liable on conviction to imprisonment for a term not exceeding 3 years or to fine or to both.

Regulations 9 to 18F of the Food Regulations 1985 set out the regulations on labelling of food packaging that have to be adhered to. Regulation 397 of the Food Regulations 1985 provides that any person who contravenes or fails to comply with any provisions of the Food Regulations 1985 commits an offence and any person who commits an offence against the Food Regulations 1985 for which no penalty is provided by the Food Act 1983 shall, on conviction, be liable to a fine not exceeding RM10,000 or imprisonment for a term not exceeding 2 years.

The Food Hygiene Regulations 2009 governs and controls the hygiene and safety of food sold in Malaysia. The objectives are to ensure food premises are hygienic and satisfactory in terms of design and building, ensure food handlers maintain personal hygiene and avoid practices that can contaminate food, and, amongst others, to provide for requirements of mandatory food safety assurance programmes in food manufacturing factories. The legislation applies to all food premises including any building, tent or structure in Malaysia.

Regulation 3 of the Food Hygiene Regulations 2009 requires all the following food premises to be registered, the non-compliance of which shall be an offence punishable with a fine not exceeding RM10,000 or imprisonment not exceeding 2 years:-

- (a) all food premises involved in manufacturing of food;
- (b) all food premises involved in food catering;
- (c) all premises where food is prepared, processed, kept and served for sale; and
- (d) all vehicles where food ready for consumption is sold.

As at the LPD, the Eramas Group holds and maintains (i) MeSTI certificate issued by the MOH, (ii) certificate of registration for food premises (food premises involved in manufacturing of food) issued by the MOH, (iii) HACCP certificate issued by LRQA Malaysia Sdn Bhd and (iv) FSSC 22000 certificate issued by LRQA Limited. Please refer to Section 23, Appendix III(B) of this Circular for the details of the certificates.

BUSINESS OVERVIEW OF THE ERAMAS GROUP *(cont'd)***(iii) Malaysian Palm Oil Board Act 1998**

The Malaysian Palm Oil Board Act 1998 empowers the MPOB to govern and regulate every aspect of palm oil business. The Malaysian Palm Oil Board Act 1998 emphasises on the composition and the powers of the MPOB. The establishment of the MPOB is to promote and develop the oil palm industry of Malaysia and to develop national objectives, policies and priorities for the orderly development and administration of the oil palm industry of Malaysia.

The MPOB is responsible for, amongst others, regulating, registering, coordinating and promoting all activities relating to planting, supply, sale, purchase, distribution, movement, storage, surveying, testing, inspecting, brokering, export and import of oil palm products, and the milling of oil palm fruit.

A person who is guilty of an offence under the Malaysian Palm Oil Board Act 1998 for which no penalty is expressly provided shall, on conviction, be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding 2 years, or to both.

As at the LPD, the Eramas Group is in compliance with the relevant provisions under the Malaysian Palm Oil Board Act 1998.

(iv) MPOB (Licensing) Regulations 2005

The MPOB (Licensing) Regulations 2005 regulates the palm oil licensed activities.

Pursuant to Regulation 5(1) of the MPOB (Licensing) Regulations 2005, no person shall, unless he is a holder of an appropriate license issued under the MPOB (Licensing) Regulations 2005, amongst others:-

- (a) sell or move oil palm planting material, oil palm fruit, palm oil, palm kernel, palm fatty acids or palm oleochemicals;
- (b) purchase oil palm fruit, palm oil, palm kernel or palm fatty acids;
- (c) store oil palm planting material, palm oil, palm kernel, palm kernel cake, palm fatty acids or palm oleochemicals; or
- (d) export oil palm planting material, oil palm fruit, palm oil, palm kernel, palm kernel cake, palm fatty acids or palm oleochemicals.

Any person who contravenes Regulation 5(1) of the MPOB (Licensing) Regulations 2005 commits an offence and shall be liable on conviction to a fine not exceeding RM200,000 or to imprisonment for a term not exceeding 3 years, or to both.

As at the LPD, the Eramas Group holds and maintains the requisite licenses issued by the MPOB to carry out the regulated activities. Please refer to Section 23, Appendix III(B) of this Circular for the details of the licenses. For information purposes, the Eramas Group had an instance of late renewal of license with the MPOB in 2009. It was the first renewal of license with the MPOB. The non-compliance arose purely due to administrative oversight. The past non-compliance had been rectified with a minimal late renewal penalty of RM36 being imposed and paid. The late renewal of license with the MPOB did not have and is not expected to have a material impact to the business operations or financial performance of the Eramas Group in view that the late renewal penalty had been paid. In order to prevent similar non-compliance, the Eramas Group had assigned personnel to monitor expiry of licenses and to renew the licenses accordingly.

BUSINESS OVERVIEW OF THE ERAMAS GROUP *(cont'd)*

(v) MPOB (Quality) Regulations 2005

The purpose of the MPOB (Quality) Regulations 2005 is to control and determine the quality of all activities in the palm oil industry. This includes, amongst others:-

- (a) production and management of oil palm planting material;
- (b) grading and milling of oil palm fruit;
- (c) processing, storing, transferring, handling and transporting of oil palm products; and
- (d) the testing, examining and analysing of oil palm products.

Quality declaration for the export, consignment or import of palm oil products shall be made to the MPOB to determine whether such products conform to the type and quality of palm oil products which may be sold. A person who fails to comply with such requirement commits an offence and shall, on conviction, be liable to a fine not exceeding RM200,000 or to imprisonment for a term not exceeding 2 years, or to both.

As at the LPD, the Eramas Group is in compliance with the MPOB (Quality) Regulations 2005.

(vi) MPOB (Compounding of Offences) Regulations 2005

Under the MPOB (Compounding of Offences) Regulations 2005, all offences committed under the Malaysian Palm Oil Board Act 1998 and regulations enacted under the Malaysian Palm Oil Board Act 1998 that are specified in this regulation, may be compounded by the Director General of MPOB.

(vii) Customs Act 1967, Customs (Prohibition of Exports) Order 2023 and Customs (Prohibition of Imports) Order 2023

The Customs Act 1967 governs, amongst others, importation and exportation and other custom-related matters.

Pursuant to Section 31(1) of the Customs Act 1967, the Minister charged with the responsibility for finance may, by order:-

- (a) prohibit the importation into, or the exportation from Malaysia or any part thereof, either absolutely or conditionally, or from or to any specified country, territory or place outside Malaysia, or the removal from one place to another place in Malaysia of any goods or class of goods; and
- (b) prohibit the importation into, or exportation from, Malaysia or any part thereof, or removal from one place to another place in Malaysia of any goods or class of goods, except at specified ports or places.

BUSINESS OVERVIEW OF THE ERAMAS GROUP *(cont'd)*

Order 3 of the Customs (Prohibition of Exports) Order 2023 provides that the exportation of goods specified in columns (2) and (3) of the Second Schedule of the Customs (Prohibition of Exports) Order 2023 is prohibited, except under an export license issued by the Director General of Customs and Excise, the proper officer of customs appointed by the Director General of Customs and Excise to act on his behalf at the ministry, department or statutory body specified in column (5) of the Second Schedule of the Customs (Prohibition of Exports) Order 2023, or the ministry, department or statutory body specified in column (5) of the Second Schedule of the Customs (Prohibition of Exports) Order 2023, and subject to such conditions specified in the export license.

Order 7 of the Customs (Prohibition of Imports) Order 2023 provides that the importation into Malaysia of goods specified in columns (2) and (3) of Part I of the Third Schedule of the Customs (Prohibition of Imports) Order 2023, originating from the countries specified in column (4) of Part I of the Third Schedule of the Customs (Prohibition of Imports) Order 2023 is prohibited, except in the manner provided for in column (5) of Part I of the Third Schedule of the Customs (Prohibition of Imports) Order 2023.

Section 138 of the Customs Act 1967 provides that, every omission or neglect to comply with, and every act done or attempted to be done contrary to, the provisions of the Customs Act 1967, or any breach of the conditions and restrictions subject to, or upon which, any license or permit is issued or any exemption is granted under the Customs Act 1967, shall be an offence against the Customs Act 1967 and in respect of any such offence for which no penalty is expressly provided the offender shall be liable to a fine of not exceeding RM50,000 or imprisonment for a term not exceeding 5 years or both.

As at the LPD, the Eramas Group is in compliance with the Customs Act 1967, Customs (Prohibition of Exports) Order 2023 and Customs (Prohibition of Imports) Order 2023.

(viii) Trade Descriptions Act 2011, Trade Descriptions (Definition of Halal) Order 2011 and Trade Descriptions (Certification and Marking of Halal) Order 2011

The Trade Descriptions Act 2011 is an act for the purpose of promoting good trade practices by prohibiting false trade descriptions and false or misleading statements, conduct and practices in relation to the supply of goods and services, and by prohibiting, restricting or otherwise regulating or controlling the use of any statement, expression or indication which is likely to discriminate or boycott any product or goods or to discourage, forbid, hinder or influence any person from using or consuming any product or goods in the course of trade or business, and to provide for matters connected therewith or incidental thereto.

Section 5 of the Trade Descriptions Act 2011 provides that any person who:-

- (a) applies a false trade description to any goods;
- (b) supplies or offers to supply any goods to which a false trade description is applied; or
- (c) exposes for supply or has in his possession, custody or control for supply any goods to which a false trade description is applied,

commits an offence and shall, on conviction, be liable, if such person is a body corporate, to a fine not exceeding RM250,000, and for a second or subsequent offence, to a fine not exceeding RM500,000.

BUSINESS OVERVIEW OF THE ERAMAS GROUP *(cont'd)*

Section 16 of the Trade Descriptions Act 2011 provides that no person shall make any false representation by any means, whether direct or indirect, that any goods or services supplied by him or any methods adopted by him are of a kind supplied to or approved by any person including any government or government department or agency or any international body or agency whether in Malaysia or abroad. Any person who contravenes Section 16 commits an offence and shall on conviction, be liable, if such person is a body corporate, to a fine not exceeding RM500,000 and for a second or subsequent offence, to a fine not exceeding RM1,000,000.

Under the Trade Descriptions (Definition of Halal) Order 2011 and Trade Descriptions (Certification and Marking of Halal) Order 2011, which form part of the Trade Descriptions Act 2011, JAKIM is authorised to certify any food, goods or services as "Halal". Halal certificates issued by JAKIM show that a product is qualified to be consumed by Muslims, which means that the food or goods does not contain any harmful or any part of matter that was forbidden by the Shariah law.

Pursuant to Regulation 5 of the Trade Descriptions (Definition of Halal) Order 2011, any person who is guilty of an offence under Trade Descriptions (Definition of Halal) Order 2011 shall, on conviction, be liable, if such person is a body corporate, to a fine not exceeding RM5,000,000 and for a second or subsequent offence, to a fine not exceeding RM10,000,000.

Pursuant to Regulation 8 of the Trade Descriptions (Certification and Marking of Halal) Order 2011, any person who:-

- (a) certifies that any food, goods or services in relation to the food or goods is halal; or
- (b) supplies or offers to supply any food, goods or services in relation to the food or goods,

in contravention of Trade Descriptions (Certification and Marking of Halal) Order 2011, commits an offence and shall, on conviction, be liable, if such person is a body corporate, to a fine not exceeding RM200,000, and for a second or subsequent offence, to a fine not exceeding RM500,000.

As at the LPD, the Eramas Group is in compliance with the relevant provisions under the Trade Descriptions Act 2011, Trade Descriptions (Definition of Halal) Order 2011 and Trade Descriptions (Certification and Marking of Halal) Order 2011. The Eramas Group has obtained Halal authentication certifications. Please refer to Section 23, Appendix III(B) of this Circular for the details of the certificates.

(ix) Local Government Act 1976

The Local Government Act 1976 empowers every local authority to grant license or permit for any trade, occupation or premise through by-laws. Pursuant to Section 107(2) of the Local Government Act 1976, every license or permit granted shall be subject to such conditions and restrictions as the local authority may think fit and shall be revocable by the local authority at any time without assigning any reason therefor.

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

The Eramas Group's business operations fall under the jurisdiction of the following councils:-

Seremban City Council

The relevant by-laws would be the Trades, Businesses and Industries (Seremban Municipal Council) By Laws 1996 and the Advertisement (Seremban Municipal Council) By-Laws 1980.

By-Law 3(1) of the Trades, Businesses and Industries (Seremban Municipal Council) By Laws 1996 provides that no person shall deal in any form of trade, business or industry in any place or premises within the Seremban Municipal Council area unless he is licensed to do so by the Seremban Municipal Council.

By-Law 24 of the Trades, Businesses and Industries (Seremban Municipal Council) By Laws 1996 provides that any person who contravenes the provisions of the by-laws is guilty of an offence and is liable on conviction to a fine not exceeding RM2,000 or imprisonment for a term not exceeding 1 year or both and an additional penalty of RM200 for every day during which the offence is continued after conviction.

By-Law 5(1) of the Advertisement (Seremban Municipal Council) By-Laws 1980 provides that no person shall exhibit or cause to be exhibited any advertisement other than those exempted under By-Law 10 without a license issued by the President of Seremban Municipal Council.

By-Law 15 of the Advertisement (Seremban Municipal Council) By-Laws 1980 provides that any person who contravenes any of the provisions under the by-laws or any condition in a license, notice or order of the President of Seremban Municipal Council, shall be guilty of an offence and shall on conviction be liable to a fine not exceeding RM2,000 or to a term of imprisonment not exceeding 1 year or to both.

As at the LPD, the Eramas Group holds and maintains a valid business premise and signboard license issued by the Seremban City Council⁽¹⁾ for Lot 34719 Enstek. Please refer to Section 23, Appendix III(B) of this Circular for the details of the business premise and signboard license.

Note:-

- (1) The Seremban Municipal Council and Nilai Municipal Council were combined and declared as Seremban City Council from 1 January 2020.

Kajang Municipal Council

The relevant by-laws would be the Licensing of Trades, Businesses and Industries (Kajang Municipal Council) By-Laws 2007 and the Advertisement (Kajang Municipal Council) By-Laws 2007.

By-Law 3 of the Licensing of Trades, Businesses and Industries (Kajang Municipal Council) By-Laws 2007 provides that no person shall operate any activity of trade, business and industry or use any place or premise in the local area of the council for any activity of trade, business and industry without a license issued by the licensing authority pursuant to the by-laws.

By-Law 47 of the Licensing of Trades, Businesses and Industries (Kajang Municipal Council) By-Laws 2007 provides that any person who contravenes any provisions under the by-laws commits an offence and shall, on conviction be liable to a fine not exceeding RM2,000 or to imprisonment for a term not exceeding 1 year or to both and in the case of a continuing offence to a fine not exceeding RM200 for each day during which such offence is continued after conviction.

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

By-Law 7 of the Advertisement (Kajang Municipal Council) By-Laws 2007 provides that no person shall exhibit any advertisement without a license issued by the licensing authority under the by-laws.

By-Law 37 of the Advertisement (Kajang Municipal Council) By-Laws 2007 provides that any person who contravenes any of the provisions under the by-laws shall be guilty of an offence and shall upon conviction be liable to a fine not exceeding RM2,000 or to imprisonment for a term not exceeding 1 year or both such fine and imprisonment and in the case of a continuing offence to a fine not exceeding RM200 for each day during which such offence is continued after conviction.

As at the LPD, the Eramas Group holds and maintains valid business premise and signboard licenses issued by the Kajang Municipal Council for Lot 4089 Kajang. Please refer to Section 23, Appendix III(B) of this Circular for the details of the business premise and signboard licenses.

(x) Employment Act 1955 and Employment (Limitation of Overtime Work) Regulations 1980

The Employment Act 1955 regulates all labour related matters including contracts of service, payment of wages, employment of women, maternity protection, rest days, hours of work, holidays, termination, lay-off and retirement benefits, employment of foreign employees and keeping of registers of employees.

Pursuant to Section 60A(7) of the Employment Act 1955, no employer shall require any employee under any circumstances to work for more than 12 hours in any one day, except in circumstances described in Section 60A(2)(a) to (e) of the Employment Act 1955, namely:-

- (a) accident, actual or threatened, in or with respect to the employee's place of work;
- (b) work, the performance of which is essential to the life of the community;
- (c) work essential for the defence or security of Malaysia;
- (d) urgent work to be done to machinery or plant; or
- (e) an interruption of work which it was impossible to foresee.

Regulation 2 of the Employment (Limitation of Overtime Work) Regulations 1980 states that the limit of overtime work for the purpose of Section 60A(4)(a) of the Employment Act 1955 shall be a total of 104 hours in any 1 month.

Pursuant to Section 99A of the Employment Act 1955, any person who commits any offence under, or contravenes any provision of the Employment Act 1955, or any regulations, order or other subsidiary legislation whatsoever made thereunder, in respect of which no penalty is provided, shall be liable, on conviction, to a fine not exceeding RM50,000.

As at the LPD, the Eramas Group is in compliance with the Employment Act 1955 and Employment (Limitation of Overtime Work) Regulations 1980.

BUSINESS OVERVIEW OF THE ERAMAS GROUP *(cont'd)*

(xi) Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990

The Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 prescribes the minimum standards of housing for employees and centralised accommodations, requirement for employers to provide health, hospital, medical and social amenities and all matters incidental thereto.

Pursuant to Section 24D(1) of the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990, no accommodation shall be provided to an employee unless certified with a Certificate for Accommodation. An employer who contravenes this provision commits an offence and shall, on conviction, be liable to a fine not exceeding RM50,000.

Pursuant to Section 33 of the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990, any employer who contravenes any other provision of the act or any regulation made thereunder or who fails to carry out any order made by the Director General of Labour commits an offence under such provision, and if no penalty is expressly provided for the offence shall, on conviction, be liable to a fine not exceeding RM50,000 and to a further fine not exceeding RM1,000 a day for each day during which the offence continues.

As at the LPD, the Eramas Group rents accommodation space within a centralised labour quarters for its foreign workers' accommodation. Further information of the premise is set out in Section 22.2, Appendix III(B) of this Circular. The centralised labour quarters is certified with a Certificate for Accommodation.

As at the LPD, the Eramas Group is in compliance with the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990.

(xii) Immigration Act 1959/63

The Immigration Act 1959/63 regulates matters relating to immigration in Malaysia where it provides that no person other than a citizen shall enter Malaysia unless he is in possession of a valid entry permit, his name is endorsed upon the said valid entry permit and he is in the company of the holder of the said entry permit or he is in possession of a valid pass lawfully issued to him to enter Malaysia or exemption is granted to him pursuant to the Immigration Act 1959/63.

Pursuant to Section 55B(1) of the Immigration Act 1959/63, any person who employs one or more persons, other than a citizen or a holder of an entry permit who is not in possession of a valid pass to enter Malaysia shall be guilty of an offence and shall, on conviction, be liable to a fine of not less than RM10,000 but not more than RM50,000 or to imprisonment for a term not exceeding 12 months or to both for each of such employee.

Pursuant to Section 55B(3) of the Immigration Act 1959/63, where it is proved to the satisfaction of the court that a person has at the same time employed more than 5 employees who are not in possession of a valid pass, that person shall, on conviction be liable to imprisonment for a term of not less than 6 months but not more than 5 years and shall also be liable to whipping of not more than 6 strokes.

BUSINESS OVERVIEW OF THE ERAMAS GROUP *(cont'd)*

Where the offender is a body corporate, any person who at the time of the commission of the offence was a member of the board of directors, a manager, a secretary or a person holding an office or a position similar to that of a manager or secretary of the body corporate shall be guilty of that offence and shall be liable to the same punishment as mentioned above.

As at the LPD, all foreign employees of the Eramas Group have valid and subsisting working permits.

(xiii) Occupational Safety and Health Act 1994 and Occupational Safety and Health (Plant Requiring Certificate of Fitness) Regulations 2024

The Occupational Safety and Health Act 1994 regulates the safety, health and welfare of persons at work, for protecting others against risks to safety or health in connection with the activities of persons at work, as well as to establish the National Council for Occupational Safety and Health and for matters connected therewith.

General safety and health policy

Pursuant to Section 16 of the Occupational Safety and Health Act 1994, it shall be the duty of every employer to prepare and as often as may be appropriate revise a written statement of his general policy with respect to the safety and health at work of his employees and the organisation and arrangements for the time being in force for carrying out that policy, and to bring the statement and any revision of it to the notice of all of his employees. An employer who contravenes this provision shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM500,000 or to imprisonment for a term not exceeding 2 years or to both.

Section 29(2) of the Occupational Safety and Health Act 1994 requires an occupier of a place of work to employ a competent person to act as a safety and health officer at the place of work. An occupier who contravenes the provisions of this section shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM50,000 or to a term of imprisonment not exceeding 6 months or to both. The employer of the class or description of industries that shall employ a safety and health officer can be found under Order 3 of the Occupational Safety and Health (Safety and Health Officer) Order 1997, which include, amongst others, any boiler or pressure vessel manufacturing activity employing more than a hundred employees.

Effective 1 June 2024, Section 29A(1) of the Occupational Safety and Health Act 1994 provides that the employers shall appoint one of his employees to act as an occupational safety and health coordinator if he employs five or more employees at his place of work. Section 29A(3) of the Occupational Safety and Health Act 1994 provides that an employer who has appointed a safety and health officer at the place of work shall be deemed to have complied with Section 29A(1) of the Occupational Safety and Health Act 1994. An employer who contravenes Section 29A(1) of the Occupational Safety and Health Act 1994 shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding 6 months or to both.

In addition, Section 30(1) of the Occupational Safety and Health Act 1994 provides that every employer shall establish a safety and health committee at the place of work if there are 40 or more persons employed at the place of work or the Director General of DOSH directs the establishment of such a committee at the place of work. A person who contravenes this provision shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding 1 year or to both.

As at the LPD, the Eramas Group in compliance with the Occupational Safety and Health Act 1994.

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)Certificate of fitness requirement

Section 27B of the Occupational Safety and Health Act 1994 states that the Minister may prescribe any plant for which a certificate of fitness is required. Section 27D(1) of the Occupational Safety and Health Act 1994 states that no person shall operate or cause or permit to be operated any plant that has been installed under Section 27C of the Occupational Safety and Health Act 1994 unless the plant has a certificate of fitness issued by an officer or a licensed person.

Section 27D(6) of the Occupational Safety and Health Act 1994 states that in the case of any contravention of Section 27D(1) of the Occupational Safety and Health Act 1994, an officer shall immediately serve to the person who operates or causes or permits to be operated the plant a written notice prohibiting the operation of the plant or may render the plant inoperative until a certificate of fitness is issued.

A person who fails to comply with the notice issued under Section 27D(6) of the Occupational Safety and Health Act 1994 shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM500,000 or to imprisonment for a term not exceeding 2 years or to both.

Regulation 3 of the Occupational Safety and Health (Plant Requiring Certificate of Fitness) Regulations 2024 states that the prescribed plants requiring certificate of fitness includes steam boiler, pressure vessel and lifting machinery.

As at the LPD, the Eramas Group holds and maintains valid certificates of fitness issued by the DOSH in respect of its plant and machinery. Please refer to Section 23, Appendix III(B) of this Circular for the details of the certificates of fitness.

(xiv) Environmental Quality Act 1974, Environmental Quality (Scheduled Wastes) Regulations 2005 and Environmental Quality (Industrial Effluent) Regulations 2009

The Environmental Quality Act 1974 sets out provisions in respect of prevention, abatement, control of pollution and enhancement of the environment, and for purposes connected therewith.

Pursuant to the Environmental Quality Act 1974:-

- (a) No person shall, unless licensed, emit or discharge any environmentally hazardous substances, pollutants or wastes into the atmosphere in contravention of the acceptable conditions specified under the Environmental Quality Act 1974.

Any person who contravenes the above commits an offence and shall, on conviction, be liable to a fine of not less than RM10,000 and not exceeding RM1,000,000 or to imprisonment for a term not exceeding 5 years or to both, and shall also be liable to a further fine not exceeding RM1,000 for every day during which the offence continues after a notice by the Director General of Environmental Quality requiring him to cease the act specified therein has been served on him.

- (b) No person shall, unless licensed, emit or cause or permit to be emitted any noise greater in volume, intensity or quality in contravention of the acceptable conditions specified under the Environmental Quality Act 1974.

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

Any person who contravenes the above commits an offence and shall, on conviction, be liable to a fine of not less than RM10,000 and not exceeding RM250,000 or to imprisonment for a term not exceeding 5 years or to both, and shall also be liable to a further fine not exceeding RM1,000 for every day during which the offence continues after a notice by the Director General of Environmental Quality requiring him to cease the act specified therein has been served on him.

- (c) No person shall, unless licensed, pollute or cause or permit to be polluted any soil or surface of any land in contravention of the acceptable conditions specified under the Environmental Quality Act 1974.

Any person who contravenes the above commits an offence and shall, on conviction, be liable to a fine of not less than RM50,000 and not exceeding RM500,000 or to imprisonment for a term not exceeding 5 years or to both, and shall also be liable to a further fine not exceeding RM1,000 for every day during which the offence continues after a notice by the Director General of Environmental Quality requiring him to cease the act specified therein has been served on him.

- (d) No person shall, unless licensed, emit, discharge or deposit any environmentally hazardous substances, pollutants or wastes into any inland waters in contravention of the acceptable conditions specified under the Environmental Quality Act 1974.

Any person who contravenes the above commits an offence and shall, on conviction, be punished with imprisonment for a term not exceeding 5 years and shall also be liable to a fine of not less than RM50,000 and not exceeding RM10,000,000.

Environmental Quality (Scheduled Wastes) Regulations 2005

Amongst other regulations, the Environmental Quality (Scheduled Wastes) Regulations 2005 specifies the following requirements:-

- (a) every waste generator shall, within 30 days from the date of generation of scheduled wastes, notify the Director General of Environmental Quality of the new categories and quantities of scheduled wastes which are generated;
- (b) every waste generator shall ensure that scheduled wastes generated are properly stored, treated on-site, recovered on-site for material or product from such scheduled wastes or delivered to and received at prescribed premises for treatment, disposal or recovery of material or product from scheduled wastes;
- (c) every waste generator shall ensure that scheduled wastes that are subjected to movement or transfer be packaged, labelled and transported in accordance with the guidelines prescribed by the Director General of Environmental Quality; and
- (d) the date when the scheduled wastes are first generated, name, address and telephone number of the waste generator shall be clearly labelled on the containers that are used to store the scheduled wastes.

Pursuant to Rule 16(1) of Environmental Quality (Scheduled Wastes) Regulations 2005, every offence which consists of any omission or neglect to comply with, or any act done or attempted to be done contrary to these regulations may be compounded under Section 45 of the Environmental Quality Act 1974.

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)Environmental Quality (Industrial Effluent) Regulations 2009

Environmental Quality (Industrial Effluent) Regulations 2009 shall apply to any premises which discharge or release industrial effluent or mixed effluent, onto or into any soil, or into inland waters or Malaysian waters.

Pursuant to Regulation 4 of the Environmental Quality (Industrial Effluent) Regulations 2009, no person shall, without prior written notification to Director General of Environmental Quality:-

- (a) carry out any work on any premises that may result in a new source of discharge of industrial effluent or mixed effluent;
- (b) construct on any land, building or facility designed or used for a purpose that may cause the land or building or facility to result in a new source of discharge of industrial effluent or mixed effluent;
- (c) make or cause or permit to be made any change of, to, or in any plant, machine, or equipment used or installed at the premises that causes a material change in the quantity or quality of the discharge or release from an existing source; or
- (d) carry out upgrading work of an existing industrial effluent treatment system that may result in a material change in the quantity or quality of the discharge or release.

Any person who contravenes the above shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM100,000 or to a term of imprisonment for a period not exceeding 5 years or to both and to a further fine not exceeding RM1,000 a day for every day that the offence is continued after the notice by the Director General of Environmental Quality requiring him to cease the act as specified in the notice has been served upon him.

As at the LPD, the Eramas Group is in compliance with the Environmental Quality Act 1974, Environmental Quality (Scheduled Wastes) Regulations 2005 and Environmental Quality (Industrial Effluent) Regulations 2009.

(xv) Fire Services Act 1988

The Fire Services Act 1988 prescribes the effective and efficient functioning of the Fire and Rescue Department of Malaysia, for the protection of persons and property from fire risks or emergencies and for purposes connected therewith.

Section 28 of the Fire Services Act 1988 provides that every designated premises shall require a fire certificate and a fire certificate shall be renewable annually. Pursuant to Section 33 of the Fire Services Act 1988, where there is no fire certificate in force in respect of any designated premises the owner of the premises shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding 5 years or to both.

The manufacturing facility of Eramas Ingredients (being a designated premise) located at Lot 34719 Enstek was completed in 2021, with a CCC dated 21 December 2021. Eramas Ingredients did not proceed with an application for a fire certificate as it had initially decided to undertake further extension works on the manufacturing facility and to apply for a fire certificate upon issuance of CCC in respect of the extension works.

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

However, due to protracted timeline in undertaking the extension works, Eramas Ingredients subsequently decided to submit an application to the Fire and Rescue Department of Malaysia to obtain a fire certificate for the manufacturing facility of Eramas Ingredients. In August 2024, the fire certificate was issued to Eramas Ingredients in respect of its manufacturing facility. As at the LPD, the manufacturing facility of Eramas Ingredients holds and maintains a valid fire certificate issued by the Fire and Rescue Department of Malaysia, with a validity period from 10 November 2025 to 9 November 2026. Please refer to Section 23, Appendix III(B) of this Circular for the details of the fire certificate.

Such past non-compliance did not have and is not expected to have a material impact to the business operations or financial performance of the Eramas Group in view that the fire certificate had been issued to Eramas Ingredients in August 2024 and was subsequently renewed with a validity period from 10 November 2025 to 9 November 2026. As at the LPD, Eramas Ingredients has not received any notices, penalties or compounds from the relevant authorities in respect of such past non-compliance. The potential maximum penalty of RM50,000 is less than 0.30% of the Eramas Group's PBT and PAT for FYE 2025. An announcement will be made on Bursa Securities in the event that the past non-compliance results in enforcement actions by the relevant authorities, which materially affect the business operations or financial performance of the Enlarged SCGM Group.

In addition to the non-compliances highlighted above, the Eramas Group had other instances of past non-compliance with the relevant laws, regulations, rules and requirements governing the conduct of its business. To the best of the knowledge and belief of the Eramas Group, since the date of incorporation of the respective entities in the Eramas Group up to the LPD, the other instances of non-compliance include various administrative oversights such as:-

- (a) non-filing / late filing of tax estimates via Form CP204 and late submission of SST return;
- (b) late remittance of tax instalments, monthly tax deduction, withholding taxes and SST;
- (c) late remittance of contributions to Employees Provident Fund and Social Security Organisation as well as late remittance of levy to the Human Resource Development Corporation; and
- (d) late filing of statutory forms with the Companies Commission of Malaysia in 2009.

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BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

The details of the non-material past non-compliance incidents of the Eramas Group are as follows:-

Nature of non-compliance	Status as at the LPD	Estimated time for rectification	Estimated cost to rectify	Potential maximum penalty	Impact to business operations or financial condition
<u>Non-filing of tax estimates</u>					
Eramas Marketing did not file the estimates of its tax payable for YA 2020 and YA 2021. The estimates of tax payable for YA 2020 should have been furnished to the Inland Revenue Board within 3 months from the date of commencement of operations on 27 September 2019. The estimates of tax payable for YA 2021 should have been furnished to the Inland Revenue Board not later than 30 days before 1 January 2021.	Eramas Marketing did not subsequently file the tax estimates in view that the stipulated deadlines had long passed and the actual tax payable for both YA 2020 and YA 2021 had been furnished to the Inland Revenue Board. <u>YA 2020</u> As at the LPD, there is no penalty imposed. For YA 2020, there is no tax payable by Eramas Marketing and accordingly, penalty of 10% of the tax payable would be nil pursuant to subsection 107C(10A) of the Income Tax Act 1967. A prosecution may however still be instituted under section 120 of the Income Tax Act 1967 in respect of the failure to furnish an estimate of tax payable for YA 2020.	<u>YA 2020</u> Not applicable as no penalty had been imposed.	<u>YA 2020</u> Not applicable as no penalty had been imposed.	<u>YA 2020</u> A penalty of not more than RM20,000 or imprisonment for a term not exceeding 6 months or both. The above may be imposed if a prosecution is instituted under section 120 of the Income Tax Act 1967.	<u>YA 2020</u> No material impact to the business operations or financial condition of the Eramas Group. As at the LPD, no penalty has been imposed on Eramas Marketing. The potential maximum penalty of RM20,000 is less than 0.15% of the Eramas Group's PBT and PAT for FYE 2025.

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

Nature of non-compliance	Status as at the LPD	Estimated time for rectification	Estimated cost to rectify	Potential maximum penalty	Impact to business operations or financial condition
However, the person-in-charge had wrongly understood that Eramas Marketing had an 18-month period from its incorporation on 27 September 2019 (i.e. up to 27 March 2021) to file the estimates of its tax payable. As such, Eramas Marketing had failed to file the estimates of its tax payable for YA 2020 and YA 2021 within the stipulated deadlines.	<u>YA 2021</u> There was a penalty of RM18,554.06 (10% of the tax payable) imposed for non-filing of tax estimates pursuant to subsection 107C(10A) of the Income Tax Act 1967. This penalty was fully paid by Eramas Marketing on 26 August 2022.	<u>YA 2021</u> Not applicable as the penalty has been paid.	<u>YA 2021</u> Not applicable as the penalty has been paid.	<u>YA 2021</u> Not applicable as the penalty has been paid.	<u>YA 2021</u> No material impact to the business operations or financial condition of the Eramas Group in view that the penalty has been paid. In order to prevent similar non-compliances, the Eramas Group had in 2024 formalised standard operating procedures on income tax-related matters. These standard operating procedures provide clarity to the respective person-in-charge in terms of the detailed steps and procedures to be undertaken as well as timing to be adhered to for, amongst others, the submission of tax estimates and remittance of tax payments. In addition, Eramas Marketing had appointed a tax agent for income tax compliance services since 29 December 2021.

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

Nature of non-compliance	Status as at the LPD	Estimated time for rectification	Estimated cost to rectify	Potential maximum penalty	Impact to business operations or financial condition
<u>Late filing of tax estimates</u>					
Eramas International Holdings filed the estimates of its tax payable for YA 2024 late. The estimates of tax payable for YA 2024 should have been furnished to the Inland Revenue Board within 3 months from the date of commencement of operations on 27 December 2023. Eramas International Holdings had failed to file the estimates of its tax payable for YA 2024 within the stipulated deadline due to inadvertent oversight by the management.	The Form CP204 for YA 2024 was filed on 15 May 2024. As at the LPD, there is no penalty imposed.	Not applicable as no penalty had been imposed.	Not applicable as no penalty had been imposed.	A penalty of not more than RM20,000 or imprisonment for a term not exceeding 6 months or both. The above may be imposed if a prosecution is instituted under section 120 of the Income Tax Act 1967.	No material impact to the business operations or financial condition of the Eramas Group. As at the LPD, no penalty has been imposed on Eramas International Holdings. The potential maximum penalty of RM20,000 is less than 0.15% of the Eramas Group's PBT and PAT for FYE 2025. In order to prevent similar non-compliance, the Eramas Group had in 2024 formalised standard operating procedures on income tax-related matters. These standard operating procedures provide clarity to the respective person-in-charge in terms of the detailed steps and procedures to be undertaken as well as timing to be adhered to for, amongst others, the submission of tax estimates and remittance of tax payments. In addition, Eramas International Holdings had appointed a tax agent for income tax compliance services since 10 May 2024.

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

Nature of non-compliance	Status as at the LPD	Estimated time for rectification	Estimated cost to rectify	Potential maximum penalty	Impact to business operations or financial condition
<u>Late remittance of tax instalments for estimated tax payable under Form CP204 and CP204A</u>					
Late remittance by Erapoly Global for the 11th tax instalment for YA 2023 as a result of Inland Revenue Board granting approval for an application dated 24 November 2023 for special tax estimate revision on 22 December 2023, which was after the payment deadline for the tax instalment on 15 December 2023.	The 11th tax instalment for YA 2023 amounting to RM750,000 was paid in full on 3 January 2024. As at the LPD, there is no penalty imposed.	Not applicable as no penalty had been imposed.	Not applicable as no penalty had been imposed.	A penalty of RM75,000.	No material impact to the business operations or financial condition of the Eramas Group. As at the LPD, no penalty has been imposed on Erapoly Global. The potential maximum penalty of RM75,000 is less than 0.45% of the Eramas Group's PBT and PAT for FYE 2025. The late remittance was beyond the Eramas Group's control as the special tax estimate revision was approved after the payment deadline.
Late remittance by Eramas Ingredients for the following:- (i) 1st, 2nd and 4th tax instalments for YA 2022; and (ii) 1st tax instalment for YA 2026.	For (i), the 1st, 2nd and 4th tax instalments for YA 2022 totalling RM1,998 were paid in full on 14 April 2022 (1st and 2nd instalment) and 1 June 2022 (4th instalment). There were penalties amounting to RM199.80 in aggregate for late payment of these three tax instalments. The penalties were set-off against the tax credit for YA 2022.	For (i), not applicable as the penalties have been set-off against the tax credit.	For (i), not applicable as the penalties have been set-off against the tax credit.	For (i), not applicable as the penalties have been set-off against the tax credit.	<u>In respect of (i)</u> No material impact to the business operations or financial condition of the Eramas Group in view that the penalties have been set-off against the tax credit. In order to prevent similar non-compliances, Eramas Ingredients had been progressively hiring additional staff. In addition, in year 2024, Eramas Ingredients reviewed its organisational structure and assigned a team of 3 personnel to focus on accounting and financial matters only.

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

Nature of non-compliance	Status as at the LPD	Estimated time for rectification	Estimated cost to rectify	Potential maximum penalty	Impact to business operations or financial condition
For (i), the non-compliances arose due to inadequate human resources to manage the administrative and financial matters of Eramas Ingredients. The person in-charge of the remittance of tax instalments was also assigned various administrative tasks in addition to financial related matters. Due to oversights, late remittances occurred. For (ii), the non-compliance arose due to resignation of 2 finance personnel of Eramas Ingredients and inadvertent oversight by the management to ensure adherence to standard operating procedures. The payment deadline for the tax instalment of 15 February 2026 coincided with a peak period due to the month of Ramadan and Chinese New Year festivities.	For (ii), the 1st tax instalment for YA 2026 amounting to RM12,041.00 was paid in full on 8 May 2026 whereas the late payment penalty of RM1,204.10 was fully paid on 29 May 2026.	For (ii), not applicable as the penalty has been paid.	For (ii), not applicable as the penalty has been paid.	For (ii), not applicable as the penalty has been paid.	<u>In respect of (ii)</u> No material impact to the business operations or financial condition of the Eramas Group in view that the penalties have been paid. In order to prevent similar non-compliances, Eramas Ingredients will hire additional staff with relevant working experience to fill the vacancies and the management will exercise due care in ensuring adherence to standard operating procedures at all times.

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

Nature of non-compliance	Status as at the LPD	Estimated time for rectification	Estimated cost to rectify	Potential maximum penalty	Impact to business operations or financial condition
Late remittance by Eramas Marketing for the 1st, 2nd and 9th tax instalments for YA 2023 purely due to administrative oversights.	The 1st, 2nd and 9th tax instalments for YA 2023 were paid in full on 26 August 2024. There were penalties amounting to RM1,999.80 in aggregate for late payment of these three tax instalments. The penalties were fully paid by Eramas Marketing on 26 August 2024.	Not applicable as the penalties have been paid.	Not applicable as the penalties have been paid.	Not applicable as the penalties have been paid.	No material impact to the business operations or financial condition of the Eramas Group in view that the penalties have been paid. In order to prevent similar non-compliances, the Eramas Group had in 2024 formalised standard operating procedures on income tax-related matters. These standard operating procedures provide clarity to the respective person-in-charge in terms of the detailed steps and procedures to be undertaken as well as timing to be adhered to for, amongst others, the submission of tax estimates and remittance of tax payments.

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BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

Nature of non-compliance	Status as at the LPD	Estimated time for rectification	Estimated cost to rectify	Potential maximum penalty	Impact to business operations or financial condition
<u>Late submission of SST returns</u>					
Eramas Ingredients filed the SST-02 return for taxable period from 1 January 2024 to 29 February 2024 late. The non-compliance arose due to inadequate human resources to manage the administrative and financial matters of Eramas Ingredients. The person in-charge of the submission of SST-02 returns was also assigned various administrative tasks in addition to financial related matters. Due to oversight, late submission occurred.	The SST-02 return for taxable period from 1 January 2024 to 29 February 2024 was submitted on 8 April 2024. As at the LPD, there is no penalty imposed.	Not applicable as no penalty had been imposed.	Not applicable as no penalty had been imposed.	A penalty of not more than RM50,000 or imprisonment for a term not exceeding three years or both.	No material impact to the business operations or financial condition of the Eramas Group. As at the LPD, no penalty has been imposed on Eramas Ingredients. The potential maximum penalty of RM50,000 is less than 0.30% of the Eramas Group's PBT and PAT for FYE 2025. In order to prevent similar non-compliance, Eramas Ingredients had been progressively hiring additional staff. In addition, in year 2024, Eramas Ingredients reviewed its organisational structure and assigned a team of 3 personnel to focus on accounting and financial matters only.
<u>Late remittance of SST</u>					
Late remittance by Eramas Ingredients for sales tax payable arising from the filling of SST returns for the following taxable periods:- (i) 1 September 2022 to 31 October 2022; (ii) 1 January 2023 to 28 February 2023;	Late payment penalties totalling RM7,203.65 were paid in full by Eramas Ingredients as follows:- (i) RM943.00 on 4 December 2022; (ii) RM2,246.64 on 4 April 2023;	For (i), (ii), (v) and (vi), not applicable as the penalties have been paid.	For (i), (ii), (v) and (vi), not applicable as the penalties have been paid.	For (i), (ii), (v) and (vi), not applicable as the penalties have been paid.	<u>In respect of (i), (ii), (v) and (vi)</u> No material impact to the business operations or financial condition of the Eramas Group in view that the penalties have been paid.

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

Nature of non-compliance	Status as at the LPD	Estimated time for rectification	Estimated cost to rectify	Potential maximum penalty	Impact to business operations or financial condition
(iii) 1 March 2023 to 30 April 2023; (iv) 1 May 2023 to 30 June 2023; (v) 1 January 2024 to 29 February 2024; and (vi) 1 May 2024 to 30 June 2024. The non-compliances arose due to inadequate human resources to manage the administrative and financial matters of Eramas Ingredients. The person in-charge of the remittance of sales tax was also assigned various administrative tasks in addition to financial related matters. Due to oversights, late remittances occurred.	(iii) No penalty had been imposed; (iv) No penalty had been imposed; (v) RM2,223.67 on 18 April 2024; and (vi) RM1,790.34 on 5 August 2024.	For (iii) and (iv), not applicable as no penalty had been imposed.	For (iii) and (iv), not applicable as no penalty had been imposed.	For (iii), a penalty of RM1,869.95. For (iv), a penalty of RM2,568.33.	<u>In respect of (iii) and (iv)</u> No material impact to the business operations or financial condition of the Eramas Group. As at the LPD, no penalty has been imposed on Eramas Ingredients. The potential maximum penalty of RM4,438.28 is less than 0.05% of the Eramas Group's PBT and PAT for FYE 2025. In order to prevent similar non-compliances, Eramas Ingredients had been progressively hiring additional staff. In addition, in year 2024, Eramas Ingredients reviewed its organisational structure and assigned a team of 3 personnel to focus on accounting and financial matters only.
<u>Late remittance of contributions to Employees Provident Fund</u>					
Late remittance by:- (i) Eramas Ingredients for certain months between November 2022 and February 2024, which resulted in aggregate late payment charges of RM1,195.00 being imposed on Eramas Ingredients.	The late payment charges of RM1,195.00 were fully paid by Eramas Ingredients.	Not applicable as the late payment charges have been paid.	Not applicable as the late payment charges have been paid.	Not applicable as the late payment charges have been paid.	No material impact to the business operations or financial condition of the Eramas Group in view that the late payment charges have been paid.

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

Nature of non-compliance	Status as at the LPD	Estimated time for rectification	Estimated cost to rectify	Potential maximum penalty	Impact to business operations or financial condition
The non-compliances arose due to inadequate human resources to manage the administrative and financial matters of Eramas Ingredients. The person in-charge of the remittance of contributions to Employees Provident Fund was also assigned various administrative tasks in addition to financial related matters. Due to oversight, late remittances occurred; and (ii) Erapoly Global for certain months between November 2010 and April 2018, which resulted in aggregate late payment charges of RM401.00 being imposed on Erapoly Global. The non-compliances arose purely due to administrative oversights.	The late payment charges of RM401.00 were fully paid by Erapoly Global.	Not applicable as the late payment charges have been paid.	Not applicable as the late payment charges have been paid.	Not applicable as the late payment charges have been paid.	In order to prevent similar non-compliances, Eramas Ingredients had been progressively hiring additional staff. In addition, in year 2024, Eramas Ingredients reviewed its organisational structure and assigned a team of 3 personnel to focus on accounting and financial matters only. No material impact to the business operations or financial condition of the Eramas Group in view that the late payment charges have been paid. In order to prevent similar non-compliances, Erapoly Global had since June 2018 outsourced to service providers to handle payroll related matters including remittance of statutory deductions / contributions and subsequently in 2025, invested in Autocount HRMS (human resource management system) to manage its payroll function.

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

Nature of non-compliance	Status as at the LPD	Estimated time for rectification	Estimated cost to rectify	Potential maximum penalty	Impact to business operations or financial condition
<u>Late remittance of contributions to Social Security Organisation</u>					
Late remittance of contributions to Social Security Organisation by Eramas Ingredients for October 2022, which resulted in a compound of RM5.00 being imposed on Eramas Ingredients. The non-compliance arose due to inadequate human resources to manage the administrative and financial matters of Eramas Ingredients. The person in-charge of the remittance of contributions to Social Security Organisation was also assigned various administrative tasks in addition to financial related matters. Due to oversight, late remittance occurred.	The compound was fully paid by Eramas Ingredient.	Not applicable as the compound has been paid.	Not applicable as the compound has been paid.	Not applicable as the compound has been paid.	No material impact to the business operations or financial condition of the Eramas Group in view that the compound has been paid. In order to prevent similar non-compliance, Eramas Ingredients had been progressively hiring additional staff. In addition, in year 2024, Eramas Ingredients reviewed its organisational structure and assigned a team of 3 personnel to focus on accounting and financial matters only.

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

Nature of non-compliance	Status as at the LPD	Estimated time for rectification	Estimated cost to rectify	Potential maximum penalty	Impact to business operations or financial condition
<u>Late remittance of contributions to the Employment Insurance System</u>					
Late remittance of contributions to the Employment Insurance System by Eramas Ingredients for certain months between October 2022 and March 2023, which resulted in a compound being imposed on Eramas Ingredients. The compound imposed was less than RM100. The non-compliances arose due to inadequate human resources to manage the administrative and financial matters of Eramas Ingredients. The person in-charge of the remittance of contributions to the Employment Insurance System was also assigned various administrative tasks in addition to financial related matters. Due to oversights, late remittances occurred.	The compound was fully paid by Eramas Ingredient.	Not applicable as the compound has been paid.	Not applicable as the compound has been paid.	Not applicable as the compound has been paid.	No material impact to the business operations or financial condition of the Eramas Group in view that the compound has been paid. In order to prevent similar non-compliances, Eramas Ingredients had been progressively hiring additional staff. In addition, in year 2024, Eramas Ingredients reviewed its organisational structure and assigned a team of 3 personnel to focus on accounting and financial matters only.

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

Nature of non-compliance	Status as at the LPD	Estimated time for rectification	Estimated cost to rectify	Potential maximum penalty	Impact to business operations or financial condition
<u>Late remittance of levy to the Human Resource Development Corporation</u>					
Late remittance of levy to the Human Resource Development Corporation by Eramas Ingredients for January 2024, which resulted in a late payment interest of RM8.00 being imposed on Eramas Ingredients. The non-compliance arose due to inadequate human resources to manage the administrative and financial matters of Eramas Ingredients. The person in-charge of the remittance of levy to the Human Resource Development Corporation was also assigned various administrative tasks in addition to financial related matters. Due to oversight, late remittance occurred.	The late payment interest was fully paid by Eramas Ingredient.	Not applicable as the late payment interest has been paid.	Not applicable as the late payment interest has been paid.	Not applicable as the late payment interest has been paid.	No material impact to the business operations or financial condition of the Eramas Group in view that the late payment interest has been paid. In order to prevent similar non-compliance, Eramas Ingredients had been progressively hiring additional staff. In addition, in year 2024, Eramas Ingredients reviewed its organisational structure and assigned a team of 3 personnel to focus on accounting and financial matters only.

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

Nature of non-compliance	Status as at the LPD	Estimated time for rectification	Estimated cost to rectify	Potential maximum penalty	Impact to business operations or financial condition
<u>Late remittance of monthly tax deduction</u>					
Late remittance of monthly tax deduction by Erapoly Global for October 2010 and for the year 2017, which resulted in a total compound of RM4,210.77 being imposed on Erapoly Global. The non-compliances arose purely due to administrative oversights.	The compounds were fully paid by Erapoly Global.	Not applicable as the compounds have been paid.	Not applicable as the compounds have been paid.	Not applicable as the compounds have been paid.	No material impact to the business operations or financial condition of the Eramas Group in view that the compounds have been paid. In order to prevent similar non-compliances, Erapoly Global had since June 2018 outsourced to service providers to handle payroll related matters including remittance of statutory deductions / contributions and subsequently in 2025, invested in Autocount HRMS (human resource management system) to manage its payroll function.
Late remittance of monthly tax deduction by Eramas Ingredients for January 2026, which resulted in a total compound of RM919.00 being imposed on Eramas Ingredients. The non-compliance arose due to resignation of 2 finance personnel of Eramas Ingredients and inadvertent oversight by the management to ensure adherence to standard operating procedures.	This compound was fully paid by Eramas Ingredients on 15 May 2026.	Not applicable as the compound has been paid.	Not applicable as the compound has been paid.	Not applicable as the compound has been paid.	No material impact to the business operations or financial condition of the Eramas Group in view that the compound has been paid. In order to prevent similar non-compliances, Eramas Ingredients will hire additional staff with relevant working experience to fill the vacancies and the management will exercise due care in ensuring adherence to standard operating procedures at all times.

BUSINESS OVERVIEW OF THE ERAMAS GROUP (cont'd)

Nature of non-compliance	Status as at the LPD	Estimated time for rectification	Estimated cost to rectify	Potential maximum penalty	Impact to business operations or financial condition
The remittance deadline for the monthly tax deduction of 15 February 2026 coincided with a peak period due to the month of Ramadan and Chinese New Year festivities.					
<u>Late remittance of withholding taxes</u>					
Late remittance of withholding taxes by Erapoly Global in 2018, which resulted in a total penalty of RM12,464.06 being imposed on Erapoly Global. The non-compliances arose purely due to administrative oversights.	The penalty was fully paid by Erapoly Global.	Not applicable as the penalty has been paid.	Not applicable as the penalty has been paid.	Not applicable as the penalty has been paid.	No material impact to the business operations or financial condition of the Eramas Group in view that the penalty has been paid. The person in-charge of the remittance of withholding taxes had taken note of the oversights and there has been no late remittance of withholding taxes by Erapoly Global since then.
<u>Late filing of Form 11 and Form 24 with Companies Commission of Malaysia</u>					
Late filing of Form 11 and Form 24 with Companies Commission of Malaysia by Erapoly Global in 2009, which resulted in a late lodgement fee of RM200 imposed on Erapoly Global. The non-compliances arose due to oversights by the company secretary of Erapoly Global.	The late lodgement fee was fully paid by Erapoly Global on 21 January 2009.	Not applicable as the late lodgement fee has been paid.	Not applicable as the late lodgement fee has been paid.	Not applicable as the late lodgement fee has been paid.	No material impact to the business operations or financial condition of the Eramas Group in view that the late lodgement fee has been paid. The company secretary of Erapoly Global had taken note of the oversights and there has been no late filing with Companies Commission of Malaysia by Erapoly Global since then.

BUSINESS OVERVIEW OF THE ERAMAS GROUP *(cont'd)*

In addition to the above, there was a penalty of RM200 being imposed on Erapoly Global in 2010 by Inland Revenue Board in respect of YA 2009. However, Erapoly Global is unable to ascertain the nature of the non-compliance due to the significant passage of time from 2010 up to date.

On top of the abovementioned measures taken to prevent similar non-compliances, the Eramas Group has employed its Chief Financial Officer in July 2023 and a deputy financial controller in September 2024. Both of them have relevant professional qualifications and working experience. Their supervision over the finance department of the Eramas Group is expected to help minimise non-compliances moving forward. Subsequent to the implementation of measures in 2024 to prevent similar non-compliances, there was no recurrence of similar non-compliances up to the date of this Circular save for the late remittance by Eramas Ingredients of the 1st tax instalment for YA 2026 and monthly tax deduction for January 2026 as set out above.

The board of directors of Eramas Global Group and our Board are of the view that the above non-compliances are not expected to have a material adverse impact to the business operations and financial condition of the Eramas Group in view of the following:-

- (a) fines, penalties, late payment charges or compounds ranging from RM5.00 to RM18,554.06 had been imposed on and fully settled by the Eramas Group in respect of all the non-compliances (except for 6 instances of non-compliance related to corporate income tax and SST). The total amount of such fines, penalties, late payment charges and compounds imposed and paid was less than RM50,000 (representing less than 0.30% of the Eramas Group's PBT and PAT for FYE 2025); and
- (b) in respect of the 6 instances of non-compliance which the authorities have not imposed any fines, penalties, late payment charges or compounds or taken any actions against the Eramas Group as at the LPD, the aggregate potential maximum penalty which may arise from these non-compliances is about RM170,000 (representing about 0.69% of the PBT for FYE 2025 or about 0.91% of the PAT for FYE 2025) and/or imprisonment upon conviction if the Inland Revenue Board or the Royal Malaysian Customs Department initiates action against the Eramas Group.

If the above non-compliances were to be assessed collectively, these non-compliances are still not expected to have a material adverse impact to the business operations and financial condition of the Eramas Group. The aggregate of (1) total amount of fines, penalties, late payment charges and compounds imposed and paid of less than RM50,000 and (2) potential maximum penalty of about RM170,000 amounts to less than RM220,000 (representing less than 0.90% of the PBT for FYE 2025 or less than 1.20% of the PAT for FYE 2025).

FINANCIAL INFORMATION OF THE ERAMAS GROUP**1. HISTORICAL FINANCIAL INFORMATION**

The audited consolidated financial statements of Eramas Global Group for the Financial Years Under Review have been prepared in accordance with MFRS, IFRS Accounting Standards and the Guidance Note on 'Combined Financial Statements' issued by the Malaysian Institute of Accountants. The financial statements have been audited by Grant Thornton Malaysia PLT in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. There is no audit qualification on the audited financial statements of the Eramas Group for the Financial Years Under Review.

The historical financial information of the Eramas Group should be read in conjunction with the "Management's Discussion and Analysis of the Eramas Group's Financial Condition and Results of Operations" as set out in Appendix III(D) of this Circular and the Accountants' Report on the Eramas Group as set out in Appendix VI of this Circular.

1.1 Historical consolidated statements of profit or loss and other comprehensive income

The table below presents the audited consolidated statements of profit or loss and other comprehensive income of Eramas Global Group for the Financial Years Under Review.

	Audited						
	FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)
Revenue	70,505	137,974	153,633	136,311	143,945	142,088	148,577
Cost of sales	(62,141)	(127,164)	(141,943)	(125,953)	(121,689)	(116,709)	(115,682)
GP	8,364	10,810	11,690	10,358	22,256	25,379	32,895
Other income	3,671	3,081	1,246	1,578	739	401	268
Administrative expenses	(6,149)	(5,764)	(6,054)	(6,190)	(6,409)	(6,481)	(7,650)
Net impairment (loss) / gain of financial assets	-	(27)	(41)	(796)	796	41	(221)
Impairment loss on non-financial asset	-	-	-	-	-	(156) ⁽¹⁾	-
Other operating expenses	(205)	(255)	(278)	(330)	(433)	(364)	(194)
Finance income	270	264	31	33	254	127	159
Finance costs	(30)	(45)	(49)	(254)	(395)	(870)	(739)
Share of profit of an associate	-	-	-	-	-	156 ⁽²⁾	-
PBT	5,921	8,064	6,545	4,399	16,808	18,233	24,518
Tax expense	(252)	(545)	(589)	(776)	(3,066)	(4,137)	(5,938)
PAT / Total comprehensive income for the financial year	5,669	7,519	5,956	3,623	13,742	14,096	18,580⁽³⁾

FINANCIAL INFORMATION OF THE ERAMAS GROUP (cont'd)

	Audited						
	FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)
PAT / Total comprehensive income for the financial year attributable to:-							
- common controlling shareholders / owners of the Eramas Group	5,525	7,334	5,745	3,937	12,690	13,802	18,580
- non-controlling interests ⁽⁴⁾	144	185	211	(314)	1,052	294	-
	5,669	7,519	5,956	3,623	13,742	14,096	18,580

Other selected financial data are as follows:-

	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
GP margin ⁽⁵⁾ (%)	11.86	7.83	7.61	7.60	15.46	17.86	22.14
PBT margin ⁽⁶⁾ (%)	8.40	5.84	4.26	3.23	11.68	12.83	16.50
Effective tax rate ⁽⁷⁾ (%)	4.26	6.76	9.00	17.64 ⁽⁸⁾	18.24	22.69 ⁽⁹⁾	24.22 ⁽¹⁰⁾
PAT margin ⁽¹¹⁾ (%)	8.04	5.45	3.88	2.66	9.55	9.92	12.51 ⁽³⁾
Basic / Diluted EPS ⁽¹²⁾ (RM)	2.30	2.20	1.44	0.70	0.83	0.07	0.08
Depreciation and amortisation ⁽¹³⁾ (RM'000)	205	255	278	661	1,962	2,062	1,947
Share of profits and losses of associates and joint ventures ⁽²⁾ (RM'000)	-	-	-	-	-	156	-

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FINANCIAL INFORMATION OF THE ERAMAS GROUP (cont'd)**Notes:-**

- (1) The disposal consideration in respect of the Disposal of PT Eramas (RM7.00 million) was lower than the carrying amount of the Eramas Group's investment in PT Eramas as at 31 December 2024 (RM7.16 million) and this gave rise to an indication of impairment. Accordingly, in FYE 2024, the Eramas Group recognised an impairment loss of approximately RM0.16 million on its investment in PT Eramas to reflect its recoverable amount, being the disposal consideration of RM7.00 million.
- (2) PT Eramas became a 35%-owned associate of Eramas Global Group following the completion of the Acquisition of PT Eramas on 9 July 2024. In FYE 2024, the Eramas Group recognised a share of profit of PT Eramas amounting to approximately RM0.16 million. As a result of the Disposal of PT Eramas, PT Eramas ceased to be an associate of Eramas Global Group. In accordance with the share sale agreement, Eramas Global Group and PT Pulaumas Moromulia had agreed that PT Pulaumas Moromulia shall be entitled to all profits, rights and benefits and be liable for all losses, liabilities, costs or expenses incurred by PT Eramas in respect of the 35% equity interest in PT Eramas with effect from 1 January 2025.
- (3) The higher GP and GP margin were the primary contributors to the increase in the Eramas Group's PAT and PAT margin in FYE 2025. As set out in Section 2.3, Appendix III(D) of this Circular, the procurement and pricing strategies adopted by the Eramas Group had successfully led to the improvement in the Eramas Group's GP and GP margin in FYE 2025 despite the limited availability of coconut supplies and increase in coconut raw material costs arising from coconut supply shortage due to adverse weather conditions in major coconut producing countries. As part of its ordinary course of business, the Eramas Group continuously monitors market conditions (including availability and prices of raw material) in order to devise appropriate business strategies in response to the prevailing supply and demand conditions. The Eramas Group reviews and revises its product costing and pricing, where necessary, to increase its sales and profitability.
- (4) The non-controlling interests refers to the shareholdings in the Eramas Group held by minority shareholders, namely Gan Chuan Lee, Tey Chee Shin, Tan Tai Chong and/or Lau Sie Khian. The non-controlling interests as at the end of respective Financial Years Under Review are as follows:-

	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Eramas International Holdings	-	-	-	-	4%	-	-
Erapoly Global	2%	2%	2%	2%	-	-	-
Eramas Marketing	-	12%	12%	13%	-	-	-
Eramas Ingredients	-	-	-	18%	18%	-	-

Upon completion of the Proposed Acquisition, SCGM will hold 100% equity interest in Eramas Global Group which in turn holds 100% equity interests in Eramas International Holdings, Erapoly Global, Eramas Marketing and Eramas Ingredients.

- (5) GP margin is computed based on GP over revenue.
- (6) PBT margin is computed based on PBT over revenue.
- (7) Effective tax rate is computed based on tax expense over PBT.
- (8) The effective tax rate of the Eramas Group increased from 9.00% in FYE 2021 to 17.64% in FYE 2022, mainly due to deferred tax assets have not been recognised in respect of additional unutilised tax losses of RM2.47 million incurred in FYE 2022.

FINANCIAL INFORMATION OF THE ERAMAS GROUP *(cont'd)*

- (9) The effective tax rate of the Eramas Group increased from 18.24% in FYE 2023 to 22.69% in FYE 2024, mainly due to utilisation of capital allowance, tax losses and export allowance brought forward from prior years, amounting to RM3.09 million in aggregate, which offset the chargeable income in FYE 2023.
- (10) The effective tax rate of the Eramas Group increased from 22.69% in FYE 2024 to 24.22% in FYE 2025, mainly due to the absence of over provision of current tax in prior financial year in FYE 2025 (FYE 2024: RM0.14 million, which contributed to a lower effective tax rate in FYE 2024 compared to the statutory tax rate of 24.00%).
- (11) PAT margin is computed based on PAT over revenue.
- (12) Basic EPS is computed based on PAT for the financial year attributable to common controlling shareholders / owners of the Eramas Group over the weighted average number of ordinary shares in issue as follows:-

	Audited						
	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
PAT for the financial year attributable to common controlling shareholders / owners of the Eramas Group (RM'000)	5,525	7,334	5,745	3,937	12,690	13,802	18,580
Weighted average number of ordinary shares in issue ('000)	2,400	3,337	3,980	5,607	15,228	191,480	225,750
Basic EPS (RM)	2.30	2.20	1.44	0.70	0.83	0.07	0.08

The diluted EPS equals to basic EPS as there were no potential dilutive ordinary shares as at the end of respective Financial Years Under Review.

- (13) Depreciation and amortisation comprise depreciation of property, plant and equipment and depreciation of right-of-use assets.

FINANCIAL INFORMATION OF THE ERAMAS GROUP (cont'd)**1.2 Historical consolidated statements of financial position**

The table below summarises the audited consolidated statements of financial position of Eramas Global Group as at the end of respective Financial Years Under Review.

	Audited						
	As at 31 December						
	2019 (RM'000)	2020 (RM'000)	2021 (RM'000)	2022 (RM'000)	2023 (RM'000)	2024 (RM'000)	2025 (RM'000)
Non-current assets							
Property, plant and equipment	17,120	22,435	25,539	29,163	50,093	48,337	47,493
Investment in an associate	-	-	-	-	-	7,000	-
Total non-current assets	17,120	22,435	25,539	29,163	50,093	55,337	47,493
Current assets							
Inventories	2,726	3,380	4,194	12,949	18,082	22,574	24,947
Trade receivables	5,870	11,396	31,620	13,684	15,523	13,370	22,219
Other receivables	1,727	1,768	4,319	6,455	4,888	7,921	13,346
Tax recoverable	-	-	8	14	14	14	-
Fixed deposits with licensed banks	12,108	2,427	1,947	6,453	5,212	7,816	9,185
Cash and bank balances	9,265	11,273	8,585	7,283	11,119	7,243	19,937
Total current assets	31,696	30,244	50,673	46,838	54,838	58,938	89,634
Total assets	48,816	52,679	76,212	76,001	104,931	114,275	137,127
Share capital ⁽¹⁾	-	-	-	-	-	225,750	225,750
Invested equity ⁽²⁾	2,400	3,980	3,980	5,620	32,785	-	-
Merger deficit ⁽³⁾	-	-	-	-	(4,220)	(184,470)	(184,470)
Retained earnings	17,463	15,065	11,054	15,050	28,697	42,845	61,425
Equity attributable to common controlling shareholders / owners of the Eramas Group	19,863	19,045	15,034	20,670	57,262	84,125	102,705
Non-controlling interests	506	643	610	617	5,767	-	-
Total equity / NA	20,369	19,688	15,644	21,287	63,029	84,125	102,705

FINANCIAL INFORMATION OF THE ERAMAS GROUP (cont'd)

	Audited						
	As at 31 December						
	2019 (RM'000)	2020 (RM'000)	2021 (RM'000)	2022 (RM'000)	2023 (RM'000)	2024 (RM'000)	2025 (RM'000)
Non-current liabilities							
Lease liabilities	205	163	148	857	983	448	250
Deferred tax liabilities	-	-	19	12	306	1,231	1,488
Total non-current liabilities	205	163	167	869	1,289	1,679	1,738
Current liabilities							
Trade payables	9,654	8,495	11,991	14,475	19,842	10,371	11,908
Other payables	16,545	21,335	27,587	27,883	6,194	3,118	3,804
Contract liabilities	1,732	2,424	2,022	2,554	2,842	1,998	1,259
Lease liabilities	87	93	96	184	162	179	121
Borrowings	-	-	18,183	8,237	9,120	11,942	13,392
Tax payable	224	481	522	512	2,453	863	2,200
Total current liabilities	28,242	32,828	60,401	53,845	40,613	28,471	32,684
Total liabilities	28,447	32,991	60,568	54,714	41,902	30,150	34,422
Total equity and liabilities	48,816	52,679	76,212	76,001	104,931	114,275	137,127

Notes:-

- (1) Represents the share capital of Eramas Global Group following the issuance of 225,749,900 new Eramas Shares at RM1.00 each to the Vendors for the Acquisition of Eramas International Holdings, Acquisition of Eramas Ingredients and Acquisition of PT Eramas as part of the Internal Restructuring of Eramas Group.
- (2) Represents the aggregate of the share capital that is attributable to common controlling shareholders of the Eramas Group.

FINANCIAL INFORMATION OF THE ERAMAS GROUP (cont'd)

The movements in invested equity for the Financial Years Under Review are as follows:-

	Eramas International Holdings (RM'000)	Erapoly Global (RM'000)	Eramas Marketing (RM'000)	Eramas Ingredients (RM'000)	Total (RM'000)
As at 31 December 2019	-	2,400	*(a)	*(b)	2,400
• Issuance of new ordinary shares in Eramas Marketing	-	-	1,580	-	1,580
As at 31 December 2020 / 31 December 2021	-	2,400	1,580	*(b)	3,980
• Issuance of new ordinary shares in Eramas Ingredients	-	-	-	1,640	1,640
As at 31 December 2022	-	2,400	1,580	1,640	5,620
• Incorporation of Eramas International Holdings	*(c)	-	-	-	*(c)
• Issuance of new ordinary shares in Eramas International Holdings for the Acquisition of Erapoly Global and Acquisition of Eramas Marketing	8,185	(2,400)	(1,580)	-	4,205
• Issuance of new ordinary shares in Eramas Ingredients	-	-	-	22,960	22,960
As at 31 December 2023	8,185	-	-	24,600	32,785
• Pursuant to the Acquisition of Eramas International Holdings and Acquisition of Eramas Ingredients	(8,185)	-	-	(24,600)	(32,785)
As at 31 December 2024 / 31 December 2025	-	-	-	-	-

Notes:-

(a) Represents RM100.

(b) Represents RM2.

(c) Represents RM3.

- (3) Represents the difference between the carrying amount of investment in subsidiaries and the nominal value of subsidiaries' share capital upon consolidation under merger accounting principles.

FINANCIAL INFORMATION OF THE ERAMAS GROUP (cont'd)

Other selected financial data is as follows:-

	As at 31 December						
	2019	2020	2021	2022	2023	2024	2025
NA per share (RM) ⁽¹⁾	8.49	4.95	3.93	3.79	1.92	0.37	0.45

Note:-

- (1) NA per share is computed based on NA as at the end of respective Financial Years Under Review over the number of ordinary shares as follows:-

	As at 31 December						
	2019	2020	2021	2022	2023	2024	2025
Total equity / NA (RM'000)	20,369	19,688	15,644	21,287	63,029	84,125	102,705
Number of ordinary shares ('000)	2,400	3,980	3,980	5,620	32,785	225,750	225,750
NA per share (RM)	8.49	4.95	3.93	3.79	1.92	0.37	0.45

As at 31 December 2025, the assets owned by the Eramas Group are as follows:-

Type of asset	Audited
	As at 31 December 2025 (RM'000)
Property, plant and equipment	
• Freehold land	25,960 ⁽¹⁾
• Buildings	9,118 ⁽²⁾
• Furniture and fittings	736
• Computer and software	207
• Office equipment	95
• Motor vehicles	457
• Electrical installation	1,504
• Plant and machinery	9,101 ⁽³⁾
• Renovation and signboard	231
• Capital work-in-progress	84
Inventories	24,947 ⁽⁴⁾
Trade receivables	22,219
Other receivables	13,346 ⁽⁵⁾
Fixed deposits with licensed banks	9,185
Cash and bank balances	19,937

Notes:-

- (1) Please refer to Section 22.1, Appendix III(B) of this Circular for further details of the freehold land of the Eramas Group.
- (2) Buildings comprise the Eramas Group's manufacturing facility in Bandar Baru Enstek, Negeri Sembilan.
- (3) Please refer to Section 6, Appendix III(B) of this Circular for further details of the material plant and machinery of the Eramas Group.

FINANCIAL INFORMATION OF THE ERAMAS GROUP *(cont'd)*

- (4) Inventories comprise packaging materials, trading goods, raw materials, work-in-progress and finished goods. These include coconut products for trading purposes as well as frozen coconut cream / milk, additives, other ingredients and packaging materials which are used in the manufacturing and packaging of the products of the Eramas Group.
- (5) Other receivables comprise mainly advance payments to suppliers (RM5.65 million), balance disposal consideration in respect of the Disposal of PT Eramas (RM3.24 million) and refundable deposits for packaging materials paid to PT Eramas (RM2.91 million).

2. EXCHANGE CONTROLS

As at the LPD, there are no governmental law, decree, regulation or other requirement which may affect the repatriation of capital and the remittance of profit by or to the Eramas Group which will impact the availability of cash and cash equivalents for use by the Eramas Group and the remittance of dividends, interest or other payments to the Eramas Group or the shareholders of Eramas Global Group.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of the Eramas Group's financial condition and results of operations for the Financial Years Under Review should be read in conjunction with the Accountants' Report on the Eramas Group in Appendix VI of this Circular.

This discussion and analysis contain forward-looking statements that involve risks and uncertainties. The actual results may differ significantly from those anticipated in these forward-looking statements as a result of a number of factors, including the risk factors set out in Section 8, Part A of this Circular.

1. OVERVIEW OF THE OPERATIONS OF THE ERAMAS GROUP

1.1 Principal activities

The Eramas Group is principally engaged in the manufacturing, trading, distribution and marketing of food products, supplying both the Malaysian and overseas markets. The Eramas Group supplies a broad range of products spread across 4 categories (namely coconut products, oil and fats products, dairy products as well as specialty food ingredients and other products).

1.2 Significant factors affecting the business and financial performance of the Eramas Group

The business and financial performance of the Eramas Group are mainly affected by the factors outlined below:-

(a) Competition within the industry

The Eramas Group competes with existing industry players and potential new market entrants in the manufacturing and trading of coconut products, palm products and dairy products in Malaysia as well as overseas. Generally, the Eramas Group competes on a variety of factors including, amongst others, product quality, variety and innovation, price competitiveness, compliance with food quality and safety standards, capacity availability and capability of production, brand loyalty and after-sales services, consistency in products and services offered, timeliness of product delivery, track record and market reputation.

The competitiveness and future growth of the Eramas Group are dependent upon its ability to identify and respond to the latest market trends and consumer preferences in a timely manner. If the Eramas Group fails to meet customers' requirements and/or remain competitive, this may result in loss of business ultimately leading to a negative effect on the sales and profitability of the Eramas Group.

Further, the Eramas Group does not have long-term contracts with its customers. The customers place their orders to purchase products from the Eramas Group on an as-needed basis by way of purchase orders. Due to the absence of long-term contracts with its customers, the Eramas Group's financial performance may fluctuate.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)
(b) Adverse publicity or negative public perception regarding the Eramas Group's products and brands

Any actual or alleged product damage, defects, spoilage, contamination, product misbranding, tampering, or sale of counterfeit products by other parties may lead to adverse publicity or negative public perception on the Eramas Group's products and brands. This may have a long-term negative effect on the Eramas Group's reputation and track record built over many years, leading to loss of customers and business.

In addition, the Eramas Group may be subject to product liability claims, product recalls and regulatory enforcement actions (including fines, penalties and suspension of licenses), which may have a detrimental effect on the business and financial performance of the Eramas Group. For information purposes, the Eramas Group has in place insurance policies covering products liability up to an insured limit.

(c) Disruptions in supply chain

The Eramas Group's business operations may be adversely affected due to loss of its 2 major suppliers, namely F & B Nutrition Sdn Bhd and PT Eramas, or if the Eramas Group is unable to source for the necessary supplies in sufficient quantities and/or at acceptable prices.

As set out in Section 16, Appendix III(B) of this Circular, F & B Nutrition Sdn Bhd has been a major supplier of the Eramas Group for the Financial Years Under Review, with the following contribution to the total purchases of the Eramas Group:-

Financial Years Under Review	Main type of products	Purchases contribution	
		(RM'000)	(%)
FYE 2019	Dairy products	18,205	31.26
FYE 2020	Dairy products	16,873	13.87
FYE 2021	Dairy products	15,860	12.28
FYE 2022	Dairy products	13,275	10.85
FYE 2023	Dairy products	34,780	30.51
FYE 2024	Dairy products	28,889	27.41
FYE 2025	Dairy products	27,598	26.43

On the other hand, PT Eramas has been a major supplier of the Eramas Group since FYE 2020, with the following contribution to the total purchases of the Eramas Group:-

Financial Years Under Review	Main type of products	Purchases contribution	
		(RM'000)	(%)
FYE 2020	Coconut products	9,694	7.97
FYE 2021	Coconut products	29,623	22.94
FYE 2022	Coconut products	30,400	24.84
FYE 2023	Coconut products	27,124	23.79
FYE 2024	Coconut products	30,949	29.37
FYE 2025	Coconut products	26,995	25.85

Consistent supply of trading goods and raw materials at commercially acceptable prices is critical to the Eramas Group to preserve business relationship with its customers as well as to maintain profitability margins.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

The supply of coconut raw materials and products could be materially disrupted due to the occurrence of, amongst others, prolonged adverse weather conditions such as La Niña and El Niño weather phenomenon, spread of diseases affecting the growth and/or harvest of coconuts in Malaysia and Indonesia and other supply chain disruptions caused by, amongst others, natural disasters, outbreak of pandemics, logistical challenges such as delays, damages and loss of products during shipment or transit, and changes in import or export laws and regulations.

For the period from late-2024 to early-2025, a significant coconut supply shortage arose due to adverse weather conditions, which impacted coconut supply in major coconut producing countries including Indonesia and the Philippines. This had resulted in higher coconut prices and longer duration for the Eramas Group to secure coconut supplies.

Further, the Eramas Group is also exposed to price fluctuations of CPO and coconuts, which may have an impact on its profitability and cost structure. Fluctuations in CPO and coconut prices are influenced by factors such as global demand and supply dynamics, weather conditions affecting crop yields and currency exchange rates.

The historical average prices of CPO and coconuts are set out below:-

- (i) average prices of CPO published by the MPOB are as follows:-

Financial Years Under Review	Average CPO price (RM per tonne)
FYE 2019	2,119
FYE 2020	2,765
FYE 2021	4,418
FYE 2022	5,116
FYE 2023	3,830
FYE 2024	4,213
FYE 2025	4,308

- (ii) average prices of coconuts (dehusked) published by the International Coconut Community are as follows:-

Financial Years Under Review	Average coconuts (dehusked) price	
	Indonesia (USD per tonne)	Philippines (USD per tonne)
FYE 2019	134.52	113.52
FYE 2020	176.94	166.84
FYE 2021	214.45	221.09
FYE 2022	169.79	180.76
FYE 2023	153.59	128.78
FYE 2024	212.84	152.51
FYE 2025	313.46	311.55

In particular, the CPO prices had been trending upwards since the latter half of 2020 due to supply chain disruptions and movement control across the globe resulting from COVID-19. The war between Russia and Ukraine further pushed up prices of CPO from fear of reduced supply of sunflower oil, which is another major edible oil.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS *(cont'd)*

In addition, as Eramas Ingredients serves as the internal manufacturing arm of the Eramas Group, any sudden or prolonged breakdown of plant and machinery at its manufacturing facility may lead to interruptions in manufacturing process and operations. This may cause production downtime and delay in the production and delivery schedules, affecting the business and financial performance of the Eramas Group.

Any prolonged or significant disruptions in the supply chain of the Eramas Group may adversely affect its business and financial performance.

(d) Change in consumer lifestyle

During the period from 18 March 2020 to 1 April 2022, the Government implemented several MCOs and implemented strict control measures to contain the outbreak of COVID-19 in the country. These measures include the closure of all business sectors and activities, except for those classified as essential services, restrictions on movement of people within Malaysia (including restrictions on inter-state and inter-district travel), and restrictions on international travel into and out of Malaysia.

Arising therefrom, it had influenced changes in the population's lifestyle and behaviour, with increased number of individuals working from home and prioritising health-conscious choices. This trend has led to increased home cooking and dietary changes aimed at promoting personal health. Many households had resorted to and accustomed to cooking at home, leading to sustained demand for convenient home-cooking ingredients such as ready-to-eat packaged coconut cream / milk and their powder variants. These packaged products also have longer shelf life as compared to fresh coconut products.

(e) Disruptions in the global shipping industry

Majority of the Eramas Group's revenue are derived from export sales. The Eramas Group relies heavily on sea freight for delivery of products to its international customers. As a result, the Eramas Group is susceptible to disruptions in the global shipping industry which arise due to circumstances that are beyond its control such as fuel price fluctuations, adverse weather conditions, geopolitical turmoil, international market conditions due to trade tension or trade war, social unrest, port strikes and/or congestion, oil spills, delayed or lost shipments.

For the Financial Years Under Review, the Eramas Group experienced disruptions in the shipping industry, leading to higher sea freight rates and shipment delays. The global outbreak of COVID-19 caused significant disruptions in the shipping industry, particularly during 2020 and 2021. While the Eramas Group experienced longer delivery time due to shortages of shipping containers and implementation of restrictions and standard operating procedures at the ports during that period, there were no material incidences of delay during the global lockdowns. The Eramas Group's freight and logistics charges increased from RM5.04 million for FYE 2020 to RM12.62 million for FYE 2021 due to higher sea freight rates during the period.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS *(cont'd)*

For FYE 2024, the Eramas Group again experienced higher sea freight rates and shipment delays due to the Red Sea crisis. The Red Sea crisis had a significant impact on global logistics, particularly on shipping routes. Attacks on vessels in the Red Sea prompted many shipping companies to reroute their vessels from the Suez Canal, an important maritime passage linking Asia and Europe, toward the longer alternative route around the Cape of Good Hope. This diversion resulted in extended transit time and increased fuel consumption, which led to higher sea freight rates. The disruptions have significantly affected the Eramas Group's supply chain, especially for shipments to Africa and Europe. For FYE 2024, the Eramas Group's freight and logistics charges were RM6.20 million (FYE 2023: RM4.37 million).

Any prolonged disruptions in the global shipping industry or sustained increase in sea freight rates may materially and adversely affect the Eramas Group's business and financial performance.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)**(f) Foreign exchange fluctuations**

The Eramas Group has transactions with its customers and suppliers in foreign currencies. For the Financial Years Under Review, the sales to customers and purchases from suppliers of the Eramas Group were mainly transacted in USD and RM. The other foreign currencies, in aggregate, constitute less than 2% of the total revenue or total purchases of the Eramas Group for each of the Financial Years Under Review.

For the Financial Years Under Review, the Eramas Group's sales and purchases that were transacted in USD and their contributions to the Eramas Group's total revenue and total purchases respectively are as follows:-

	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Sales in USD (USD'000)	16,724	30,114	27,028	20,885	25,064	22,911 ⁽¹⁾	25,777 ⁽²⁾
Sales in USD (RM'000)	67,835	125,895	111,596	92,491	113,704	104,181	110,354
Exchange rate (USD/RM) ⁽³⁾	4.0561	4.1806	4.1289	4.4286	4.5365	4.5472	4.2811
As a percentage of total revenue (%)	96.2	91.2	72.6	67.9	79.0	73.3	74.3
Purchases in USD (USD'000)	7,128	6,039	17,823	17,690	20,829	20,107	20,825
Purchases in USD (RM'000)	29,229	24,399	72,937	77,268	95,388	91,649	89,133
Exchange rate (USD/RM) ⁽³⁾	4.1006	4.0402	4.0923	4.3679	4.5796	4.5581	4.2801
As a percentage of total purchases (%)	50.2	20.1	56.5	63.1	83.7	87.0	85.4

Notes:-

- (1) The Eramas Group's sales in USD decreased from USD25.06 million in FYE 2023 to USD22.91 million in FYE 2024, mainly due to lower export sales of dairy products to Northeast Asia, America and Africa and lower export sales of oil and fats products to Africa and West Asia.
- (2) The Eramas Group's sales in USD increased from USD22.91 million in FYE 2024 to USD25.78 million in FYE 2025, mainly due to higher export sales of dairy products to Northeast Asia and higher export sales of oil and fats products to Africa.
- (3) In accounting for sales / purchases transactions denominated in USD, the Eramas Group made reference to published rates from Bank Negara Malaysia. The exchange rate (USD/RM) above represents the average exchange rate in respect of all individual sales / purchases transactions denominated in USD entered into during the respective Financial Years Under Review.

In managing foreign exchange risk, the Eramas Group adopts the following strategies:-

- (i) for overseas trading and distribution business, Erapoly Global mainly adopts a natural hedging strategy by matching payments denominated in USD to its suppliers against sales collections denominated in USD from its customers;

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

- (ii) for local trading and distribution business, Eramas Marketing is mainly exposed to foreign exchange fluctuations from its purchases of coconut products from PT Eramas, which are denominated in USD while its sales collections are mainly denominated in RM. In order to hedge its exposure to fluctuations in USD, Eramas Marketing uses banking facilities which will make the payments in USD to PT Eramas while the repayment to be made by Eramas Marketing will be an amount in RM based on a pre-determined exchange rate.

In addition, sales collections denominated in USD from its customers are used to match payments denominated in USD to its suppliers.

The amount of purchases from PT Eramas by Eramas Marketing for the Financial Years Under Review are as follows:-

Eramas Marketing	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Purchases from PT Eramas (USD'000)	25	301	1,127	4,134	2,882	2,353	2,378
Purchases from PT Eramas (RM'000)	107	1,229	4,608	18,482	13,226	10,839	10,176
Exchange rate (USD/RM) ⁽¹⁾	4.2800	4.0831	4.0887	4.4707	4.5892	4.6065	4.2792

Note:-

- (1) In accounting for purchases from PT Eramas denominated in USD, the Eramas Group made reference to published rates from Bank Negara Malaysia. The exchange rate (USD/RM) above represents the average exchange rate in respect of all individual purchases from PT Eramas denominated in USD entered into during the respective Financial Years Under Review.

- (iii) for manufacturing operations, Eramas Ingredients hedges its exposure to fluctuations in USD arising from purchases of raw materials using bankers' acceptance. The bankers' acceptance is drawn down to make payments in USD to the suppliers and the repayment of the bankers' acceptance by Eramas Ingredients to the financial institutions will be based on a pre-determined exchange rate, effectively hedging Eramas Ingredients against any foreign exchange fluctuations.

The table below sets out the drawdown and repayment of bankers' acceptance by Eramas Ingredients for its local and overseas purchases for the Financial Years Under Review:-

Eramas Ingredients	FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)
Drawdown of bankers' acceptance	-	-	-	5,627	12,765	14,459	12,250
Repayment of bankers' acceptance	-	-	-	-	(10,688)	(20,717)	(11,504)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

The management of the Eramas Group also regularly reviews and revises product costing in response to foreign currency fluctuations. Nevertheless, any prolonged unfavourable movement in foreign currency exchange rates may have a material adverse impact on the Eramas Group's financial performance.

(g) Delay in collections or non-recoverability of debts

The Eramas Group's normal trade credit term granted to its customers ranges from 30 days to 90 days. The Eramas Group adopts stringent credit control and management policies through application of credit approval, credit limit and ongoing monitoring procedures.

In managing credit risk in respect of international trades, the Eramas Group requires its customers to either:-

- (i) make an upfront payment of 30% of the total sales order, with the remaining 70% to be paid after product delivery; or
- (ii) provide an irrevocable letter of credit and/or bank guarantee to secure their payment obligations.

In the event of delay or default in payments by its customers, the Eramas Group will be required to provide for expected credit losses or write off the bad debts. This will adversely affect the Eramas Group's operating cash flows and financial results. Please refer to Section 2.14(i), Appendix III(D) of this Circular for further information on the trade receivables turnover period for the Financial Years Under Review and the ageing analysis of the Eramas Group's trade receivables as at 31 December 2025.

Please refer to Section 8, Part A of this Circular for a detailed discussion of risk factors which may affect the Eramas Group's business, financial condition and financial performance.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

2. FINANCIAL CONDITION AND RESULTS OF THE OPERATIONS OF THE ERAMAS GROUP
2.1 Revenue

The Eramas Group generates its revenue primarily from the manufacturing, trading, distribution and marketing of food products, supplying both the Malaysian and overseas markets. The Eramas Group supplies a broad range of products spread across 4 categories (namely coconut products, oil and fats products, dairy products as well as specialty food ingredients and other products).

The range of products offered by the Eramas Group under each category include the following:-

- (i) coconut products comprise UHT coconut cream / milk, coconut cream / milk powder, frozen coconut cream, RBD coconut oil, virgin coconut oil, desiccated coconut, toasted coconut paste, coconut water and coconut sugar;
- (ii) oil and fats products comprise red palm oil, RBD palm olein, palm shortening, vegetable margarine, vegetable ghee and soap products made from palm oil;
- (iii) dairy products comprise sweetened condensed milk, evaporated filled milk, whole milk powder and instant milk powder; and
- (iv) specialty food ingredients and other products comprise vegan and non-vegan cheese powder, non-dairy creamer, MCT oil powder, high fat powder, keto coffee and other miscellaneous items.

Revenue from sales of food products is recognised at a point in time when the goods have been transferred and coincides with the delivery of the products to the customers of the Eramas Group.

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Eramas Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Eramas Group performs its obligations under the contract (i.e. transfers the related goods or services to the customer).

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

The breakdown of the Eramas Group's revenue by geographical location and product category for the Financial Years Under Review are as follows:-

	Audited													
	FYE 2019		FYE 2020		FYE 2021		FYE 2022		FYE 2023		FYE 2024		FYE 2025	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Malaysia														
- Coconut products	2,132	3.02	10,750	7.79	25,078	16.33	33,978	24.93	27,571	19.15	35,664	25.10	41,529	27.95
- Oil and fats products	10	0.02	-	-	-	-	-	-	-	-	*(1)	*(1)	-	-
- Dairy products	-	-	-	-	13,703	8.92	13,163	9.65	-	-	*(1)	*(1)	-	-
- Specialty food ingredients and other products	-	-	4	*(1)	51	0.03	29	0.02	256	0.18	256	0.18	917	0.62
	2,142	3.04	10,754	7.79	38,832	25.28	47,170	34.60	27,827	19.33	35,920	25.28	42,446	28.57
Overseas														
- Coconut products	27,708	39.30	31,715	22.99	37,628	24.49	43,796	32.13	43,272	30.07	58,543	41.20	52,788	35.53
- Oil and fats products	15,178	21.52	69,846	50.62	52,737	34.33	13,308	9.76	22,430	15.58	10,403	7.32	14,540	9.78
- Dairy products	25,230	35.79	25,658	18.60	22,716	14.78	31,075	22.80	48,229	33.50	34,851	24.53	37,853	25.48
- Specialty food ingredients and other products	247	0.35	1	*(1)	1,720	1.12	962	0.71	2,187	1.52	2,371	1.67	950	0.64
	68,363	96.96	127,220	92.21	114,801	74.72	89,141	65.40	116,118	80.67	106,168	74.72	106,131	71.43
Total														
- Coconut products	29,840	42.32	42,465	30.78	62,706	40.82	77,774	57.06	70,843	49.22	94,207	66.30	94,317	63.48
- Oil and fats products	15,188	21.54	69,846	50.62	52,737	34.33	13,308	9.76	22,430	15.58	10,403	7.32	14,540	9.78
- Dairy products	25,230	35.79	25,658	18.60	36,419	23.70	44,238	32.45	48,229	33.50	34,851	24.53	37,853	25.48
- Specialty food ingredients and other products	247	0.35	5	*(1)	1,771	1.15	991	0.73	2,443	1.70	2,627	1.85	1,867	1.26
Total revenue	70,505	100.00	137,974	100.00	153,633	100.00	136,311	100.00	143,945	100.00	142,088	100.00	148,577	100.00

Note:-

(1) * indicates amount less than RM1,000 or percentage less than 0.01%.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS *(cont'd)*

Comparison between FYE 2019 and FYE 2020

The Eramas Group's total revenue increased by RM67.46 million or 95.67% from RM70.51 million in FYE 2019 to RM137.97 million in FYE 2020, primarily attributed to the following:-

- (i) significant increase in revenue generated from **oil and fats products** by RM54.66 million or 359.84% from RM15.19 million in FYE 2019 to RM69.85 million in FYE 2020. The increase was mainly derived from the sales of RBD palm olein which increased by RM54.06 million or 665.65%. Due to the COVID-19 pandemic, the sales volume for the RBD palm olein has increased by 756.30%, offset by a decrease of 10.59% in the average selling price per kg in FYE 2020. The demand for RBD palm olein was strong due to its essential role in food production and manufacturing, industries that were crucial during global lockdowns; and
- (ii) increase in revenue from **coconut products** by RM12.63 million or 42.33%, rising from RM29.84 million in FYE 2019 to RM42.47 million in FYE 2020. The increase was primarily driven by the global lockdowns during the COVID-19 pandemic period, during which many households resorted to cooking at home. Hence, there was an increase in demand and consumption of coconut products, leading to higher sales in the following products of the Eramas Group:-
 - (a) UHT coconut cream / milk, which revenue increased by RM8.05 million or 429.98%. The significant increase was mainly attributable to the sales volume increased by 390.55%, coupled with an increase in the average selling price per kg by 8.04%;
 - (b) coconut cream / milk powder, which revenue increased by RM1.71 million or 11.14%, as the sales volume increased by 8.62%, coupled with an increase in the average selling price per kg by 2.32%;
 - (c) RBD coconut oil, which revenue increased by RM1.55 million or 36.81%, as the sales volume increased by 104.26%, offset by a decrease of 33.02% in the average selling price per kg. Besides its use in food preparation, RBD coconut oil may be used for skincare, hair care and body care products; and
 - (d) desiccated coconut, which revenue increased by RM1.35 million or 26.24%, due to the sales volume increased by 31.54%, offset by a decrease of 4.03% in the average selling price per kg.

In terms of revenue by geographical location, the Eramas Group's total revenue was primarily derived from overseas markets, accounting for 96.96% and 92.21% of the total revenue in FYE 2019 and FYE 2020 respectively. The significant increase in revenue generated from overseas markets of RM58.86 million or 86.10% from RM68.36 million in FYE 2019 to RM127.22 million in FYE 2020 was mainly due to the increase in export sales to the following regions in FYE 2020:-

- (i) Africa, which increased by RM50.10 million or 183.94% due to higher demand for oil and fats products;
- (ii) South Asia, which increased by RM4.55 million or 189.56% mainly due to higher demand for coconut products as well as oil and fats products; and
- (iii) America, which increased by RM3.70 million or 56.55% mainly due to higher demand for dairy products.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (*cont'd*)

The revenue generated from the Malaysian market increased by RM8.61 million or 402.34% from RM2.14 million in FYE 2019 to RM10.75 million in FYE 2020. The increase was mainly due to higher sales of coconut products as explained above.

Comparison between FYE 2020 and FYE 2021

The Eramas Group's total revenue increased by RM15.66 million or 11.35% from RM137.97 million in FYE 2020 to RM153.63 million in FYE 2021, primarily driven by the following factors:-

- (i) increase in revenue from **coconut products** by RM20.24 million or 47.66%, from RM42.47 million in FYE 2020 to RM62.71 million in FYE 2021. The increase was predominantly contributed by higher sales of UHT coconut cream / milk, which increased by RM17.46 million or 175.85% in FYE 2021, as the sales volume of UHT coconut cream / milk increased by 157.51% coupled with an increase in average selling price per kg by 7.12%. In particular, sales of UHT coconut cream / milk to an OEM customer increased by RM10.12 million. The worsening COVID-19 pandemic, particularly the rise in cases due to the Delta variant, triggered panic buying among consumers, leading to increased demand for convenient home-cooking ingredients like coconut products. The increase in demand and consumption of coconut products also resulted in a spike in desiccated coconut sales which increased by RM4.69 million or 72.06%, as the sales volume of desiccated coconut increased by 62.91% coupled with an increase in average selling price per kg of 5.62%;
- (ii) increase in revenue from **dairy products** by RM10.76 million or 41.93%, rising from RM25.66 million in FYE 2020 to RM36.42 million in FYE 2021. The increase was mainly driven by an increase in sales of dairy powder by RM13.05 million or 2,246.34%, as a result of an increase in sales volume by 2,276.88%, offset by a decrease in the average selling price per kg by 1.28%. The Eramas Group secured a bulk sales order of milk powder amounting to RM13.63 million from a major customer in FYE 2021; and
- (iii) increase in revenue from **specialty food ingredients and other products** by RM1.76 million or 17,600.00%, rising from RM0.01 million in FYE 2020 to RM1.77 million in FYE 2021. The increase was mainly due to the introduction of a new ready-to-drink product offered by the Eramas Group, which features a special formulation of coffee designed to cater to the taste preferences of the Chinese market, aiming to penetrate the market in The People's Republic of China. The new ready-to-drink product contributed RM1.20 million to the Eramas Group's revenue in FYE 2021. In FYE 2021, the Eramas Group also derived revenue of RM0.57 million from ready-to-eat products, which were mainly exported to Hong Kong.

However, the increase in revenue was offset by a decrease in revenue from **oil and fats products** by RM17.11 million or 24.50%, declining from RM69.85 million in FYE 2020 to RM52.74 million in FYE 2021. The decrease was mainly due to a decrease in sales of RBD palm olein by RM15.27 million or 24.56%, attributable to a decrease in sales volume by 50.57%, cushioned by an increase in the average selling price per kg of 52.63%. The increase in the average selling price per kg was in line with the upward trend of CPO prices during FYE 2021 amidst the strong demand for palm oil during the COVID-19 pandemic period. In mitigating the risk from volatile CPO prices, the Eramas Group reduced its focus on trading of RBD palm olein and focused on other product categories, particularly coconut products and dairy products.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

In terms of revenue by geographical location, revenue generated from the Malaysian market increased by RM28.08 million or 261.21% from RM10.75 million in FYE 2020 to RM38.83 million in FYE 2021. The increase was due to the Eramas Group's focus on expanding its presence in the Malaysian market. In FYE 2021, the Eramas Group's local sales of coconut products increased by RM14.33 million, mainly contributed by the higher sales of UHT coconut cream / milk to an OEM customer which increased by RM10.12 million during the financial year. In addition, the Eramas Group secured a bulk sales order of milk powder amounting to RM13.63 million from a major customer in Malaysia in FYE 2021.

On the other hand, revenue generated from overseas markets decreased by RM12.42 million or 9.76% from RM127.22 million in FYE 2020 to RM114.80 million in FYE 2021. The decline was primarily due to reduced exports of oil and fats products to Africa, which decreased by RM11.26 million or 18.55%, as the Eramas Group decided to reduce its focus on trading of RBD palm olein to mitigate the risk from volatile CPO prices.

Comparison between FYE 2021 and FYE 2022

The Eramas Group's total revenue decreased by RM17.32 million or 11.27% from RM153.63 million in FYE 2021 to RM136.31 million in FYE 2022, primarily due to decrease in revenue from **oil and fats products** by RM39.43 million or 74.76%, declining from RM52.74 million in FYE 2021 to RM13.31 million in FYE 2022. The decrease was mainly attributable to continuous decline in sales of RBD palm olein by RM42.39 million or 90.37% resulted from the decrease of 95.30% in sales volume, cushioned by an increase in the average selling price per kg of 104.91%. The significant increase in CPO prices during FYE 2021 and FYE 2022 (Average CPO price published by the MPOB for FYE 2020: RM2,765 per tonne; FYE 2021: RM4,418 per tonne; FYE 2022: RM5,116 per tonne) affected the profitability of RBD palm olein trading, as CPO is used to produce RBD palm olein. This led the Eramas Group to shift its focus away from the oil and fats products and focus more on its coconut products.

However, the decrease in revenue was partially offset by the following increases:-

- (i) increase in revenue generated from the **coconut products** by RM15.06 million or 24.02%, rising from RM62.71 million in FYE 2021 to RM77.77 million in FYE 2022. The demand for coconut products remained strong as households had accustomed to cooking at home throughout the COVID-19 pandemic period, leading to higher sales in the following products of the Eramas Group:-
 - (a) coconut cream / milk powder, which revenue increased by RM10.44 million or 57.33%, as the sales volume increased by 32.58%, coupled with an increase in the average selling price per kg of 18.67%; and
 - (b) frozen coconut cream, which revenue increased by RM5.18 million or 291,750.89%, due to sales volume increased by 539,900.00%, offset by a decrease of 45.95% in the average selling price per kg; and
- (ii) increase in revenue generated from **dairy products** by RM7.82 million or 21.47%, rising from RM36.42 million in FYE 2021 to RM44.24 million in FYE 2022. The increase was mainly driven by an increase in sales for sweetened condensed milk and evaporated filled milk by RM9.52 million or 44.19% as the sales volume increased by 7.57%, coupled with an increase in the average selling price per kg of 34.04%. The increase was mainly driven by increased demand for sweetened condensed milk and evaporated filled milk from Africa and West Asia.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (*cont'd*)

In terms of revenue by geographical location, revenue generated from overseas markets declined by RM25.66 million or 22.35% from RM114.80 million in FYE 2021 to RM89.14 million in FYE 2022 primarily due to reduced exports of oil and fats products to Africa, which decreased by RM39.77 million or 80.47%, as the Eramas Group shifted its focus away from the oil and fats products attributable to the continuous increase in CPO prices. In line with the shift in focus, the Eramas Group secured higher sales from coconut products and dairy products from overseas market, which increased by RM6.17 million or 16.40%, and RM8.36 million or 36.80%, respectively. The increase was mainly due to the increase in exports of both coconut products and dairy products to Africa and West Asia.

The revenue generated from the Malaysian market continued to increase, rising by RM8.34 million or 21.48% from RM38.83 million in FYE 2021 to RM47.17 million in FYE 2022, primarily driven by the sales of coconut products, which increased by RM8.90 million or 35.49% as the demand for coconut products remained strong locally.

Comparison between FYE 2022 and FYE 2023

The Eramas Group's total revenue increased by RM7.64 million or 5.60% from RM136.31 million in FYE 2022 to RM143.95 million in FYE 2023, primarily due to the following:-

- (i) increase in revenue generated from **oil and fats products** by RM9.12 million or 68.52%, from RM13.31 million in FYE 2022 to RM22.43 million in FYE 2023. This increase was mainly driven by the Eramas Group securing more orders from new customers in FYE 2023 as a result of its proactive initiatives to attend more trade fairs and exhibitions following the reopening of international borders after COVID-19 pandemic, leading to higher sales in the following products of the Eramas Group:-
 - (a) vegetable ghee, which revenue increased by RM5.94 million or 154.68%. The increase was mainly attributable to the sales volume increased by 434.46%, offset by a decrease of 52.35% in the average selling price per kg; and
 - (b) palm shortening and vegetable margarine, which revenue increased by RM2.85 million or 186.10%. The increase was mainly attributable to the sales volume increased by 288.89%, offset by a decrease of 26.43% in the average selling price per kg;
- (ii) increase in revenue generated from **dairy products** by RM3.99 million or 9.02%, from RM44.24 million in FYE 2022 to RM48.23 million in FYE 2023 mainly due to a continuous rise in sales of sweetened condensed milk and evaporated filled milk by RM17.15 million or 55.20% as the demand for sweetened condensed milk and evaporated filled milk continued to grow in West Asia. The sales volume for sweetened condensed milk and evaporated filled milk increased by 72.07%, offset by a decrease of 9.80% in the average selling price per kg. However, this increase in revenue generated from sweetened condensed milk and evaporated filled milk was partially offset by a decrease in revenue generated from dairy powder by RM13.16 million or 100.00%, primarily due to the management's decision to reduce trading of dairy powder in FYE 2023 because of its low profitability margins; and
- (iii) increase in revenue generated from **specialty food ingredients and other products** by RM1.45 million or 146.46%, from RM0.99 million in FYE 2022 to RM2.44 million in FYE 2023, mainly due to the introduction and sales of coconut high fat powder, which generated a revenue of RM1.34 million in FYE 2023.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

However, the increase in revenue was partially offset by a decrease in revenue from **coconut products** by RM6.93 million or 8.91% from RM77.77 million in FYE 2022 to RM70.84 million in FYE 2023, primarily due to the net effect of the following:-

- (i) decrease in sales of frozen coconut cream by RM5.18 million or 99.97%, mainly due to cessation of our local customer, KCI's manufacturing operations in 2023;
- (ii) decrease in sales of pure white coconut oil and RBD coconut oil by RM4.14 million or 90.17% and RM2.74 million or 43.69% respectively due to decrease of 87.61% and 31.58% in sales volume respectively, coupled with decrease in the average selling price per kg of 20.65% and 17.70% respectively, as a result of USD liquidity shortages faced by African countries; and
- (iii) increase in sales of coconut cream / milk powder and UHT coconut cream / milk by RM4.90 million or 17.11% and RM2.53 million or 10.01% respectively as a result of an increase of 32.59% and 22.74% in sales volume respectively, offset by a decrease in the average selling price per kg of 11.67% and 10.37% respectively. The Eramas Group's coconut cream / milk and their powder variants continued to receive encouraging demand from its customers and during the financial year, Eramas Ingredients ramped up its production of coconut cream / milk powder.

In terms of revenue by geographical location, revenue generated from overseas markets increased by RM26.98 million or 30.27% from RM89.14 million in FYE 2022 to RM116.12 million in FYE 2023, particularly attributable to the increase in exports of dairy products to West Asia by RM17.06 million or 202.18% due to higher demand for sweetened condensed milk and evaporated filled milk as explained above as well as the increase in exports of oil and fats products to Africa, Southeast Asia (excluding Malaysia) and West Asia by RM8.18 million or 75.66% in aggregate.

However, this expansion was partially offset by a decrease in the local sales by RM19.34 million or 41.00% from RM47.17 million in FYE 2022 to RM27.83 million in FYE 2023, primarily due to the management's decision to reduce trading of dairy powder because of its low profitability margins and decrease in sales of coconut products by RM6.41 million or 18.86% mainly due to decrease in sales of frozen coconut cream as explained above.

Comparison between FYE 2023 and FYE 2024

The Eramas Group's total revenue decreased by RM1.86 million or 1.29% from RM143.95 million in FYE 2023 to RM142.09 million in FYE 2024, primarily attributed to the following:-

- (i) decrease in revenue generated from **dairy products** by RM13.38 million or 27.74% from RM48.23 million in FYE 2023 to RM34.85 million in FYE 2024. The decrease was solely due to decrease in sales of sweetened condensed milk and evaporated filled milk, as the sales volume decreased by 29.44%, cushioned by an increase of 2.41% in average selling price per kg. The decrease was mainly driven by lower demand for sweetened condensed milk and evaporated filled milk from Northeast Asia, America and Africa; and

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (*cont'd*)

- (ii) decrease in revenue generated from **oil and fats products** by RM12.03 million or 53.63% from RM22.43 million in FYE 2023 to RM10.40 million in FYE 2024. The decrease was mainly due to the Eramas Group's shift in its sales and marketing focus to coconut products, resulting in lower sales in the following products of the Eramas Group:-
 - (a) vegetable ghee, which revenue decreased by RM6.70 million or 68.43% as a result of decrease in sales volume by 69.41%, offset by an increase in average selling price per kg by 3.19%;
 - (b) RBD palm olein, which revenue decreased by RM3.67 million or 68.66% due to decrease in sales volume by 73.74%, offset by an increase in average selling price per kg by 19.33%; and
 - (c) soap products, which revenue decreased by RM1.42 million or 66.36% due to decrease in sales volume by 70.55%, offset by an increase in average selling price per kg by 14.21%.

However, the decrease in revenue was partially offset by an increase in revenue generated from **coconut products** by RM23.37 million or 32.99% from RM70.84 million in FYE 2023 to RM94.21 million in FYE 2024, primarily due to the following:-

- (i) increase in sales of coconut cream / milk powder by RM16.92 million or 50.45% as a result of increase in sales volume by 45.94%, coupled with an increase in average selling price per kg by 3.09%; and
- (ii) increase in sales of UHT coconut cream / milk by RM6.35 million or 22.78% due to increase in sales volume by 13.01%, coupled with an increase in average selling price per kg by 8.65%.

The increase in sales of coconut products was mainly due to the Eramas Group's sales and marketing efforts to increase the sales of coconut products and in particular, coconut cream / milk powder, which was supported by the increased production by Eramas Ingredients in FYE 2024.

In terms of revenue by geographical location, revenue from overseas markets decreased by RM9.95 million or 8.57% from RM116.12 million in FYE 2023 to RM106.17 million in FYE 2024. The decrease was mainly due to the decrease in export sales of dairy products to Northeast Asia, America and Africa by RM5.24 million or 87.97%, RM4.11 million or 65.86% and RM2.12 million or 41.08% respectively. In addition, the export sales of oil and fats products to Africa and West Asia decreased by RM8.87 million or 72.29% and RM2.69 million or 81.64% respectively. The decreases were partially offset by the increase in export sales of coconut products to Southeast Asia (excluding Malaysia) and Northeast Asia by RM7.39 million or 182.70% and RM6.52 million or 79.05% respectively.

Revenue from the Malaysian market increased by RM8.09 million or 29.07% from RM27.83 million in FYE 2023 to RM35.92 million in FYE 2024. The increase was mainly driven by the increase in sales of UHT coconut cream / milk, which increased by RM8.09 million or 40.15% from RM20.15 million in FYE 2023 to RM28.24 million in FYE 2024.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

Comparison between FYE 2024 and FYE 2025

The Eramas Group's total revenue increased by RM6.49 million or 4.57% from RM142.09 million in FYE 2024 to RM148.58 million in FYE 2025, primarily due to the following:-

- (i) increase in revenue generated from **oil and fats products** by RM4.14 million or 39.81% from RM10.40 million in FYE 2024 to RM14.54 million in FYE 2025. The increase was mainly driven by higher sales of vegetable ghee, which increased by RM4.48 million or 145.15% as the sales volume increased by 121.46%, coupled with an increase in average selling price per kg by 10.70%. In FYE 2025, there was an increase in demand from a major customer in Africa that primarily supplies food products to countries affected by malnutrition, particularly in East Africa; and
- (ii) increase in revenue generated from **dairy products** by RM3.00 million or 8.61% from RM34.85 million in FYE 2024 to RM37.85 million in FYE 2025. The increase was solely due to increase in sales of sweetened condensed milk and evaporated filled milk, as the sales volume increased by 14.65%, offset by a decrease of 5.26% in average selling price per kg. The increase was mainly driven by the orders from a new customer in Northeast Asia secured by the Eramas Group in FYE 2025.

Revenue generated from **coconut products** remained relatively stable at RM94.32 million (FYE 2024: RM94.21 million), due to the net effect of higher average selling prices and lower sales volume. For the period from late-2024 to early-2025, a significant coconut supply shortage arose due to adverse weather conditions, which impacted coconut supply in major coconut producing countries including Indonesia and the Philippines. This had resulted in higher coconut prices and longer duration for the Eramas Group to secure coconut supplies. In mitigating the increase in coconut prices, the Eramas Group had increased selling prices of its coconut products as well as sourced coconut raw materials from Ben Tre Import and Export Joint Stock Corporation from Vietnam which offered lower pricing under bulk purchase arrangements in the prevailing market conditions as compared to other available suppliers. Due to the coconut supply shortage, the Eramas Group's sales volume of coconut products for the FYE 2025 was adversely affected and decreased by 25.64%.

In terms of revenue by geographical location, revenue from overseas markets remained relatively stable at RM106.13 million (FYE 2024: RM106.17 million). The slight decrease was mainly due to lower export sales of coconut products to Northeast Asia and Southeast Asia (excluding Malaysia), which decreased by RM8.08 million or 54.69% and RM5.12 million or 44.82% respectively in FYE 2025 as well as the decrease in export sales of specialty food ingredients and other products to Northeast Asia by RM1.51 million or 75.80%. The decreases were partially offset by the increase in export sales of coconut products to America and South Asia by RM3.67 million or 31.91% and RM2.16 million or 53.17% respectively, increase in export sales of oil and fats products to Africa by RM4.65 million or 136.71%, as well as increase in export sales of dairy products to Northeast Asia by RM3.93 million or 548.90%.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (cont'd)**

Revenue from the Malaysian market increased by RM6.53 million or 18.18% from RM35.92 million in FYE 2024 to RM42.45 million in FYE 2025. The increase was mainly driven by the increase in the Eramas Group's local sales of coconut products, which increased by RM5.87 million or 16.45%, mainly driven by the following:-

- (i) higher sales of coconut cream / milk powder, which increased by RM2.92 million or 44.44% from RM6.57 million in FYE 2024 to RM9.49 million in FYE 2025 as a result of increase in average selling price per kg by 54.05%, offset by a decrease in sales volume by 6.29%; and
- (ii) higher sales of UHT coconut cream / milk, which increased by RM2.89 million or 10.23% from RM28.24 million in FYE 2024 to RM31.13 million in FYE 2025 as a result of increase in average selling price per kg by 39.52%, offset by a decrease in sales volume by 20.99%.

Overall, the local sales volume of coconut products decreased by 23.42% while the average selling price per kg increased by 52.06% as the Eramas Group had increased selling prices of its coconut products (including coconut cream / milk powder and UHT coconut cream / milk) to address the increase in coconut prices arising from the coconut supply shortage. Due to the net effect of higher average selling price per kg and lower sales volume, the revenue from local sales of coconut products increased by 16.45% in FYE 2025.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)**2.2 Cost of sales**

The breakdown of the Eramas Group's cost of sales by geographical location and product category for the Financial Years Under Review are as follows:-

	Audited													
	FYE 2019		FYE 2020		FYE 2021		FYE 2022		FYE 2023		FYE 2024		FYE 2025	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Malaysia														
- Coconut products	1,806	2.91	9,112	7.17	22,019	15.51	31,602	25.09	21,536	17.70	29,442	25.23	29,391	25.41
- Oil and fats products	10	0.01	-	-	-	-	-	-	-	-	*(1)	*(1)	-	-
- Dairy products	-	-	-	-	13,403	9.44	12,819	10.18	-	-	*(1)	*(1)	-	-
- Specialty food ingredients and other products	-	-	4	*(1)	32	0.03	38	0.03	290	0.24	184	0.15	881	0.76
	1,816	2.92	9,116	7.17	35,454	24.98	44,459	35.30	21,826	17.94	29,626	25.38	30,272	26.17
Overseas														
- Coconut products	23,582	37.95	26,782	21.06	33,936	23.91	39,531	31.39	35,326	29.03	45,134	38.67	38,932	33.65
- Oil and fats products	13,607	21.90	67,796	53.31	50,009	35.23	11,994	9.52	19,711	16.20	9,221	7.90	13,226	11.43
- Dairy products	22,888	36.83	23,470	18.46	20,965	14.77	28,462	22.59	43,588	35.82	30,893	26.47	32,512	28.11
- Specialty food ingredients and other products	248	0.40	*(1)	*(1)	1,579	1.11	1,507	1.20	1,238	1.01	1,835	1.58	740	0.64
	60,325	97.08	118,048	92.83	106,489	75.02	81,494	64.70	99,863	82.06	87,083	74.62	85,410	73.83
Total														
- Coconut products	25,388	40.86	35,894	28.23	55,955	39.42	71,133	56.48	56,862	46.73	74,576	63.90	68,323	59.06
- Oil and fats products	13,617	21.91	67,796	53.31	50,009	35.23	11,994	9.52	19,711	16.20	9,221	7.90	13,226	11.43
- Dairy products	22,888	36.83	23,470	18.46	34,368	24.21	41,281	32.77	43,588	35.82	30,893	26.47	32,512	28.11
- Specialty food ingredients and other products	248	0.40	4	*(1)	1,611	1.14	1,545	1.23	1,528	1.25	2,019	1.73	1,621	1.40
Total cost of sales	62,141	100.00	127,164	100.00	141,943	100.00	125,953	100.00	121,689	100.00	116,709	100.00	115,682	100.00

Note:-

(1) * indicates amount less than RM1,000 or percentage less than 0.01%.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

The breakdown of the Eramas Group's cost of sales by components for the Financial Years Under Review are as follows:-

	Audited													
	FYE 2019		FYE 2020		FYE 2021		FYE 2022		FYE 2023		FYE 2024		FYE 2025	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Material costs ⁽¹⁾	57,669	92.80	120,977	95.13	128,306	90.39	113,645	90.23	108,870	89.46	100,897	86.45	102,042	88.21
Overhead costs ⁽²⁾	4,472	7.20	6,187	4.87	13,637	9.61	11,718	9.30	10,448	8.59	12,295	10.54	10,605	9.17
Direct labour costs ⁽³⁾	-	-	-	-	-	-	590	0.47	2,371	1.95	3,517	3.01	3,035	2.62
Total cost of sales	62,141	100.00	127,164	100.00	141,943	100.00	125,953	100.00	121,689	100.00	116,709	100.00	115,682	100.00

Notes:-

- (1) Primarily consists of costs of trading goods, raw materials and packaging materials. The raw materials used in production are frozen coconut cream / milk, additives and other ingredients.
- (2) Primarily consists of freight and logistics charges, depreciation charges, artwork charges and electricity expenses.
- (3) Consists of salaries, allowances, overtime and other statutory contributions paid for employees involved in the manufacturing operations.

Comparison between FYE 2019 and FYE 2020

The Eramas Group's cost of sales increased by RM65.02 million or 104.63% from RM62.14 million in FYE 2019 to RM127.16 million in FYE 2020. The increase in cost of sales was mainly attributed to the following:-

- (i) increase in material costs by RM63.31 million or 109.78%, mainly due to increase in purchases of RBD palm olein as there was a surge in sales order for RBD palm olein; and
- (ii) increase in overhead costs by RM1.72 million or 38.48% mainly as a result of higher freight and logistics charges due to expansion of export sales.

Comparison between FYE 2020 and FYE 2021

The Eramas Group's cost of sales increased by RM14.78 million or 11.62% from RM127.16 million in FYE 2020 to RM141.94 million in FYE 2021 as a result of higher sales achieved by the Eramas Group. On top of that, the increase in cost of sales was also due to the significant increase in freight and logistics charges by RM7.58 million or 150.43%. The significant increase was attributable to the global outbreak of COVID-19 which caused significant disruptions in the shipping industry as the industry faced with shortages of shipping containers and implementation of restrictions and standard operating procedures at the ports, leading to higher freight and logistics charges.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

Comparison between FYE 2021 and FYE 2022

The Eramas Group's cost of sales decreased by RM15.99 million or 11.27% from RM141.94 million in FYE 2021 to RM125.95 million in FYE 2022, mainly attributed to the following:-

- (i) decrease in material costs by RM14.66 million or 11.43%, which is in line with the decrease in revenue; and
- (ii) decrease in overhead costs by RM1.92 million or 14.08%, resulting from the decrease in freight and logistics charges, as the freight rates were lower in FYE 2022 as compared to FYE 2021.

However, the decrease was offset by an increase in cost of sales from the Eramas Group's manufacturing operations, which commenced in October 2022.

Comparison between FYE 2022 and FYE 2023

The Eramas Group's cost of sales decreased by RM4.26 million or 3.38% from RM125.95 million in FYE 2022 to RM121.69 million in FYE 2023, mainly attributed to the following:-

- (i) decrease in material costs by RM4.78 million or 4.21%, mainly due to the decrease in purchases of packaging materials. Prior to FYE 2023, the Eramas Group purchased packaging materials and provided them to suppliers to pack finished goods. However, in FYE 2023, the Eramas Group started to purchase packed finished goods directly from suppliers, thus eliminating the need to purchase packaging materials; and
- (ii) decrease in overhead costs by RM1.27 million or 10.84% as a result of the decrease in freight and logistics charges, which reduced by RM4.99 million or 53.35%, mainly due to lower freight rates in FYE 2023. This decrease in freight and logistics charges was offset by an increase in overhead costs in respect of the manufacturing operations such as depreciation and electricity charges due to full year effect of the operations.

The direct labour costs increased by RM1.78 million or 301.69%, mainly due to full year effect of the manufacturing operations and additional hires of new employees.

Comparison between FYE 2023 and FYE 2024

The Eramas Group's cost of sales decreased by RM4.98 million or 4.09% from RM121.69 million in FYE 2023 to RM116.71 million in FYE 2024, mainly due to the decrease in material costs by RM7.97 million or 7.32% attributable to lower trading goods sold for oil and fats products and dairy products as detailed in Section 2.1, Appendix III(D) of this Circular.

However, the decrease was offset by the following:-

- (i) increase in overhead costs by RM1.85 million or 17.68%, as a result of the increase in freight and logistics charges, mainly due to higher freight rates borne by the Eramas Group resulting from the Red Sea crisis (see further details in Section 21.2, Appendix III(B) of this Circular); and
- (ii) increase in direct labour costs by RM1.15 million or 48.33%, mainly due to increase in the number of factory workers and employees as well as overtime expenses, as Eramas Ingredients ramped up its production to meet customers' demand.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (cont'd)**

Comparison between FYE 2024 and FYE 2025

The Eramas Group's cost of sales decreased by RM1.03 million or 0.88% from RM116.71 million in FYE 2024 to RM115.68 million in FYE 2025, mainly attributed to the following:-

- (i) decrease in overhead costs by RM1.69 million or 13.75%, as a result of the decrease in freight and logistics charges, mainly due to a higher proportion of export sales was conducted on Free on Board (FOB) terms in FYE 2025 as compared to FYE 2024. Under the FOB terms, the Eramas Group's responsibility would end upon the loading of goods onto the vessel at the port of origin. Consequently, its customers would assume all subsequent international shipping, insurance and handling costs; and
- (ii) decrease in direct labour costs by RM0.48 million or 13.70%, mainly due to staff turnover during the year. The resulting vacancies and subsequent recruitment of replacements led to a reduction in overall payroll expenses.

However, the decrease was offset by an increase in material costs by RM1.14 million or 1.13%, which is in line with the increase in revenue.

Notwithstanding that the coconut supply shortage due to adverse weather conditions (as further detailed in Section 2.1, Appendix III(D) of this Circular) had resulted in higher coconut prices during FYE 2025, the Eramas Group's cost of sales for coconut products in FYE 2025 had not increased. On the contrary, the cost of sales for coconut products in FYE 2025 decreased by RM6.25 million or 8.38% as a result of the decrease in sales volume by 25.64% which offsets the increase in average cost per kg by 23.20%

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

2.3 GP and GP margin

The breakdown of the Eramas Group's GP by geographical location and product category and the GP margin for the Financial Years Under Review are as follows:-

	Audited														
	FYE 2019			FYE 2020			FYE 2021			FYE 2022			FYE 2023		
	GP		GP margin ⁽¹⁾	GP		GP margin ⁽¹⁾	GP		GP margin ⁽¹⁾	GP		GP margin ⁽¹⁾	GP		GP margin ⁽¹⁾
	(RM'000)	(%)	(%)	(RM'000)	(%)	(%)	(RM'000)	(%)	(%)	(RM'000)	(%)	(%)	(RM'000)	(%)	(%)
Malaysia															
- Coconut products	326	3.90	15.29	1,638	15.15	15.24	3,059	26.17	12.20	2,376	22.94	6.99	6,035	27.12	21.89
- Oil and fats products	*(2)	*(2)	*(2)	-	-	-	-	-	-	-	-	-	-	-	-
- Dairy products	-	-	-	-	-	-	300	2.57	2.19	344	3.32	2.61	-	-	-
- Specialty food ingredients and other products	-	-	-	*(2)	*(2)	*(2)	19	0.16	37.25	(9)	(0.09)	(31.03)	(34)	(0.16)	(13.28)
	326	3.90	15.22	1,638	15.15	15.23	3,378	28.90	8.70	2,711	26.17	5.75	6,001	26.96	21.57
Overseas															
- Coconut products	4,126	49.33	14.89	4,933	45.64	15.55	3,692	31.58	9.81	4,265	41.17	9.74	7,946	35.70	18.36
- Oil and fats products	1,571	18.78	10.35	2,050	18.96	2.94	2,728	23.34	5.17	1,314	12.69	9.87	2,719	12.22	12.12
- Dairy products	2,342	28.00	9.28	2,188	20.24	8.53	1,751	14.97	7.71	2,613	25.23	8.41	4,641	20.85	9.62
- Specialty food ingredients and other products	(1)	(0.01)	(0.40)	1	0.01	100.00	141	1.21	8.20	(545)	(5.26)	(56.65)	949	4.27	43.39
	8,038	96.10	11.76	9,172	84.85	7.21	8,312	71.10	7.24	7,647	73.83	8.58	16,255	73.04	14.00
Total															
- Coconut products	4,452	53.23	14.92	6,571	60.79	15.47	6,751	57.75	10.77	6,641	64.11	8.54	13,981	62.82	19.74
- Oil and fats products	1,571	18.78	10.34	2,050	18.96	2.94	2,728	23.34	5.17	1,314	12.69	9.87	2,719	12.22	12.12
- Dairy products	2,342	28.00	9.28	2,188	20.24	8.53	2,051	17.54	5.63	2,957	28.55	6.68	4,641	20.85	9.62
- Specialty food ingredients and other products	(1)	(0.01)	(0.40)	1	0.01	20.00	160	1.37	9.03	(554)	(5.35)	(55.90)	915	4.11	37.45
Total GP / Overall GP Margin	8,364	100.00	11.86	10,810	100.00	7.83	11,690	100.00	7.61	10,358	100.00	7.60	22,256	100.00	15.46

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

	Audited					
	FYE 2024			FYE 2025		
	GP		GP margin ⁽¹⁾	GP		GP margin ⁽¹⁾
	(RM'000)	(%)	(%)	(RM'000)	(%)	(%)
Malaysia						
- Coconut products	6,222	24.52	17.45	12,138	36.90	29.23
- Oil and fats products	*(2)	*(2)	*(2)	-	-	n/a ⁽³⁾
- Dairy products	*(2)	*(2)	*(2)	-	-	n/a ⁽³⁾
- Specialty food ingredients and other products	72	0.28	28.13	36	0.11	3.93
	6,294	24.80	17.52	12,174	37.01	28.68
Overseas						
- Coconut products	13,409	52.83	22.90	13,856	42.12	26.25
- Oil and fats products	1,182	4.66	11.36	1,314	3.99	9.04
- Dairy products	3,958	15.59	11.36	5,341	16.24	14.11
- Specialty food ingredients and other products	536	2.12	22.61	210	0.64	22.11
	19,085	75.20	17.98	20,721	62.99	19.52
Total						
- Coconut products	19,631	77.35	20.84	25,994	79.02	27.56
- Oil and fats products	1,182	4.66	11.36	1,314	3.99	9.04
- Dairy products	3,958	15.59	11.36	5,341	16.24	14.11
- Specialty food ingredients and other products	608	2.40	23.14	246	0.75	13.18
Total GP / Overall GP Margin	25,379	100.00	17.86	32,895	100.00	22.14

Notes:-

(1) GP margin is computed based on GP over revenue.

(2) * indicates amount less than RM1,000. As the GP is not significant, the contribution to total GP and GP margin are not presented.

(3) n/a denotes not applicable.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (*cont'd*)

Comparison between FYE 2019 and FYE 2020

The Eramas Group's GP increased by RM2.45 million or 29.31% from RM8.36 million in FYE 2019 to RM10.81 million in FYE 2020, primarily attributed to the following:-

- (i) increase in the GP from **coconut products** by RM2.12 million, mainly contributed by the increase in sales of UHT coconut cream / milk and coconut cream / milk powder as detailed in Section 2.1, Appendix III(D) of this Circular; and
- (ii) increase in the GP from **oil and fats products** by RM0.48 million, mainly due to the increase in sales of RBD palm olein as detailed in Section 2.1, Appendix III(D) of this Circular.

However, the GP margin decreased from 11.86% in FYE 2019 to 7.83% in FYE 2020 primarily attributable the lower GP margin for **oil and fats products** achieved by the Eramas Group due to the volatility in global CPO prices. Further, the higher CPO prices in FYE 2020 (Average CPO price published by the MPOB for FYE 2019: RM2,119 per tonne; FYE 2020: RM2,765 per tonne) also compressed profit margins as the increases in price could not be fully passed on to end consumers.

Comparison between FYE 2020 and FYE 2021

The Eramas Group's GP increased by RM0.88 million or 8.14% from RM10.81 million in FYE 2020 to RM11.69 million in FYE 2021, primarily attributed to the following:-

- (i) increase in the GP from **coconut products** by RM0.18 million mainly due to the increase in sales of UHT coconut cream / milk as detailed in Section 2.1, Appendix III(D) of this Circular;
- (ii) increase in the GP from **oil and fats products** by RM0.68 million mainly due to improvement in GP margin achieved by the Eramas Group for RBD palm olein despite the volatile CPO prices. The said improvement in GP margin was driven by higher average selling price per kg for RBD palm olein as detailed in Section 2.1, Appendix III(D) of this Circular; and
- (iii) increase in the GP from **specialty food ingredients and other products** by RM0.16 million as the Eramas Group introduced a new ready-to-drink product to the Chinese market as detailed in Section 2.1, Appendix III(D) of this Circular.

Despite higher freight and logistics charges incurred during the financial year arising from disruptions in the shipping industry attributable to the global outbreak of COVID-19, the Eramas Group managed to maintain its GP margin at 7.61% in FYE 2021, which is relatively stable as compared to 7.83% in FYE 2020.

Comparison between FYE 2021 and FYE 2022

The Eramas Group's GP decreased by RM1.33 million or 11.38% from RM11.69 million in FYE 2021 to RM10.36 million in FYE 2022, primarily attributed to the decrease in GP from **oil and fats products** by RM1.42 million mainly due to decrease in sales of RBD palm olein to African countries as detailed in Section 2.1, Appendix III(D) of this Circular.

The Eramas Group's GP margin remained consistent at 7.60% in FYE 2022 as compared to 7.61% in FYE 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

The Eramas Group commenced its manufacturing operations in October 2022. In FYE 2022, the manufacturing operations incurred total gross loss of RM2.35 million as total production costs incurred (including for trial runs, prototypes and production inefficiencies) exceeded revenue generated from the manufacturing operations. The gross loss from coconut products was RM1.70 million (Gross loss from coconut products in Malaysia: RM0.75 million), which contributed to the decrease in GP margin from **coconut products** from 10.77% in FYE 2021 to 8.54% in FYE 2022 (GP margin from **coconut products in Malaysia**: Decreased from 12.20% in FYE 2021 to 6.99% in FYE 2022). In addition, the decrease in GP margin from coconut products in Malaysia was also attributable to the larger revenue base arising from the increase in sales of frozen coconut cream in Malaysia which commanded low GP margin.

Comparison between FYE 2022 and FYE 2023

The Eramas Group's GP increased by RM11.90 million or 114.86% from RM10.36 million in FYE 2022 to RM22.26 million in FYE 2023, attributable to the increase in the GP from all product categories, primarily from **coconut products** which contributed an increase of RM7.34 million in GP. The Eramas Group's coconut cream / milk and their powder variants continued to receive encouraging demand from its customers and during the financial year, Eramas Ingredients ramped up its production of coconut cream / milk powder.

The Eramas Group's GP margin increased from 7.60% in FYE 2022 to 15.46% in FYE 2023 mainly due to:-

- (i) changes in product sales mix, whereby the Eramas Group increased its sales focus on products that generate better profit margins such as UHT coconut cream / milk, coconut cream / milk powder, sweetened condensed milk, evaporated filled milk and vegetable ghee. An increase in the proportion of sales of products with better profit margins over the total revenue of the Eramas Group had contributed to an improvement in the overall GP margin; and
- (ii) the establishment of in-house manufacturing operations under Eramas Ingredients, as explained below.

The GP margin from **coconut products** increased to 19.74% in FYE 2023 (FYE 2022: 8.54%), mainly due to:-

- (i) the increase in sales of coconut cream / milk powder and UHT coconut cream / milk, driven by 32.59% and 22.74% increase in sales volume respectively while frozen coconut cream, pure white coconut oil and RBD coconut oil decreased in sales, as detailed in Section 2.1, Appendix III(D) of this Circular. As a result of the changes in coconut product sales mix, the revenue from coconut cream / milk powder and UHT coconut cream / milk constituted a higher proportion i.e. 86.68% of the revenue generated from coconut products in FYE 2023 (FYE 2022: 69.39%). These products generated better profit margins than frozen coconut cream, pure white coconut oil and RBD coconut oil in FYE 2023; and
- (ii) the establishment of in-house manufacturing operations under Eramas Ingredients, which allowed coconut products (in particular, coconut cream / milk powder) that were produced in-house to generate a higher profit margin for the Eramas Group. In FYE 2023, the manufacturing operations became more efficient as Eramas Ingredients ramped up its production of coconut cream / milk powder during the financial year.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (*cont'd*)

The manufacturing operations contributed 41.04% of the revenue from coconut products in FYE 2023 (FYE 2022: 8.22%) and recorded GP from coconut products of RM4.74 million (GP margin of 16.30%) in FYE 2023 (FYE 2022: Gross loss of RM1.70 million; Gross loss margin of 26.60%). The increased and more efficient in-house manufacturing contributed to lower average cost per kg for the coconut cream / milk powder in FYE 2023 as the Eramas Group's costs of production were lower than the costs of purchasing finished goods directly from suppliers.

Arising from the changes in product sales mix and the establishment of in-house manufacturing operations, the GP margin from **coconut products in Malaysia** also increased from 6.99% in FYE 2022 to 21.89% in FYE 2023.

The GP margin from **oil and fats products** increased to 12.12% in FYE 2023 (FYE 2022: 9.87%), mainly due to the increase in sales of vegetable ghee, driven by 434.46% increase in sales volume as detailed in Section 2.1, Appendix III(D) of this Circular. As a result, the revenue from vegetable ghee constituted a higher proportion i.e. 43.63% of the revenue generated from oil and fats products in FYE 2023 (FYE 2022: 28.88%). Vegetable ghee commanded the highest GP margin amongst all the Eramas Group's oil and fats products in FYE 2023.

The GP margin from **dairy products** increased to 9.62% in FYE 2023 (FYE 2022: 6.68%), mainly due to the increase in sales of sweetened condensed milk and evaporated filled milk, driven by 72.07% increase in sales volume while dairy powder decreased in sales, as detailed in Section 2.1, Appendix III(D) of this Circular. In FYE 2023, there were no sales of dairy powder due to the management's decision to reduce trading of dairy powder because of its low profitability margins. As a result of the changes in dairy product sales mix, the revenue from sweetened condensed milk and evaporated filled milk constituted the entire revenue generated from dairy products in FYE 2023 (FYE 2022: 70.25%). These products generated better profit margins than dairy powder.

The GP margin from **specialty food ingredients and other products** increased to 37.45% in FYE 2023 (FYE 2022: gross loss margin of 55.90%), mainly due to the introduction and sales of coconut high fat powder that contributed the highest GP amongst all the Eramas Group's specialty food ingredients and other products in FYE 2023. The revenue from coconut high fat powder constituted 54.93% of the revenue generated from specialty food ingredients and other products in FYE 2023 (FYE 2022: Nil).

Comparison between FYE 2023 and FYE 2024

The Eramas Group's GP increased by RM3.12 million or 14.02% from RM22.26 million in FYE 2023 to RM25.38 million in FYE 2024, mainly due to the increase of RM5.65 million in GP from **coconut products**, particularly the sales of coconut cream / milk powder had increased, offset by the decrease in GP from **oil and fats products** and **dairy products** of RM1.54 million and RM0.68 million respectively in line with lower sales achieved, as detailed in Section 2.1, Appendix III(D) of this Circular.

Despite the increase in freight and logistics charges in FYE 2024 arising from higher freight rates resulting from the Red Sea crisis, the Eramas Group's GP margin increased from 15.46% in FYE 2023 to 17.86% in FYE 2024. The increase was mainly due to the Eramas Group's sales focus on **coconut products** (in particular, coconut cream / milk powder) which commanded higher GP margin than oil and fats products and dairy products.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

In FYE 2024, the Eramas Group's coconut cream / milk powder continued to receive encouraging demand from its customers due to the Eramas Group's sales and marketing efforts to increase the sales of coconut cream / milk powder, leading to an increase in sales volume by 45.94%, coupled with an increase in average selling price per kg by 3.09%. As a result, the revenue from coconut cream / milk powder constituted a higher proportion i.e. 35.52% of the revenue of the Eramas Group in FYE 2024 (FYE 2023: 23.30%). These products generated better profit margins than oil and fats products and dairy products.

The manufacturing operations contributed 44.53% of the revenue from coconut products in FYE 2024 (FYE 2023: 41.04%) and recorded GP from coconut products of RM5.96 million (GP margin of 14.22%) in FYE 2024 (FYE 2023: RM4.74 million; 16.30%). The increased in-house production of coconut cream / milk powder in FYE 2024 had contributed to lower average cost per kg for the coconut cream / milk powder in FYE 2024 as the Eramas Group's costs of production were lower than the costs of purchasing finished goods directly from suppliers and accordingly, boosted the GP margin of coconut products and ultimately, the GP and GP margin of the Eramas Group for FYE 2024.

Generally, the GP margin from coconut products from overseas markets is lower than Malaysia due to, amongst others, more competitive pricing offered to overseas customers as they typically purchase in larger quantities as compared to local customers in Malaysia. However, in FYE 2024, the GP margin from coconut products from overseas markets (22.90%) was higher than Malaysia (17.45%) mainly due to the change in coconut product sales mix (particularly, coconut cream / milk powder which had higher GP margin following the commencement of its in-house production), as further explained below:-

- (i) coconut cream / milk powder (which is easier to transport and export as compared to UHT coconut cream / milk) constituted the majority portion (74.97%) of the revenue generated from coconut products from overseas markets in FYE 2024 (FYE 2023: 62.27%). For overseas markets, coconut cream / milk powder commanded the highest GP margin amongst the Eramas Group's major coconut products in FYE 2024. As a result, the increase in the proportion of sales of coconut cream / milk powder from overseas markets had contributed to an increase in the GP margin from coconut products from overseas markets, exceeding the GP margin from coconut products in Malaysia in FYE 2024; and
- (ii) although the GP margin from coconut cream / milk powder in Malaysia was higher than overseas markets, the sales of coconut cream / milk powder in Malaysia constituted only 18.43% of the revenue generated from coconut products in Malaysia in FYE 2024 while UHT coconut cream / milk constituted the majority portion (79.18%) (FYE 2023: 23.92%; 73.08%). As compared to coconut cream / milk powder, UHT coconut cream / milk commanded much lower GP margin as it was not manufactured in-house.

Comparison between FYE 2024 and FYE 2025

The Eramas Group's GP increased by RM7.52 million or 29.63% from RM25.38 million in FYE 2024 to RM32.90 million in FYE 2025, primarily driven by the increase in GP from **coconut products** by RM6.36 million despite lower sales volume of coconut products in FYE 2025. The Eramas Group's GP margin also increased from 17.86% in FYE 2024 to 22.14% in FYE 2025, mainly due to higher GP margin achieved for the coconut products.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS *(cont'd)*

Adverse weather conditions in major coconut producing countries had caused a significant coconut supply shortage for the period from late-2024 to early-2025. This had adversely impacted the availability of coconut supplies and resulted in a significant hike in coconut prices. In mitigating the increase in coconut prices, the Eramas Group had increased selling prices of its coconut products as well as sourced coconut raw materials from Ben Tre Import and Export Joint Stock Corporation from Vietnam which offered lower pricing under bulk purchase arrangements in the prevailing market conditions as compared to other available suppliers. The Eramas Group's purchases of coconut raw materials in FYE 2024 and FYE 2025 were RM10.73 million and RM14.14 million, representing 9.19% and 12.22% of the Eramas Group's cost of sales in FYE 2024 and FYE 2025 respectively. During FYE 2024 and FYE 2025, the Eramas Group procured its coconut raw materials on a monthly basis, as and when required, to meet its production requirements as well as to cater for anticipated sales orders.

In FYE 2025, the average cost per kg of coconut products increased by 23.20% mainly due to the coconut supply shortage. In line with other industry players, the Eramas Group had increased selling prices of its coconut products and consequently, the average selling price per kg of coconut products increased by 34.64% in FYE 2025 as compared to FYE 2024. In addition, due to unstable supply of coconut raw materials in Indonesia, the Eramas Group increased its purchases of coconut raw materials from its major supplier in Vietnam in FYE 2025. Through bulk purchases via purchase orders, the Eramas Group was able to secure competitive pricing for its coconut raw materials. As PT Eramas experienced limited availability of coconut raw materials in Indonesia, the Eramas Group only procured coconut trading goods from PT Eramas in FYE 2025.

With the Eramas Group's abovementioned procurement and pricing strategies coupled with its strong distribution networks as demonstrated by its extensive coverage in Malaysia and overseas markets to support its business, the Eramas Group was still able to secure coconut supplies at competitive prices and fulfill its sales orders at selling prices acceptable to the customers. The higher selling prices contributed to the increase in the Eramas Group's GP and GP margin for its coconut products, in particular coconut cream / milk powder and UHT coconut cream / milk notwithstanding the decrease in sales volume by 26.60% and 23.79% respectively. The Eramas Group's GP from coconut products increased from RM19.63 million in FYE 2024 to RM25.99 million in FYE 2025 despite the decrease in sales volume by 25.64%. The GP margin from coconut products increased from 20.84% in FYE 2024 to 27.56% in FYE 2025, mainly due to the revision in selling prices, the increase of which exceeded the increase in purchase costs, reflecting the Eramas Group's ability to pass on the increase in coconut raw material costs to its customers. The effect of the change in coconut product sales mix to the GP margin from coconut products in FYE 2025 was not significant as the coconut product sales mix in FYE 2025 was largely consistent with FYE 2024 whereby coconut cream / milk powder constituted 50.53% of the revenue generated from coconut products while UHT coconut cream / milk constituted 38.81% (FYE 2024: 53.57%; 36.31%).

The higher GP margin from coconut products from Malaysia, which increased from 17.45% in FYE 2024 to 29.23% in FYE 2025 was mainly due to the revision in selling prices of coconut products and change in coconut product sales mix (particularly, coconut cream / milk powder). In FYE 2025, coconut cream / milk powder constituted a higher portion of 22.85% of the revenue generated from coconut products in Malaysia while UHT coconut cream / milk constituted the majority (74.96%) (FYE 2024: 18.43%; 79.18%). Coconut cream / milk powder commanded higher GP margin than UHT coconut cream / milk.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (*cont'd*)

In FYE 2025, the coconut supply shortage due to adverse weather conditions had affected the operating conditions of the coconut products industry and the Eramas Group as it had adversely impacted the availability of coconut supplies and resulted in a significant hike in coconut prices. Nonetheless, availability and fluctuations in prices of coconut raw materials, whether due to adverse weather conditions or otherwise, are known business risks affecting the coconut products industry and the business of the Eramas Group. The Eramas Group's exposure to the risk relating to availability and fluctuations in prices of raw materials are further detailed in Section 8.2.2, Part A of this Circular. The coconut prices will fluctuate in the coconut business cycle due to, amongst others, adverse weather conditions such as La Niña and El Niño weather phenomenon and spread of diseases affecting the growth and/or harvest of coconuts affecting regional supply availability and market demand. In managing such price fluctuations, the Eramas Group periodically revises its selling prices through negotiations with its customers and manages purchase costs in procurement from its suppliers.

Despite the limited availability of coconut supplies and increase in coconut raw material costs, the procurement and pricing strategies adopted by the Eramas Group had successfully led to the improvement in the Eramas Group's GP and GP margin in FYE 2025. As part of its ordinary course of business, the Eramas Group continuously monitors market conditions (including availability and prices of raw material) in order to devise appropriate business strategies in response to the prevailing supply and demand conditions.

The Eramas Group reviews and revises its product costing and pricing, where necessary, to increase its sales and profitability. While prevailing market prices of coconuts is a factor in price negotiations between the Eramas Group and its customers, other factors such as product quality, consistency in products and services offered, timeliness of product delivery, track record and market reputation are also important considerations in customers' purchasing decision. The Eramas Group provides a high degree of customisation services to its customers. These services range from selecting ingredients and optimising nutritional and taste profiles to customising product design and packaging, thereby catering to customers' unique preferences and market demands. Such personalisation and understanding of customers' requirements enhance the appeal of the Eramas Group's OEM solutions, enabling it to foster long-term relationships with its OEM customers that are not easily replaceable. The Eramas Group has also established good relationships with its suppliers, enabling it to secure a consistent supply of goods and services which meets local and international food quality and safety standards as well as the requirements of the Eramas Group's customers. These factors solidify the Eramas Group's bargaining position, allowing it to achieve desired profitability margins during periodic price reviews and revisions with its customers and suppliers.

In addition, the directors and key senior management of the Eramas Group, particularly those involved in engagements with the customers and suppliers, are industry veterans with at least 15 years of experience in the food product industry. Their extensive and in-depth knowledge as well as good understanding of the market dynamics including consumer tastes and preferences, coupled with the Eramas Group's long standing commercial relationships with its customers and suppliers, enhance the Eramas Group's ability to navigate constantly evolving market dynamics of the coconut products industry.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (cont'd)**

Following the commencement of in-house manufacturing, the Eramas Group has been able to achieve higher GP margin from coconut products, ranging from 19.74% in FYE 2023, 20.84% in FYE 2024 and 27.56% in FYE 2025. The impact of a full normalisation of coconut supply conditions to pre-coconut supply shortage condition which occurred in late-2024 on the Eramas Group's GP margin will depend on the Eramas Group's procurement and pricing strategies moving forward which include managing the quantum, pricing and timing of purchases and sales. The Eramas Group expects to sustain its GP margin from coconut products of more than 20%, as observed from the GP margin from coconut products achieved in FYE 2023 and FYE 2024 prior to the coconut supply shortage which occurred in late-2024.

Furthermore, the Eramas Group's expansion plan for its existing manufacturing facility will increase production and warehousing capacity, contributing to more efficient production process, an increased spray drying production capacity from approximately 2,112 MT to approximately 4,200 MT of food related powder per annum as well as approximately 22,819 sq ft of additional warehousing and packing area. The increased in-house production and warehousing of coconut products are expected to further support and boost the profitability margins of the Eramas Group.

Based on the IMR Report in Appendix V of this Circular, the global coconut products industry was valued at USD21.46 billion in 2025 and is forecast to expand at a CAGR of 9.0% from USD23.18 billion in 2026 to USD30.26 billion in 2029. In addition, exports of coconut products from Malaysia grew to RM797.0 million in 2025 and is forecast to reach RM868.8 million in 2026. The figure is expected to reach RM1,188.1 million in 2029, expanding at a CAGR of 10.5% during the period. The anticipated growth in demand for coconut products globally is expected to support and expand the Eramas Group's revenue and profitability from coconut products moving forward.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)**2.4 Other income**

The following table sets out the other income of the Eramas Group for the Financial Years Under Review:-

	Audited													
	FYE 2019		FYE 2020		FYE 2021		FYE 2022		FYE 2023		FYE 2024		FYE 2025	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
- Accounting and administrative fee income ⁽¹⁾	-	-	263	8.54	254	20.39	122	7.73	194	26.25	-	-	-	-
- Bad debts recovered	-	-	314	10.19	-	-	-	-	-	-	-	-	1	0.37
- Compensation received for defective goods	69	1.88	20	0.65	207	16.61	6	0.38	*(6)	*(6)	-	-	-	-
- Gain on disposal of property, plant and equipment	-	-	-	-	3	0.24	70	4.44	92	12.45	150	37.41	-	-
- Government grants received ⁽²⁾	3,162	86.14	1,778	57.71	340	27.29	810	51.33	-	-	-	-	-	-
- Realised gain on foreign exchange	401	10.92	383	12.43	-	-	343	21.74	-	-	79	19.70	-	-
- Sales commission received	11	0.30	181	5.87	207	16.61	117	7.41	*(6)	*(6)	-	-	17	6.34
- Scrap sales income ⁽³⁾	-	-	-	-	-	-	15	0.95	361	48.85	26	6.48	77	28.73
- Unrealised gain on foreign exchange	-	-	49	1.59	79	6.34	72	4.56	37	5.01	-	-	-	-
- Subsidies / Incentives ⁽⁴⁾	-	-	90	2.92	65	5.22	-	-	17	2.30	-	-	8	2.99
- Others ⁽⁵⁾	28	0.76	3	0.10	91	7.30	23	1.46	38	5.14	146	36.41	165	61.57
Total other income	3,671	100.00	3,081	100.00	1,246	100.00	1,578	100.00	739	100.00	401	100.00	268	100.00

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

Notes:-

- (1) Accounting and administration fee income was derived from the provision of such services by the Eramas Group to related parties.
- (2) Government grants received comprise the following:-
 - (i) a grant from the MPOB amounting to RM6.00 million in respect of eligible expenditures incurred in relation to *inter alia* planning, construction and commissioning of a new plant for the production of high fat powders. As at the LPD, the Eramas Group has commissioned its manufacturing facility at Bandar Baru Enstek, Negeri Sembilan and it has fully claimed and received the grant of RM6.00 million; and
 - (ii) the Market Development Grant from Malaysia External Trade Development Corporation in the form of a reimbursable grant. The grant was introduced with the objective of assisting exporters in their efforts to promote Malaysian made products or services globally, with a lifetime limit of RM0.30 million. Eligible activities for grant funding include, amongst others, physical and virtual participation in international trade fairs, physical participation in international conferences held overseas and listing fees for Malaysian made products in outlets overseas.
- (3) Scrap sales income relates to the disposal of scrap metal, carton, plastic bag, packaging boxes, wooden pallet and damaged goods.
- (4) Subsidies / Incentives received relate to financial assistance pursuant to wages subsidy program as well as hiring and wage incentives from Social Security Organisation (SOC SO).
- (5) Others include income from forfeiture of customers' deposits due to cancellation of orders, medical insurance claimed, sales incorrectly classified under other income, compensation paid in lieu of notice of resignation of former employees as well as bad debts previously written off that were claimed under trade credit insurance and subsequently settled by customers.
- (6) * indicates amount less than RM1,000. As the other income is not significant, the contribution to total other income is not presented.

Comparison between FYE 2019 and FYE 2020

Other income decreased by RM0.59 million or 16.08% from RM3.67 million in FYE 2019 to RM3.08 million in FYE 2020. The decrease was mainly attributable to a decrease in the grant received from the MPOB in respect of eligible expenditures incurred by RM1.38 million.

Comparison between FYE 2020 and FYE 2021

Other income decreased by RM1.83 million or 59.42% from RM3.08 million in FYE 2020 to RM1.25 million in FYE 2021. The decrease was mainly attributable to a decrease of RM1.44 million in the Government grants received, comprising grants received from the MPOB and Malaysia External Trade Development Corporation.

Comparison between FYE 2021 and FYE 2022

Other income increased by RM0.33 million or 26.40% from RM1.25 million in FYE 2021 to RM1.58 million in FYE 2022. The increase was mainly attributable to an increase of RM0.47 million in the grant received from the MPOB. In FYE 2022, the Eramas Group commissioned its manufacturing facility and it fully claimed the grant from the MPOB.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (cont'd)**

Comparison between FYE 2022 and FYE 2023

Other income decreased by RM0.84 million or 53.16% from RM1.58 million in FYE 2022 to RM0.74 million in FYE 2023. The decrease was mainly attributable to a decrease in the grant received from the MPOB by RM0.81 million as the grant was fully claimed in FYE 2022.

Comparison between FYE 2023 and FYE 2024

Other income decreased by RM0.34 million or 45.95% from RM0.74 million in FYE 2023 to RM0.40 million in FYE 2024, mainly attributable to a decrease in scrap sales income by RM0.34 million. The scrap sales income derived in FYE 2023 mainly relates to the disposal of damaged goods due to the collapse of a section of racking system in the warehouse of Eramas Ingredients.

Comparison between FYE 2024 and FYE 2025

Other income decreased by RM0.13 million or 32.50% from RM0.40 million in FYE 2024 to RM0.27 million in FYE 2025, mainly attributable to the absence of gain on disposal of motor vehicle in FYE 2025 (FYE 2024: RM0.15 million).

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)**2.5 Administrative expenses**

The following table sets out the administrative expenses of the Eramas Group for the Financial Years Under Review:-

	Audited													
	FYE 2019		FYE 2020		FYE 2021		FYE 2022		FYE 2023		FYE 2024		FYE 2025	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
- Advertisement and promotion charges ⁽¹⁾	336	5.46	85	1.47	161	2.66	235	3.80	226	3.53	32	0.49	187	2.45
- Bad debts written off	314	5.11	-	-	4	0.07	-	-	21	0.33	29	0.45	1	0.01
- Bank charges	116	1.89	153	2.65	131	2.16	138	2.23	249	3.88	191	2.95	214	2.80
- Certification and licensing expenses	155	2.52	66	1.15	11	0.18	9	0.15	48	0.75	30	0.46	27	0.35
- Employee benefits expense ⁽²⁾	2,857	46.46	3,535	61.33	3,198	52.82	3,861	62.37	3,203	49.98	3,439	53.06	3,751	49.03
- Entertainment expenses	135	2.20	42	0.73	18	0.30	82	1.32	110	1.72	48	0.74	73	0.95
- Insurance	138	2.24	63	1.09	78	1.29	93	1.50	126	1.96	105	1.62	99	1.29
- Office expenses ⁽³⁾	185	3.01	154	2.67	279	4.61	134	2.16	239	3.73	239	3.69	103	1.35
- Plant commissioning expense ⁽⁴⁾	-	-	315	5.47	-	-	-	-	-	-	-	-	-	-
- Professional fees	207	3.37	195	3.38	215	3.55	426	6.88	201	3.14	499	7.70	304	3.97
- Realised loss on foreign exchange	-	-	-	-	798	13.18	-	-	282	4.40	-	-	1,274	16.65
- Rental expenses ⁽⁵⁾	388	6.31	612	10.62	511	8.44	451	7.29	609	9.50	684	10.55	564	7.37
- Transportation and accommodation expenses	349	5.68	247	4.29	273	4.51	347	5.61	565	8.81	418	6.45	399	5.22
- Unrealised loss on foreign exchange	573	9.32	-	-	-	-	-	-	-	-	195	3.01	200	2.62
- Upkeep costs ⁽⁶⁾	98	1.59	60	1.04	75	1.24	143	2.31	152	2.37	209	3.23	119	1.56
- Utilities expenses	74	1.20	86	1.49	137	2.26	107	1.73	146	2.28	123	1.90	125	1.63
- Others ⁽⁷⁾	224	3.64	151	2.62	165	2.73	164	2.65	232	3.62	240	3.70	210	2.75
Total administrative expenses	6,149	100.00	5,764	100.00	6,054	100.00	6,190	100.00	6,409	100.00	6,481	100.00	7,650	100.00

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

Notes:-

- (1) Advertisement and promotion charges relate to mainly exhibition expenses, registration and listing fees as well as business advertisements.
- (2) Employee benefits expense comprise staff salaries, allowances, bonuses, statutory contributions and other benefits for administrative and management employees as well as directors.
- (3) Office expenses include costs for security guard services, refreshments, printing and stationeries, postage, stamp and courier.
- (4) Plant commissioning expense mainly relates to costs incurred for commissioning of the boiler at the manufacturing facility of Eramas Ingredients.
- (5) Rental expenses comprise rental of warehouses, office premises, forklift / crane and pallets.
- (6) Upkeep costs include upkeep of computers, motor vehicles and office equipment as well as repair and maintenance costs.
- (7) Others mainly comprise stamp duty, quit rent and assessment, festive gifts, sales and service tax, penalty charges, subscription fees and loss on disposal of property, plant and equipment.

Comparison between FYE 2019 and FYE 2020

Administrative expenses decreased by RM0.39 million or 6.34% from RM6.15 million in FYE 2019 to RM5.76 million in FYE 2020. The decrease was mainly attributable to the following:-

- (i) absence of unrealised loss on foreign exchange in FYE 2020 (FYE 2019: RM0.57 million) as there was unrealised gain on foreign exchange amounting to RM0.05 million in FYE 2020;
- (ii) absence of bad debts written off in FYE 2020 (FYE 2019: RM0.31 million); and
- (iii) decrease in advertisement and promotion charges by RM0.25 million mainly due to a decrease in exhibition expenses by RM0.26 million resulting from global lockdowns to curb COVID-19 pandemic during the financial year.

Such decrease was partially offset by the increase in employee benefits expense by RM0.68 million mainly due to the full year operations of Eramas Marketing, which was incorporated in September 2019.

Comparison between FYE 2020 and FYE 2021

Administrative expenses increased by RM0.29 million or 5.03% from RM5.76 million in FYE 2020 to RM6.05 million in FYE 2021. The increase was mainly attributable to the following:-

- (i) increase in realised loss on foreign exchange by RM0.80 million mainly arising from settlement of trade receivables and trade payables; and
- (ii) increase in office expenses by RM0.13 million mainly due to additional expenses incurred for security guard services.

Such increase was partially offset by the following:-

- (i) decrease in employee benefits expense by RM0.34 million, mainly attributable to the reduction in the number of employees due to natural attrition; and
- (ii) absence of plant commissioning expense for the boiler in FYE 2021 (FYE 2020: RM0.32 million).

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

Comparison between FYE 2021 and FYE 2022

Administrative expenses increased by RM0.14 million or 2.31% from RM6.05 million in FYE 2021 to RM6.19 million in FYE 2022. The increase was mainly attributable to:-

- (i) increase in employee benefits expense by RM0.66 million, mainly due to an increase of RM0.46 million in accrual for bonus expense to staff as well as higher staff costs incurred as a result of the commencement of Eramas Ingredients' manufacturing operations during the financial year; and
- (ii) increase in professional fees by RM0.21 million, mainly due to legal fees incurred for application of banking facilities in FYE 2022.

Such increase was partially offset by the absence of realised loss on foreign exchange in FYE 2022 (FYE 2021: RM0.80 million) as there was realised gain on foreign exchange amounting to RM0.34 million in FYE 2022.

Comparison between FYE 2022 and FYE 2023

Administrative expenses increased by RM0.22 million or 3.55% from RM6.19 million in FYE 2022 to RM6.41 million in FYE 2023. The increase was mainly attributable to:-

- (i) increase in realised loss on foreign exchange by RM0.28 million, mainly arising from settlement of trade receivables and trade payables;
- (ii) increase in transportation and accommodation expenses by RM0.22 million as the management of the Eramas Group sought to expand its business presence locally and overseas;
- (iii) increase in rental expenses by RM0.16 million, mainly due to rental of additional warehouse space by the Eramas Group for storage of goods as its own warehouse already reached full storage capacity;
- (iv) increase in office expenses by RM0.11 million to support the increased business activities of the Eramas Group; and
- (v) increase in bank charges by RM0.11 million, mainly due to commission and processing fees incurred for bankers' acceptance for settlement of trade suppliers in FYE 2023.

Such increase was partially offset by the decrease in employee benefits expense by RM0.66 million, mainly due to lower accrual for bonus expense to staff. In FYE 2023, the Eramas Group recognised an overprovision of bonus expense of RM0.12 million (FYE 2022: Accrual of RM0.64 million).

Comparison between FYE 2023 and FYE 2024

Administrative expenses increased by RM0.07 million or 1.09% from RM6.41 million in FYE 2023 to RM6.48 million in FYE 2024. The increase was mainly due to the following:-

- (i) increase in professional fees by RM0.30 million, mainly due to higher fees incurred for audit and tax services incurred in FYE 2024;
- (ii) increase in employee benefits expense by RM0.24 million, mainly due to accrual for bonus expense to staff of RM0.09 million in FYE 2024 (FYE 2023: Overprovision of bonus expense of RM0.12 million); and

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (cont'd)**

- (iii) unrealised loss on foreign exchange of RM0.20 million in FYE 2024 (FYE 2023: Nil as there was unrealised gain on foreign exchange amounting to RM0.04 million in FYE 2023).

Such increase was partially offset by the following:-

- (i) decrease in advertisement and promotion charges as well as transportation and accommodation expenses by RM0.19 million and RM0.15 million respectively, mainly due to reduced participation in exhibitions and marketing and promotion activities; and
- (ii) absence of realised loss on foreign exchange in FYE 2024 (FYE 2023: RM0.28 million) as there was realised gain on foreign exchange amounting to RM0.08 million in FYE 2024.

Comparison between FYE 2024 and FYE 2025

Administrative expenses increased by RM1.17 million or 18.06% from RM6.48 million in FYE 2024 to RM7.65 million in FYE 2025. The increase was mainly attributable to the realised loss on foreign exchange of RM1.27 million in FYE 2025 (FYE 2024: Nil as there was realised gain on foreign exchange amounting to RM0.08 million in FYE 2024).

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)**2.6 Net impairment (loss) / gain of financial assets**

The following table sets out the net impairment (loss) / gain of financial assets of the Eramas Group for the Financial Years Under Review:-

	Audited						
	FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)
Net impairment (loss) / gain of financial assets	-	(27)	(41)	(796)	796	41	(221)

Comparison between FYE 2019 and FYE 2020

In FYE 2019, the Eramas Group did not recognise any impairment (loss) / gain of financial assets. In FYE 2020, the Eramas Group recognised an impairment loss of financial assets of RM0.03 million in respect of trade receivables which are in the recovery process.

Comparison between FYE 2020 and FYE 2021

In FYE 2021, the Eramas Group recognised an impairment loss of financial assets of RM0.04 million, mainly due to irrecoverable trade debt due from a customer (FYE 2020: RM0.03 million).

Comparison between FYE 2021 and FYE 2022

In FYE 2022, the Eramas Group recognised an impairment loss of financial assets of RM0.80 million, mainly relating to an amount due from a trade supplier due to goods rejected (FYE 2021: RM0.04 million).

Comparison between FYE 2022 and FYE 2023

In FYE 2023, the Eramas Group recognised a reversal of impairment loss of financial assets of RM0.80 million which was recognised in FYE 2022 as the amounts have been recovered (FYE 2022: Impairment loss of RM0.80 million).

Comparison between FYE 2023 and FYE 2024

In FYE 2024, the Eramas Group recognised a reversal of impairment loss of financial assets of RM0.05 million which was recognised in FYE 2021 as the amounts have been recovered (FYE 2023: RM0.80 million). This was offset by an impairment loss of financial assets of RM0.01 million in respect of trade receivable which is in the recovery process.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)**Comparison between FYE 2024 and FYE 2025**

In FYE 2025, the Eramas Group recognised an impairment loss of financial assets of RM0.25 million (FYE 2024: RM0.01 million), mainly due to the impairment of refundable deposits paid to PT Eramas for purchase of custom-printed packaging materials. As the packaging materials were left unused for a long time, the adhesive quality of the packaging materials has deteriorated and can no longer be used. This was offset by a reversal of impairment loss of financial assets of RM0.03 million which was recognised in FYE 2020 and FYE 2024 (FYE 2024: RM0.05 million; recognised in FYE 2021).

2.7 Other operating expenses

The following table sets out the other operating expenses of the Eramas Group for the Financial Years Under Review:-

	Audited													
	FYE 2019		FYE 2020		FYE 2021		FYE 2022		FYE 2023		FYE 2024		FYE 2025	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Depreciation ⁽¹⁾	205	100.00	255	100.00	278	100.00	275	83.33	433	100.00	364	100.00	194	100.00
Deposit written off	-	-	-	-	-	-	55	16.67	*(2)	*(2)	-	-	*(2)	*(2)
Total other operating expenses	205	100.00	255	100.00	278	100.00	330	100.00	433	100.00	364	100.00	194	100.00

Notes:-

(1) Depreciation comprises depreciation for property, plant and equipment as well as right-of-use assets.

(2) * indicates amount less than RM1,000. As the other operating expense is not significant, the contribution to total other operating expenses is not presented.

Comparison between FYE 2019 and FYE 2020

Other operating expenses increased by RM0.05 million or 23.81% from RM0.21 million in FYE 2019 to RM0.26 million in FYE 2020, mainly due to the depreciation of an additional motor vehicle acquired in FYE 2020.

Comparison between FYE 2020 and FYE 2021

Other operating expenses increased by RM0.02 million or 7.69% from RM0.26 million in FYE 2020 to RM0.28 million in FYE 2021, mainly due to the depreciation of an additional motor vehicle acquired in FYE 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)**Comparison between FYE 2021 and FYE 2022**

Other operating expenses increased by RM0.05 million or 17.86% from RM0.28 million in FYE 2021 to RM0.33 million in FYE 2022, mainly due to the deposit written off amounting to RM0.06 million during the financial year. The deposit was paid by the Eramas Group to its customer as a refundable deposit for paper packaging. However, the customer became uncontactable and hence, the deposit was no longer collectible.

Comparison between FYE 2022 and FYE 2023

Other operating expenses increased by RM0.10 million or 30.30% from RM0.33 million in FYE 2022 to RM0.43 million in FYE 2023, mainly due to the depreciation of an additional motor vehicle acquired in FYE 2023. The increase was partially offset by a decrease of RM0.06 million in deposit written off.

Comparison between FYE 2023 and FYE 2024

Other operating expenses decreased by RM0.07 million or 16.28% from RM0.43 million in FYE 2023 to RM0.36 million in FYE 2024, mainly due to the decrease in depreciation pursuant to the disposal of motor vehicles in FYE 2024.

Comparison between FYE 2024 and FYE 2025

Other operating expenses decreased by RM0.17 million or 47.22% from RM0.36 million in FYE 2024 to RM0.19 million in FYE 2025, mainly due to the decrease in depreciation pursuant to the disposal of motor vehicles in FYE 2024 and FYE 2025.

2.8 Finance income

The following table sets out the finance income of the Eramas Group for the Financial Years Under Review:-

	Audited													
	FYE 2019		FYE 2020		FYE 2021		FYE 2022		FYE 2023		FYE 2024		FYE 2025	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Interest income:-														
- Cash at banks	16	5.93	9	3.41	*(1)	*(1)	1	3.03	*(1)	*(1)	*(1)	*(1)	*(1)	*(1)
- Fixed deposits with licensed banks	254	94.07	255	96.59	31	100.00	32	96.97	254	100.00	127	100.00	159	100.00
Total finance income	270	100.00	264	100.00	31	100.00	33	100.00	254	100.00	127	100.00	159	100.00

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS *(cont'd)*Note:-

(1) * indicates amount less than RM1,000. As the finance income is not significant, the contribution to total finance income is not presented.

Comparison between FYE 2019 and FYE 2020

Finance income remained relatively stable at RM0.26 million in FYE 2020 as compared to RM0.27 million in FYE 2019.

Comparison between FYE 2020 and FYE 2021

Finance income decreased by RM0.23 million or 88.46% from RM0.26 million in FYE 2020 to RM0.03 million in FYE 2021, mainly due to decrease in interest received from fixed deposits with licensed banks, following the withdrawal of fixed deposits for dividend payment in FYE 2021.

Comparison between FYE 2021 and FYE 2022

Finance income remained consistent at RM0.03 million in both FYE 2021 and FYE 2022.

Comparison between FYE 2022 and FYE 2023

Finance income increased by RM0.22 million or 733.33% from RM0.03 million in FYE 2022 to RM0.25 million in FYE 2023, mainly due to increase in placement of fixed deposits with licensed banks during FYE 2023.

Comparison between FYE 2023 and FYE 2024

Finance income decreased by RM0.12 million or 48.00% from RM0.25 million in FYE 2023 to RM0.13 million in FYE 2024, mainly due to decrease in fixed deposits with licensed banks during FYE 2024 as compared to FYE 2023.

Comparison between FYE 2024 and FYE 2025

Finance income increased by RM0.03 million or 23.08% from RM0.13 million in FYE 2024 to RM0.16 million in FYE 2025, mainly due to increase in placement of fixed deposits with licensed banks during FYE 2025 as compared to FYE 2024.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)**2.9 Finance costs**

The following table sets out the finance costs of the Eramas Group for the Financial Years Under Review:-

	Audited													
	FYE 2019		FYE 2020		FYE 2021		FYE 2022		FYE 2023		FYE 2024		FYE 2025	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Interest expenses:-														
- Bank guarantee	4	13.33	3	6.67	3	6.12	3	1.18	3	0.76	3	0.35	3	0.41
- Bankers' acceptance	-	-	7	15.56	18	36.74	210	82.68	295	74.68	410	47.13	159	21.52
- Lease liabilities	15	50.00	11	24.44	11	22.45	24	9.45	82	20.76	61	7.01	14	1.89
- Letter of credit	11	36.67	24	53.33	17	34.69	17	6.69	15	3.80	25	2.87	21	2.84
- Revolving credit	-	-	-	-	-	-	-	-	-	-	371	42.64	542	73.34
Total finance costs	30	100.00	45	100.00	49	100.00	254	100.00	395	100.00	870	100.00	739	100.00

Comparison between FYE 2019 and FYE 2020

Finance costs increased by RM0.02 million or 66.67% from RM0.03 million in FYE 2019 to RM0.05 million in FYE 2020. The increase was mainly attributable to the increase in interest expenses on letter of credit facilities used in the Eramas Group's ordinary course of business.

Comparison between FYE 2020 and FYE 2021

Finance costs remained consistent at RM0.05 million in both FYE 2020 and FYE 2021. In FYE 2021, the interest expenses on bankers' acceptance increased by 157.14%, mainly due to increase in the utilisation of bankers' acceptance to finance purchases of goods.

Comparison between FYE 2021 and FYE 2022

Finance costs increased by RM0.20 million or 400.00% from RM0.05 million in FYE 2021 to RM0.25 million in FYE 2022. The increase was mainly attributable to the increase in the utilisation of bankers' acceptance to finance purchases of goods.

Comparison between FYE 2022 and FYE 2023

Finance costs increased by RM0.15 million or 60.00% from RM0.25 million in FYE 2022 to RM0.40 million in FYE 2023. The increase was mainly attributable to the increase in the utilisation of bankers' acceptance to finance purchases of goods as well as increase in interest expenses on lease liabilities in respect of motor vehicles acquired under hire purchase arrangements.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)**Comparison between FYE 2023 and FYE 2024**

Finance costs increased by RM0.47 million or 117.50% from RM0.40 million in FYE 2023 to RM0.87 million in FYE 2024. The increase was mainly attributable to the increase in interest expenses on a revolving credit facility amounting to RM9.50 million, which was drawn down for working capital purposes as well as the increase in the utilisation of bankers' acceptance to finance purchases of goods.

Comparison between FYE 2024 and FYE 2025

Finance costs decreased by RM0.13 million or 14.94% from RM0.87 million in FYE 2024 to RM0.74 million in FYE 2025. The decrease was mainly attributable to the lower utilisation of bankers' acceptance to finance purchases of goods as well as decrease in interest expenses on lease liabilities in respect of motor vehicles pursuant to the disposal of motor vehicles in FYE 2024 and FYE 2025. The decrease was partially offset by higher finance costs arising from the full-year impact of the drawdown of revolving credit facility amounting to RM9.50 million in FYE 2024, as well as additional net drawdown of RM1.70 million in FYE 2025 for working capital purposes.

2.10 PBT and PBT margin

The following table sets out the PBT and PBT margin of the Eramas Group for the Financial Years Under Review:-

	Audited						
	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
PBT (RM'000)	5,921	8,064	6,545	4,399	16,808	18,233	24,518
PBT margin ⁽¹⁾ (%)	8.40	5.84	4.26	3.23	11.68	12.83	16.50

Note:-

(1) PBT margin is computed based on PBT over revenue.

Comparison between FYE 2019 and FYE 2020

The Eramas Group's PBT increased by RM2.14 million or 36.15% from RM5.92 million in FYE 2019 to RM8.06 million in FYE 2020, mainly due to the increase in the GP for FYE 2020 as explained in Section 2.3, Appendix III(D) of this Circular. However, the PBT margin fell from 8.40% in FYE 2019 to 5.84% in FYE 2020, mainly due to the decrease in GP margin in FYE 2020 as explained in Section 2.3, Appendix III(D) of this Circular.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS *(cont'd)*

Comparison between FYE 2020 and FYE 2021

The Eramas Group's PBT decreased by RM1.51 million or 18.73% from RM8.06 million in FYE 2020 to RM6.55 million in FYE 2021 while the PBT margin decreased from 5.84% in FYE 2020 to 4.26% in FYE 2021. The reduction in the PBT and PBT margin was mainly due to the decrease in other income as explained in Section 2.4, Appendix III(D) of this Circular.

Comparison between FYE 2021 and FYE 2022

The Eramas Group's PBT decreased by RM2.15 million or 32.82% from RM6.55 million in FYE 2021 to RM4.40 million in FYE 2022, while the PBT margin decreased from 4.26% in FYE 2021 to 3.23% in FYE 2022. The decrease in the PBT and PBT margin was mainly attributed to the reduction in GP as explained in Section 2.3, Appendix III(D) of this Circular and increase in net impairment loss of financial assets recognised of RM0.80 million in FYE 2022.

Comparison between FYE 2022 and FYE 2023

The Eramas Group's PBT increased by RM12.41 million or 282.05% from RM4.40 million in FYE 2022 to RM16.81 million in FYE 2023, while the PBT margin increased from 3.23% in FYE 2022 to 11.68% in FYE 2023. The increase in the PBT and PBT margin was mainly due to the increase in GP and GP margin as explained in Section 2.3, Appendix III(D) of this Circular and a reversal of impairment loss of financial assets of RM0.80 million in FYE 2023 as the amounts have been recovered.

Comparison between FYE 2023 and FYE 2024

The Eramas Group's PBT increased by RM1.42 million or 8.45% from RM16.81 million in FYE 2023 to RM18.23 million in FYE 2024, while the PBT margin increased from 11.68% in FYE 2023 to 12.83% in FYE 2024. The increase in the PBT and PBT margin was mainly due to the increase in GP and GP margin as explained in Section 2.3, Appendix III(D) of this Circular.

Comparison between FYE 2024 and FYE 2025

The Eramas Group's PBT increased by RM6.29 million or 34.50% from RM18.23 million in FYE 2024 to RM24.52 million in FYE 2025, while the PBT margin increased from 12.83% in FYE 2024 to 16.50% in FYE 2025. The increase in the PBT and PBT margin was mainly due to the increase in GP and GP margin as explained in Section 2.3, Appendix III(D) of this Circular.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)**2.11 Tax expense**

The following table sets out the tax expense of the Eramas Group for the Financial Years Under Review:-

	Audited						
	FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)
<u>Current tax:-</u>							
- Current financial year	324	572	613	763	2,785	3,356	5,655
- (Over) / Under provision in prior financial year	(72)	(27)	(43)	20	(13)	(144)	26
	252	545	570	783	2,772	3,212	5,681
<u>Deferred tax:-</u>							
- Current financial year	-	-	19	9	294	912	173
- (Over) / Under recognised in prior financial year	-	-	-	(16)	-	13	84
	-	-	19	(7)	294	925	257
Total tax expense	252	545	589	776	3,066	4,137	5,938

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

A reconciliation of tax expense applicable to PBT at the statutory income tax rate to income tax expense at the effective tax rate of the Eramas Group is as follows:-

	Audited						
	FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)
PBT	5,921	8,064	6,545	4,399	16,808	18,233	24,518
Income tax at Malaysian statutory tax rate of 24%	1,421	1,935	1,571	1,056	4,034	4,376	5,884
<u>Tax effect in respect of:-</u>							
• Change in tax rate for first tranche of chargeable income	(35)	-	(42)	(42)	(45)	-	-
• Expenses not deductible for tax purposes	399	204	258	481	260	231	247
• Income not subject to tax	(756)	(516)	(82)	(239)	(383)	(362)	(190)
• Movement of deferred tax assets not recognised	(705)	(1,051)	(1,073)	(484)	(787)	23	(113)
• (Over) / Under provision of current tax in prior financial year	(72)	(27)	(43)	20	(13)	(144)	26
• (Over) / Under recognised of deferred tax in prior financial year	-	-	-	(16)	-	13	84
Total tax expense	252	545	589	776	3,066	4,137	5,938
Effective tax rate (%)	4.26	6.76	9.00	17.64	18.24	22.69	24.22

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (cont'd)**

FYE 2019

The effective tax rate of the Eramas Group in FYE 2019 is 4.26%, which is lower than the statutory tax rate of 24.00% mainly due to the net effect of the following:-

- (i) grant received from the MPOB of RM3.16 million, as explained in Section 2.4, Appendix III(D) of this Circular, which is not subject to tax;
- (ii) utilisation of export allowance of RM2.60 million brought forward from prior years which offset the chargeable income. Erapoly Global was approved as a Malaysian International Trading Company and was eligible for a tax exemption of 20% of the value of increased exports restricted to a maximum of 70% of statutory income for that year of assessment. For information purposes, "value of increased exports" means the difference of free on board value of goods and commodities exported in a basis period and that of the immediately preceding basis period; and
- (iii) expenses not deductible for tax purposes, such as bad debts written off, non-allowable portion of entertainment expenses and provision of staff bonus, which give rise to an aggregate tax effect of RM0.40 million.

FYE 2020

The effective tax rate of the Eramas Group in FYE 2020 is 6.76%, which is lower than the statutory tax rate of 24.00% mainly due to the following:-

- (i) utilisation of export allowance as a Malaysian International Trading Company of RM4.50 million brought forward from prior years which offset the chargeable income; and
- (ii) grant received from the MPOB of RM1.78 million, which is not subject to tax.

FYE 2021

The effective tax rate of the Eramas Group in FYE 2021 is 9.00%, which is lower than the statutory tax rate of 24.00% mainly due to the utilisation of export allowance as a Malaysian International Trading Company of RM4.30 million brought forward from prior years which offset the chargeable income.

FYE 2022

The effective tax rate of the Eramas Group in FYE 2022 is 17.64%, which is lower than the statutory tax rate of 24.00% mainly due to the net effect of the following:-

- (i) utilisation of export allowance as a Malaysian International Trading Company of RM5.26 million brought forward from prior years which offset the chargeable income;
- (ii) grant received from the MPOB of RM0.81 million, which is not subject to tax;
- (iii) deferred tax assets have not been recognised in respect of additional unutilised tax losses of RM2.47 million; and
- (iv) expenses not deductible for tax purposes, such as inventories written down, net impairment loss of financial assets and provision of staff bonus, which give rise to an aggregate tax effect of RM0.48 million.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (cont'd)**

The effective tax rate of the Eramas Group increased from 9.00% in FYE 2021 to 17.64% in FYE 2022, mainly due to deferred tax assets have not been recognised in respect of additional unutilised tax losses of RM2.47 million incurred in FYE 2022.

FYE 2023

The effective tax rate of the Eramas Group in FYE 2023 is 18.24%, which is lower than the statutory tax rate of 24.00% mainly due to the net effect of the following:-

- (i) utilisation of capital allowance, tax losses and export allowance brought forward from prior years, amounting to RM3.09 million in aggregate, which offset the chargeable income; and
- (ii) reversal of impairment loss of financial assets of RM0.80 million, as explained in Section 2.6, Appendix III(D) of this Circular, which is not subject to tax.

FYE 2024

The effective tax rate of the Eramas Group in FYE 2024 is 22.69%, which is lower than the statutory tax rate of 24.00% mainly due to the over provision of current tax in prior financial year of RM0.14 million.

The effective tax rate of the Eramas Group increased from 18.24% in FYE 2023 to 22.69% in FYE 2024, mainly due to utilisation of capital allowance, tax losses and export allowance brought forward from prior years, amounting to RM3.09 million in aggregate, which offset the chargeable income in FYE 2023.

FYE 2025

The effective tax rate of the Eramas Group in FYE 2025 is 24.22%, which approximates the statutory tax rate of 24.00%.

The effective tax rate of the Eramas Group increased from 22.69% in FYE 2024 to 24.22% in FYE 2025, mainly due to the absence of over provision of current tax in prior financial year in FYE 2025 (FYE 2024: RM0.14 million, which contributed to a lower effective tax rate in FYE 2024 compared to the statutory tax rate of 24.00%)

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)**2.12 PAT and PAT margin**

The following table sets out the PAT and PAT margin of the Eramas Group for the Financial Years Under Review:-

	Audited						
	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
PAT (RM'000)	5,669	7,519	5,956	3,623	13,742	14,096	18,580
PAT margin ⁽¹⁾ (%)	8.04	5.45	3.88	2.66	9.55	9.92	12.51

Note:-

(1) PAT margin is computed based on PAT over revenue.

Comparison between FYE 2019 and FYE 2020

The Eramas Group's PAT increased by RM1.85 million or 32.63% from RM5.67 million in FYE 2019 to RM7.52 million in FYE 2020 mainly attributable to the higher PBT in FYE 2020 as explained in Section 2.10, Appendix III(D) of this Circular. However, the PAT margin declined from 8.04% in FYE 2019 to 5.45% in FYE 2020. The reduction in the PAT margin was mainly attributed to lower PBT margin in FYE 2020 as explained in Section 2.10, Appendix III(D) of this Circular.

Comparison between FYE 2020 and FYE 2021

The Eramas Group's PAT decreased by RM1.56 million or 20.74% from RM7.52 million in FYE 2020 to RM5.96 million in FYE 2021, while the PAT margin declined from 5.45% in FYE 2020 to 3.88% in FYE 2021. The reduction in the PAT and PAT margin was mainly attributable to lower PBT and PBT margin in FYE 2021 as explained in Section 2.10, Appendix III(D) of this Circular.

Comparison between FYE 2021 and FYE 2022

The Eramas Group's PAT decreased by RM2.34 million or 39.26% from RM5.96 million in FYE 2021 to RM3.62 million in FYE 2022 while the PAT margin decreased from 3.88% in FYE 2021 to 2.66% in FYE 2022. The reduction in the PAT and PAT margin was mainly attributable to lower PBT and PBT margin in FYE 2022 as explained in Section 2.10, Appendix III(D) of this Circular.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS *(cont'd)***Comparison between FYE 2022 and FYE 2023**

The Eramas Group's PAT increased by RM10.12 million or 279.56% from RM3.62 million in FYE 2022 to RM13.74 million in FYE 2023, while the PAT margin increased from 2.66% in FYE 2022 to 9.55% in FYE 2023. The increase in the PAT and PAT margin was mainly attributable to higher PBT and PBT margin in FYE 2023 as explained in Section 2.10, Appendix III(D) of this Circular, partially offset by higher tax expenses in FYE 2023.

Comparison between FYE 2023 and FYE 2024

The Eramas Group's PAT increased by RM0.36 million or 2.62% from RM13.74 million in FYE 2023 to RM14.10 million in FYE 2024 while the PAT margin increased from 9.55% in FYE 2023 to 9.92% in FYE 2024. The increase in the PAT and PAT margin in FYE 2024 was mainly driven by higher PBT and PBT margin in FYE 2024 as explained in Section 2.10, Appendix III(D) of this Circular, partially offset by higher tax expenses in FYE 2024.

Comparison between FYE 2024 and FYE 2025

The Eramas Group's PAT increased by RM4.48 million or 31.77% from RM14.10 million in FYE 2024 to RM18.58 million in FYE 2025 while the PAT margin increased from 9.92% in FYE 2024 to 12.51% in FYE 2025. The increase in the PAT and PAT margin in FYE 2025 was mainly driven by higher PBT and PBT margin in FYE 2025 as explained in Section 2.10, Appendix III(D) of this Circular, partially offset by higher tax expenses in FYE 2025.

The higher GP and GP margin were the primary contributors to the increase in the Eramas Group's PAT and PAT margin in FYE 2025. As set out in Section 2.3, Appendix III(D) of this Circular, the procurement and pricing strategies adopted by the Eramas Group had successfully led to the improvement in the Eramas Group's GP and GP margin in FYE 2025 despite the limited availability of coconut supplies and increase in coconut raw material costs arising from coconut supply shortage due to adverse weather conditions in major coconut producing countries. In particular, the Eramas Group had increased selling prices of its coconut products as well as sourced coconut raw materials, on a monthly basis via purchase orders, from Ben Tre Import and Export Joint Stock Corporation from Vietnam which offered lower pricing under bulk purchase arrangements in the prevailing market conditions as compared to other available suppliers. In FYE 2025, the average cost per kg of coconut products increased by 23.20% mainly due to the coconut supply shortage. In line with other industry players, the Eramas Group had increased selling prices of its coconut products and consequently, the average selling price per kg of coconut products increased by 34.64% in FYE 2025 as compared to FYE 2024.

As part of its ordinary course of business, the Eramas Group continuously monitors market conditions (including availability and prices of raw material) in order to devise appropriate business strategies in response to the prevailing supply and demand conditions. The Eramas Group reviews and revises its product costing and pricing, where necessary, to increase its sales and profitability. Please refer to Section 2.3, Appendix III(D) of this Circular for further details.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

2.13 Review of financial position

(i) Assets

	Audited						
	As at 31 December						
	2019 (RM'000)	2020 (RM'000)	2021 (RM'000)	2022 (RM'000)	2023 (RM'000)	2024 (RM'000)	2025 (RM'000)
Non-current assets							
Property, plant and equipment	17,120	22,435	25,539	29,163	50,093	48,337	47,493
Investment in an associate	-	-	-	-	-	7,000	-
Total non-current assets	17,120	22,435	25,539	29,163	50,093	55,337	47,493
Current assets							
Inventories	2,726	3,380	4,194	12,949	18,082	22,574	24,947
Trade receivables	5,870	11,396	31,620	13,684	15,523	13,370	22,219
Other receivables	1,727	1,768	4,319	6,455	4,888	7,921	13,346
Tax recoverable	-	-	8	14	14	14	-
Fixed deposits with licensed banks	12,108	2,427	1,947	6,453	5,212	7,816	9,185
Cash and bank balances	9,265	11,273	8,585	7,283	11,119	7,243	19,937
Total current assets	31,696	30,244	50,673	46,838	54,838	58,938	89,634
Total assets	48,816	52,679	76,212	76,001	104,931	114,275	137,127

The cash and cash equivalents of the Eramas Group comprise the following amounts:-

	Audited						
	As at 31 December						
	2019 (RM'000)	2020 (RM'000)	2021 (RM'000)	2022 (RM'000)	2023 (RM'000)	2024 (RM'000)	2025 (RM'000)
Fixed deposits with licensed banks	12,108	2,427	1,947	6,453	5,212	7,816	9,185
Cash and bank balances	9,265	11,273	8,585	7,283	11,119	7,243	19,937
Less: Deposits pledged with licensed banks	(1,401)	(2,027)	(1,547)	(3,846)	(3,902)	(3,999)	(4,073)
Cash and cash equivalents	19,972	11,673	8,985	9,890	12,429	11,060	25,049

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS *(cont'd)*

The management's discussion and analysis on the cash and cash equivalents of the Eramas Group are set out in Section 3.2, Appendix III(D) of this Circular.

Comparison between 31 December 2019 and 31 December 2020

The Eramas Group's total assets increased by RM3.86 million or 7.91% from RM48.82 million as at 31 December 2019 to RM52.68 million as at 31 December 2020. The movements in major components of total assets are explained below:-

- (a) property, plant and equipment increased by RM5.31 million, mainly due to additional capital work-in-progress amounting to RM5.41 million for the manufacturing facility in Bandar Baru Enstek, Negeri Sembilan;
- (b) inventories increased by RM0.65 million, mainly due to purchase of additional trading goods to meet the growth in sales;
- (c) trade and other receivables increased by RM5.57 million arising from the following:-
 - (1) increase in trade receivables by RM5.53 million, in tandem with the increase in revenue; and
 - (2) slight increase in other receivables by RM0.04 million; and
- (d) fixed deposits with licensed banks, cash and bank balances decreased by RM7.67 million.

Comparison between 31 December 2020 and 31 December 2021

The Eramas Group's total assets increased by RM23.53 million or 44.67% from RM52.68 million as at 31 December 2020 to RM76.21 million as at 31 December 2021. The movements in major components of total assets are explained below:-

- (a) property, plant and equipment increased by RM3.10 million, mainly due to additional capital work-in-progress amounting to RM3.22 million for the manufacturing facility in Bandar Baru Enstek, Negeri Sembilan;
- (b) inventories increased by RM0.82 million, mainly due to purchase of additional trading goods to meet the sustained growth in sales;

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS *(cont'd)*

- (c) trade and other receivables increased by RM22.78 million arising from the following:-
 - (1) increase in trade receivables by RM20.23 million, mainly due to the increase in revenue and large orders received from customers towards the end of FYE 2021; and
 - (2) increase in other receivables by RM2.55 million, mainly due to back charges of warehouse storage, packaging and forwarding expenses to the suppliers and advance payments made for purchase of inventories comprising coconut and dairy products for trading as required under procurement arrangements with the Eramas Group's suppliers to secure the purchase orders; and
- (d) fixed deposits with licensed banks, cash and bank balances decreased by RM3.17 million.

Comparison between 31 December 2021 and 31 December 2022

The Eramas Group's total assets remained relatively stable at RM76.00 million as at 31 December 2022 as compared to RM76.21 million as at 31 December 2021. The movements in major components of total assets are explained below:-

- (a) property, plant and equipment increased by RM3.62 million, mainly due to the purchase of plant and machinery of RM2.42 million, furniture and fittings of RM0.58 million and capital work-in-progress of RM0.30 million for the manufacturing facility located at Bandar Baru Enstek, Negeri Sembilan;
- (b) inventories increased by RM8.76 million, mainly due to the commencement of the manufacturing operations of Eramas Ingredients in October 2022. The increased level of inventories was mainly to support the manufacturing operations and mitigate potential disruptions caused by material shortages;
- (c) trade and other receivables decreased by RM15.80 million due to the net effect of the following:-
 - (1) decrease in trade receivables by RM17.94 million, mainly due to high trade receivables as at the end of FYE 2021 as explained above; and
 - (2) increase in other receivables by RM2.14 million, mainly due to deposit of RM2.10 million paid to acquire a parcel of vacant land in Bandar Baru Enstek, Negeri Sembilan for future expansion; and
- (d) fixed deposits with licensed banks, cash and bank balances increased by RM3.21 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS *(cont'd)***Comparison between 31 December 2022 and 31 December 2023**

The Eramas Group's total assets increased by RM28.93 million or 38.07% from RM76.00 million as at 31 December 2022 to RM104.93 million as at 31 December 2023. The movements in major components of total assets are explained below:-

- (a) property, plant and equipment increased by RM20.93 million, primarily due to the acquisition of a parcel of vacant land in Bandar Baru Enstek, Negeri Sembilan of RM21.96 million (including costs of acquisition) for future expansion;
- (b) inventories increased by RM5.13 million, mainly due to the increased inventories requirement of the Eramas Group's manufacturing operations for FYE 2023;
- (c) trade and other receivables increased by RM0.27 million due to the net effect of the following:-
 - (1) increase in trade receivables by RM1.84 million, in tandem with the increase in revenue; and
 - (2) decrease in other receivables by RM1.57 million, mainly due to the reclassification of the deposit paid to acquire a parcel of vacant land in Bandar Baru Enstek, Negeri Sembilan to property, plant and equipment; and
- (d) fixed deposits with licensed banks, cash and bank balances increased by RM2.60 million.

Comparison between 31 December 2023 and 31 December 2024

The Eramas Group's total assets increased by RM9.35 million or 8.91% from RM104.93 million as at 31 December 2023 to RM114.28 million as at 31 December 2024. The movements in major components of total assets are explained below:-

- (a) property, plant and equipment decreased by RM1.76 million, mainly due to the disposal of motor vehicles as well as plant and machinery with carrying amounts of RM0.98 million and RM0.67 million respectively;
- (b) investment in an associate increased by RM7.00 million following the completion of the Acquisition of PT Eramas on 9 July 2024;
- (c) inventories increased by RM4.49 million, mainly due to the following:-
 - (1) an increase in trading goods by RM3.18 million mainly due to large orders that were in the process of being arranged for shipment towards the end of FYE 2024; and
 - (2) an increase in raw materials by RM1.29 million as the Eramas Group stocked up raw materials to maintain sufficient level of inventories to avoid interruptions to the manufacturing operations;

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS *(cont'd)*

- (d) trade and other receivables increased by RM0.88 million due to the net effect of the following:-
 - (1) decrease in trade receivables by RM2.15 million, mainly due to faster collections from customers, resulting in lower trade receivables as at the end of FYE 2024; and
 - (2) increase in other receivables by RM3.03 million, mainly due to higher deposits paid to PT Eramas for packaging materials and advance payments made to suppliers for the purchase of inventories comprising raw materials used in the production of coconut products as well as coconut products for trading as required under procurement arrangements with the Eramas Group's suppliers to secure the purchase orders as well as stamp duty paid for the Internal Restructuring of Eramas Group which was refundable pursuant to exemption obtained; and
- (e) fixed deposits with licensed banks, cash and bank balances decreased by RM1.27 million.

Comparison between 31 December 2024 and 31 December 2025

The Eramas Group's total assets increased by RM22.85 million or 19.99% from RM114.28 million as at 31 December 2024 to RM137.13 million as at 31 December 2025. The movements in major components of total assets are explained below:-

- (a) property, plant and equipment decreased by RM0.84 million, mainly due to the depreciation of property, plant and equipment amounting to RM1.95 million, partially offset by purchase of plant and machinery amounting to RM0.82 million for the manufacturing facility in Bandar Baru Enstek, Negeri Sembilan as well as a motor vehicle amounting to RM0.41 million;
- (b) investment in an associate decreased by RM7.00 million following the deemed completion of the Disposal of PT Eramas on 29 August 2025;
- (c) inventories increased by RM2.37 million, mainly due to the net effect of the following:-
 - (1) an increase in work-in-progress inventories and finished goods by RM4.05 million and RM0.33 million respectively, mainly due to the normalisation of coconut supply conditions following the coconut supply shortage experienced from late-2024 to early-2025, which resulted in higher production output to meet sales orders from the customers;
 - (2) an increase in raw materials by RM1.67 million as the Eramas Group stocked up raw materials to maintain sufficient level of inventories to avoid interruptions to the manufacturing operations; and
 - (3) a decrease in trading goods by RM3.72 million mainly due to large orders that were in the process of being arranged for shipment towards the end of FYE 2024.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

- (d) trade and other receivables increased by RM14.27 million arising from the following:-
- (1) increase in trade receivables by RM8.85 million, in tandem with the increase in revenue and fulfilment of large orders received from customers towards the end of FYE 2025; and
 - (2) increase in other receivables by RM5.42 million, mainly due to the balance disposal consideration in respect of the Disposal of PT Eramas and higher advance payments made to suppliers for the purchase of inventories comprising dairy and coconut products for trading as required under procurement arrangements with the Eramas Group's suppliers to secure the purchase orders, partially offset by lower deposits paid to PT Eramas for packaging materials as well as the refund of stamp duty paid for the Internal Restructuring of Eramas Group; and
- (e) fixed deposits with licensed banks, cash and bank balances increased by RM14.06 million.

(ii) Liabilities

	Audited						
	As at 31 December						
	2019 (RM'000)	2020 (RM'000)	2021 (RM'000)	2022 (RM'000)	2023 (RM'000)	2024 (RM'000)	2025 (RM'000)
Non-current liabilities							
Lease liabilities	205	163	148	857	983	448	250
Deferred tax liabilities	-	-	19	12	306	1,231	1,488
Total non-current liabilities	205	163	167	869	1,289	1,679	1,738
Current liabilities							
Trade payables	9,654	8,495	11,991	14,475	19,842	10,371	11,908
Other payables	16,545	21,335	27,587	27,883	6,194	3,118	3,804
Contract liabilities	1,732	2,424	2,022	2,554	2,842	1,998	1,259
Lease liabilities	87	93	96	184	162	179	121
Borrowings	-	-	18,183	8,237	9,120	11,942	13,392
Tax payable	224	481	522	512	2,453	863	2,200
Total current liabilities	28,242	32,828	60,401	53,845	40,613	28,471	32,684
Total liabilities	28,447	32,991	60,568	54,714	41,902	30,150	34,422

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS *(cont'd)***Comparison between 31 December 2019 and 31 December 2020**

The Eramas Group's total liabilities increased by RM4.54 million or 15.96% from RM28.45 million as at 31 December 2019 to RM32.99 million as at 31 December 2020. Trade and other payables increased by RM3.63 million, mainly due to advances from Tan Ah Tek, Gan Chuan Lee and Tan Tai Chong amounting to RM4.55 million to partially finance the costs of the manufacturing facility of Eramas Ingredients as well as higher amount owing to freight forwarders in line with increase in revenue of the Eramas Group. These were partially offset by a decrease in trade payables of RM1.16 million mainly due to faster settlements of payments to suppliers.

Comparison between 31 December 2020 and 31 December 2021

The Eramas Group's total liabilities increased by RM27.58 million or 83.60% from RM32.99 million as at 31 December 2020 to RM60.57 million as at 31 December 2021. The movements in major components of total liabilities are explained below:-

- (a) trade and other payables increased by RM9.75 million, mainly due to an increase in trade payables of RM3.50 million arising from increase in purchases of goods from suppliers and an increase in amount owing to freight forwarders in line with increase in revenue of the Eramas Group as well as advances from Yan Hua Lan, Gan Chuan Lee and Tan Tai Chong amounting to RM7.48 million to partially finance the costs of the manufacturing facility of Eramas Ingredients. These were partially offset by repayment of amount owing to directors of Eramas Ingredients of RM2.68 million; and
- (b) borrowings increased by RM18.18 million due to drawdown of bankers' acceptance for payments to suppliers.

Comparison between 31 December 2021 and 31 December 2022

The Eramas Group's total liabilities decreased by RM5.86 million or 9.67% from RM60.57 million as at 31 December 2021 to RM54.71 million as at 31 December 2022. The movements in major components of total liabilities are explained below:-

- (a) trade and other payables increased by RM2.78 million, mainly due to the Eramas Group relying on the suppliers' credit terms for cash flows management in order to maintain sufficient level of inventories for the manufacturing operations; and
- (b) borrowings decreased by RM9.95 million, mainly due to net repayment of bankers' acceptance.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS *(cont'd)***Comparison between 31 December 2022 and 31 December 2023**

The Eramas Group's total liabilities decreased by RM12.81 million or 23.41% from RM54.71 million as at 31 December 2022 to RM41.90 million as at 31 December 2023. The movements in major components of total liabilities are explained below:-

- (a) trade and other payables decreased by RM16.32 million, mainly due to the capitalisation of amounts due to directors of Eramas Ingredients amounting to RM21.50 million via the issuance of new ordinary shares in Eramas Ingredients in FYE 2023. This was partially offset by an increase in trade payables of RM5.37 million, mainly due to the Eramas Group continued to rely on the credit terms offered by its suppliers to support the level of inventories required for its manufacturing operations;
- (b) borrowings increased by RM0.88 million, mainly due to net drawdown of bankers' acceptance for payments to suppliers; and
- (c) tax payable increased by RM1.94 million, mainly due to higher tax expenses resulting from higher profits recorded for FYE 2023.

Comparison between 31 December 2023 and 31 December 2024

The Eramas Group's total liabilities decreased by RM11.75 million or 28.04% from RM41.90 million as at 31 December 2023 to RM30.15 million as at 31 December 2024. The movements in major components of total liabilities are explained below:-

- (a) trade and other payables decreased by RM12.55 million, mainly due to payments being made to the trade suppliers more promptly, facilitated by the availability of revolving credit facility, resulting in a decrease of RM9.47 million in trade payables as at the end of FYE 2024, as well as repayment of amounts owing to directors and shareholders of Eramas Ingredients of RM3.20 million;
- (b) borrowings increased by RM2.82 million, mainly due to the net effect of the following:-
 - (1) drawdown of revolving credit facility amounting to RM9.50 million for working capital purposes; and
 - (2) net repayment of bankers' acceptance of RM6.71 million; and
- (c) tax payable decreased by RM1.59 million, mainly due to current year tax expense was lower than tax paid in FYE 2024.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)**Comparison between 31 December 2024 and 31 December 2025**

The Eramas Group's total liabilities increased by RM4.27 million or 14.16% from RM30.15 million as at 31 December 2024 to RM34.42 million as at 31 December 2025. The movements in major components of total liabilities are explained below:-

- (a) trade and other payables increased by RM2.22 million, due to an increase in trade payables of RM1.54 million, mainly attributable to the Eramas Group relying on the suppliers' credit terms for cash flows management, as well as accruals for purchases amounting to RM0.68 million arising from goods received for which invoices were only received from the suppliers after FYE 2025;
- (b) borrowings increased by RM1.45 million, mainly due to the net effect of the following:-
 - (1) net drawdown of revolving credit facility amounting to RM1.70 million for working capital purposes; and
 - (2) net repayment of bankers' acceptance of RM0.25 million; and
- (c) tax payable increased by RM1.34 million, mainly due to current year tax expense was higher than tax paid in FYE 2025.

2.14 Key financial ratios

The key financial ratios of the Eramas Group for the Financial Years Under Review are as follows:-

	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Trade receivables turnover period (days)	26	23	51	61	37	37	44
Trade payables turnover period (days)	44	26	26	38	51	47	35
Inventory turnover period (days)	15	9	11	28	52	74	85

	As at 31 December						
	2019	2020	2021	2022	2023	2024	2025
Current ratio (times)	1.12	0.92	0.84	0.87	1.35	2.07	2.74
Gearing ratio (times)	0.01	0.01	1.18	0.44	0.16	0.15	0.13

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)**(i) Trade receivables turnover period**

	FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)
Opening trade receivables	4,328	5,870	11,396	31,620	13,684	15,523	13,370
Closing trade receivables	5,870	11,396	31,620	13,684	15,523	13,370	22,219
Average trade receivables	5,099	8,633	21,508	22,652	14,604	14,447	17,795
Revenue	70,505	137,974	153,633	136,311	143,945	142,088	148,577
Trade receivables turnover period ⁽¹⁾ (days)	26	23	51	61	37	37	44

Note:-

- (1) Trade receivables turnover period is computed based on average of the trade receivables as at the beginning and end of the respective financial year (after deducting the accumulated impairment losses) over revenue and multiplied by 365 days (or 366 days for FYE 2020 and FYE 2024).

The Eramas Group's trade credit terms granted to its customers for the Financial Years Under Review are as follows:-

	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Trade credit terms	30 days to 90 days	30 days to 90 days	30 days to 240 days	30 days to 240 days	30 days to 90 days	30 days to 90 days	30 days to 90 days

The Eramas Group performs credit evaluations of its new customers and periodically renews credit evaluations of its existing customers. Appropriate credit terms are assigned based on the creditworthiness of the customers, taking into consideration their financial position, financial performance and cash flow liquidity. The Eramas Group usually grants trade credit terms ranging from 30 days to 90 days to its customers.

However, in FYE 2021 and FYE 2022, the Eramas Group extended a credit term of 240 days to Shanghai Eramas International Co., Ltd (which was a related party to the Eramas Group at that point in time). Such credit term is not generally available to third parties. The said credit term was given to Shanghai Eramas International Co., Ltd on the basis that the Eramas Group intended to grow its market in The People's Republic of China. Notwithstanding that, the credit term was revised to 30 days in respect of the sales to Shanghai Eramas International Co., Ltd in FYE 2023. Further, following the cessation of Chin Kok Tian and Tan Ah Tek as directors and shareholders of Shanghai Eramas International Co., Ltd in August 2023, the Eramas Group has ceased all transactions with Shanghai Eramas International Co., Ltd. Please refer to Section 1(b), Appendix III(E) of this Circular for further information.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

A minimal portion of the Eramas Group's sales are on cash terms, mainly relating to sales transactions for walk-in customers, e-commerce customers and sales of hampers during major festive seasons. These transactions represent less than 1.00% contribution to the revenue of the Eramas Group for each of the Financial Years Under Review.

The trade receivables turnover period of the Eramas Group for the Financial Years Under Review were within the normal trade credit terms granted by the Eramas Group to its customers of up to 90 days.

Comparison between FYE 2019 and FYE 2020

The trade receivables turnover period was 26 days in FYE 2019 and it decreased to 23 days in FYE 2020 mainly due to faster collections from customers.

Comparison between FYE 2020 and FYE 2021

The trade receivables turnover period was 23 days in FYE 2020 and it increased to 51 days in FYE 2021 mainly due to fulfilment of large orders received from customers towards the end of the financial year.

Comparison between FYE 2021 and FYE 2022

The trade receivables turnover period was 51 days in FYE 2021 and it increased to 61 days in FYE 2022 mainly due to the higher trade receivables turnover period for the Malaysian market in line with the Eramas Group's strategy for the expansion in the local market.

Comparison between FYE 2022 and FYE 2023

The trade receivables turnover period was 61 days in FYE 2022 and it decreased to 37 days in FYE 2023 as the Eramas Group followed up closely with its customers for collections.

Comparison between FYE 2023 and FYE 2024

The trade receivables turnover period remained stable at 37 days in both FYE 2023 and FYE 2024.

Comparison between FYE 2024 and FYE 2025

The trade receivables turnover period was 37 days in FYE 2024 and it increased to 44 days in FYE 2025 mainly due to fulfilment of large orders received from customers towards the end of the financial year.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

The ageing analysis of the Eramas Group's trade receivables as at 31 December 2025 is as follows:-

	Not past due (RM'000)	Past due				Total (RM'000)
		1 to 30 days (RM'000)	31 to 60 days (RM'000)	61 to 90 days (RM'000)	More than 90 days (RM'000)	
Trade receivables	14,939	6,370	677	87	147	22,220
Less: Accumulated impairment losses	-	-	-	-	(1)	(1)
Net trade receivables	14,939	6,370	677	87	146	22,219
% of net trade receivables	67.23%	28.67%	3.05%	0.39%	0.66%	100.00%
Subsequent collections up to 31 May 2026	(14,927)	(6,357)	(671)	(55)	(84)	(22,094)
Trade receivables net of subsequent collections	12	13	6	32	62	125
% of trade receivables net of subsequent collections	9.60%	10.40%	4.80%	25.60%	49.60%	100.00%

As at 31 May 2026, RM22.09 million or 99.44% of the Eramas Group's net trade receivables as at 31 December 2025 has been collected. The remaining amount represents only 0.56% of the Eramas Group's net trade receivables as at 31 December 2025 and hence, the risk of non-collectability of these debts is not significant to the Eramas Group. Nonetheless, the Eramas Group will continue to follow up with its customers to collect the amount outstanding. Where appropriate, the Eramas Group will recognise an impairment loss for the amounts which are not recoverable.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)**(ii) Trade payables turnover period**

	FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)
Opening trade payables	5,457	9,654	8,495	11,991	14,475	19,842	10,371
Closing trade payables	9,654	8,495	11,991	14,475	19,842	10,371	11,908
Average trade payables	7,556	9,075	10,243	13,233	17,159	15,107	11,140
Cost of sales	62,141	127,164	141,943	125,953	121,689	116,709	115,682
Trade payables turnover period ⁽¹⁾ (days)	44	26	26	38	51	47	35

Note:-

(1) Trade payables turnover period is computed based on average of the trade payables as at the beginning and end of the respective financial year over cost of sales and multiplied by 365 days (or 366 days for FYE 2020 and FYE 2024).

The normal trade credit terms granted by the suppliers to the Eramas Group for the Financial Years Under Review are as follows:-

	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Trade credit terms	cash term to 90 days	cash term to 90 days	cash term to 90 days	cash term to 90 days	cash term to 90 days	cash term to 90 days	cash term to 90 days

The trade payables turnover period of the Eramas Group for the Financial Years Under Review were within the normal trade credit terms granted by the suppliers to the Eramas Group of up to 90 days.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (cont'd)**

Comparison between FYE 2019 and FYE 2020

The trade payables turnover period was 44 days in FYE 2019 and it decreased to 26 days in FYE 2020 mainly due to faster settlements of payments to suppliers.

Comparison between FYE 2020 and FYE 2021

The trade payables turnover period remained stable at 26 days in both FYE 2020 and FYE 2021.

Comparison between FYE 2021 and FYE 2022

The trade payables turnover period was 26 days in FYE 2021 and it increased to 38 days in FYE 2022 mainly due to the commencement of manufacturing operations of Eramas Ingredients. In order to maintain sufficient level of inventories for the manufacturing operations, the Eramas Group relied on the suppliers' credit terms for cash flows management.

Comparison between FYE 2022 and FYE 2023

The trade payables turnover period was 38 days in FYE 2022 and it increased to 51 days in FYE 2023 as the Eramas Group continued to rely on the credit terms offered by its suppliers to support the level of inventories required for its manufacturing operations.

Comparison between FYE 2023 and FYE 2024

The trade payables turnover period was 51 days in FYE 2023 and it decreased to 47 days in FYE 2024 mainly due to payments being made to the trade suppliers more promptly, facilitated by the availability of revolving credit facility.

Comparison between FYE 2024 and FYE 2025

The trade payables turnover period was 47 days in FYE 2024 and it decreased to 35 days in FYE 2025 mainly due to payments being made to the trade suppliers more promptly.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

The ageing analysis of the Eramas Group's trade payables as at 31 December 2025 is as follows:-

	Not past due (RM'000)	Past due				Total (RM'000)
		1 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	
		(RM'000)	(RM'000)	(RM'000)	(RM'000)	
Trade payables	5,155	5,465	1,288	-	-	11,908
% of trade payables	43.29%	45.89%	10.82%	-	-	100.00%
Subsequent payments up to 31 May 2026	(5,154)	(5,465)	(1,288)	-	-	(11,907)
Trade payables net of subsequent payments	1	-	-	-	-	1
% of trade payables net of subsequent payments	100.00%	-	-	-	-	100.00%

As at 31 May 2026, almost 100% of the Eramas Group's trade payables as at 31 December 2025 has been paid. The remaining amount represents only 0.01% of the Eramas Group's trade payables as at 31 December 2025.

(iii) Inventory turnover period

	FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)
Opening inventories	2,164	2,726	3,380	4,194	12,949	18,082	22,574
Closing inventories	2,726	3,380	4,194	12,949	18,082	22,574	24,947
Average inventories	2,445	3,053	3,787	8,572	15,516	20,328	23,761
Cost of inventories recognised in cost of sales	57,669	120,977	128,305	113,645	108,870	100,897	102,042
Inventory turnover period ⁽¹⁾ (days)	15	9	11	28	52	74	85

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (cont'd)**

Note:-

- (1) Inventory turnover period is computed based on average of the inventories as at the beginning and end of the respective financial year over cost of inventories recognised in cost of sales multiplied by 365 days (or 366 days for FYE 2020 and FYE 2024).

Comparison between FYE 2019 and FYE 2020

The inventory turnover period was 15 days in FYE 2019 and it decreased to 9 days in FYE 2020. The Eramas Group generally maintains minimal inventory levels for its trading operations.

Comparison between FYE 2020 and FYE 2021

The inventory turnover period remained relatively stable at 11 days in FYE 2021 as compared to 9 days in FYE 2020.

Comparison between FYE 2021 and FYE 2022

The inventory turnover period was 11 days in FYE 2021 and it increased to 28 days in FYE 2022 mainly due to the increase in inventories for the manufacturing operations of Eramas Ingredients, which commenced in October 2022.

Comparison between FYE 2022 and FYE 2023

The inventory turnover period was 28 days in FYE 2022 and it increased to 52 days in FYE 2023 to support the increased inventories requirement of the Eramas Group's manufacturing operations for FYE 2023.

Comparison between FYE 2023 and FYE 2024

The inventory turnover period was 52 days in FYE 2023 and it increased to 74 days in FYE 2024 mainly due to higher level of trading goods, raw materials and work-in-progress inventories to meet sales orders from the customers.

Comparison between FYE 2024 and FYE 2025

The inventory turnover period was 74 days in FYE 2024 and it increased to 85 days in FYE 2025 mainly due to higher level of work-in-progress inventories and finished goods to meet sales orders from the customers and higher level of raw materials to avoid interruptions to the Eramas Group's manufacturing operations.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)**(iv) Current ratio**

	As at 31 December						
	2019 (RM'000)	2020 (RM'000)	2021 (RM'000)	2022 (RM'000)	2023 (RM'000)	2024 (RM'000)	2025 (RM'000)
Current assets	31,696	30,244	50,673	46,838	54,838	58,938	89,634
Current liabilities	28,242	32,828	60,401	53,845	40,613	28,471	32,684
Current ratio ⁽¹⁾ (times)	1.12	0.92	0.84	0.87	1.35	2.07	2.74

Note:-

(1) Current ratio is computed based on current assets over current liabilities as at the end of the respective financial year.

Comparison between 31 December 2019 and 31 December 2020

The current ratio decreased from 1.12 times as at 31 December 2019 to 0.92 times as at 31 December 2020 mainly due to the payment of dividend of RM10.00 million in FYE 2020.

Comparison between 31 December 2020 and 31 December 2021

The current ratio decreased from 0.92 times as at 31 December 2020 to 0.84 times as at 31 December 2021 mainly due to the payment of dividend of RM10.00 million in FYE 2021.

Comparison between 31 December 2021 and 31 December 2022

The current ratio remained consistent at 0.87 times as at 31 December 2022 as compared to 0.84 times as at 31 December 2021.

Comparison between 31 December 2022 and 31 December 2023

The current ratio improved from 0.87 times as at 31 December 2022 to 1.35 times as at 31 December 2023 mainly due to the issuance of new ordinary shares in Eramas Ingredients of RM28.00 million in FYE 2023, of which RM21.50 million involved capitalisation of amounts due to directors of Eramas Ingredients.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)**Comparison between 31 December 2023 and 31 December 2024**

The current ratio improved from 1.35 times as at 31 December 2023 to 2.07 times as at 31 December 2024 mainly due to the payments being made to the trade suppliers more promptly, facilitated by the availability of revolving credit facility, resulting in a decrease of RM9.47 million in trade payables as at the end of FYE 2024, as well as repayment of amounts owing to directors and shareholders of Eramas Ingredients of RM3.20 million.

Comparison between 31 December 2024 and 31 December 2025

The current ratio improved from 2.07 times as at 31 December 2024 to 2.74 times as at 31 December 2025 mainly due to higher trade and other receivables as well as fixed deposits with licensed banks, cash and bank balances arising from operating activities as well as the Disposal of PT Eramas for a disposal consideration of RM7.00 million (of which RM3.76 million has been received).

(v) Gearing ratio

	As at 31 December						
	2019 (RM'000)	2020 (RM'000)	2021 (RM'000)	2022 (RM'000)	2023 (RM'000)	2024 (RM'000)	2025 (RM'000)
Total borrowings and lease liabilities	292	256	18,427	9,278	10,265	12,569	13,763
Total equity	20,369	19,688	15,644	21,287	63,029	84,125	102,705
Gearing ratio ⁽¹⁾ (times)	0.01	0.01	1.18	0.44	0.16	0.15	0.13

Note:-

(1) Gearing ratio is computed based on total borrowings and lease liabilities over total equity as at the end of the respective financial year.

Comparison between 31 December 2019 and 31 December 2020

The gearing ratio was 0.01 times as at 31 December 2019 and 31 December 2020, arising from lease liabilities for motor vehicles. As at 31 December 2019 and 31 December 2020, the Eramas Group did not have any bank borrowings.

Comparison between 31 December 2020 and 31 December 2021

The gearing ratio increased from 0.01 times as at 31 December 2020 to 1.18 times as at 31 December 2021, mainly due to the increase in borrowings by RM18.18 million from drawdown of bankers' acceptance for payments to suppliers.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS *(cont'd)*

Comparison between 31 December 2021 and 31 December 2022

The gearing ratio decreased from 1.18 times as at 31 December 2021 to 0.44 times as at 31 December 2022, mainly due to lower borrowings following the net repayment of bankers' acceptance as well as higher total equity mainly attributable to the following:-

- (a) PAT for FYE 2022 amounting to RM3.62 million; and
- (b) issuance of new ordinary shares in Eramas Ingredients of RM2.00 million in FYE 2022 involving capitalisation of debts.

Comparison between 31 December 2022 and 31 December 2023

The gearing ratio decreased from 0.44 times as at 31 December 2022 to 0.16 times as at 31 December 2023 due to the higher total equity mainly attributable to the following:-

- (a) issuance of new ordinary shares in Eramas Ingredients of RM28.00 million in FYE 2023; and
- (b) PAT for FYE 2023 amounting to RM13.74 million.

Comparison between 31 December 2023 and 31 December 2024

The gearing ratio remained relatively stable at 0.15 times as at 31 December 2024 as compared to 0.16 times as at 31 December 2023.

Comparison between 31 December 2024 and 31 December 2025

The gearing ratio decreased from 0.15 times as at 31 December 2024 to 0.13 times as at 31 December 2025, mainly due to the higher total equity arising from PAT for FYE 2025 amounting to RM18.58 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)**2.15 Impact of foreign exchange rates, interest rates and commodity prices****(i) Impact of foreign exchange rates**

As set out in Section 1.2(f), Appendix III(D) of this Circular, the Eramas Group is subject to foreign exchange fluctuations particularly in USD. The Eramas Group is mainly exposed to foreign currency fluctuations arising from its sales, purchases, fixed deposits and cash and bank balances that are denominated in USD. Any significant change in foreign exchange rates may have a material effect on the Eramas Group's financial results.

The impact of foreign exchange fluctuations on the financial performance of the Eramas Group for the Financial Years Under Review is as follows:-

	Audited						
	FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)
Net realised gain / (loss) on foreign exchange	401	383	(798)	343	(282)	79	(1,274)
Net unrealised (loss) / gain on foreign exchange	(573)	49	79	73	37	(195)	(200)
Net (loss) / gain on foreign exchange	(172)	432	(719)	416	(245)	(116)	(1,474)

As at 31 December 2025, the foreign currency denominated financial assets and liabilities which expose the Eramas Group to foreign currency risk are disclosed below:-

As at 31 December 2025	USD (RM'000)	Euro (RM'000)	SGD (RM'000)	Total (RM'000)
Trade receivables	14,729	-	446	15,175
Other receivables	1,960	-	-	1,960
Fixed deposits with licensed banks	210	-	-	210
Cash and bank balances	12,378	3	275	12,656
Financial assets	29,277	3	721	30,001
Trade payables	(11,254)	-	-	(11,254)
Other payables	(455)	-	-	(455)
Financial liabilities	(11,709)	-	-	(11,709)
Net exposure	17,568	3	721	18,292

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

Based on a sensitivity analysis performed on the Eramas Group's financial assets and liabilities denominated in USD as at 31 December 2025, if USD strengthens against RM by 1%, the Eramas Group's PBT will increase by RM0.18 million. Conversely, if USD weakens against RM by 1%, the Eramas Group's PBT will decrease by RM0.18 million.

The Eramas Group adopts natural hedging strategy as well as utilises banking facilities with a pre-determined exchange rate for repayments to manage its exposure to foreign exchange risk. Further information on these strategies is set out in Section 1.2(f), Appendix III(D) of this Circular.

The management of the Eramas Group also regularly reviews and revises product costing in response to foreign currency fluctuations. Nevertheless, any prolonged unfavourable movement in foreign currency exchange rates may have a material adverse impact on the Eramas Group's financial performance.

(ii) Impact of interest rates

For the Financial Years Under Review, the financial performance of the Eramas Group was not materially affected by fluctuations in interest rates. The finance income and finance costs of the Eramas Group for the Financial Years Under Review are as follows:-

	Audited						
	FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)
Finance income	270	264	31	33	254	127	159
Finance costs	(30)	(45)	(49)	(254)	(395)	(870)	(739)
Net finance income / (costs)	240	219	(18)	(221)	(141)	(743)	(580)

For the Financial Years Under Review, the Eramas Group's interest coverage ratio ranges from 18.19 times to 189.37 times, indicating that the Eramas Group has been able to serve its interest payment obligations. Interest coverage ratio is a measure of the number of times a company can serve its interest payment obligations with its earnings before interest and tax. The interest coverage ratio of the Eramas Group for the Financial Years Under Review is as follows:-

	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Interest coverage ratio ⁽¹⁾ (times)	189.37	174.33	133.94	18.19	42.91	21.81	33.96

Note:-

(1) Interest coverage ratio is computed based on earnings before interest and tax over finance costs for the Financial Years Under Review.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

(iii) Impact of commodity prices

The Eramas Group's products include coconut products and palm products. Hence, the Eramas Group is exposed to coconut and CPO price fluctuations which may have an impact on its profitability and cost structure. Fluctuations in coconut and CPO prices are influenced by factors such as global demand and supply dynamics, weather conditions affecting crop yields and currency exchange rates. Please refer to Section 1.2(c), Appendix III(D) of this Circular for the historical average prices of coconuts and CPO.

An increase in coconut and CPO prices will increase the costs of the Eramas Group's coconut products and palm products. This may have an adverse effect to the financial conditions and results of the Eramas Group. The Eramas Group will generally pass on the increase in costs to its customers, wherever possible, to minimise financial impacts to the Eramas Group. However, a sudden or prolonged hike in coconut and/or CPO prices may compress profitability margins of the Eramas Group if the increase in prices cannot be fully passed on to the customers and end consumers.

2.16 Impact of inflation

There was no material impact from inflation on the Eramas Group's financial condition or results for the Financial Years Under Review. However, there is no certainty that the Eramas Group will not be adversely affected by inflation in future if it is unable to pass on the higher costs to its customers through an increase in selling prices.

2.17 Impact of government, economic, fiscal or monetary policies or factors

For the Financial Years Under Review, the Eramas Group's operations and financial performance were not materially affected by government, economic, fiscal or monetary policies or factors save for the implementation of lockdowns and movement control restrictions during the COVID-19 pandemic period, as further detailed in Section 21.1, Appendix III(B) of this Circular, grant received from the MPOB amounting to RM6.00 million in respect of eligible expenditures incurred in relation to *inter alia* planning, construction and commissioning of Eramas Ingredients' manufacturing facility as well as various incentives received from the Government, as set out in Sections 2.4 and 2.11, Appendix III(D) of this Circular.

There is no assurance that the Eramas Group's financial performance will not be adversely affected by the impact of changes in government, economic, fiscal or monetary policies or factors in future. Risks relating to government, economic, fiscal or monetary policies or factors which may materially and adversely affect the Eramas Group's operations and financial performance are set out in Section 8.2.3, Part A of this Circular.

2.18 Recent developments

Save for the Iran war as disclosed in Section 21.4, Appendix III(B) of this Circular, there were no significant events or changes that have occurred, which may have a material effect on the financial position and results of the Eramas Group subsequent to the audited consolidated financial statements of Eramas Global Group for FYE 2025 and up to the LPD.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

3. LIQUIDITY AND CAPITAL RESOURCES
3.1 Working capital

The Eramas Group finances its business operations using a combination of internal and external sources of funds. The internal sources of funds comprise cash and cash equivalents, cash generated from operating activities and advances / capital contributions from directors and/or shareholders of the Eramas Group while external sources of funds were mainly credit extended by the suppliers and banking facilities from financial institutions which include bankers' acceptance, bank guarantee, bank overdraft and revolving credit for working capital purposes as well as lease liabilities / hire purchase facilities from financial institutions and financial services companies for purchase of motor vehicles.

The decision to use either internally generated funds or borrowings for the business operations depends on, amongst others, the cash and bank balances, expected cash inflows and outflows, future working capital requirements, future capital expenditure requirements and the interest rate on borrowings.

After taking into consideration the following, in the opinion of the board of directors of Eramas Global Group, the working capital available to the Eramas Group will be sufficient for a period of 12 months from the date of this Circular:-

- (i) the Eramas Group's cash and bank balances and fixed deposits with licensed banks of RM26.40 million as at 31 May 2026;
- (ii) the expected cash flows to be generated from the Eramas Group's business operations;
- (iii) the total bank borrowings of the Eramas Group of RM6.94 million and unutilised credit limit available under existing banking facilities of approximately RM63.73 million as at 31 May 2026;
- (iv) the Eramas Group does not intend to declare and pay any dividends before the completion of the Proposed Regularisation Plan; and
- (v) the expected capital expenditure in relation to the Eramas Group's expansion plan as set out in Section 6, Part A of this Circular will be funded using the SCGM Group's cash and bank balances upon completion of the Proposed Regularisation Plan.

At this juncture, the Eramas Group does not foresee any circumstances which may materially affect its liquidity. For the Financial Years Under Review and up to the LPD, the Eramas Group has not encountered any material collection issues or incurred any material impairment losses on trade receivables.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)**3.2 Cash flows**

The following table is a summary of the cash flows for the Financial Years Under Review:-

	Audited						
	FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)
Net cash from / (used in) operating activities	10,281	4,401	(9,827)	15,340	14,786	2,178	10,952
Net cash (used in) / from investing activities	(16,977)	(5,688)	(3,403)	(4,675)	(19,039)	(1,103)	2,878
Net cash from / (used in) financing activities	13,248	(7,065)	10,463	(9,754)	6,794	(2,444)	159
Net changes in cash and cash equivalents	6,552	(8,352)	(2,767)	911	2,541	(1,369)	13,989
Effect of exchange rate changes	178	53	79	(6)	(2)	-	-
Cash and cash equivalents at the beginning of the financial year	13,242	19,972	11,673	8,985	9,890	12,429	11,060
Cash and cash equivalents at the end of the financial year	19,972	11,673	8,985	9,890	12,429	11,060	25,049

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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (cont'd)**

FYE 2019**Net cash from operating activities**

In FYE 2019, the Eramas Group generated a net cash inflow from operating activities of RM10.28 million, after taking into consideration the operating profit before working capital changes of RM6.77 million and adjusting for the following:-

- (i) RM0.56 million increase in inventories mainly due to the increase in packaging materials held by Erapoly Global as at the end of FYE 2019;
- (ii) RM1.68 million increase in trade and other receivables arising from the following:-
 - (a) an increase in trade receivables by RM2.57 million as the customers took longer to pay; and
 - (b) a decrease in other receivables by RM0.89 million mainly due to lower deposits made for purchase of property, plant and equipment;
- (iii) RM5.66 million increase in trade and other payables arising from an increase in trade payables by RM4.16 million and an increase in other payables by RM1.50 million. The increase in trade and other payables was mainly due to the Eramas Group relied on suppliers' credit term to support its working capital requirement. In addition, there were higher amounts owing to freight forwarders as well as construction costs for the manufacturing facility of Eramas Ingredients;
- (iv) RM0.02 million decrease in contract liabilities;
- (v) RM0.27 million of interest received from fixed deposits with licensed banks as well as cash at banks; and
- (vi) RM0.16 million of tax paid.

Net cash used in investing activities

In FYE 2019, the Eramas Group recorded net cash used in investing activities of RM16.98 million. This was mainly attributable to the purchase of property, plant and equipment of RM16.43 million, mainly comprising a parcel of vacant land i.e. Lot 34719 Enstek and capital work-in-progress for the establishment of Eramas Ingredients' manufacturing facility at Lot 34719 Enstek.

Net cash from financing activities

In FYE 2019, the Eramas Group recorded a net cash inflow from financing activities of RM13.25 million primarily attributed to advances received from directors of Eramas Ingredients amounting to RM13.35 million.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (cont'd)**

FYE 2020**Net cash from operating activities**

In FYE 2020, the Eramas Group generated a net cash inflow from operating activities of RM4.40 million, after taking into consideration the operating profit before working capital changes of RM8.08 million and adjusting for the following:-

- (i) RM0.65 million increase in inventories mainly due to purchase of additional trading goods to meet the growth in sales;
- (ii) RM5.48 million increase in trade and other receivables due to the net effect of the following:-
 - (a) increase in trade receivables by RM5.55 million, in tandem with the increase in revenue; and
 - (b) a slight decrease in other receivables by RM0.07 million;
- (iii) RM1.79 million increase in trade and other payables mainly due to advances from Gan Chuan Lee and Tan Tai Chong to partially finance the costs of the manufacturing facility of Eramas Ingredients as well as higher amount owing to freight forwarders in line with increase in revenue of the Eramas Group;
- (iv) RM0.69 million increase in contract liabilities;
- (v) RM0.26 million of interest received from fixed deposits with licensed banks as well as cash at banks; and
- (vi) RM0.29 million of tax paid.

Net cash used in investing activities

In FYE 2020, the Eramas Group recorded net cash used in investing activities of RM5.69 million. This was mainly attributable to the purchase of property, plant and equipment of RM5.65 million, mainly comprising capital work-in-progress amounting to RM5.41 million for the manufacturing facility in Bandar Baru Enstek, Negeri Sembilan.

Net cash used in financing activities

In FYE 2020, the Eramas Group recorded net cash used in financing activities of RM7.07 million, mainly due to the net effect of the following:-

- (i) RM10.00 million of dividend paid;
- (ii) RM0.62 million increase in fixed deposits pledged with licensed banks;
- (iii) RM1.80 million of cash proceeds received from the issuance of new ordinary shares in Eramas Marketing; and
- (iv) RM1.85 million of advances received from directors of Eramas Ingredients.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

FYE 2021
Net cash used in operating activities

In FYE 2021, the Eramas Group recorded net cash used in operating activities of RM9.83 million, after taking into consideration the operating profit before working capital changes of RM6.81 million and adjusting for the following:-

- (i) RM0.82 million increase in inventories mainly due to purchase of additional trading goods to meet the sustained growth in sales;
- (ii) RM22.71 million increase in trade and other receivables arising from the following:-
 - (a) increase in trade receivables by RM20.27 million, mainly due to the increase in revenue and large orders received from customers towards the end of the financial year; and
 - (b) increase in other receivables by RM2.44 million, mainly due to back charges of warehouse storage, packaging and forwarding expenses to the suppliers and advance payments made for purchase of inventories;
- (iii) RM7.80 million increase in trade and other payables arising from an increase in trade payables by RM3.50 million and an increase in other payables by RM4.30 million. The increase in trade and other payables was mainly due to increase in purchases of goods from suppliers and an increase in amount owing to freight forwarders in line with increase in revenue of the Eramas Group as well as additional advances from Gan Chuan Lee and Tan Tai Chong to partially finance the costs of the manufacturing facility of Eramas Ingredients;
- (iv) RM0.40 million decrease in contract liabilities;
- (v) RM0.03 million of interest received from fixed deposits with licensed banks as well as cash at banks; and
- (vi) RM0.54 million of tax paid.

Net cash used in investing activities

In FYE 2021, the Eramas Group recorded net cash used in investing activities of RM3.40 million. This was mainly attributable to the purchase of property, plant and equipment of RM3.29 million, mainly comprising capital work-in-progress amounting to RM3.22 million for the manufacturing facility in Bandar Baru Enstek, Negeri Sembilan.

Net cash from financing activities

In FYE 2021, the Eramas Group recorded a net cash inflow from financing activities of RM10.46 million, mainly due to the net effect of the following:-

- (i) RM18.18 million of proceeds received from drawdown of bankers' acceptance for payments to suppliers;
- (ii) RM4.51 million of advances received from Yan Hua Lan to partially finance the costs of the manufacturing facility of Eramas Ingredients;

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

- (iii) RM0.48 million decrease in fixed deposits pledged with licensed banks;
- (iv) RM10.00 million of dividend paid; and
- (v) RM2.68 million of amount owing to directors of Eramas Ingredients repaid.

FYE 2022
Net cash from operating activities

In FYE 2022, the Eramas Group generated a net cash inflow from operating activities of RM15.34 million, after taking into consideration the operating profit before working capital changes of RM6.53 million and adjusting for the following:-

- (i) RM9.29 million increase in inventories mainly due to the commencement of the manufacturing operations of Eramas Ingredients in October 2022. The increased level of inventories was mainly to support the manufacturing operations and mitigate potential disruptions caused by material shortages;
- (ii) RM15.32 million decrease in trade and other receivables, due to the net effect of the following:-
 - (a) decrease in trade receivables by RM17.46 million mainly due to high trade receivables as at the end of FYE 2021 as explained above; and
 - (b) increase in other receivables by RM2.14 million mainly due to deposit paid to acquire a parcel of vacant land in Bandar Baru Enstek, Negeri Sembilan for future expansion;
- (iii) RM3.02 million increase in trade and other payables mainly due to the Eramas Group relying on the suppliers' credit terms for cash flows management in order to maintain sufficient level of inventories for the manufacturing operations;
- (iv) RM0.53 million increase in contract liabilities;
- (v) RM0.03 million of interest received from fixed deposits with licensed banks as well as cash at banks; and
- (vi) RM0.80 million of tax paid.

Net cash used in investing activities

In FYE 2022, the Eramas Group recorded net cash used in investing activities of RM4.68 million. This was mainly attributable to the purchase of property, plant and equipment of RM3.95 million, mainly comprising plant and machinery of RM2.42 million, furniture and fittings of RM0.58 million and capital work-in-progress of RM0.30 million for the manufacturing facility located at Bandar Baru Enstek, Negeri Sembilan.

Net cash used in financing activities

In FYE 2022, the Eramas Group recorded net cash used in financing activities of RM9.75 million, mainly due to the net effect of the following:-

- (i) RM9.92 million of net repayment of bankers' acceptance;
- (ii) RM2.30 million increase in fixed deposits pledged with licensed banks; and

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

- (iii) RM2.96 million of net proceeds received from directors of Eramas Ingredients and Yan Hua Lan.

FYE 2023
Net cash from operating activities

In FYE 2023, the Eramas Group generated a net cash inflow from operating activities of RM14.79 million, after taking into consideration the operating profit before working capital changes of RM18.04 million and adjusting for the following:-

- (i) RM5.16 million increase in inventories mainly due to the increased inventories requirement of the Eramas Group's manufacturing operations for FYE 2023;
- (ii) RM2.93 million increase in trade and other receivables arising from the following:-
 - (a) an increase in trade receivables by RM1.78 million, in tandem with the increase in revenue; and
 - (b) an increase in other receivables by RM1.15 million mainly due to the increase in deposits and advance payments for purchase of inventories;
- (iii) RM5.11 million increase in trade and other payables mainly due to the Eramas Group continued to rely on the credit terms offered by its suppliers to support the level of inventories required for its manufacturing operations;
- (iv) RM0.31 million increase in contract liabilities;
- (v) RM0.25 million of interest received from fixed deposits with licensed banks as well as cash at banks; and
- (vi) RM0.83 million of tax paid.

Net cash used in investing activities

In FYE 2023, the Eramas Group recorded net cash used in investing activities of RM19.04 million, due to the net effect of the following:-

- (i) RM21.29 million used in the purchase of property, plant and equipment, mainly comprising a parcel of vacant land in Bandar Baru Enstek, Negeri Sembilan for future expansion;
- (ii) RM1.34 million of repayment from related companies; and
- (iii) RM0.91 million of proceeds received from disposal of property, plant and equipment, mainly arising from the disposal of plant and machinery.

Net cash from financing activities

In FYE 2023, the Eramas Group recorded a net cash inflow from financing activities of RM6.79 million, mainly arising from the cash proceeds received from the issuance of new ordinary shares in Eramas Ingredients of RM6.50 million in FYE 2023.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (cont'd)**

FYE 2024
Net cash from operating activities

In FYE 2024, the Eramas Group generated a net cash inflow from operating activities of RM2.18 million, after taking into consideration the operating profit before working capital changes of RM21.02 million and adjusting for the following:-

- (i) RM4.47 million increase in inventories, mainly due to the following:-
 - (a) an increase in trading goods by RM3.18 million mainly due to large orders that were in the process of being arranged for shipment towards the end of FYE 2024; and
 - (b) an increase in raw materials by RM1.29 million as the Eramas Group stocked up raw materials to maintain sufficient level of inventories to avoid interruptions to the manufacturing operations;
- (ii) RM0.93 million decrease in trade and other receivables due to the net effect of the following:-
 - (a) a decrease in trade receivables by RM2.49 million, mainly due to faster collections from customers, resulting in lower trade receivables as at the end of FYE 2024; and
 - (b) an increase in other receivables by RM1.56 million, mainly due to higher advance payments made to suppliers for the purchase of inventories and stamp duty paid for the Internal Restructuring of Eramas Group which was refundable pursuant to exemption obtained;
- (iii) RM9.79 million decrease in trade and other payables mainly due to payments being made to the trade suppliers more promptly, facilitated by the availability of revolving credit facility, resulting in lower trade payables as at the end of FYE 2024;
- (iv) RM0.84 million decrease in contract liabilities;
- (v) RM0.13 million of interest received from fixed deposits with licensed banks as well as cash at banks; and
- (vi) RM4.80 million of tax paid.

Net cash used in investing activities

In FYE 2024, the Eramas Group recorded net cash used in investing activities of RM1.10 million due to the net effect of the following:-

- (i) RM1.45 million used for the purchase of property, plant and equipment, mainly comprising plant and machinery of RM1.27 million for the manufacturing facility in Bandar Baru Enstek, Negeri Sembilan;
- (ii) RM1.47 million paid to related companies mainly as refundable deposits for packaging material; and
- (iii) RM1.82 million of proceeds received from disposal of property, plant and equipment attributable to the disposal of motor vehicles as well as plant and machinery amounting to RM1.11 million and RM0.71 million respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS *(cont'd)*

Net cash used in financing activities

In FYE 2024, the Eramas Group recorded net cash used in financing activities of RM2.44 million, mainly due to the net effect of the following:-

- (i) RM9.50 million of proceeds received from drawdown of revolving credit facility for working capital purposes;
- (ii) RM3.20 million of amounts owing to directors and shareholders of Eramas Ingredients repaid;
- (iii) RM6.71 million of net repayment of bankers' acceptance;
- (iv) RM1.02 million of repayment of lease liabilities; and
- (v) RM0.87 million of interest paid.

FYE 2025
Net cash from operating activities

In FYE 2025, the Eramas Group generated a net cash inflow from operating activities of RM10.95 million, after taking into consideration the operating profit before working capital changes of RM26.96 million and adjusting for the following:-

- (i) RM1.83 million increase in inventories, mainly due to the net effect of the following:-
 - (a) an increase in work-in-progress inventories and finished goods by RM4.05 million and RM0.33 million respectively, mainly due to the normalisation of coconut supply conditions following the coconut supply shortage experienced from late-2024 to early-2025, which resulted in higher production output to meet sales orders from the customers;
 - (b) an increase in raw materials by RM1.67 million as the Eramas Group stocked up raw materials to maintain sufficient level of inventories to avoid interruptions to the manufacturing operations; and
 - (c) a decrease in trading goods by RM3.72 million mainly due to large orders that were in the process of being arranged for shipment towards the end of FYE 2024;
- (ii) RM11.75 million increase in trade and other receivables arising from the following:-
 - (a) an increase in trade receivables by RM9.31 million, in tandem with the increase in revenue and fulfilment of large orders received from customers towards the end of FYE 2025; and
 - (b) an increase in other receivables by RM2.44 million, mainly due to higher advance payments made to suppliers for the purchase of inventories, partially offset by lower deposits paid to PT Eramas for packaging materials as well as the refund of stamp duty paid for the Internal Restructuring of Eramas Group;

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

- (iii) RM2.45 million increase in trade and other payables arising from the following:-
 - (a) an increase in trade payables by RM1.79 million, mainly attributable to the Eramas Group relying on the suppliers' credit terms for cash flows management; and
 - (b) an increase in other payables by RM0.66 million, mainly due to accruals for purchases amounting to RM0.68 million arising from goods received for which invoices were only received from the suppliers after FYE 2025;
- (iv) RM0.71 million decrease in contract liabilities;
- (v) RM0.16 million of interest received from fixed deposits with licensed banks as well as cash at banks; and
- (vi) RM4.33 million of tax paid.

Net cash from investing activities

In FYE 2025, the Eramas Group recorded net cash inflow from investing activities of RM2.88 million due to the net effect of the following:-

- (i) RM3.76 million of proceeds received as part of the disposal consideration for the Disposal of PT Eramas;
- (ii) RM0.45 million of proceeds received from disposal of property, plant and equipment arising from the disposal of a motor vehicle; and
- (iii) RM1.33 million used for the purchase of property, plant and equipment, mainly comprising plant and machinery of RM0.82 million for the manufacturing facility in Bandar Baru Enstek, Negeri Sembilan and a motor vehicle amounting to RM0.15 million.

Net cash from financing activities

In FYE 2025, the Eramas Group recorded net cash inflow from financing activities of RM0.16 million, mainly due to the net effect of the following:-

- (i) RM1.70 million of proceeds received from net drawdown of revolving credit facilities for working capital purposes;
- (ii) RM0.74 million of interest paid;
- (iii) RM0.51 million of repayment of lease liabilities; and
- (iv) RM0.25 million of net repayment of bankers' acceptance.

3.3 Borrowings and lease liabilities

The Eramas Group uses banking facilities such as banker's acceptance, bank guarantee, bank overdraft and revolving credit to finance its working capital requirements. In addition, the Eramas Group has lease liabilities / hire purchase facilities to finance the purchase of motor vehicles.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

As at 31 December 2025, the total outstanding borrowings and lease liabilities of the Eramas Group stood at RM13.76 million as set out below:-

Type of borrowings	Purpose	Interest rate per annum (%)	As at 31 December 2025 (RM'000)
Current:-			
• Bankers' acceptance	Working capital	3.38 (fixed rate)	2,192
• Revolving credit	Working capital	4.29 - 5.08 (variable rate)	11,200
• Lease liabilities	Purchase of motor vehicles	4.04 - 5.40 (fixed rate)	121
			13,513
Non-current:-			
• Lease liabilities	Purchase of motor vehicles	4.04 - 5.40 (fixed rate)	250
Total			13,763

All the borrowings and lease liabilities of the Eramas Group are interest-bearing. As set out in Section 2.14(v), Appendix III(D) of this Circular, the gearing ratio of the Eramas Group as at 31 December 2025 was 0.13 times.

The following table sets out the maturity profile based on the contractual undiscounted repayment obligations of the borrowings and lease liabilities of the Eramas Group as at 31 December 2025:-

Type of borrowings	As at 31 December 2025			
	Within 1 year (RM'000)	2 to 5 years (RM'000)	More than 5 years (RM'000)	Total (RM'000)
Denominated in RM				
• Bankers' acceptance	2,192	-	-	2,192
• Revolving credit	11,200	-	-	11,200
• Lease liabilities	135	208	71	414
Total	13,527	208	71	13,806

As at 31 May 2026, the total approved credit limit available under the Eramas Group's existing borrowings is RM70.67 million, of which approximately RM63.73 million is unutilised and available for drawdown to finance the Eramas Group's working capital requirements. The Eramas Group uses banking facilities as and when required, depending on its financial condition and cash flow requirements. There is no seasonality in the borrowing requirements of the Eramas Group.

3.4 Breach of terms and conditions or covenants associated with credit arrangement or bank loan

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

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)
3.5 Default in payment

The Eramas Group has not defaulted on any payment of either interest and/or principal sums for any borrowing throughout FYE 2025 and up to the LPD.

3.6 Type of financial instruments used, funding and treasury policies and objectives

As at the LPD, save as disclosed in Sections 2.15, 3.1 and 3.3, Appendix III(D) of this Circular, the Eramas Group does not use any other financial instruments. The maturity profile, currency and interest rate structure of the Eramas Group's borrowings and lease liabilities are set out in Section 3.3, Appendix III(D) of this Circular.

The Eramas Group finances its business operations using a combination of internal and external sources of funds. The internal sources of funds comprise cash and cash equivalents, cash generated from operating activities and advances / capital contributions from directors and/or shareholders of the Eramas Group while external sources of funds were mainly credit extended by the suppliers and banking facilities from financial institutions which include bankers' acceptance, bank guarantee, bank overdraft and revolving credit for working capital purposes as well as lease liabilities / hire purchase facilities from financial institutions and financial services companies for purchase of motor vehicles.

The decision to use either internally generated funds or borrowings for the business operations depends on, amongst others, the cash and bank balances, expected cash inflows and outflows, future working capital requirements, future capital expenditure requirements and the interest rate on borrowings.

As at 31 December 2025, the Eramas Group's fixed deposits with licensed banks and cash and bank balances are held in the following currencies:-

As at 31 December 2025	RM (RM'000)	USD (RM'000)	Euro (RM'000)	SGD (RM'000)	Total (RM'000)
Fixed deposits with licensed banks	8,975	210	-	-	9,185
Cash and bank balances	7,281	12,378	3	275	19,937
Total	16,256	12,588	3	275	29,122

In addition, the Eramas Group has transactions with its customers and suppliers in foreign currencies. Hence, the Eramas Group is subject to the risk of foreign exchange fluctuations. For the Financial Years Under Review, the sales to customers and purchases from suppliers of the Eramas Group were mainly transacted in USD and RM. The other foreign currencies, in aggregate, constitute less than 2% of the total revenue or total purchases of the Eramas Group for each of the Financial Years Under Review. Please refer to Section 1.2(f), Appendix III(D) of this Circular for further information on the Eramas Group's strategies to manage its exposure to foreign currency fluctuations.

For the Financial Years Under Review, the financial performance of the Eramas Group was not materially affected by fluctuations in interest rates.

In regard to inflation or hike in commodity prices, the Eramas Group will generally pass on the increase in costs to its customers, wherever possible, to minimise financial impacts to the Eramas Group.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (*cont'd*)

The primary objective of the Eramas Group's financial management and treasury policies is to maintain sufficient working capital to support and grow its business in order to maximise shareholders' value. The Eramas Group manages its capital structure and makes adjustments to the capital structure, in light of changes and developments in economic conditions including interest rate movements. To maintain and adjust the capital structure, the Eramas Group may adjust dividend payment to shareholders, return capital to shareholders, issue new shares or adjust level of borrowings.

3.7 Material commitments

The material commitments for capital expenditures incurred or known to be incurred by the Eramas Group as at the LPD are as follows:-

Approved and contracted for:-	Amount (RM'000)
Purchase of property, plant and equipment ⁽¹⁾	2,832

Note:-

- (1) The purchase of property, plant and equipment mainly relates to the purchase, installation and commissioning of new plant and machinery as well as other enhancement works to improve the existing manufacturing operations at the manufacturing facility of Eramas Ingredients in Bandar Baru Enstek, Negeri Sembilan. The said purchase is anticipated to be funded through borrowings and/or internally generated funds.

In addition, the Eramas Group intends to expand its existing manufacturing facility in Bandar Baru Enstek, Negeri Sembilan, as further detailed in Section 6, Part A of this Circular and Section 3.2, Appendix III(B) of this Circular. This expansion will be funded using our Group's cash and bank balances after the completion of the Proposed Regularisation Plan.

Save as disclosed above, as at the LPD, there are no material commitments for capital expenditures incurred or known to be incurred by the Eramas Group, which upon becoming enforceable, may have a material effect on the business or financial position of the Eramas Group.

3.8 Contingent liabilities

As at the LPD, there are no contingent liabilities incurred or known to be incurred by the Eramas Group, which upon becoming enforceable, may have a material effect on the business or financial position of the Eramas Group.

3.9 Governmental, legal or arbitration proceedings

As at the LPD, there are no governmental, legal and arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings which may have or have had, material or significant effects on the Eramas Group's financial position or profitability, in the 12 months immediately preceding the date of this Circular.

For information purposes, as at the LPD, Eramas Ingredients is in the midst of seeking to claim monetary compensation of approximately RM5.77 million from a supplier in relation to the racking system collapse as set out in Section 8.1.4, Part A of this Circular.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)
4. TREND INFORMATION

As at the LPD, save as disclosed in this Circular and to the best of knowledge and belief of the board of directors of Eramas Global Group, the operations of the Eramas Group have not been and are not expected to be affected by any of the following:-

- (i) known trends, uncertainties, demands, commitments or events that have had or that the Eramas Group reasonably expects to have, a material favourable or unfavourable impact on the financial performance, position and operations, save as disclosed in Sections 6 and 8, Part A of this Circular as well as Appendices III(B), III(D) and V of this Circular;
- (ii) material commitment for capital expenditure, as set out in Section 8, Appendix III(B) of this Circular and Section 3.7, Appendix III(D) of this Circular;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the Eramas Group, save as disclosed in Section 8, Part A of this Circular as well as Appendices III(B), III(D) and V of this Circular;
- (iv) known trends, uncertainties, demands, commitments or events that had resulted in a material impact on the Eramas Group's revenue and/or profits as well as liquidity and capital resources, save as disclosed in Section 8, Part A of this Circular as well as Appendices III(B), III(D) and V of this Circular; and
- (v) known trends, uncertainties, demands, commitments or events that are reasonably likely to make the Eramas Group's historical financial statements not necessarily indicative of the future financial performance and position, save as disclosed in Sections 6 and 8, Part A of this Circular as well as Appendices III(B), III(D) and V of this Circular.

The board of directors of Eramas Global Group is optimistic about the prospects of the Eramas Group after taking into consideration its competitive strengths, business strategies and future plans as set out in Appendix III(B) of this Circular and the positive outlook of the coconut products, palm oil products and dairy products industries in Malaysia as set out in the IMR Report in Appendix V of this Circular.

5. ORDER BOOK

The Eramas Group does not have long-term contracts with its customers. The customers place their orders to purchase products from the Eramas Group on an as-needed basis by way of purchase orders. Accordingly, the Eramas Group does not maintain an order book.

6. DIVIDEND POLICY AND RESTRICTIONS

The Eramas Group does not have a formal dividend policy.

The dividends declared and paid by the Eramas Group for the Financial Years Under Review were as follows:-

	Audited						
	FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)
Dividends declared and paid	-	10,000	10,000	-	-	-	-

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE ERAMAS GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS (cont'd)

As at the LPD, there are no outstanding dividends declared but remained unpaid. The Eramas Group does not intend to declare and pay any dividends before the completion of the Proposed Regularisation Plan.

The dividends declared and paid for the Financial Years Under Review are not an indication of future dividend payments. The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of the board of directors of Eramas Global Group and any final dividends are subject to shareholders' approval. Dividends proposed and declared may vary depending on the financial condition, financial performance and cash flow requirements (including expected working capital and capital expenditure requirements) of the Eramas Group.

Save for the following banking restrictive covenants which the subsidiaries of the Eramas Group are subject to as well as compliance with solvency requirement under the Act, which is applicable to all Malaysian companies, there are no legal, financial or economic restrictions on the Eramas Group's ability to transfer funds in the form of cash dividends, loans or advances:-

- (i) prior written consent of Maybank Islamic Berhad will be required for Erapoly Global, Eramas Marketing and Eramas Ingredients, to amongst others, (a) have any subsidiary to give financing, lending or advances to their holding company or any related corporation or a director of their holding company or related corporation, (b) declare or pay dividends to their shareholders and (c) make any prepayment of any advances or financing by their shareholders, directors or related companies. In respect of Erapoly Global, it must maintain its tangible net worth at not less than RM14.00 million at all times;
- (ii) prior written consent of Citibank Berhad will be required for Erapoly Global to declare and pay dividend exceeding 50% of its PAT for the respective financial year; and
- (iii) prior written consent of CIMB Islamic Bank Berhad will be required for Erapoly Global to declare, make or pay any dividend or other distribution to its shareholders. In addition, Erapoly Global shall maintain a maximum gearing ratio of not more than 2.5 times throughout the tenure of the facilities, where gearing is defined as "External borrowed fund / (Tangible net worth + Net inter-group borrowings)" and net inter-group borrowings comprise advances from inter-group less advances to inter-group which includes its directors and shareholders.

Further, certain banking facilities require funds or deposits to be maintained and pledged with the licensed banks. As at 31 December 2025, the deposits pledged with licensed banks were RM4.07 million.

7. ACCOUNTING POLICIES AND AUDIT QUALIFICATION

For the Financial Years Under Review, there are no accounting policies adopted which are peculiar to the Eramas Group because of the nature of its business or the industry it is involved in. The audited consolidated financial statements of Eramas Global Group for the Financial Years Under Review were not subject to any qualification or modification.

RELATED PARTY TRANSACTIONS**1. RELATED PARTY TRANSACTIONS**

Save for the Internal Restructuring of Eramas Group and as disclosed below, there are no other related party transactions entered into by the Eramas Group which involve the interests, direct or indirect, of the directors and major shareholders of the Eramas Group and/or persons connected with them which are material to the Eramas Group for the Financial Years Under Review and up to the date of this Circular:-

(a) Related party transactions carried out on an arm's length basis

				Transaction value							From 1 January 2026 up to 29 June 2026 ⁽¹⁾
No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)	(RM'000)
<u>Recurrent related party transaction</u>											
(1)	Erapoly Global, Eramas Marketing and Erapoly Sdn Bhd	• Chin Kok Tian and Yan Hua Lan are common directors and major shareholders of Erapoly Global, Eramas Marketing and Erapoly Sdn Bhd.	Rental charged by Erapoly Sdn Bhd to Erapoly Global and Eramas Marketing for the rental of 1 st and 2 nd floor of an office building located at Lot 4089 Kajang. The salient terms of the tenancy are set out in Section 22.2, Appendix III(B) of this Circular.	293 (5.17% of the Eramas Group's PAT for FYE 2019)	442 (5.88% of the Eramas Group's PAT for FYE 2020)	420 (7.05% of the Eramas Group's PAT for FYE 2021)	420 (11.59% of the Eramas Group's PAT for FYE 2022)	420 (3.06% of the Eramas Group's PAT for FYE 2023)	420 (2.98% of the Eramas Group's PAT for FYE 2024)	420 (2.26% of the Eramas Group's PAT for FYE 2025)	210

RELATED PARTY TRANSACTIONS (cont'd)

Transaction value											From 1 January 2026 up to 29 June 2026 ⁽¹⁾
No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)	(RM'000)
<u>Non-recurrent related party transactions</u>											
(1)	Erapoly Global and PT Eramas	- Chin Kok Tian is a director and major shareholder of Erapoly Global. In addition, he was a commissioner of PT Eramas from 8 November 2016 to 1 August 2024 and a major shareholder of PT Eramas prior to the Disposal of PT Eramas. - Yan Hua Lan is a director and major shareholder of Erapoly Global. In addition, she was a commissioner of PT Eramas from 1 August 2024 to 4 September 2025 and a major shareholder of PT Eramas prior to the Disposal of PT Eramas.	Purchases of inventories (coconut products) by Erapoly Global from PT Eramas.	2,568 (4.13% of the Eramas Group's cost of sales for FYE 2019)	8,464 (6.66% of the Eramas Group's cost of sales for FYE 2020)	25,015 (17.62% of the Eramas Group's cost of sales for FYE 2021)	11,917 (9.46% of the Eramas Group's cost of sales for FYE 2022)	11,537 (9.48% of the Eramas Group's cost of sales for FYE 2023)	6,758 ⁽²⁾ (5.79% of the Eramas Group's cost of sales for FYE 2024)	-	-

RELATED PARTY TRANSACTIONS (cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value							From 1 January 2026 up to 29 June 2026 ⁽¹⁾ (RM'000)
				FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)	
(2)	Eramas Marketing and PT Eramas	- Chin Kok Tian is a director and major shareholder of Eramas Marketing. In addition, he was a commissioner of PT Eramas from 8 November 2016 to 1 August 2024 and a major shareholder of PT Eramas prior to the Disposal of PT Eramas. - Yan Hua Lan is a director and major shareholder of Eramas Marketing. In addition, she was a commissioner of PT Eramas from 1 August 2024 to 4 September 2025 and a major shareholder of PT Eramas prior to the Disposal of PT Eramas.	(a) Purchases of inventories (coconut products) by Eramas Marketing from PT Eramas.	107 (0.17% of the Eramas Group's cost of sales for FYE 2019)	1,229 (0.97% of the Eramas Group's cost of sales for FYE 2020)	4,608 (3.25% of the Eramas Group's cost of sales for FYE 2021)	18,482 (14.67% of the Eramas Group's cost of sales for FYE 2022)	13,226 (10.87% of the Eramas Group's cost of sales for FYE 2023)	5,313 ⁽²⁾ (4.55% of the Eramas Group's cost of sales for FYE 2024)	-	-
			(b) Compensation claimed by Eramas Marketing from PT Eramas for return of products.	-	-	206 (3.46% of the Eramas Group's PAT for FYE 2021)	6 (0.17% of the Eramas Group's PAT for FYE 2022)	*(3)	-(2)	-	-

RELATED PARTY TRANSACTIONS *(cont'd)*

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value							From 1 January 2026 up to 29 June 2026 ⁽¹⁾
				FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)	
			- Tan Ah Tek is a director of Eramas Marketing. He was a director of PT Eramas from 8 November 2016 to 4 September 2025. In addition, he was a common major shareholder of Eramas Marketing and PT Eramas prior to the Internal Restructuring of Eramas Group. He is currently a director and major shareholder of Eramas Global Group (the ultimate holding company of Eramas Marketing). - Gan Chuan Lee was a director of Eramas Marketing from 3 October 2022 to 16 November 2023 and a commissioner of PT Eramas from 8 November 2016 to 1 August 2024.								

RELATED PARTY TRANSACTIONS (cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value							From 1 January 2026 up to 29 June 2026 ⁽¹⁾
				FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)	
(3)	Eramas Ingredients and PT Eramas	- Chin Kok Tian is a director and major shareholder of Eramas Ingredients. In addition, he was a commissioner of PT Eramas from 8 November 2016 to 1 August 2024 and a major shareholder of PT Eramas prior to the Disposal of PT Eramas. - Yan Hua Lan is a director and major shareholder of Eramas Ingredients. In addition, she was a commissioner of PT Eramas from 1 August 2024 to 4 September 2025 and a major shareholder of PT Eramas prior to the Disposal of PT Eramas.	Purchases of inventories (coconut products) by PT Eramas Ingredients from PT Eramas.	-	-	-	-	2,361 (1.94% of the Eramas Group's cost of sales for FYE 2023)	1,743 ⁽²⁾ (1.49% of the Eramas Group's cost of sales for FYE 2024)	-	-

RELATED PARTY TRANSACTIONS (cont'd)

Transaction value											
No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)	From 1 January 2026 up to 29 June 2026 ⁽¹⁾ (RM'000)
			• Tan Ah Tek is a director of Eramas Ingredients. He was a director of PT Eramas from 8 November 2016 to 4 September 2025. In addition, he was a common major shareholder of Eramas Ingredients and PT Eramas prior to the Internal Restructuring of Eramas Group. He is currently a director and major shareholder of Eramas Global Group (the ultimate holding company of Eramas Ingredients). • Gan Chuan Lee was a director of Eramas Ingredients from 25 October 2022 to 16 November 2023 and a commissioner of PT Eramas from 8 November 2016 to 1 August 2024. In addition, he was a major shareholder of Eramas Ingredients prior to the Internal Restructuring of Eramas Group.								

RELATED PARTY TRANSACTIONS (cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value							From 1 January 2026 up to 29 June 2026 ⁽¹⁾ (RM'000)
				FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)	
(4)	Erapoly Global and KCI ⁽⁴⁾	• Chin Kok Tian and Yan Hua Lan are common directors and major shareholders of Erapoly Global and KCI.	(a) Sales of coconut products by Erapoly Global to KCI.	-	-	-	2,677 (1.96% of the Eramas Group's revenue for FYE 2022)	-	-	-	-
			(b) Purchases of inventories (mainly coconut products) by Erapoly Global from KCI.	13,077 (21.04% of the Eramas Group's cost of sales for FYE 2019)	13,050 (10.26% of the Eramas Group's cost of sales for FYE 2020)	13,812 (9.73% of the Eramas Group's cost of sales for FYE 2021)	12,056 (9.57% of the Eramas Group's cost of sales for FYE 2022)	-	-	-	-
(5)	Eramas Marketing and KCI ⁽⁴⁾	• Chin Kok Tian and Yan Hua Lan are common directors and major shareholders of Eramas Marketing and KCI.	(a) Sales of coconut products by Eramas Marketing to KCI.	6 (0.01% of the Eramas Group's revenue for FYE 2019)	-	61 (0.04% of the Eramas Group's revenue for FYE 2021)	5,118 (3.75% of the Eramas Group's revenue for FYE 2022)	31 (0.02% of the Eramas Group's revenue for FYE 2023)	-	-	-

RELATED PARTY TRANSACTIONS (cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value							From 1 January 2026 up to 29 June 2026 ⁽¹⁾
				FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)	
		Tan Ah Tek is a common director of Eramas Marketing and KCI. In addition, he was a major shareholder of Eramas Marketing prior to the Internal Restructuring of Eramas Group and he is a major shareholder of KCI. He is currently a director and major shareholder of Eramas Global Group (the ultimate holding company of Eramas Marketing).	(b) Purchases of inventories (coconut products) by Eramas Marketing from KCI.	258 (0.42% of the Eramas Group's cost of sales for FYE 2019)	1,824 (1.43% of the Eramas Group's cost of sales for FYE 2020)	1,885 (1.33% of the Eramas Group's cost of sales for FYE 2021)	1,936 (1.54% of the Eramas Group's cost of sales for FYE 2022)	-	-	-	-
			(c) Sales commission received by Eramas Marketing from KCI for the provision of marketing services	10 (0.18% of the Eramas Group's PAT for FYE 2019)	181 (2.41% of the Eramas Group's PAT for FYE 2020)	215 (3.61% of the Eramas Group's PAT for FYE 2021)	117 (3.23% of the Eramas Group's PAT for FYE 2022)	*(3)	-	-	-
		Gan Chuan Lee and Tan Tai Chong were directors of Eramas Marketing from 3 October 2022 to 16 November 2023 and they are directors of KCI. In addition, Gan Chuan Lee is a major shareholder of KCI.									

RELATED PARTY TRANSACTIONS (cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value							From 1 January 2026 up to 29 June 2026 ⁽¹⁾ (RM'000)
				FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)	
(6)	Eramas Ingredients and KCI ⁽⁴⁾	- Chin Kok Tian and Yan Hua Lan are common directors and major shareholders of Eramas Ingredients and KCI. - Tan Ah Tek is a common director of Eramas Ingredients and KCI. In addition, he was a major shareholder of Eramas Ingredients prior to the Internal Restructuring of Eramas Group and he is a major shareholder of KCI. He is currently a director and major shareholder of Eramas Global Group (the ultimate holding company of Eramas Ingredients).	(a) Sales of coconut products by Eramas Ingredients to KCI.	-	-	*(3)	643 (0.47% of the Eramas Group's revenue for FYE 2022)	61 (0.04% of the Eramas Group's revenue for FYE 2023)	-	-	-
			(b) Purchases of inventories (mainly coconut products) by Eramas Ingredients from KCI.	-	65 (0.05% of the Eramas Group's cost of sales for FYE 2020)	1,188 (0.84% of the Eramas Group's cost of sales for FYE 2021)	8,832 (7.01% of the Eramas Group's cost of sales for FYE 2022)	1,116 (0.92% of the Eramas Group's cost of sales for FYE 2023)	-	-	-
			(c) Purchase of property, plant and equipment by Eramas Ingredients from KCI.	-	-	5 (0.01% of the Eramas Group's total assets as at 31 December 2021)	1,150 (1.51% of the Eramas Group's total assets as at 31 December 2022)	4 (less than 0.01% of the Eramas Group's total assets as at 31 December 2023)	-	-	-

RELATED PARTY TRANSACTIONS (cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value							From 1 January 2026 up to 29 June 2026 ⁽¹⁾ (RM'000)
				FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)	
		Gan Chuan Lee and Tan Tai Chong were directors of Eramas Ingredients from 25 October 2022 to 16 November 2023 and they are directors of KCI. In addition, Gan Chuan Lee was a major shareholder of Eramas Ingredients prior to the Internal Restructuring of Eramas Group and he is a major shareholder of KCI.	(d) Disposal of property, plant and equipment by Eramas Ingredients to KCI.	-	-	-	-	819 (0.78% of the Eramas Group's total assets as at 31 December 2023)	-	-	-
(7)	Erapoly Global and Eraworld Marketing Sdn Bhd ⁽⁵⁾	Chin Kok Tian and Yan Hua Lan are common directors and major shareholders of Erapoly Global and Eraworld Marketing Sdn Bhd.	(a) Purchases of inventories (mainly oil and fats products) by Erapoly Global from Eraworld Marketing Sdn Bhd	-	20,855 (16.40% of the Eramas Group's cost of sales for FYE 2020)	-	-	-	-	-	-

RELATED PARTY TRANSACTIONS (cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value							From 1 January 2026 up to 29 June 2026 ⁽¹⁾
				FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)	
			(b) Accounting and administrative services provided by Erapoly Global to Eraworld Marketing Sdn Bhd	-	156 (2.07% of the Eramas Group's PAT for FYE 2020)	100 (1.68% of the Eramas Group's PAT for FYE 2021)	2 (0.06% of the Eramas Group's PAT for FYE 2022)	-	-	-	-
(8)	Erapoly Global and Erapoly Sdn Bhd	• Chin Kok Tian and Yan Hua Lan are common directors and major shareholders of Erapoly Global and Erapoly Sdn Bhd.	Accounting and administrative services provided by Erapoly Global to Erapoly Sdn Bhd.	-	36 (0.48% of the Eramas Group's PAT for FYE 2020)	55 (0.92% of the Eramas Group's PAT for FYE 2021)	60 (1.66% of the Eramas Group's PAT for FYE 2022)	60 (0.44% of the Eramas Group's PAT for FYE 2023)	-	-	-

RELATED PARTY TRANSACTIONS (cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value							From 1 January 2026 up to 29 June 2026 ⁽¹⁾
				FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)	
(9)	Erapoly Global and Erafeed Sdn Bhd	Chin Kok Tian and Yan Hua Lan are directors and major shareholders of Erapoly Global. In addition, they were directors and major shareholders of Erafeed Sdn Bhd until they resigned as directors on 30 June 2021 and disposed of their shareholdings on 13 August 2021.	Accounting and administrative services provided by Erapoly Global to Erafeed Sdn Bhd.	-	57 (0.76% of the Eramas Group's PAT for FYE 2020)	45 (0.76% of the Eramas Group's PAT for FYE 2021)	-	-	-	-	-
(10)	Erapoly Global and My Miracle Sdn Bhd	Chin Kok Tian and Yan Hua Lan are common directors and major shareholders of Erapoly Global and My Miracle Sdn Bhd.	Accounting and administrative services provided by Erapoly Global to My Miracle Sdn Bhd.	-	14 (0.19% of the Eramas Group's PAT for FYE 2020)	54 (0.91% of the Eramas Group's PAT for FYE 2021)	60 (1.66% of the Eramas Group's PAT for FYE 2022)	96 (0.70% of the Eramas Group's PAT for FYE 2023)	-	-	-

RELATED PARTY TRANSACTIONS (cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value							From 1 January 2026 up to 29 June 2026 ⁽¹⁾ (RM'000)
				FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)	
(11)	Eramas Ingredients and Erapoly Sdn Bhd	• Chin Kok Tian and Yan Hua Lan are common directors and major shareholders of Eramas Ingredients and Erapoly Sdn Bhd.	Purchase of a motor vehicle by Eramas Ingredients from Erapoly Sdn Bhd	-	200 (0.38% of the Eramas Group's total assets as at 31 December 2020)	-	-	-	-	-	-
(12)	Erapoly Global and Chin Kok Tian	• Chin Kok Tian is a director and major shareholder of Erapoly Global.	Disposal of a motor vehicle by Erapoly Global to Chin Kok Tian	-	-	-	-	-	559 (0.49% of the Eramas Group's total assets as at 31 December 2024)	-	-
(13)	Eramas Ingredients and Yan Hua Lan	• Yan Hua Lan is a director and major shareholder of Eramas Ingredients.	Disposal of a motor vehicle by Eramas Ingredients to Yan Hua Lan	-	-	-	-	-	385 (0.34% of the Eramas Group's total assets as at 31 December 2024)	-	-

RELATED PARTY TRANSACTIONS (cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value							From 1 January 2026 up to 29 June 2026 ⁽¹⁾ (RM'000)
				FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)	
(14)	Eramas Ingredients and Tan Ah Tek	Tan Ah Tek is a director of Eramas Ingredients. In addition, he was a major shareholder of Eramas Ingredients prior to the Internal Restructuring of Eramas Group. He is currently a director and major shareholder of Eramas Global Group (the ultimate holding company of Eramas Ingredients).	Disposal of a motor vehicle by Eramas Ingredients to Tan Ah Tek	-	-	-	-	-	-	450 (0.33% of the Eramas Group's total assets as at 31 December 2025)	-

Notes:-

- (1) The percentage of contribution is not calculated as no accounts were made up to the date of this Circular.
- (2) Comprises transactions with PT Eramas from 1 January 2024 until the completion of the Acquisition of PT Eramas on 9 July 2024. In accordance with and subject to paragraphs 10.08(11)(c) and 10.08(11)(l) of the Listing Requirements, transactions with PT Eramas after the completion of the Acquisition of PT Eramas are not regarded as related party transactions.
- (3) * indicates less than RM1,000 and less than 0.01%.
- (4) KCI has commenced winding up process on 25 July 2024.
- (5) Eraworld Marketing Sdn Bhd has commenced winding up process on 28 June 2024.

RELATED PARTY TRANSACTIONS *(cont'd)*

The board of directors of Eramas Global Group is of the view that the abovementioned related party transactions were carried out on an arm's length basis. In arriving at such opinion, the Eramas Group has undertaken the following:-

- (i) for recurrent related party transaction in item (1) above, the Eramas Group had benchmarked the rental of the office premises charged by the related party against rental of similar properties within the vicinity. The transaction values charged by the related party for the said recurrent related party transaction were comparable to the prevailing market rental of similar properties within the vicinity, after making adjustments for dissimilarities;
- (ii) for non-recurrent related party transactions in items (1), (2)(a), (3), (4)(b), (5)(b), (6)(b) and (7)(a) above, the Eramas Group had enquired third party suppliers on the pricing of similar products and compared it against the pricing charged by the related parties. The transaction values charged by the related parties for the said non-recurrent related party transactions were comparable to the pricing from third party suppliers;
- (iii) for non-recurrent related party transaction in item (2)(b) above, the Eramas Group had claimed and received the compensation amount for the return of products based on the purchase price charged by the related party;
- (iv) for non-recurrent related party transactions in items (4)(a), (5)(a) and (6)(a) above, the Eramas Group had benchmarked the pricing of the products against the pricing that the Eramas Group charged other third party customers for similar products. The transaction values charged by the Eramas Group for the said non-recurrent related party transactions were comparable to the pricing that the Eramas Group charged other third party customers;
- (v) for non-recurrent related party transaction in item (5)(c) above, the Eramas Group had benchmarked the commission rate charged by the Eramas Group against commission rates charged by third parties. The commission rate charged by the Eramas Group was comparable to the commission rates within the market;
- (vi) for non-recurrent related party transactions in items (6)(c), (6)(d), (11), (12), (13) and (14) above, the Eramas Group had obtained third party quotations for similar assets. The transaction values for the said non-recurrent related party transactions were comparable to the third party quotations obtained; and
- (vii) for non-recurrent related party transactions in items (7)(b), (8), (9) and (10) above, the Eramas Group had obtained third party quotations for similar services for comparison purposes. The transaction values charged by the Eramas Group for the said non-recurrent related party transactions were comparable to the third party quotations obtained.

RELATED PARTY TRANSACTIONS (cont'd)**(b) Non-recurrent related party transactions not carried out on an arm's length basis**

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value							From 1 January 2026 up to 29 June 2026 ⁽¹⁾
				FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)	
(1)	Eramas Ingredients and Shanghai Eramas International Co., Ltd	- Chin Kok Tian is a director and major shareholder of Eramas Ingredients. In addition, he was a director and major shareholder of Shanghai Eramas International Co., Ltd until 7 August 2023. - Tan Ah Tek is a director of Eramas Ingredients and he was a major shareholder of Eramas Ingredients prior to the Internal Restructuring of Eramas Group. He is currently a director and major shareholder of Eramas Global Group (the ultimate holding company of Eramas Ingredients). In addition, he was a director and major shareholder of Shanghai Eramas International Co., Ltd until 7 August 2023.	Sales of coffee powder and coconut products by Eramas Ingredients to Shanghai Eramas International Co., Ltd.	-	-	147 (0.10% of the Eramas Group's revenue for FYE 2021)	294 (0.22% of the Eramas Group's revenue for FYE 2022)	350 (0.24% of the Eramas Group's revenue for FYE 2023)	-	-	-

RELATED PARTY TRANSACTIONS (cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value							From 1 January 2026 up to 29 June 2026 ⁽¹⁾
				FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)	
(2)	Eramas Ingredients and Blue Ocean Properties Sdn Bhd	Tan Ah Tek is a director of Eramas Ingredients and he was a major shareholder of Eramas Ingredients prior to the Internal Restructuring of Eramas Group. He is currently a director and major shareholder of Eramas Global Group (the ultimate holding company of Eramas Ingredients). In addition, he is a director and major shareholder of Blue Ocean Properties Sdn Bhd.	Purchase of a parcel of vacant land i.e. Lot 34719 Enstek by Eramas Ingredients from Blue Ocean Properties Sdn Bhd.	4,000 (8.19% of the Eramas Group's total assets as at 31 December 2019)	-	-	-	-	-	-	-

For non-recurrent related party transaction in item (1) above, Eramas Ingredients had sold coffee powder and coconut products to Shanghai Eramas International Co., Ltd for FYE 2021 and FYE 2022 with a credit term of 240 days extended to Shanghai Eramas International Co., Ltd. Such credit term is not generally available to third parties. The said credit term was given to Shanghai Eramas International Co., Ltd on the basis that Eramas Ingredients intended to grow its market in The People's Republic of China. Notwithstanding that, the credit term was revised to 30 days in respect of the sales to Shanghai Eramas International Co., Ltd of approximately RM0.35 million in FYE 2023, and hence, the sales were based on terms not more favourable than those generally available to third parties. Further, following the cessation of Chin Kok Tian and Tan Ah Tek as directors and shareholders of Shanghai Eramas International Co., Ltd in August 2023, Eramas Ingredients has ceased all transactions with Shanghai Eramas International Co., Ltd.

RELATED PARTY TRANSACTIONS *(cont'd)*

For non-recurrent related party transaction in item (2) above, Eramas Ingredients had on 15 August 2018 entered into a sale and purchase agreement with Blue Ocean Properties Sdn Bhd for the acquisition of a parcel of vacant land i.e. Lot 34719 Enstek for a purchase consideration of RM4.00 million. The acquisition was subsequently completed on 30 January 2019. The purchase consideration was agreed between Eramas Ingredients and Blue Ocean Properties Sdn Bhd based on a willing-buyer willing-seller basis without an independent market valuation being conducted. Based on a retrospective valuation of the subject property conducted by an independent property valuer, the market value of the subject property at the relevant time of the acquisition was higher than the purchase consideration of RM4.00 million. Hence, although the acquisition was not carried out on an arm's length basis, it was carried out based on terms and conditions which were favourable to Eramas Ingredients.

Save as disclosed above, for the Financial Years Under Review and up to the date of this Circular:-

- (i) there are no related party transactions that are unusual in nature or condition, to which the Eramas Group was a party; and
- (ii) there are no related party transactions that individually may not be material to the Eramas Group, but when grouped in a meaningful manner, the aggregate of such transactions would be material to the Eramas Group.

The Proposed Acquisition is a related party transaction entered into by the SCGM Group which involves the interests, direct or indirect, of our Major Shareholders as set out in Section 12, Part A of this Circular. Further details of the Proposed Acquisition are set out in Section 3, Part A of this Circular.

Upon completion of the Proposed Regularisation Plan, all related party transactions will be carried out on an arm's length basis and on normal commercial terms in accordance with the Listing Requirements. Related parties who are interested in a transaction will need to abstain from deliberation and voting on the transaction. All related party transactions will be reviewed by our Audit Committee to ensure that they are negotiated and agreed upon in the best interest of the Enlarged SCGM Group, on an arm's length basis and are based on normal commercial terms which are not unfavourable to the Enlarged SCGM Group and not detrimental to the interests of our non-interested Shareholders. Our Audit Committee maintains and periodically reviews the adequacy of the procedures and processes in monitoring and managing related party transactions and conflict of interest situations. The reviews and findings of the Audit Committee are reported to our Board for further action.

2. LOANS AND FINANCIAL ASSISTANCE TO OR FOR THE BENEFIT OF A RELATED PARTY

As at the date of this Circular, there are no outstanding loans made and financial assistance provided by the Eramas Group to or for the benefit of any related party for the Financial Years Under Review and up to the date of this Circular.

RELATED PARTY TRANSACTIONS (cont'd)**3. LOANS AND FINANCIAL ASSISTANCE TO OR FOR THE BENEFIT OF THE ERAMAS GROUP****3.1 Advances made to or for the benefit of the Eramas Group**

Save as disclosed below, there are no other advances provided by any related party to or for the benefit of the Eramas Group for the Financial Years Under Review and up to the LPD:-

No.	Parties	Nature of relationship	Nature of transaction	Outstanding amount							As at the LPD
				2019	2020	As at 31 December		2023	2024	2025	
				(RM'000)	(RM'000)	2021	2022	(RM'000)	(RM'000)	(RM'000)	(RM'000)
(1)	Erapoly Global and Erapoly Sdn Bhd	• Chin Kok Tian and Yan Hua Lan are common directors and major shareholders of Erapoly Global and Erapoly Sdn Bhd.	Rental charged by Erapoly Sdn Bhd ⁽¹⁾ and expenses paid by Erapoly Sdn Bhd on behalf of Erapoly Global	40	44	37	39	32	-	32	-
(2)	Erapoly Global and KCI ⁽²⁾	• Chin Kok Tian and Yan Hua Lan are common directors and major shareholders of Erapoly Global and KCI.	Purchase of property, plant and equipment by Erapoly Global from KCI ⁽³⁾ and expenses paid by KCI on behalf of Erapoly Global	26	-	-	-	-	-	-	-
(3)	Erapoly Global and My Miracle Sdn Bhd	• Chin Kok Tian and Yan Hua Lan are common directors and major shareholders of Erapoly Global and My Miracle Sdn Bhd.	Purchases of inventories by Erapoly Global from My Miracle Sdn Bhd ⁽⁴⁾ and expenses charged by My Miracle Sdn Bhd to Erapoly Global	-	3	-	-	*(5)	-	-	-

RELATED PARTY TRANSACTIONS (cont'd)

No.	Parties	Nature of relationship	Nature of transaction	Outstanding amount							
				2019 (RM'000)	2020 (RM'000)	As at 31 December		2023 (RM'000)	2024 (RM'000)	2025 (RM'000)	As at the LPD (RM'000)
						2021 (RM'000)	2022 (RM'000)				
(4)	Erapoly Global and Shanghai Eramas International Co., Ltd	• Chin Kok Tian is a director and major shareholder of Erapoly Global. In addition, he was a director and major shareholder of Shanghai Eramas International Co., Ltd until 7 August 2023.	Expenses paid by Shanghai Eramas International Co., Ltd on behalf of Erapoly Global	-	-	*(5)	-	-	-	-	-
(5)	Erapoly Global and Eraworld Marketing Sdn Bhd ⁽⁶⁾	• Chin Kok Tian and Yan Hua Lan are common directors and major shareholders of Erapoly Global and Eraworld Marketing Sdn Bhd.	Expenses paid by Eraworld Marketing Sdn Bhd on behalf of Erapoly Global	-	15	-	-	-	-	-	-
(6)	Eramas Marketing and Erapoly Sdn Bhd	• Chin Kok Tian and Yan Hua Lan are common directors and major shareholders of Eramas Marketing and Erapoly Sdn Bhd.	Rental charged by Erapoly Sdn Bhd ⁽¹⁾ and expenses paid by Erapoly Sdn Bhd on behalf of Eramas Marketing	20	13	26	27	27	14	16	-
(7)	Eramas Marketing and KCI ⁽²⁾	• Chin Kok Tian and Yan Hua Lan are common directors and major shareholders of Eramas Marketing and KCI.	Expenses paid by KCI on behalf of Eramas Marketing	11	13	8	32	-	-	-	-

RELATED PARTY TRANSACTIONS (cont'd)

No.	Parties	Nature of relationship	Nature of transaction	Outstanding amount							As at the LPD	
				2019	2020	As at 31 December		2023	2024	2025		
				(RM'000)	(RM'000)	2021	2022	(RM'000)	(RM'000)	(RM'000)		
								</				

RELATED PARTY TRANSACTIONS (cont'd)

No.	Parties	Nature of relationship	Nature of transaction	Outstanding amount							As at the LPD (RM'000)
				2019	2020	As at 31 December					
				(RM'000)	(RM'000)	2021 (RM'000)	2022 (RM'000)	2023 (RM'000)	2024 (RM'000)	2025 (RM'000)	
(8)	Eramas Ingredients and KCI ⁽²⁾	- Chin Kok Tian and Yan Hua Lan are common directors and major shareholders of Eramas Ingredients and KCI. - Tan Ah Tek is a common director of Eramas Ingredients and KCI. In addition, he was a major shareholder of Eramas Ingredients prior to the Internal Restructuring of Eramas Group and he is a major shareholder of KCI. He is currently a director and major shareholder of Eramas Global Group (the ultimate holding company of Eramas Ingredients).	Expenses paid by KCI on behalf of Eramas Ingredients	-	-	143	-	-	-	-	-
(9)	Eramas Ingredients and My Miracle Sdn Bhd	Chin Kok Tian and Yan Hua Lan are common directors and major shareholders of Eramas Ingredients and My Miracle Sdn Bhd.	Expenses paid by My Miracle Sdn Bhd on behalf of Eramas Ingredients	-	*(5)	-	-	-	-	-	-

RELATED PARTY TRANSACTIONS (cont'd)

No.	Parties	Nature of relationship	Nature of transaction	Outstanding amount							
				2019 (RM'000)	2020 (RM'000)	As at 31 December		2023 (RM'000)	2024 (RM'000)	2025 (RM'000)	As at the LPD (RM'000)
						2021 (RM'000)	2022 (RM'000)				
(10)	Eramas Ingredients and Chin Kok Tian	Chin Kok Tian is a director and major shareholder of Eramas Ingredients.	Advances provided by Chin Kok Tian to partially finance the costs of the manufacturing facility of Eramas Ingredients	8,100	8,100	4,508	4,713	305	-	-	-
(11)	Eramas Ingredients and Yan Hua Lan	Yan Hua Lan is a director and major shareholder of Eramas Ingredients since 25 October 2022 and 3 January 2022 respectively. Prior to these dates, she is a related party by virtue of her being the spouse of Chin Kok Tian.	Advances provided by Yan Hua Lan to partially finance the costs of the manufacturing facility of Eramas Ingredients	-	-	4,508	4,713	305	-	-	-
(12)	Eramas Ingredients and Tan Ah Tek	Tan Ah Tek is a director of Eramas Ingredients. In addition, he was a major shareholder of Eramas Ingredients prior to the Internal Restructuring of Eramas Group. He is currently a director and major shareholder of Eramas Global Group (the ultimate holding company of Eramas Ingredients).	Advances provided by Tan Ah Tek to partially finance the costs of the manufacturing facility of Eramas Ingredients	6,250	8,100	9,010	9,425	610	-	-	-

RELATED PARTY TRANSACTIONS (cont'd)

No.	Parties	Nature of relationship	Nature of transaction	Outstanding amount							
				2019 (RM'000)	2020 (RM'000)	As at 31 December		2023 (RM'000)	2024 (RM'000)	2025 (RM'000)	As at the LPD (RM'000)
						2021 (RM'000)	2022 (RM'000)				
(13)	Eramas Ingredients and Gan Chuan Lee	Gan Chuan Lee was a director of Eramas Ingredients from 25 October 2022 to 16 November 2023. In addition, he was a major shareholder of Eramas Ingredients prior to the Internal Restructuring of Eramas Group.	Advances provided by Gan Chuan Lee to partially finance the costs of the manufacturing facility of Eramas Ingredients	-	-	-	4,875	1,650	-	-	-
(14)	Eramas Ingredients and Tan Tai Chong	Tan Tai Chong was a director of Eramas Ingredients from 25 October 2022 to 16 November 2023.	Advances provided by Tan Tai Chong to partially finance the costs of the manufacturing facility of Eramas Ingredients	-	-	-	930	-	-	-	-

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RELATED PARTY TRANSACTIONS (cont'd)Notes:-

- (1) The recurrent related party transaction was carried out on an arm's length basis. The Eramas Group had benchmarked the rental of the office premises charged by the related party against rental of similar properties within the vicinity. The transaction value charged by the related party for the said recurrent related party transaction was comparable to the prevailing market rental of similar properties within the vicinity, after making adjustments for dissimilarities.
- (2) KCI has commenced winding up process on 25 July 2024.
- (3) The non-recurrent related party transaction was carried out on an arm's length basis. The Eramas Group had obtained third party quotations for similar assets. The transaction value for the said non-recurrent related party transaction was comparable to the third party quotations obtained.
- (4) The non-recurrent related party transaction was carried out on an arm's length basis. The Eramas Group had benchmarked the pricing of the products against the pricing that the related party charged other third party customers for similar products. The transaction value charged by the related party for the said non-recurrent related party transaction was comparable to the pricing that the related party charged other third party customers.
- (5) * indicates less than RM1,000.
- (6) Eraworld Marketing Sdn Bhd has commenced winding up process on 28 June 2024.

The advances provided by the related parties above were unsecured, bear no interest and repayable on demand, and were therefore not on normal commercial terms and not on an arm's length basis. Nevertheless, the terms of these advances are not unfavourable to our Group and all the advances from related parties have been fully repaid as at the date of this Circular.

3.2 Outstanding loans and financial assistance provided to or for the benefit of the Eramas Group

As at the date of this Circular, save for the personal guarantees provided by the Vendors, either personally or jointly and severally, for borrowings and lease liabilities of the Eramas Group (see Section 3.8, Part A of this Circular for further details), there are no outstanding loans made and financial assistance provided by any related party to or for the benefit of the Eramas Group for the Financial Years Under Review and up to the date of this Circular.

CONFLICT OF INTEREST AND CONSENT**1. CONFLICT OF INTEREST**

As at the LPD, save as disclosed below, none of our Directors, Proposed Directors, substantial Shareholders or proposed substantial Shareholders have any interest, direct or indirect, in any entity which is carrying on a similar trade as the Enlarged SCGM Group or which is a customer or supplier of the Enlarged SCGM Group:-

No.	Name of company	Principal activities	Nature of conflict	Name of our Directors / Proposed Directors / substantial Shareholders / proposed substantial Shareholders involved	Nature and extent of interest
(1)	Erapoly Sdn Bhd ⁽¹⁾	Derives rental income from letting of its properties	Landlord for 1 st and 2 nd floor of an office building located at Lot 4089 Kajang	• Chin Kok Tian • Yan Hua Lan	• Chin Kok Tian is a director and major shareholder of Erapoly Sdn Bhd (Direct: 52.50%; Indirect: 47.50%) • Yan Hua Lan is a director and major shareholder of Erapoly Sdn Bhd (Direct: 47.50%; Indirect: 52.50%)
(2)	My Miracle Sdn Bhd ⁽²⁾	Manufacturing and trading in healthcare and nutrition products	Customer and supplier of the Eramas Group	• Chin Kok Tian • Yan Hua Lan	• Chin Kok Tian is a director and major shareholder of My Miracle Sdn Bhd (Direct: 44.80%; Indirect: 18.90%) • Yan Hua Lan is a director and major shareholder of My Miracle Sdn Bhd (Direct: 18.90%; Indirect: 44.80%)

CONFLICT OF INTEREST AND CONSENT *(cont'd)*Notes:-

(1) Erapoly Sdn Bhd

Erapoly Sdn Bhd is principally involved in renting out properties to derive rental income. The Eramas Group currently rents 1st and 2nd floor of an office building located at Lot 4089 Kajang from Erapoly Sdn Bhd. The Eramas Group had benchmarked the rental of the office premises charged by Erapoly Sdn Bhd against rental of similar properties within the vicinity. For the Financial Years Under Review, the rental of the office premises was undertaken on an arm's length basis and based on normal commercial terms which are not unfavourable or detrimental to the Eramas Group.

Moving forward, any recurrent related party transactions between the Eramas Group and Erapoly Sdn Bhd are subject to review and approval of our Audit Committee to ensure that such transactions are undertaken on an arm's length basis and are based on normal commercial terms which are not unfavourable to the Enlarged SCGM Group and not detrimental to the interests of our non-interested Shareholders. The interested related parties will need to abstain from deliberation and voting on the recurrent related party transactions at our Board's and/or Shareholders' meetings.

In addition, Erapoly Sdn Bhd does not require the involvement of Chin Kok Tian and Yan Hua Lan on a daily basis due to the nature of its business as a property investment company.

In view of the above, the interest of Chin Kok Tian and Yan Hua Lan in Erapoly Sdn Bhd does not give rise to a conflict of interest situation.

(2) My Miracle Sdn Bhd

My Miracle Sdn Bhd is principally involved in manufacturing and trading in healthcare and nutrition products. My Miracle Sdn Bhd offers postbiotic and nutrition products to its customers and it does not carry on a similar trade as the Eramas Group, which focuses mainly on food products.

For the Financial Years Under Review, My Miracle Sdn Bhd is a customer and supplier of the Eramas Group. However, the transaction values between the Eramas Group and My Miracle Sdn Bhd are insignificant to the Eramas Group whereby for the Financial Years Under Review, the Eramas Group's sales to My Miracle Sdn Bhd was less than RM0.10 million in aggregate and similarly, the Eramas Group's purchases from My Miracle Sdn Bhd was also less than RM0.10 million in aggregate.

Moving forward, any recurrent related party transactions between the Eramas Group and My Miracle Sdn Bhd are subject to review and approval of our Audit Committee to ensure that such transactions are undertaken on an arm's length basis and are based on normal commercial terms which are not unfavourable to the Enlarged SCGM Group and not detrimental to the interests of our non-interested Shareholders. The interested related parties will need to abstain from deliberation and voting on the recurrent related party transactions at our Board's and/or Shareholders' meetings.

Although Yan Hua Lan is a director of My Miracle Sdn Bhd, she does not participate in the day-to-day operations and management of My Miracle Sdn Bhd. The day-to-day operations and management of My Miracle Sdn Bhd are managed by a separate management team under the leadership of Chin Kok Tian. His involvement in My Miracle Sdn Bhd will not affect his contribution to the Enlarged SCGM Group or negatively impact his ability to act as our Director. As our proposed Non-Independent Non-Executive Chairman, Chin Kok Tian will not be involved in the day-to-day operations and management of the Enlarged SCGM Group.

In view of the above, the interest of Chin Kok Tian and Yan Hua Lan in My Miracle Sdn Bhd does not give rise to a conflict of interest situation.

CONFLICT OF INTEREST AND CONSENT *(cont'd)*

Notwithstanding the above, moving forward, our Directors, Proposed Directors, substantial Shareholders and proposed substantial Shareholders will be required to disclose any potential conflict of interest situations to our Audit Committee as and when they arise and to abstain on deliberation and voting in respect of transactions in which they have an interest. Our Audit Committee will review such situations whenever declared or brought to their attention and resolve or mitigate any such conflict of interest situations in the best interest of the Enlarged SCGM Group.

2. DECLARATION BY THE ADVISERS FOR THE PROPOSED REGULARISATION PLAN**2.1 Conflict of interest**

Berjaya Securities has confirmed that there is no existing or potential conflict of interest in its capacity as the Principal Adviser to our Company for the Proposed Regularisation Plan and the Placement Agent for the Proposed Offer for Sale.

Ong Eu Jin Partnership has confirmed that there is no existing or potential conflict of interest in its capacity as the Solicitors to our Company for the Proposed Regularisation Plan.

BDOCC has confirmed that there is no existing or potential conflict of interest in its capacity as the Independent Adviser to our Company for the Proposed Acquisition and Proposed Exemption.

WYNCORP has confirmed that there is no existing or potential conflict of interest in its capacity as the Independent Business Valuer to our Company for the Proposed Acquisition.

Grant Thornton Malaysia PLT has confirmed that there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants to our Company for the Proposed Regularisation Plan.

Protégé Associates has confirmed that there is no existing or potential conflict of interest in its capacity as the Independent Market Researcher to our Company for the Proposed Regularisation Plan.

2.2 Consent

Berjaya Securities, as the Principal Adviser to our Company for the Proposed Regularisation Plan and the Placement Agent for the Proposed Offer for Sale, has given and has not subsequently withdrawn its written consent before the date of issue of this Circular with the inclusion of its name and all references thereto in the form and context in which they are included in this Circular.

Ong Eu Jin Partnership, as the Solicitors to our Company for the Proposed Regularisation Plan, has given and has not subsequently withdrawn its written consent before the date of issue of this Circular with the inclusion of its name and all references thereto in the form and context in which they are included in this Circular.

BDOCC, as the Independent Adviser to our Company for the Proposed Acquisition and Proposed Exemption, has given and has not subsequently withdrawn its written consent before the date of issue of this Circular with the inclusion of its name and all references thereto and the IAL in the form and context in which they are included in this Circular.

CONFLICT OF INTEREST AND CONSENT *(cont'd)*

WYNCORP, as the Independent Business Valuer to our Company for the Proposed Acquisition, has given and has not subsequently withdrawn its written consent before the date of issue of this Circular with the inclusion of its name and all references thereto and the report on fairness opinion on the Proposed Acquisition in the form and context in which they are included in this Circular.

Grant Thornton Malaysia PLT, as the Auditors and Reporting Accountants to our Company for the Proposed Regularisation Plan, has given and has not subsequently withdrawn its written consent before the date of issue of this Circular with the inclusion of its name and all references thereto, the Accountants' Report on the Eramas Group and the pro forma financial information of SCGM together with the reporting accountants' letter thereon in the form and context in which they are included in this Circular.

Protégé Associates, as the Independent Market Researcher to our Company for the Proposed Regularisation Plan, has given and has not subsequently withdrawn its written consent before the date of issue of this Circular with the inclusion of its name and all references thereto and the IMR Report in the form and context in which they are included in this Circular.

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FAIRNESS OPINION ON THE PROPOSED ACQUISITION

WYNCORP
 CORPORATE FINANCE ADVISOR
EXECUTIVE SUMMARY

All definitions used in this Executive Summary shall have the same meaning as the words and expressions defined in the “Definitions” section of the Fairness Opinion Report, except where the context herein otherwise requires or where otherwise defined herein. All references to “we”, “us” or “our” are references to WYNCORP.

THE PURPOSE OF THIS EXECUTIVE SUMMARY IS TO HIGHLIGHT THE SALIENT INFORMATION ON THE PROPOSED ACQUISITION AND THE FAIRNESS OPINION REPORT. READERS ARE ADVISED TO READ AND UNDERSTAND THE FAIRNESS OPINION REPORT IN ITS ENTIRETY, TOGETHER WITH THE CIRCULAR AND THE ACCOMPANYING APPENDICES FOR OTHER RELEVANT INFORMATION AND NOT TO RELY SOLELY ON THIS EXECUTIVE SUMMARY IN FORMING AN OPINION ON THE PROPOSED ACQUISITION.

1. INTRODUCTION

The Proposed Special Dividend, Proposed Acquisition, Proposed Offer for Sale and Proposed Exemption are to be undertaken as the Proposed Regularisation Plan of SCGM and hence, are inter-conditional upon each other in terms of the Shareholders' approval.

Pursuant to the Equity Guidelines, the Proposed Regularisation Plan is a proposal which would result in a significant change in the business direction or policy of the Company as it involves an acquisition of assets by the Company, which is classified as a Cash Company by Bursa Securities under Chapter 8 of the Listing Requirements, to regularise the Company's condition.

The Proposed Acquisition is deemed as a related party transaction in accordance with paragraph 10.08 of the Listing Requirements by virtue of the interests of the Major Shareholders as set out in Section 12, Part A of the Circular. In this regard, on 24 April 2024, BDOCC was appointed as the independent adviser to advise the Directors and non-interested Shareholders in respect of the Proposed Acquisition pursuant to paragraph 10.08 of the Listing Requirements and Proposed Exemption pursuant to subparagraph 4.08(3)(g) of the Rules.

The Proposed Acquisition falls within the scope as provided under paragraph 15.04 of Appendix 2A of the Equity Guidelines, whereby a valuation report on the target asset must be prepared for inclusion in the Circular. Accordingly, on 5 December 2024, WYNCORP was appointed as the Independent Business Valuer to prepare a report on fairness opinion on the Proposed Acquisition.

Please refer to Section 1, Part A of the Circular and Section 1 of the Fairness Opinion Report for further information on the chronology of events.

2. EVALUATION OF THE PROPOSED ACQUISITION

Section in the Fairness Opinion Report / Area of evaluation	Remark
Section 3 Rationale for the Proposed Acquisition	The Proposed Acquisition is being undertaken by SCGM to regularise its condition as a Cash Company in accordance with paragraph 8.03(5) of the Listing Requirements to maintain listing on the Main Market of Bursa Securities.

FAIRNESS OPINION ON THE PROPOSED ACQUISITION (cont'd)

WYNCORP

CORPORATE FINANCE ADVISOR

EXECUTIVE SUMMARY (cont'd)

Section in the Fairness Opinion Report / Area of evaluation	Remark
	The Proposed Acquisition presents an opportunity for the SCGM Group to acquire a profitable business in the food and beverage industry. Based on the historical financial performance of the Eramas Group, the Proposed Acquisition is expected to contribute positively to the future financial performance of the Enlarged SCGM Group.
Section 4 Industry Overview	The global coconut products industry was valued at USD21.46 billion in 2025 and is forecast to expand at a CAGR of 9.0% from USD23.18 billion in 2026 to USD30.26 billion in 2029. The increasing awareness on the health benefits of coconuts coupled with the growing demand for coconut-based products, especially from developed countries, is expected to drive demand for these products going forward. In Malaysia, coconut milk and cream remain one of the most popular coconut products in the country, due to the growing utilisation of coconut milk in both traditional and fusion cuisines. As a major exporter, Malaysia continues to serve key markets such as Singapore, the United States of America, Japan, and China. Based on the DOSM, Malaysian exports of coconut products were valued at RM729.8 million in 2024, marking an approximately 17.1% increase from RM623.2 million in the previous year. Based on the IMR Report, exports of coconut products from Malaysia are forecasted to grow at a CAGR of 10.5% between 2025 and 2029, reaching RM1,188.1 million by 2029. The global palm oil industry was valued at USD72.34 billion in 2025 and is forecasted to expand at a CAGR of 4.5% from USD74.87 billion in 2026 to USD86.25 billion in 2029. The rise in demand for palm oil is driven by the growing need for the commodity from the food and beverage industries, as well as from other industries including the personal care and cosmetic and pharmaceutical industries. The use of biofuel has also been trending in Southeast Asia. Based on the IMR Report, exports of palm-based finished products from Malaysia are forecasted to grow from RM4.87 billion in 2025 to RM6.14 billion in 2029, at a CAGR of 6.0% during the period. The global dairy products industry was valued at USD683.90 billion in 2024 and is forecast to expand at a CAGR of 4.6% from USD704.41 billion in 2025 to USD842.30 billion in 2029. The growth of the industry is supported by rising population, rising penetration of organised retail, improvement in cold chain logistics, increased dietary consciousness and increasing product launches. Going forward, exports of condensed, powdered and evaporated milk are expected to expand at a CAGR of 5.8% to reach RM1.19 billion in 2029, supported by a growing global population with higher disposable income as well as urbanisation across the globe. Eramas Global Group is well-positioned within the expanding coconut, palm oil and dairy products industries, all of which are projected to see growth in the coming years. Eramas Global Group's competitive strengths, coupled with the increasing global demand for coconut, palm

FAIRNESS OPINION ON THE PROPOSED ACQUISITION (cont'd)

WYNCORP
 CORPORATE FINANCE ADVISOR

EXECUTIVE SUMMARY (cont'd)

Section in the Fairness Opinion Report / Area of evaluation	Remark																					
	oil and dairy products, suggest a positive outlook for Eramas Group's future performance.																					
Section 5 WYNCORP's Evaluation	The key bases and assumptions adopted in our Indicative Valuation and/or evaluation on the fairness of the Purchase Consideration are set out in Section 5.1 of the Fairness Opinion Report. To determine the Indicative Valuation, we have adopted two valuation methodologies: (a) As the primary valuation approach, we have employed the Trading Comparables Method based on the PE Multiple to derive a market-based valuation, which involves analysing the trading multiples of comparable publicly listed companies, taking into consideration that valuation metrics of guideline publicly traded comparable companies are available for benchmarking purposes, the operations of Eramas Group is relatively established with historical track record of profitability, and such trend of profitability is expected to continue in the future; and (b) As the secondary valuation approach, we have used the DCF Method to estimate the intrinsic value of the business by calculating the present value of FCFF, taking into consideration that Eramas Group's future financial performance is projected to grow notably upon completion of the planned expansion of production capacity and the DCF Method will be able to capture the incremental income-producing ability of Eramas Group upon completion of the planned expansion of production capacity. The DCF Method offers a sense-check against the Trading Comparables Method, aligning intrinsic value and market-based perspectives, thereby improving the reliability of the valuation conclusion. Further details on our assessment based on the primary valuation approach – Trading Comparables Method is set out in Section 5.3.1 of the Fairness Opinion Report. The Indicative Valuation for 100% equity interest of Eramas Global Group derived based on the primary valuation approach – Trading Comparables Method is as follows: <table><tr><th colspan="3">Indicative Valuation - Trading Comparables Method</th></tr><tr><td colspan="3">All figures in RMm</td></tr><tr><td></td><td>Low</td><td>High</td></tr><tr><td>PE Multiple</td><td>12.03x</td><td>16.15x</td></tr><tr><td>2025A PAT¹</td><td>18.58</td><td>18.58</td></tr><tr><td>Equity Value – Eramas Global Group</td><td>223.52</td><td>300.07</td></tr><tr><td>Indicative Valuation (70%²) – Eramas Global Group</td><td>156.46</td><td>210.05</td></tr></table>	Indicative Valuation - Trading Comparables Method			All figures in RMm				Low	High	PE Multiple	12.03x	16.15x	2025A PAT ¹	18.58	18.58	Equity Value – Eramas Global Group	223.52	300.07	Indicative Valuation (70%²) – Eramas Global Group	156.46	210.05
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FAIRNESS OPINION ON THE PROPOSED ACQUISITION (cont'd)

WYNCORP

CORPORATE FINANCE ADVISOR

EXECUTIVE SUMMARY (cont'd)

Section in the Fairness Opinion Report / Area of evaluation	Remark																														
	<u>Notes:</u> (1) Based on Eramas Global Group's audited consolidated PAT for FYE 2025 of approximately RM18.58 million. (2) The equity value is discounted by 30%, being the illiquidity discount applied to account for lack of liquidity for Eramas Global Group's shares, which aligns with common valuation practices. Further details on our assessment based on the secondary valuation approach – DCF Method is set out in Section 5.3.2 of the Fairness Opinion Report. The Indicative Valuation for 100% equity interest of Eramas Global Group derived based on the secondary valuation approach – DCF Method is as follows: <table><tr><th colspan="3">Indicative Valuation – DCF Method (Base Case Scenario)</th></tr><tr><td colspan="3">All figures in RMm</td></tr><tr><td></td><td>Low</td><td>High</td></tr><tr><td>WACC</td><td>11.75%</td><td>10.35%</td></tr><tr><td>Growth rate</td><td>1.60%</td><td>2.20%</td></tr><tr><td>Present value of projected FCFF</td><td>35.21</td><td>37.16</td></tr><tr><td>Present value of terminal value</td><td>155.91</td><td>208.03</td></tr><tr><td>Enterprise Value - Eramas Global Group</td><td>191.12</td><td>245.19</td></tr><tr><td>Add: Net cash position as at 31 December 2025</td><td>15.36</td><td>15.36</td></tr><tr><td>Indicative Valuation – Eramas Global Group</td><td>206.48</td><td>260.55</td></tr></table> The basis of the Indicative Valuation used herein is the market value which is defined as the approximate price of an asset that would change hands between a willing buyer and a willing seller when neither is acting under compulsion and when both have the relevant and required facts. Please note that the concept of market value means the price of an asset being valued assuming the transaction took place under conditions existing at the date of valuation of the asset. The amount would not be considered market value if it was influenced by special motivations that are not characteristic of a typical buyer and seller. In addition, the range of indicative values that we have estimated assumes the business shall continue as a going concern. <i>Other Key Consideration – Iran war</i> Based on the latest unaudited management accounts for the 5-month period ended 31 May 2026, the Eramas Group recorded revenue of approximately RM57.01 million, GP of approximately RM9.27 million and PAT of approximately RM4.13 million, translating into GP margin and PAT margin of approximately 16.26% and 7.25% respectively.	Indicative Valuation – DCF Method (Base Case Scenario)			All figures in RMm				Low	High	WACC	11.75%	10.35%	Growth rate	1.60%	2.20%	Present value of projected FCFF	35.21	37.16	Present value of terminal value	155.91	208.03	Enterprise Value - Eramas Global Group	191.12	245.19	Add: Net cash position as at 31 December 2025	15.36	15.36	Indicative Valuation – Eramas Global Group	206.48	260.55
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FAIRNESS OPINION ON THE PROPOSED ACQUISITION (cont'd)

WYNCORP
 CORPORATE FINANCE ADVISOR

EXECUTIVE SUMMARY (cont'd)

Section in the Fairness Opinion Report / Area of evaluation	Remark												
	While we noted that the Eramas Group’s export sales to the West Asia region for the 5-month period ended 31 May 2026 declined by approximately RM3.99 million as compared to the corresponding period in FYE 2025, the Eramas Group recorded higher total revenue for the 5-month period ended 31 May 2026 as compared to the corresponding period in FYE 2025, an increase of approximately 15.92%. The improved performance was mainly driven by expansion of export sales of coconut products, dairy products and oil and fats products to Africa region during the 5-month period ended 31 May 2026. This corroborates the management’s representation that the mitigating measures have been put in place to mitigate the adverse impact of the Iran war. The Eramas Group expects to achieve its projected revenue for the FYE 2026, supported by existing sales orders secured by the Eramas Group while its profitability will continue to be driven by coconut products which command higher GP margin than oil and fats products and dairy products. <u>In summary</u> The primary valuation approach - Trading Comparables Method ascribed Indicative Valuation range of between RM156.46 million to RM210.05 million. The secondary valuation approach - DCF Method ascribed Indicative Valuation range of between RM206.48 million and RM260.55 million. Our assessment on the fairness of the Purchase Consideration is set out in Section 5.4 of the Fairness Opinion Report. We noted that the Purchase Consideration (amounting to RM207.94 million) falls within the Indicative Valuation range appraised using the primary valuation approach – Trading Comparables Method and the secondary valuation approach – DCF Method, as illustrated below: Indicative Valuation Range All figures in RMm <table><caption>Summary of Indicative Valuation</caption><thead><tr><th>Valuation Approach</th><th>Lower Bound (RMm)</th><th>Upper Bound (RMm)</th></tr></thead><tbody><tr><td>Trading Comparables Method</td><td>156.46</td><td>210.05</td></tr><tr><td>DCF Method</td><td>206.48</td><td>260.55</td></tr><tr><td>Purchase Consideration</td><td colspan="2">RM207.94 million</td></tr></tbody></table>	Valuation Approach	Lower Bound (RMm)	Upper Bound (RMm)	Trading Comparables Method	156.46	210.05	DCF Method	206.48	260.55	Purchase Consideration	RM207.94 million	
Valuation Approach	Lower Bound (RMm)	Upper Bound (RMm)											
Trading Comparables Method	156.46	210.05											
DCF Method	206.48	260.55											
Purchase Consideration	RM207.94 million												

FAIRNESS OPINION ON THE PROPOSED ACQUISITION (cont'd)

WYNCORP
 CORPORATE FINANCE ADVISOR
EXECUTIVE SUMMARY (cont'd)

Section in the Fairness Opinion Report / Area of evaluation	Remark
	Premised on the above, we are of the opinion that the Purchase Consideration is fair and reasonable from the financial point of view.
Section 6 Risk Consideration in Indicative Valuation Ascribed	The Indicative Valuation ascribed for Eramas Global Group could be negatively affected by certain major risk factors if occurs. Further details are set out in Section 6 of the Fairness Opinion Report.

3. CONCLUSION

We are of the opinion that the Purchase Consideration is fair and reasonable from a financial point of view and based on the key bases and assumptions as set out in Section 5.1 of the Fairness Opinion Report and after taking into consideration the following:

- (i) The rationale for the Proposed Acquisition as set out in Section 3 of the Fairness Opinion Report;
- (ii) The industry overview as set out in Section 4 of the Fairness Opinion Report; and
- (iii) The Purchase Consideration of RM207.94 million falls within the Indicative Valuation range for 100% equity interest of Eramas Global Group as appraised by us using the primary valuation approach – Trading Comparables Method (between RM156.46 million and RM210.05 million) as detailed in Section 5.3.1 of the Fairness Opinion Report; which is cross-checked against the Indicative Valuation range for 100% equity interest of Eramas Global Group as appraised by us using the secondary valuation approach – DCF Method (between RM206.48 million and RM260.55 million) as detailed in Section 5.3.2 of the Fairness Opinion Report.

Indicative Valuation - Summary

All figures in RMm

	Low	High
Primary Valuation Approach – Trading Comparables Method	156.46	210.05
Secondary Valuation Approach – DCF Method	206.48	260.55

FAIRNESS OPINION ON THE PROPOSED ACQUISITION (cont'd)

WYNCORP
 CORPORATE FINANCE ADVISOR
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FAIRNESS OPINION ON THE PROPOSED ACQUISITION (cont'd)

WYNCORP

CORPORATE FINANCE ADVISOR

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Fairness Opinion Report (as defined herein):

Act	Companies Act, 2016
BDOCC	BDO Capital Consultants Sdn Bhd (Registration No. 199601032957 (405309-T)), incorporated in Malaysia
Berjaya Securities or the Principal Adviser or the Placement Agent	Berjaya Securities Sdn Bhd (formerly known as Inter-Pacific Securities Sdn Bhd) (Registration No. 197201001092 (12738-U)), incorporated in Malaysia
Beta	A risk measurement that measures industry and financial risk of a listed company. The industry risk measured is general risk of a particular industry, i.e., also known as systematic risk. It does not measure specific risk
Board	Board of Directors of SCGM
Bursa Depository or the Depository	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W)), incorporated in Malaysia
Bursa Securities	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W)), incorporated in Malaysia
CAGR	Compound annual growth rate
CAPM	Capital Asset Pricing Model
Cash Company	A listed issuer whose assets on a consolidated basis, consist of 70% or more of cash or short-term investments, or a combination of both, who has been considered by Bursa Securities as a Cash Company under paragraph 8.03 of the Listing Requirements
Circular	The circular to the Shareholders in relation to the Proposed Regularisation Plan
CMSA	Capital Markets and Services Act, 2007
Comcos	Selected comparable companies listed on Southeast Asia stock exchanges which are involved in similar principal activities as Eramas Group
Consideration Shares	569,698,630 new SCGM Shares to be issued to the Vendors pursuant to the Proposed Acquisition
COVID-19	Coronavirus disease 2019

FAIRNESS OPINION ON THE PROPOSED ACQUISITION (cont'd)

WYNCORP
 CORPORATE FINANCE ADVISOR
DEFINITIONS (cont'd)

DCF	Discounted Cash Flow
Director	A director of the Company and shall have the meaning given in subsection 2(1) of the CMSA and where it relates to Chapter 10 of the Listing Requirements, this shall include any person who is or was within the preceding 6 months of the date on which the terms of the Proposed Acquisition were agreed upon, a director or a chief executive of a corporation, its subsidiary or holding company
Disposal of LSSPI	Disposal of 100% equity interest in Lee Soon Seng Plastic Industries Sdn Bhd by the Company to Mitsui & Co., Ltd and FP Corporation for a total cash consideration of approximately RM556.99 million (including an additional disposal consideration of RM12.61 million, which was determined following the post completion adjustments pursuant to the share sale agreement dated 9 May 2022 (as varied and amended pursuant to an addendum letter to the share sale agreement dated 24 June 2022)), which was completed on 31 August 2022
Disposal of PT Eramas	Disposal by Eramas Global Group of 35% equity interest in PT Eramas to PT Pulaumas Moromulia for a cash consideration of RM7.00 million, which was deemed completed on 29 August 2025. Further details of the Disposal of PT Eramas are set out in Section 2.1(v), Appendix III(A) of the Circular
DOSM	Department of Statistics Malaysia
EBITDA	Earnings before interest, taxation, depreciation and amortisation
Enlarged SCGM Group	Collectively, the SCGM Group and the Eramas Group following the completion of the Proposed Acquisition
Entitlement Date	A date to be determined by the Board and announced later after the approvals from the relevant authorities and the Shareholders for the Proposed Regularisation Plan have been obtained, on which the names of the Shareholders must appear in the Record of Depositors of the Company as at 5.00 pm in order to participate in the Proposed Special Dividend
Eramas Global Group	Eramas Global Group Sdn Bhd (Registration No. 202401007159 (1553009-D)), incorporated in Malaysia
Eramas Group	Collectively, (1) Eramas Global Group and its subsidiaries, namely (2) Eramas International Holdings, (3) Erapoly Global, (4) Eramas Marketing and (5) Eramas Ingredients, in accordance with Malaysian Financial Reporting Standards 10 Consolidated Financial Statements
Eramas Ingredients	Eramas Ingredients Sdn Bhd (Registration No. 201401044733 (1120915-W)), incorporated in Malaysia

FAIRNESS OPINION ON THE PROPOSED ACQUISITION (cont'd)

WYNCORP
 CORPORATE FINANCE ADVISOR
DEFINITIONS (cont'd)

Eramas International Holdings	Eramas International Holdings Sdn Bhd (Registration No. 202301041091 (1535010-K)), incorporated in Malaysia
Eramas Marketing	Eramas Marketing (SEA) Sdn Bhd (Registration No. 201901034886 (1344216-X)), incorporated in Malaysia
Erapoly Global	Erapoly Global Sdn Bhd (Registration No. 200801028569 (829896-X)), incorporated in Malaysia
Evaluation Date	29 May 2026
Exchange Rate	Foreign currency denominated amounts are translated to RM equivalents based on the middle rate of the closing as at 5.00 p.m. on 29 May 2026, as extracted from Bank Negara Malaysia
Fairness Opinion Report	This fairness opinion report dated 22 June 2026 prepared pursuant to paragraph 15.04 of Appendix 2A of the Equity Guidelines issued by Securities Commission Malaysia to appraise the fair value of the entire equity interest in Eramas Global Group and to express an opinion on the fairness of the Purchase Consideration of RM207,940,000 which will be fully satisfied through the issuance of 569,698,630 Consideration Shares at an issue price of RM0.365 each
FCFF	Free cash flows from operations available to the providers of capital of a business after taking into consideration all operating expenses, movement in working capital and net investing cash flows
Financial Projections	Copy of the financial projections of Eramas Group for the period from FYE 2026 to FYE 2030 prepared by the management of Eramas Group as at Evaluation Date
FYE	Financial year ended / ending 31 December
Gordon Growth Model	Perpetual growth method on the basis that a business will generate cash flows in perpetuity
GP	Gross profit
HOA	Heads of agreement dated 20 March 2024 entered into between the Company and the Vendors for the proposed acquisition by SCGM of the entire equity interest in Eramas Global Group from the Vendors (as amended and varied by an addendum to the HOA dated 16 October 2024)
IDR	Indonesian Rupiah

FAIRNESS OPINION ON THE PROPOSED ACQUISITION (cont'd)

WYNCORP

CORPORATE FINANCE ADVISOR

DEFINITIONS (cont'd)

IMR Report	Independent market research report dated 3 June 2026 on the coconut products, palm oil products and dairy products industries in Malaysia prepared by Protégé Associates Sdn Bhd
Indicative Valuation	Indicative fair value range for the 100% equity interest in Eramas Global Group appraised using the valuation methods adopted as at the Evaluation Date
Levered Beta	Beta measurement which includes financial risk and industry risk
Licences/Agreements	Eramas Group's relevant licences, permits, approvals, agreements, contracts or any other contractual agreements, to carry out the business
Listing Requirements	Main Market Listing Requirements of Bursa Securities
LPD	29 May 2026, being the latest practicable date prior to the printing of the Circular
Major Shareholder	A person who has an interest or interests in one or more voting shares in a corporation and the number or aggregate number of those shares, is:- (i) 10% or more of the total number of voting shares in the corporation; or (ii) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation. For the purpose of this definition, "interest" shall have the meaning of "interest in shares" given in Section 8 of the Act. Where it relates to Chapter 10 of the Listing Requirements, a "Major Shareholder" shall include any person who is or was within the preceding 6 months of the date on which the terms of the Proposed Acquisition were agreed upon, a major shareholder of the listed issuer or any other corporation which is its subsidiary or holding company
Mandatory Offer	Mandatory take-over offer pursuant to subparagraph 4.01(a) of the Rules
MITI	Ministry of Investment, Trade and Industry of Malaysia
MT	Metric Tonnes
OEM	Original equipment manufacturer
Offer Shares	Up to 95,300,000 SCGM Shares to be offered by the Vendors under the Proposed Offer for Sale
PACs	Persons acting in concert with the Vendors in accordance with subsections 216(2) and 216(3) of the CMSA who hold SCGM Shares, namely (1) Tan Lee Eng and (2) Chin Kai Ying

FAIRNESS OPINION ON THE PROPOSED ACQUISITION (cont'd)

WYNCORP
 CORPORATE FINANCE ADVISOR
DEFINITIONS (cont'd)

PAT	Profit after taxation
PBT	Profit before taxation
PE	Price-to-earnings
PE Multiple	Price-to-earnings multiple
PHP	Philippine Peso
Proposed Acquisition	Proposed acquisition by SCGM of the entire equity interest in Eramas Global Group from the Vendors for a total purchase consideration of RM207,940,000 which will be fully satisfied through the issuance of 569,698,630 Consideration Shares at an issue price of RM0.365 each
Proposed Exemption	Proposed exemption under subparagraph 4.08(1)(a) of the Rules for the Vendors and PACs from the obligation to undertake a Mandatory Offer to acquire the remaining SCGM Shares not already owned by them upon completion of the Proposed Acquisition
Proposed Offer for Sale	Proposed offer for sale of up to 95,300,000 Offer Shares, representing up to 12.50% of the enlarged total number of SCGM Shares after the Proposed Acquisition, at an offer price of RM0.365 per Offer Share to comply with the Bumiputera equity requirement as stipulated by the SC for public listed companies and the public shareholding spread requirement pursuant to paragraph 3.06 of the Listing Requirements
Proposed Regularisation Plan	Collectively, the Proposed Special Dividend, Proposed Acquisition, Proposed Offer for Sale and Proposed Exemption
Proposed Special Dividend	Proposed cash distribution of approximately RM48.14 million or RM0.25 per SCGM Share held by the Shareholders on the Entitlement Date
PT Eramas	PT Eramas Coconut Industries (Company Registration No. 8120100841237), incorporated in Indonesia
Purchase Consideration	Purchase consideration of RM207,940,000 which will be fully satisfied through the issuance of 569,698,630 Consideration Shares at an issue price of RM0.365 each
Record of Depositors	A record provided by Bursa Depository to the Company under the Rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991, including the Securities Industry (Central Depositories) Amendment Act, 1998
RM and sen	Ringgit Malaysia and sen

FAIRNESS OPINION ON THE PROPOSED ACQUISITION (cont'd)

WYNCORP
 CORPORATE FINANCE ADVISOR
DEFINITIONS (cont'd)

RMm	In millions of Ringgit Malaysia
Rules	Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the SC
SC	Securities Commission Malaysia
SCGM or Company	SCGM Bhd (Registration No. 200701021012 (779028-H)), incorporated in Malaysia
SCGM Group	SCGM and its subsidiary
SCGM Shares or the Shares	Ordinary shares in SCGM
Shareholders	Shareholders of the Company
SSA	Conditional share sale agreement dated 27 December 2024 entered into between the Company and the Vendors for the Proposed Acquisition (as amended and varied by an addendum to the share sale agreement dated 24 September 2025 and 2 nd addendum to the share sale agreement dated 14 May 2026)
Trading Comparables Method	Market-based valuation approach which involves analysing the trading multiples of comparable publicly listed companies
THB	Thai Baht
Unlevered Beta	Beta measurement with the financial risk being removed
USD	United States Dollar
Vendors	Collectively, (1) Chin Kok Tian, (2) Yan Hua Lan, (3) Tan Ah Tek, (4) Gan Chuan Lee, (5) Tey Chee Shin, (6) Tan Tai Chong and (7) Lau Sie Khian
WACC	Weighted Average Cost of Capital
WYNCORP or the Independent Business Valuer	WYNCORP Advisory Sdn Bhd (Registration No. 200301029902 (632322-H)), incorporated in Malaysia

All references to “we”, “us” or “our” are references to WYNCORP.

FAIRNESS OPINION ON THE PROPOSED ACQUISITION (cont'd)

WYNCORP
 CORPORATE FINANCE ADVISOR
WYNCORP ADVISORY SDN BHD

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 50490 Kuala Lumpur, Malaysia
 Tel: +603 – 2096 2286/2289

22 June 2026

The Board of Directors

SCGM BHD

B-21-1, Level 21, Tower B, Northpoint Mid Valley City
 No. 1 Medan Syed Putra Utara
 59200 Kuala Lumpur, Wilayah Persekutuan
 Malaysia

Dear Sir / Madam,

SCGM BHD
**INDEPENDENT EQUITY VALUATION AND FAIRNESS ASSESSMENT ON THE PURCHASE
 CONSIDERATION IN RELATION TO THE PROPOSED ACQUISITION OF THE ENTIRE EQUITY
 INTEREST IN ERAMAS GLOBAL GROUP SDN BHD**
1. INTRODUCTION

Pursuant to the completion of the Disposal of LSSPI, SCGM had triggered paragraphs 8.03(1) and 8.03A(2) of the Listing Requirements. Therefore, the Company is required to comply with the provisions and requirements of paragraph 8.03 and Practice Note 16 of the Listing Requirements, which include amongst others, to regularise the Company's condition by (a) submitting a proposal to acquire a new core business to the SC for its approval within 12 months from the date of receipt of the notification from Bursa Securities that SCGM is a Cash Company i.e. by 1 September 2023; and (b) implementing the proposal within the timeframe prescribed by the SC.

On 21 August 2023, an application was submitted to Bursa Securities for an extension of time for SCGM to submit the proposal to the SC. Subsequently, Bursa Securities had, vide its letter dated 4 October 2023, granted the Company an extension of time of up to 1 March 2024 to submit the proposal to the SC.

On 27 February 2024, an application was submitted to Bursa Securities for a further extension of time for SCGM to submit the proposal to the SC. Subsequently, Bursa Securities had, vide its letter dated 16 April 2024, granted the Company a further extension of time of up to 1 September 2024 to submit the proposal to the SC.

On 20 March 2024, the Company entered into the HOA with the Vendors for the acquisition of the entire equity interest in Eramas Global Group for a purchase consideration to be determined later. On 16 October 2024, the Company and the Vendors mutually agreed to extend the period to execute a share sale agreement for the Proposed Acquisition until 31 December 2024.

FAIRNESS OPINION ON THE PROPOSED ACQUISITION *(cont'd)*

WYNCORP CORPORATE FINANCE ADVISOR

On 22 August 2024, an application was submitted to Bursa Securities for a further extension of time for SCGM to submit the proposal to the SC by 31 December 2024. Subsequently, Bursa Securities had, vide its letter dated 26 September 2024, granted the Company a further extension of time of up to 31 December 2024 to submit the proposal to the SC.

On 27 December 2024, the Company entered into the SSA with the Vendors for the Proposed Acquisition and on even date, Berjaya Securities, on behalf of the Board, announced the Proposed Regularisation Plan to regularise the Company's condition as a Cash Company in accordance with paragraph 8.03(5) of the Listing Requirements. On 24 September 2025, the Company and the Vendors mutually agreed to extend the period for the satisfaction or fulfilment of the conditions precedent under the SSA until 30 June 2026. Further, on 14 May 2026, the Company and the Vendors mutually agreed to extend the period for the satisfaction or fulfilment of the conditions precedent under the SSA until 31 December 2026.

The Proposed Special Dividend, Proposed Acquisition, Proposed Offer for Sale and Proposed Exemption are to be undertaken as the Proposed Regularisation Plan of SCGM and hence, are inter-conditional upon each other in terms of the Shareholders' approval.

Pursuant to the Equity Guidelines, the Proposed Regularisation Plan is a proposal which would result in a significant change in the business direction or policy of the Company as it involves an acquisition of assets by the Company, which is classified as a Cash Company by Bursa Securities under Chapter 8 of the Listing Requirements, to regularise the Company's condition.

The Proposed Acquisition is deemed as a related party transaction in accordance with paragraph 10.08 of the Listing Requirements by virtue of the interests of the Major Shareholders as set out in Section 12, Part A of the Circular. In this regard, on 24 April 2024, BDOCC was appointed as the independent adviser to advise the Directors and non-interested Shareholders in respect of the Proposed Acquisition pursuant to paragraph 10.08 of the Listing Requirements and Proposed Exemption pursuant to subparagraph 4.08(3)(g) of the Rules.

The Proposed Acquisition falls within the scope as provided under paragraph 15.04 of Appendix 2A of the Equity Guidelines, whereby a valuation report on the target asset must be prepared for inclusion in the Circular. Accordingly, on 5 December 2024, WYNCORP was appointed as the Independent Business Valuer to prepare a report on fairness opinion on the Proposed Acquisition.

On 30 December 2024, Berjaya Securities, on behalf of the Board, announced that the applications in relation to the Proposed Regularisation Plan had been submitted to the SC on 30 December 2024.

On 31 December 2024, Berjaya Securities, on behalf of the Board, announced that an application had been submitted to the MITI on 31 December 2024 in relation to the Proposed Offer for Sale to Bumiputera investors approved or recognised by the MITI.

On 8 May 2025, Berjaya Securities, on behalf of the Board, announced that the MITI had, vide its letter dated 7 May 2025 (which was received on 8 May 2025), notified that it has agreed with the Proposed Regularisation Plan, which will result in a total number of 762,259,671 SCGM Shares on the Main Market of Bursa Securities and SCGM will comply with the Bumiputera equity requirement by allocating 95,300,000 SCGM Shares, representing 12.50% of the enlarged total number of SCGM Shares after the Proposed Regularisation Plan, to Bumiputera investors approved or recognised by the MITI.

FAIRNESS OPINION ON THE PROPOSED ACQUISITION *(cont'd)*

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On 30 May 2025, Berjaya Securities, on behalf of the Board, announced that the SC had, vide its letter dated 29 May 2025 (which was received on 30 May 2025), informed that the application in relation to the Proposed Regularisation Plan (save for the Proposed Exemption) has been approved by the SC under subsection 214(1) of the CMSA, subject to the terms and conditions as set out in Section II of the Circular. The SC had also vide the same letter informed that the application under the Bumiputera equity requirement for public listed companies pursuant to the Proposed Regularisation Plan has been approved, subject to SCGM allocating shares equivalent to 12.5% of its enlarged number of issued shares upon completion of the Proposed Regularisation Plan to Bumiputera investors to be approved by the MITI.

On 29 August 2025, Eramas Global Group entered into a share sale agreement for the Disposal of PT Eramas. Pursuant to the Disposal of PT Eramas, Eramas Global Group disposed of its 35% equity interest in PT Eramas to PT Pulaumas Moromulia for a cash consideration of RM7.00 million. PT Eramas subsequently ceased to be an associate of Eramas Global Group as a result of the Disposal of PT Eramas.

On 14 November 2025, an application was submitted to the SC for an extension of time for SCGM to complete the Proposed Regularisation Plan. On 22 January 2026, Berjaya Securities, on behalf of the Board, announced that the SC had, vide its letter dated 21 January 2026 (which was received on 22 January 2026), informed that the application for an extension of time for the Company to complete the Proposed Regularisation Plan has been approved for 6 months until 28 May 2026, subject to the inclusion of the audited consolidated financial results of the Eramas Group for FYE 2025 in the Circular.

On 21 April 2026, an application was submitted to the SC for a further extension of time for SCGM to complete the Proposed Regularisation Plan. On 10 June 2026, Berjaya Securities, on behalf of the Board, announced that the SC had, vide its letter dated 9 June 2026 (which was received on 10 June 2026), informed that the application for extension of time of 6 months until 28 November 2026 has been approved, subject to the completion of the assessment on the impact of the Iran war on the business operations and financial performance of the Eramas Group, and its implications on the Proposed Acquisition, including the valuation of the Eramas Group and accordingly, the Purchase Consideration. Where the assessment indicates a material adverse impact, the Board should revise the terms of the Proposed Acquisition or provide justification demonstrating that the Proposed Acquisition remains fair and reasonable and is not detrimental to the interest of minority Shareholders. In furtherance of the above, an assessment on the impact of the Iran war on the business operations and financial performance of the Eramas Group and its implications on the Proposed Acquisition has been conducted. Please refer to Section 3.2, Part A of the Circular for further details on the outcome of the assessment.

On 28 April 2026, Berjaya Securities, on behalf of the Board, announced that an application in relation to the listing and quotation of 569,698,630 Consideration Shares on the Main Market of Bursa Securities had been submitted to Bursa Securities on even date.

On 14 May 2026, Berjaya Securities, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 13 May 2026, resolved to approve the listing and quotation of 569,698,630 new SCGM Shares to be issued to the Vendors pursuant to the Proposed Acquisition, subject to the conditions as set out in Section II of the Circular.

FAIRNESS OPINION ON THE PROPOSED ACQUISITION (cont'd)

WYNCORP

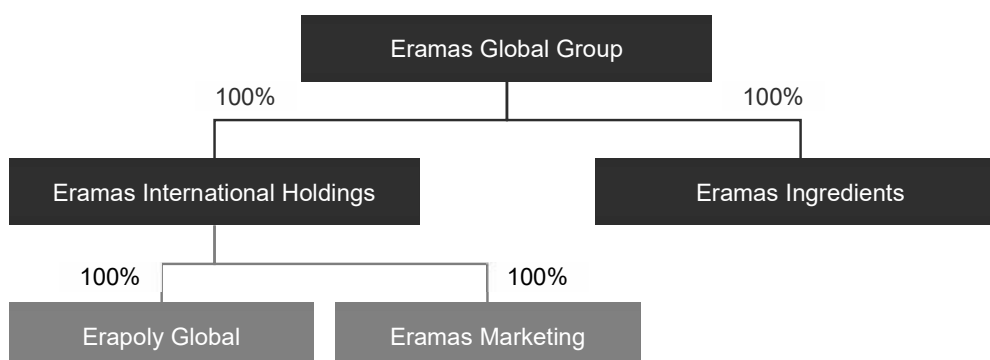
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2. BACKGROUND INFORMATION OF ERAMAS GLOBAL GROUP

Company Overview

Target Company	Eramas Global Group Sdn Bhd
Incorporation Date	22 February 2024
Principal place of business	<u>Head office</u> Lot 4089, Jalan P4/8, Seksyen 4, Bandar Teknologi Kajang, 43500 Semenyih, Selangor, Malaysia <u>Manufacturing facility</u> Lot 34719, Lengkok Teknologi, Taman Teknologi Enstek (Techpark @ Enstek), 71760 Bandar Baru Enstek, Negeri Sembilan, Malaysia
Principal Activity	Eramas Global Group, through its subsidiaries, is principally engaged in manufacturing, trading, distribution and marketing of food products, supplying both the Malaysian and overseas markets. Product offerings include coconut products, palm products, dairy products as well as specialty ingredients and other products
Latest Audited Financials	<u>Annual</u> 31 December 2025 (for Eramas Global Group and its subsidiaries)
Auditor	Grant Thornton Malaysia PLT
Accounting Standard	Malaysian Financial Reporting Standards

Corporate Shareholding Structure



FAIRNESS OPINION ON THE PROPOSED ACQUISITION (cont'd)

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3. RATIONALE FOR THE PROPOSED ACQUISITION

We take note of the following rationale for the Proposed Acquisition from Section 7.2 of the Circular:

Proposed Acquisition

The Proposed Acquisition is undertaken to allow SCGM to regularise the Company's condition as a Cash Company in accordance with paragraph 8.03(5) of the Listing Requirements to maintain listing status on the Main Market of Bursa Securities.

The Proposed Acquisition presents an opportunity for the SCGM Group to acquire a profitable business in the food and beverage industry. Based on the historical financial performance of the Eramas Group, the Proposed Acquisition is expected to contribute positively to the future financial performance of the Enlarged SCGM Group.

In addition, the issuance of Consideration Shares to the Vendors to satisfy the Purchase Consideration will allow the Vendors to continue participating in and contributing to the future growth of the Eramas Group through SCGM.

4. INDUSTRY OVERVIEW

We take note of the following industry overview from the IMR Report:

4.1. Industry Overview

- Coconut Products Industry

The global coconut products industry was valued at USD21.46 billion in 2025 and is forecast to expand at a CAGR of 9.0% from USD23.18 billion in 2026 to USD30.26 billion in 2029. The increasing awareness on the health benefits of coconuts coupled with the growing demand for coconut-based products, especially from developed countries, is expected to drive demand for these products going forward.

Malaysia, being one of the largest coconut producers in the world, has seen a steady increase in coconut production, reaching more than 600,000 MT in 2023 and 2024. Despite the growth in local production, Malaysia's current production is still insufficient to accommodate the needs of the local industry, with Malaysia importing over 200,000 MT of coconuts annually from neighbouring countries to meet the demand.

In Malaysia, coconut milk and cream remain one of the most popular coconut products in the country, due to the growing utilisation of coconut milk in both traditional and fusion cuisines. As a major exporter, Malaysia continues to serve key markets such as Singapore, the United States of America, Japan, and China. Based on the DOSM, Malaysian exports of coconut products were valued at RM729.8 million in 2024, marking an approximately 17.1% increase from RM623.2 million in the previous year. Based on the IMR Report, exports of coconut products from Malaysia are forecasted to grow at a CAGR of 10.5% between 2025 and 2029, reaching RM1,188.1 million by 2029.

FAIRNESS OPINION ON THE PROPOSED ACQUISITION (cont'd)

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The Malaysian coconut products industry consists of around 150 industry players, made up of local manufacturers and distributors with companies involved ranging from those who own coconut farms to those who import raw materials. Local manufacturers typically produce house brand products and/or act as an OEM for other brands. On the other hand, distributors are companies that trade coconut products and act as an intermediary for other foreign companies and may distribute products from more than one manufacturer. These distributors often also distribute a series of other products in addition to coconut products. While some of these distributors opt to specialise in the trading of food products, other may choose to trade a much wider range of products including personal care and beauty products, pet care, and household products.

- Palm Oil Products Industry

The global palm oil industry was valued at USD72.34 billion in 2025 and is forecasted to expand at a CAGR of 4.5% from USD74.87 billion in 2026 to USD86.25 billion in 2029. The rise in demand for palm oil is driven by the growing need for the commodity from the food and beverage industries, as well as from other industries including the personal care and cosmetic and pharmaceutical industries. The use of biofuel has also been trending in Southeast Asia.

As one of the largest exporters of palm oil in the world, the export value of palm-based finished products in Malaysia were valued at RM3.60 billion in 2023, which was a decrease of 18.0% as compared to RM4.39 billion in the previous year. The decrease can be attributed to reduced demand by major importing countries coupled with lower product prices. In 2024, higher exports of palm oil and palm oil products was recorded for the year, supported by higher demand from palm oil importing countries coupled with higher selling prices. The value of exports of palm-based finished products was valued at RM4.31 billion in 2024, representing an increase of 19.7% compared to RM3.60 billion in the previous year. Based on the IMR Report, exports of palm-based finished products from Malaysia are forecasted to grow from RM4.87 billion in 2025 to RM6.14 billion in 2029, at a CAGR of 6.0% during the period.

- Dairy Products Industry

The global dairy products industry was valued at USD683.90 billion in 2024 and is forecast to expand at a CAGR of 4.6% from RM704.41 billion in 2025 to USD842.30 billion in 2029. The growth of the industry is supported by rising population, rising penetration of organised retail, improvement in cold chain logistics, increased dietary consciousness and increasing product launches.

While Malaysia is a net importer of dairy products, the country exports a small portion of manufactured products. According to the DOSM, the export value of dairy products stood at RM1.29 billion in 2025, a decrease from RM1.35 billion in the previous year. Exports of condensed, powdered and evaporated milk were valued at RM945.4 million and accounted for 73.3% of total dairy product exports from Malaysia. Some of the key export destinations for condensed, powdered and evaporated milk include Somalia, Indonesia, Singapore, the

FAIRNESS OPINION ON THE PROPOSED ACQUISITION (cont'd)

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Philippines, Bangladesh, Thailand, China, and the Democratic Republic of Congo. Going forward, exports of condensed, powdered and evaporated milk are expected to expand at a CAGR of 5.8% to reach RM1.19 billion in 2029, supported by a growing global population with higher disposable income as well as urbanisation across the globe.

Source: Extracted from IMR Report.

4.2. Our Comments

Eramas Global Group is well-positioned within the expanding coconut, palm oil and dairy products industries, all of which are projected to see growth in the coming years. Eramas Global Group's competitive strengths, coupled with the increasing global demand for coconut, palm oil and dairy products, suggest a positive outlook for Eramas Group's future performance.

5. WYNCORP'S EVALUATION

In our evaluation on the fairness of the Purchase Consideration based on the Evaluation Date:

- (i) We have taken note of the rationale of the Proposed Acquisition as set out in Section 7.2 of the Circular;
- (ii) We have considered the Indicative Valuation for Eramas Global Group, further details of which as set out in Section 5.3 of this Fairness Opinion Report. The Indicative Valuation is only for the purpose of our evaluation on the fairness of the Purchase Consideration; and
- (iii) To determine the Indicative Valuation, we have adopted two valuation methodologies:
 - (a) As the primary valuation approach, we have employed the Trading Comparables Method based on the PE Multiple to derive a market-based valuation, which involves analysing the trading multiples of comparable publicly listed companies, taking into consideration that valuation metrics of guideline publicly traded comparable companies are available for benchmarking purposes, the operations of Eramas Group is relatively established with historical track record of profitability, and such trend of profitability is expected to continue in the future. We have not opted for the price-to-book ("PB") ratio and enterprise value-to-EBITDA ("EV/EBITDA") ratio due to the following considerations:
 - (i) PB ratio – this metric is typically more suitable for asset-intensive industries such as banking and real estate, where the book value plays a significant role in the valuation. Eramas Group's operations are not asset intensive; hence, we are of the view that this approach is not a suitable metric for the Trading Comparables Method; and

FAIRNESS OPINION ON THE PROPOSED ACQUISITION (cont'd)

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- (ii) EV/EBITDA ratio – this metric does not account for capital expenditures and interest costs and hence, may not fully reflect the actual earnings of an entity. Furthermore, the illiquidity discount may be more subjective and heavily dependent on judgement as there is less independent study or reference on observed trend. While we recognise that Comcos have varying capital structure and level of debts as compared to the Eramas Group, where EV/EBITDA ratio (which is “capital-structure-neutral”) would typically be considered as one of the preferred valuation metrics, we are of the view that the valuation metric based on net income/earnings would give a more direct comparison due to the following considerations:
 - (i) Eramas Group is not operating in highly capital-intensive industries (such as the utilities or infrastructure) where high capital investment is constant factor and EBITDA generally serves as the primary metric to evaluate the operational performance of industry players; and
 - (ii) Net income/earnings, which reflects the actual profitability, is a commonly-used metric to evaluate the operational performance of industry players in the trading and manufacturing industries, in which the Eramas Group is involved in.

Hence, we have opted to use PE Multiple instead of EV/EBITDA ratio in the context of valuing the Eramas Group.

- (b) As the secondary valuation approach, we have used the DCF Method to estimate the intrinsic value of the business by calculating the present value of projected FCFF, taking into consideration that Eramas Group's future financial performance is projected to grow notably upon completion of the planned expansion of production capacity and the DCF Method will be able to capture the incremental income-producing ability of Eramas Group upon completion of the planned expansion of production capacity. The DCF Method offers a sense-check against the Trading Comparables Method, aligning intrinsic value and market-based perspectives, thereby improving the reliability of the valuation conclusion. The DCF Method was not used as the primary valuation approach due to the inherent complexities and assumptions required for its application, where the valuation outcome from the DCF Method is highly sensitive and could vary significantly subject to the key bases and assumptions such as the discount rates, terminal value, and long-term growth rates. Considering that the Eramas Group is relatively established with historical track record of profitability where the future financial performance is projected to grow notably only upon completion of the planned expansion of production capacity, we are of the view that the DCF Method is more suitable to serve as the secondary valuation approach for cross-checking purposes.

In this report, in view that the Purchase Consideration is payable in RM, all foreign currency denominated amounts are translated to RM equivalents based on the middle rate of the closing as at 5.00 p.m. on 29 May 2026, as extracted from Bank Negara Malaysia's website.

FAIRNESS OPINION ON THE PROPOSED ACQUISITION (cont'd)

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5.1. Summary of Key Bases and Assumptions

General key bases and assumptions adopted in both primary and secondary valuation approaches for our Indicative Valuation and/or evaluation on the fairness of the Purchase Consideration are as follows:

- (i) That the relevant foreign currency exchange rate(s) applicable as at the completion of the Proposed Acquisition shall approximate to the Exchange Rate as at 29 May 2026;
- (ii) Eramas Group has and will have all the relevant Licences/Agreements. Accordingly, it is further assumed that there are no breaches and there will not be any breaches of any provision in the Licences/Agreements and the Licences/Agreements are renewed upon expiry;
- (iii) That Eramas Group is in full compliance with all applicable regulations and laws in the markets that Eramas Group operates in;
- (iv) That there will be no material changes in the present legislation, government regulations, inflation rates, interest rates, foreign exchange rates, bases and rate of taxation, and other lending guidelines which will affect the business activities of Eramas Group;
- (v) That there will be no material changes in the present management of Eramas Group and principal activities as well as the accounting and operating policies presently adopted by Eramas Group. There will be continuity in responsible management with respect to the operation of the business;
- (vi) That there are no material changes in the financial position and performance as well as business operations of Eramas Group that will affect the Eramas Group after the Evaluation Date;
- (vii) That there are no undisclosed actual or contingent assets or liabilities, including but not limited to, any contracts and/or off-balance sheet financial instruments, no unusual obligations or commitments other than in the ordinary course of business, nor any pending litigation which would have a material effect on the financial position or operations of Eramas Group now and in the future;
- (viii) That the Indicative Valuation has been carried out on the basis that the current operations and business activities of Eramas Group will continue to be a going concern;
- (ix) That there will be no material changes to the condition of the assets which will affect the operations of Eramas Group in the future; and
- (x) That save for the ongoing Iran war as at the LPD, there will be no other event of force majeure occurring such as any act of god, act of public enemies, war, act of terrorism, restraint of government or people of any nation, riots, insurrections, civil commotion, floods, fire, restrictions due to quarantines, epidemics, storms, or any other causes beyond the reasonable control of the management of Eramas Group, which could materially affect the financial position and business operations of the Eramas Group.

FAIRNESS OPINION ON THE PROPOSED ACQUISITION (cont'd)

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Trading Comparables Method – Key bases and assumptions specific to the primary valuation approach are as follows:

- (i) That the Trading Comparables Method (being the primary valuation approach adopted) relies on analysis of market data from publicly traded companies with similar business models, financial characteristics, and market conditions; and
- (ii) That this method assumes that the trading multiples derived from these comparables reflect current market perceptions and valuation benchmarks applicable to Eramas Group, providing a relative measure of value based on market comparability.

Kindly refer to Section 5.3.1 of this Fairness Opinion Report for further details on our evaluation and assessment under the primary valuation approach – Trading Comparables Method.

DCF Method – Key bases and assumptions specific to the secondary valuation approach are as follows:

General

- (i) That the DCF Method implicitly assumes that the Vendors have sufficient control of Eramas Group's cash flow to determine the dividend policy, capital structure and major capital developments;
- (ii) That the Financial Projections have been prepared based on bases and assumptions of which the board of directors of Eramas Group considers reasonable as at the Evaluation Date, where the board of directors of Eramas Group assumes full responsibility for the accuracy, completeness, reliability and reasonableness of the bases and assumptions of the Financial Projections;
- (iii) That the time value implications, if any, from the Evaluation Date up to the actual completion date of the Proposed Acquisition are not material; and
- (iv) That the DCF Method uses the Gordon Growth Model to estimate the terminal value of Eramas Group beyond the projected years.

The abovementioned general key bases and assumptions are commonly applied bases and assumptions for DCF Method. Based on our observations and enquiries, we noted that:

- (i) the directors and key management of Eramas Group (the profiles of which as set out in Sections 2.3 and 3.3 of Appendix II(A) of the Circular) will continue to lead the operations of Eramas Group upon completion of the Proposed Acquisition;
- (ii) the directors and substantial shareholders of Eramas Global Group (namely, Chin Kok Tian, Yan Hua Lan and Tan Ah Tek) will become directors and controlling shareholders of SCGM upon completion of the Proposed Acquisition. Collectively, they will be able to exercise control over the Enlarged SCGM Group by virtue of their shareholdings in SCGM upon completion of the Proposed Acquisition; and

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- (iii) the outlook and prospects of Eramas Group, as well as the Enlarged SCGM Group upon completion of the Proposed Acquisition, is favourable after taking into consideration the industry overview, the historical financial performance of Eramas Group, and the competitive strengths, business strategies and future plans of Eramas Group.

Premised on the above, we are of the view that these general key bases and assumptions adopted are reasonable.

Specific - Financial Projections

- (i) Revenue was projected to grow at a CAGR of 10.99% from 2026 to 2030. We noted that this projection is lower as compared to the historical revenue CAGR of 13.23% from 2019 to 2025, and is underpinned by strategic expansion initiatives, including a planned capacity expansion (which is expected to commence by third quarter of 2026 and complete by fourth quarter of 2027) that is anticipated to increase production capacity by FYE 2028. Eramas Group's existing spray drying system has a production capacity of approximately 2,112 MT of food related powder per annum, which is expected to increase to approximately 4,200 MT of food related powder per annum with the new addition of a new spray drying system in line with the projected capital expenditure and planned capacity expansion. We also observed and noted that the administrative and other expenses (excluding depreciation, impairment loss on financial assets and loss on disposal of property, plant and equipment) are expected to increase between FYE 2027 to FYE 2030 to commensurate for the increase in resources (particularly the increase in staff costs) required to support the projected revenue growth. With regards to the impact of the Iran war on the revenue projections, please refer to Section 5.1.1 of this Fairness Opinion Report for our assessment and observations. On this basis, we are of the view that the projected revenue growth is reasonable;
- (ii) GP margin is projected to range between 21.13% to 22.85% over the Financial Projections period. We observed that the Eramas Group recorded notable improvement in the historical GP margin, which increased from 7.60% in FYE 2022 to 17.86% in FYE 2024, and further to 22.14% for FYE 2025. We noted that the improvement was primarily driven by changes in the product sales mix and the commencement of in-house manufacturing operations in October 2022. We are of the view that the projected GP margin is reasonable after taking into consideration the following:
 - (i) the Eramas Group has recorded improvement in the historical GP margin in line with the shift in focus to coconut products which generally command better GP margin (19.74% for FYE 2023, 20.84% for FYE 2024 and 27.56% for FYE 2025);
 - (ii) the Eramas Group already achieved a GP margin of 22.14% for FYE 2025. We wish to highlight that there was a significant coconut supply shortage for the period from late-2024 to early-2025 due to adverse weather conditions in major coconut producing countries. Although FYE 2024 was affected by the coconut supply shortage, the Eramas Group still recorded GP margin from coconut products of 20.84%. Subsequently, the Eramas Group had managed to improve its GP margin for FYE 2025 by increasing selling prices for coconut products and the coconut bulk purchase arrangements from Vietnam. The

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sustainability of the GP margin will depend on the Eramas Group's ability to continuously identify and respond to the changes in market conditions through periodic price adjustments with its customers and suppliers. To this end, we have performed a sensitivity analysis on the projected GP margin and noted that the indicative equity value range for Eramas Global Group will be lower should the projected GP margin is being reduced to a lower level. Please refer to Appendix 3, Low Case Operational Scenario for the assessment results. Nonetheless, we noted that the Purchase Consideration continues to fall within the indicative equity value range for Eramas Global Group under the Low Case Operational Scenario after adjusting for a lower projected GP margin; and

- (iii) the projected higher margin contributions from Eramas Group's in-house produced products in line with the anticipated increase in production capacity upon completion of the planned expansion.
- (iii) Capital expenditure of approximately RM55.10 million have been projected for the expansion of production and warehousing capacity of the Eramas Group, which is estimated to commence by the third quarter of 2026 and to be completed by the fourth quarter of 2027 and primarily funded by internal cash reserves. The expansion is projected to result in cash outflows from investing activities amounting to RM12.97 million in FYE 2026 and RM42.13 million in FYE 2027. The planned expansion entails the following:
 - (i) the construction of an extension to the existing manufacturing facility to house a new spray drying system and machineries, as well as additional storage capacity, at an estimated cost of RM12.50 million. Upon completion, the total built-up area is expected to increase by approximately 44,821 square feet comprising additional floor space of approximately 22,002 square feet for preparation and production and approximately 22,819 square feet for warehouse and packing area;
 - (ii) the purchase, installation, and commissioning of a new spray drying system and machineries, with an estimated cost of RM41.77 million. Upon completion, the production capacity is expected to increase from approximately 2,112 MT of food related powder per annum to approximately 4,200 MT of food related powder per annum; and
 - (iii) the purchase and installation of a new racking system and purchase of reach trucks and forklift, at an estimated cost of RM0.83 million. Upon completion, the new pallet racking system is expected to provide additional storage capacity of up to 1,500 pallets to support the increased storage requirements in anticipation of the increase in production volume.

We noted that the projected costs are estimated by the management of Eramas Group based on quotations from respective third-party suppliers. As at the LPD, the Eramas Group has obtained the approval from Majlis Bandaraya Seremban in respect of the planning permission for the construction of the extension and it has submitted the building plans for approval by the authorities. On this basis, we are of the view that the projected

FAIRNESS OPINION ON THE PROPOSED ACQUISITION (cont'd)

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capital expenditure and timing of completion for the planned expansion are reasonable;

- (iv) Depreciation is forecasted to increase between FYE 2027 to FYE 2028 as compared to preceding financial years, in line with the projected capital expenditure investment in conjunction with the planned capacity expansion that is expected to complete by the fourth quarter of 2027. Accordingly, additional depreciation is expected to be recognised based on the depreciation rate in accordance with the accounting policy when the relevant assets are ready for use;
- (v) Administrative and other expenses (excluding depreciation, impairment loss on financial assets and loss on disposal of property, plant and equipment) are estimated to be around 6.96% to 8.48% of cost of sales (excluding depreciation) over the Financial Projections period. We noted that this is consistent with historical trend, and the administrative and other expenses (excluding depreciation, impairment loss on financial assets and loss on disposal of property, plant and equipment) are expected to increase between FYE 2027 to FYE 2030 to commensurate for the increase in resources (particularly the increase in staff costs) required to support the projected revenue growth. On this basis, we are of the view that the projected administrative and other expenses is reasonable;
- (vi) Effective tax rate is estimated at 24%. We are of the view that the projected tax rate is reasonable, as it is consistent with the prevailing statutory corporate tax rate in Malaysia;
- (vii) The projected FCFF was discounted by the WACC, computed by us using the parameters detailed in Appendix 2 of this Fairness Opinion Report. The WACC calculation incorporates the cost of equity, derived using the CAPM, and the cost of debt, serving as a reasonable discount rate for valuing the business in the context of its industry. On this basis, we are of the view that the computed WACC is reasonable; and
- (viii) Long-term growth rate of 2% was adopted in computing the terminal value, based on the estimated inflation rate for Malaysia up to 2030 according to the World Economic Outlook, April 2026, published by International Monetary Fund. On this basis, we are of the view that the applied long-term growth rate is reasonable.

Kindly refer to Section 5.3.2 of this Fairness Opinion Report for further details on our evaluation and assessment under the secondary valuation approach – DCF Method.

5.1.1. Other Key Consideration – Iran war

We have considered the potential impact of the geopolitical tensions and conflicts in the West Asia region on the operations and financial performance of the Eramas Group.

At the onset of the conflict, shipping activities to and from certain Middle East destinations experienced disruptions arising from temporary suspension of services, route restrictions and heightened security concerns. Over time,

FAIRNESS OPINION ON THE PROPOSED ACQUISITION (cont'd)

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shipping operators adapted by implementing alternative logistics arrangements, including the use of revised maritime routes and multi-modal transportation solutions to facilitate continued access to key markets in the region. While these developments contributed to congestion at certain ports, longer transit times, capacity constraints and higher freight and logistics costs, international trade flows gradually resumed.

Based on our discussions with the management of the Eramas Group and review of the available information, the Group has been mitigating the impact of higher freight and logistics costs through pricing adjustments and cost pass-through arrangements with customers. Save for temporary disruptions affecting certain customers within the West Asia region, we noted that the Eramas Group has not experienced material instances of inability to fulfil customer orders or significant delivery delays for its customers in other regions.

As represented by management of Eramas Group, mitigation measures have been implemented to reduce potential adverse impacts on the Group's financial performance, with the following being noted:

- (i) the Eramas Group's export sales to Saudi Arabia have begun to gradually recover in April 2026 following the resumption of orders and deliveries to certain customers, including Business Verity for Trading Ltd Co., one of the major customers of the Eramas Group. For information purposes, sales contributed by the said major customer accounted for approximately 52% of the total export sales of Eramas Group to the West Asia region in FYE 2025. Up to the LPD, there are other customers from the West Asia region who also resumed their purchases from the Eramas Group;
- (ii) the Eramas Group is engaging with customers in other regions to reschedule their orders and deliveries to earlier dates. Upon stabilisation of the conflict in the West Asia region, Eramas Group will prioritise production and deliveries to the West Asia region; and
- (iii) the Eramas Group has put in efforts to increase sales from domestic and non-West Asia markets, with new customers being secured where the sales contribution from these new customers are expected to contribute positively to future financial performance of the Eramas Group.

Based on the latest unaudited management accounts for the 5-month period ended 31 May 2026, the Eramas Group recorded revenue of approximately RM57.01 million, GP of approximately RM9.27 million and PAT of approximately RM4.13 million, translating into GP margin and PAT margin of approximately 16.26% and 7.25% respectively. While we noted that the Eramas Group's export sales to the West Asia region for the 5-month period ended 31 May 2026 declined by approximately RM3.99 million as compared to the corresponding period in FYE 2025, the Eramas Group recorded higher total revenue for the 5-month period ended 31 May 2026 as compared to the corresponding period in FYE 2025, an increase of approximately 15.92%. The improved performance was mainly driven by expansion of export sales of coconut products, dairy products and oil and fats products to Africa region during the 5-month period ended 31 May 2026. This corroborates the

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management's representation that the mitigating measures have been put in place to mitigate the adverse impact of the Iran war. The Eramas Group expects to achieve its projected revenue for the FYE 2026, supported by existing sales orders secured by the Eramas Group while its profitability will continue to be driven by coconut products which command higher GP margin than oil and fats products and dairy products.

In addition, the United States and Iran have signed a memorandum of understanding to end the Iran war. The memorandum of understanding includes, amongst others, an immediate and permanent termination of military operations on all fronts, including in Lebanon, an extendable 60-day period for the United States and Iran to negotiate and achieve a final peace deal and the reopening of the Strait of Hormuz. The United States will fully end the naval blockade within 30 days while Iran will make arrangements using its best efforts for the safe passage of commercial vessels with no charge for 60 days, from the Persian Gulf to the Sea of Oman and vice versa. The negotiations to reach the final agreement on a peace deal are still ongoing. If the negotiations fall through and the Iran war escalates, the Eramas Group's business operations and financial performance may be adversely impacted.

Premised on our review and assessments on the bases and assumptions, the details of which as set out above, we are of the view that these specific key bases and assumptions adopted are reasonable.

5.2. Valuation Currencies

For our analysis and evaluation, any applicable and relevant foreign currencies have been converted to RM based on the applicable Exchange Rate as at the Evaluation Date as summarised in Table 1 below:

Table 1: Exchange Rates as at 29 May 2026

Currency	Country	Exchange Rate
RM	Malaysia	1.0000
IDR	Indonesia	0.0002
THB	Thailand	0.1218
PHP	Philippines	0.0644

Source: Bank Negara Malaysia; currency translations based on the middle rate of the closing as at 5.00 p.m. on 29 May 2026.

5.3. The Indicative Valuation for 100% Equity Interest in Eramas Global Group

5.3.1. *Primary Valuation Approach – Trading Comparables Method*

We have relied on the Trading Comparables Method as our primary valuation approach to estimate the indicative fair value range for 100% equity interest of Eramas Global Group.

The Trading Comparables Method values a company by applying market trading multiples, such as the PE Multiple, derived from similar publicly listed companies. This method offers a market-driven perspective by reflecting industry-specific valuation benchmarks and current market conditions.

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We have applied the PE Multiple approach for the Trading Comparables Method based on the trading multiples of Comcos operating in the same or similar sectors as Eramas Group, either directly or indirectly. The computed PE Multiple range of 10.62 times to 21.68 times has been derived from a set of Comcos selected from companies in the Southeast Asia region, mainly Indonesia, Thailand and the Philippines (please refer to Table 2 below) primarily based on the following selection criteria:

- (i) Companies listed on the stock exchange in Malaysia and within Southeast Asia operating in industries that are comparable to the Eramas Group, specifically within the manufacturing, trading and distribution of coconut, palm oil, dairy and/or food ingredient products;
- (ii) Revenue less than RM1 billion based on last annual audited financial statements; and
- (iii) 85% or more of their revenue is derived from coconut-based, dairy and/or food ingredient products based on last annual audited financial statements.

The rationale for expanding the selection criteria beyond Malaysian companies to include comparable companies listed on stock exchanges within Southeast Asia is to establish adequate pool of comparable companies for a meaningful comparison, taking into consideration the lack of suitable Malaysian comparable companies that meet the selection criteria and Eramas Group's relatively diversified sales exposure by geographical location rendering its operations not just exposed to domestic market and country risks. We have applied an initial selection criteria for companies operating in industries that are comparable to Eramas Group, specifically within the manufacturing, trading and distribution of coconut, palm oil, dairy products and/or food ingredient products. Companies identified based on the initial selection criteria was filtered subsequently to derive the final list of Comcos based on the following selection criteria:

- (i) Revenue less than RM1 billion based on last annual audited financial statements. Notwithstanding that the revenue generated by Eramas Group was below RM200.00 million, we have set the revenue ceiling at RM1 billion for selection criteria to ensure a sufficient pool of comparable companies for meaningful comparison and evaluation; and
- (ii) 85% or more of their revenue is derived from coconut-based, dairy and/or food ingredient products based on last annual audited financial statements.

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Table 2: Comcos – Trading Comparables Method

Company Name	Principal Activities	Ticker	Country	Share price ¹ (RM)	Market Cap ² (RMm)	Financials ³ (RMm)			PE
						Revenue	EBITDA	PAT	TTM ³
Manufacturing, trading and distribution of coconut-based, dairy and/or food ingredient products									
PT Indo Oil Perkasa Tbk	Engaged in producing and marketing its main product pure coconut oil or crude coconut oil (CNO) and CNO derivative products	JKT: OILS	Indonesia	0.061	28	252	7	2	12.03 x
Thai Coconut Public Company Limited	Coconut products manufacturer. Operates through four segments: coconut milk, coconut water, pet food, and others	SET: COCOCO	Thailand	0.679	998	810	87	32	31.33 x
Axelum Resources Corp.	Production, processing, and distribution of coconut-based products, including coconut water, coconut milk, and desiccated coconut	PHS: AXLM	Philippines	0.153	580	666	94	63	9.20 x
75th Percentile						738	91	47	21.68 x
Median						666	87	32	12.03 x
25th Percentile						459	47	17	10.62 x

Source: Bloomberg Data; company's filings.

Notes:

- (1) 3-month volume-weighted average share price ("VWAP") to 29 May 2026.
- (2) Market capitalisation based on 3-month VWAP share price to 29 May 2026.
- (3) Trailing twelve (12) months to 29 May 2026. We noted that there was no exceptional item which was material and requires specific adjustment to the PAT for the individual Comcos.

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The chosen entities serve as key benchmarks for deriving the PE Multiples used in our Indicative Valuation. It is important to note that chosen entities that form the final list of Comcos are not fully comparable and identical to Eramas Group in terms of size, liquidity of shares as well as operations. Notwithstanding that, we are of the view that the chosen entities continue to serve as suitable benchmarks for deriving the PE Multiples used in our Indicative Valuation, as these chosen entities are operating in industries that are comparable to Eramas Group, specifically within the manufacturing, trading and distribution of coconut, palm oil, dairy products and/or food ingredient products, and reside within Southeast Asia. In addition, the PE Multiples derived from the final list of Comcos are further adjusted based on 25th and 75th percentiles, with additional discount of 30% being applied towards the computed PE Multiples used in our Indicative Valuation to compensate for the differences. The 30% illiquidity discount was derived by us after making reference to the study conducted titled "Understanding the Southeast Asia Venture Capital Risk Premium" by Velocity Ventures dated 6 June 2021, which analysed the equity discount rates generally applied by investors for Southeast Asian market accounting for factors such as illiquidity, probability of failure, and the control premium (where the observed average discount rate for relatively established private companies was at 31.2%).

For a comprehensive overview of the companies initially included in the preliminary selection but excluded from the final comparative set, please refer to the detailed rationale for exclusion provided in Appendix 1.

The computed PE Multiple range of 10.62 times to 21.68 times, represents the 25th and 75th percentiles of the values observed for the Comcos. As shown in the tabulation below, percentiles between 0 to 1 are assigned across the 3 data points arranged in ascending order.

Percentiles Calculations		
Comcos	PE (TTM) ¹	Percentile (p)
Axelum Resources Corp.	PE ₁ = 9.20x	p ₁ = 0
PT Indo Oil Perkasa Tbk	PE ₂ = 12.03x	p ₂ = 1/2 or 50.00%
Thai Coconut Public Company Limited	PE ₃ = 31.33x	p ₃ = 1 or 100.00%

Source: Bloomberg Data; company's filings

Note:

(1) Trailing twelve (12) months to 29 May 2026.

To derive the 25th percentile PE Multiple, the following formula was applied:

$$\begin{aligned}
 \text{25th percentile PE Multiple} &= PE_1 + \left[\frac{PE_2 - PE_1}{(p_2 - p_1)} \times 0.25 \right] \\
 &= 9.20 + \left[\frac{12.03 - 9.20}{(50.00\% - 0)} \times 0.25 \right] \\
 &= 10.62 \text{ times}
 \end{aligned}$$

To derive the 75th percentile PE Multiple, the following formula was applied:

$$\begin{aligned}
 \text{75th percentile PE Multiple} &= PE_3 - \left[\frac{PE_3 - PE_2}{(p_3 - p_2)} \times 0.25 \right] \\
 &= 31.33 - \left[\frac{31.33 - 12.03}{(100.00\% - 50.00\%)} \times 0.25 \right] \\
 &= 21.68 \text{ times}
 \end{aligned}$$

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By using the 25th and 75th percentiles of a valuation range, the impact of extreme outliers is minimised. This approach narrows the focus to a central 50% range of potential valuations, reducing the influence of unusually high or low trading multiples and offering a more reliable assessment of a company's worth.

Considering the wide spread of the 25th and 75th percentile PE Multiples, resulting from the notable gap in the trading PE Multiples observed for the Comcos, we have made further adjustments by adopting the median PE Multiple (being 12.03 times) and the average of the 25th and 75th percentile PE Multiples (being 16.15 times) in computing the Indicative Valuation for the Eramas Global Group, as a more reflective and normalised PE Multiple range.

The Indicative Valuation for the Eramas Global Group of RM156.46 million to RM210.05 million (please refer to Table 3 below) was determined by applying Eramas Global Group's FYE 2025 consolidated PAT of RM18.58 million (where we noted no exceptional items that are material and required specific adjustments) to the adjusted PE Multiple range and thereafter discounting the derived values by an illiquidity discount of 30% to account for lack of liquidity for Eramas Global Group's shares.

Table 3: Indicative Valuation - Trading Comparables Method

All figures in RMm

	Low	High
PE Multiple	12.03x	16.15x
2025A PAT ¹	18.58	18.58
Equity Value – Eramas Global Group	223.52	300.07
Indicative Valuation (70%²) – Eramas Global Group	156.46	210.05

Notes:

- (1) Based on Eramas Global Group's audited consolidated PAT for FYE 2025 of approximately RM18.58 million.
- (2) The equity value is discounted by 30%, being the illiquidity discount applied to account for lack of liquidity for Eramas Global Group's shares, which aligns with common valuation practices. In deriving the illiquidity discount, we made reference to the study titled "Understanding the Southeast Asia Venture Capital Risk Premium" by Velocity Ventures dated 6 June 2021, which analysed the equity discount rates generally applied by investors for Southeast Asian market accounting for factors such as illiquidity, probability of failure, and the control premium (where the observed average discount rate for relatively established private companies was at 31.2%). As this illiquidity discount has accounted for the risks associated with investments within Southeast Asia as a whole, we did not apply a separate adjustment for country risk as it would result in an overstatement of the overall risk profile.

5.3.2. Secondary Valuation Approach – DCF Method

The DCF Method is an investment appraisal method that takes into consideration both the time value of money and the cash flow over a fixed period of time. Under this method, the projected FCFF from the investment is discounted at a specified discount rate to arrive at the net present value. A key assumption for the DCF Method is the choice of a discount rate that takes into account the relevant market interest and inflation rates as well as the business and financial risks relating to the business.

FAIRNESS OPINION ON THE PROPOSED ACQUISITION (cont'd)

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In determining the discount rates for the Indicative Valuation, we have selected the Comcos as detailed in Appendix 2, Note 1 of this Fairness Opinion Report. The Comcos operate in industry relatively comparable to that of Eramas Group. We have excluded non-listed companies due to the unavailability of key data such as beta and current financial information. As detailed in Appendix 2 of this Fairness Opinion Report, we have applied the prevailing risk-free rate, market risk premium, and beta of the Comcos as of the Evaluation Date in computing the discount rates. It is important to note that the selection of Comcos and the associated adjustments involve a significant degree of subjectivity and judgment. The Comcos may not be perfectly aligned with Eramas Group due to various factors.

Adjustments were made to account for differences in size and the unlisted status of Eramas Global Group. We have applied an illiquidity premium of 5.70% in the computation of discount rates, referring to a study titled "Understanding the Southeast Asia Venture Capital Risk Premium" by Velocity Ventures dated 6 June 2021, where the observed illiquidity premium generally applied by investors in the Southeast Asia market is 5.70% for companies at a stage and size closer to being ready for initial public offering. As this illiquidity premium has accounted for the risks associated with investments within Southeast Asia as a whole, we did not apply a separate adjustment for country risk as it would result in an overstatement of the overall risk profile.

Our DCF Method is based on management's projections, which underpin the projected FCFF estimates for the base case scenario. For information purposes only, the selected historical financial information of the Eramas Group are set out in Appendix 4 of this Fairness Opinion Report.

The terminal value has been determined using the Gordon Growth Model. Adopting a conservative approach, we have applied a long-term growth rate of 2%, based on the estimated inflation rate for Malaysia up to 2030 according to the World Economic Outlook, April 2026, published by International Monetary Fund.

The projected FCFF and terminal value are discounted using the computed WACC, which reflects the required rate of return for the company's capital structure. The industry beta and debt to equity ratio used to arrive at the computed WACC of 11.05% was determined by taking the median of values from the selected Comcos, as detailed in Appendix 2, Note 1 of this Fairness Opinion Report. This approach accounts for the capital structure of similar entities in the industry and provides a relevant benchmark. The WACC calculation incorporates the cost of equity, derived using the CAPM, and the cost of debt, serving as a reasonable discount rate for valuing the business in the context of its industry.

In summary, to obtain the enterprise value of Eramas Global Group, we add the computed present value of the terminal value to the present value of the projected FCFF, as illustrated in the formula below:

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$$\text{Enterprise Value} = \sum_{n=1}^{\infty} \left(\frac{FCFF_n}{(1+i)^n} \right) + \frac{TV}{(1+i)^t}$$

$$TV = \frac{FCFF_{\text{Final explicit forecast period}}}{(i - g)}$$

Whereby:*FCFF = Projected FCFF for the explicit forecast periods**i = Discount rate (i.e. WACC)**n = Explicit forecast periods of the FCFF**t = Period after the explicit forecast periods of the FCFF**g = Growth rate (i.e. long-term inflation rate of 2%)**TV = Terminal value*

From the enterprise value derived by discounting the projected FCFF and terminal value, to derive the equity value of Eramas Global Group, net cash position of RM15.36 million (calculated by offsetting total debts of RM13.76 million comprising borrowings and lease liabilities, against cash and cash equivalents of RM29.12 million, as extracted from the Accountants' Report on the Eramas Group) as at 31 December 2025 is factored into the enterprise value.

Sensitivity Adjustment to Key Valuation Inputs

To further account for the sensitivity of the DCF, we have adjusted the key valuation inputs (namely, long-term growth rate and WACC), as illustrated in Table 4 below, capturing potential variations in market conditions. The long-term growth rate assumption of 2% was adjusted upward for a sensitivity range of 0.2% or 20 basis points in aggregate (comprising 2 equal intervals of 0.1% or 10 basis points) and adjusted downward by 0.4% or 40 basis points in aggregate (comprising 2 equal intervals of 0.2% or 20 basis points as shown in Table 4 below) producing a range of long-term growth rate between 1.6% to 2.2%, to reflect conservative and optimistic growth scenarios; taking into consideration the historical long-term average and prevailing conditions; where the long-term average headline inflation rate of Malaysia is approximately 2.2% between 2011 to 2019 whilst the year-to-date headline inflation rate is approximately 1.6% in the first quarter of 2026 as published by Bank Negara Malaysia in the BNM Quarterly Bulletin for the First Quarter 2026. Additionally, the WACC was varied by $\pm 0.70\%$ or 70 basis points in aggregate (comprising 2 equal intervals of $\pm 0.35\%$ or 35 basis points as shown in Table 4 below) from the computed WACC of 11.05% producing a range of WACC between 10.35% and 11.75%, in order to capture the impact of potential changes in the company's cost of capital.

The resulting sensitivity adjustment to the key valuation inputs (namely, long-term growth rate and WACC), as illustrated in Table 4 below, produced a valuation range between RM206.48 million and RM260.55 million for the equity value of Eramas Global Group. The purpose of the sensitivity adjustment is to establish a valuation range (high and low) that accounts for the inherent sensitivity of the valuation derived from the DCF Method to shifts in both long-term growth rate and discount rate, when the key valuation inputs (namely,

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long-term growth rate and WACC) change within generally-acceptable level (in the context of long-term growth rate, changes benchmarked to historical level, namely the long-term average headline inflation rate of Malaysia of approximately 2.2% between 2011 to 2019 and/or prevailing level, namely the year-to-date headline inflation rate of 1.6% in the first quarter of 2026 as published by Bank Negara Malaysia in the BNM Quarterly Bulletin for the First Quarter 2026; whilst in the context of WACC, changes less than 10% to the computed WACC), so that the stakeholders can have a more meaningful assessment on the overall valuation.

Table 4: DCF Sensitivity Analysis

		Equity Value				
		Growth rate				
		1.6%	1.8%	2.0%	2.1%	2.2%
WACC	10.35%	245.15	250.04	255.17	257.82	260.55
	10.70%	234.33	238.79	243.46	245.87	248.35
	11.05%	224.33	228.42	232.68	234.89	237.14
	11.40%	215.08	218.83	222.73	224.75	226.81
	11.75%	206.48	209.93	213.52	215.37	217.26

As part of our reasonable checks, we further analysed the Financial Projections under high case and low case operational scenarios to account for a range of potential outcomes, as detailed in Appendix 3 of this Fairness Opinion Report, adopting consistent valuation steps and procedures used in the base case operational scenario.

The rationale for analysing these scenarios is to assist us in testing the sensitivity of the management's projected financial performance to varying assumptions.

The computed Indicative Valuation for 100% equity interest of Eramas Global Group on the DCF Method, based on the base case scenario, is as illustrated in Table 5 below:

Table 5: Indicative Valuation - DCF Method (Base Case Scenario)

All figures in RMm		
	Low	High
WACC	11.75%	10.35%
Growth rate	1.60%	2.20%
Present value of projected FCFF	35.21	37.16
Present value of terminal value	155.91	208.03
Enterprise Value – Eramas Global Group	191.12	245.19
Add: Net cash position as at 31 December 2025	15.36	15.36
Indicative Valuation¹ – Eramas Global Group	206.48	260.55

Note:

(1) Based on the base case scenario.

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5.3.3. *Basis of Indicative Valuation*

The basis of the Indicative Valuation used herein is the market value which is defined as the approximate price of an asset that would change hands between a willing buyer and a willing seller when neither is acting under compulsion and when both have the relevant and required facts.

Please note that the concept of market value means the price of an asset being valued assuming the transaction took place under conditions existing at the date of valuation of the asset. The amount would not be considered market value if it was influenced by special motivations that are not characteristic of a typical buyer and seller. In addition, the range of indicative values that we have estimated assumes the business shall continue as a going concern.

5.3.4. *Indicative Valuation*

Based on our assessment and analysis using the primary method of valuation – Trading Comparables Method as outlined in Section 5.3.1 of this Fairness Opinion Report, and secondary method of valuation – DCF Method as outlined in 5.3.2 of this Fairness Opinion Report; and based on the key bases and assumptions as detailed in Section 5.1 of this Fairness Opinion Report, the Indicative Valuation for 100% equity interest of Eramas Global Group as at Evaluation Date are appraised to be as follows:

Table 6: Indicative Valuation - Summary

All figures in RMm

	Low	High
Primary Valuation Approach – Trading Comparables Method	156.46	210.05
Secondary Valuation Approach – DCF Method	206.48	260.55

The primary valuation approach - Trading Comparables Method ascribed Indicative Valuation range of between **RM156.46 million** to **RM210.05 million**.

The secondary valuation approach - DCF Method ascribed Indicative Valuation range of between **RM206.48 million** and **RM260.55 million**.

5.4. Assessment on the Fairness of the Purchase Consideration

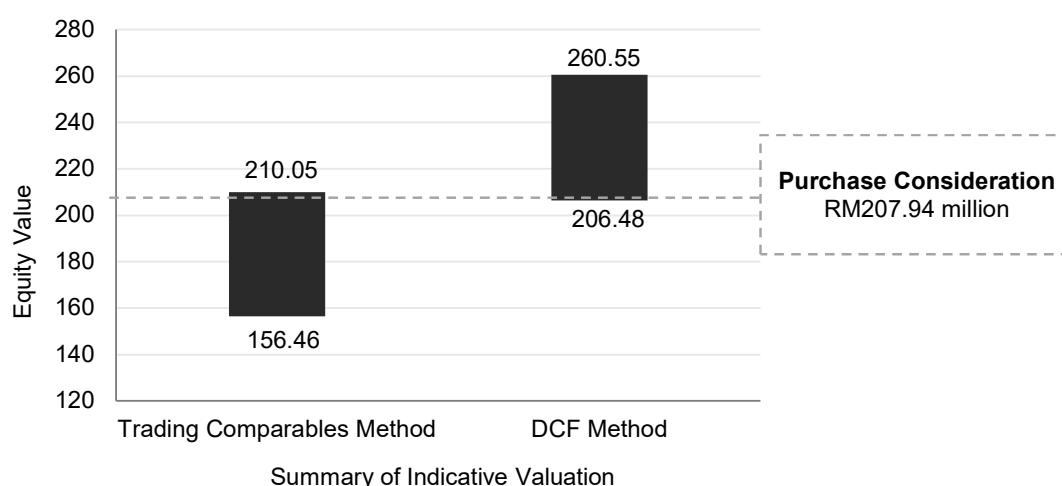
As illustrated in Table 7 below, we noted that the Purchase Consideration (amounting to RM207.94 million) falls within the Indicative Valuation range appraised using the primary valuation approach – Trading Comparables Method and the secondary valuation approach – DCF Method:

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Table 7: Comparison of Indicative Valuation and Purchase Consideration

All figures in RMm



Premised on the above, we are of the opinion that the Purchase Consideration is fair and reasonable from a financial point of view.

6. RISK CONSIDERATION IN INDICATIVE VALUATION ASCRIBED

The Indicative Valuation ascribed for Eramas Global Group could be negatively affected by certain major risk factors if occurs, including but not limited to the following:

- (i) Any disruptions to manufacturing operations, whether caused by accidents, machinery failures, or unforeseen events, which result in shutdowns or delays, may materially affect production schedules and operations and thereby negatively affecting the Indicative Valuation as appraised by us;
- (ii) Any incidents affecting the Eramas Group's reputation or product quality, such as product defects, spoilage, misbranding, or contamination, could lead to negative publicity, customer dissatisfaction, or regulatory scrutiny, which may adversely impact Eramas Group's future financial performance and thereby negatively affecting the Indicative Valuation as appraised by us;
- (iii) Any failure to ensure food safety and regulatory compliance, including issues such as non-compliant products or product recalls, may result in significant product liability claims and/or regulatory enforcement actions, potentially adversely impacting the Eramas Group's future financial performance and thereby negatively affecting Indicative Valuation as appraised by us;
- (iv) Any delays or failure to maintain or renew necessary licenses, permits, or approvals required by regulatory authorities may result in operational constraints or enforcement actions, leading to restrictions or suspensions in operations and thereby negatively affecting the Indicative Valuation as appraised by us;

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- (v) Any failure or delays in the successful implementation of the Eramas Group's business strategies or future plans may impede its growth and financial performance, potentially adversely impacting the Eramas Group's future financial performance and thereby negatively affecting the Indicative Valuation as appraised by us;
- (vi) Any disruptions in the global shipping industry, including prolonged disruptions or sustained increases in shipping rates, may materially affect the Eramas Group's business operations and future financial performance and thereby negatively affecting the Indicative Valuation as appraised by us;
- (vii) Any unfavourable foreign exchange fluctuations affecting the Eramas Group's transactions in foreign currencies may have a material adverse impact on its future financial performance and thereby negatively affecting the Indicative Valuation as appraised by us;
- (viii) Any loss of key directors or senior management personnel without timely replacement may adversely affect the Eramas Group's business and future financial performance and thereby negatively affecting the Indicative Valuation as appraised by us;
- (ix) Any insufficiency in the level of insurance coverage maintained by the Eramas Group to cover business operations risks may lead to losses or liabilities exceeding coverage limits, which may adversely impacting its future financial performance and thereby negatively affecting the Indicative Valuation as appraised by us;
- (x) Any credit risk arising from customers' failure to fulfil payment obligations may affect the Eramas Group's liquidity and cash flow, which could have a material negative impact on its financial position and performance and thereby negatively affecting the Indicative Valuation as appraised by us;
- (xi) Any changes in consumer trends or market competition may negatively impact the Eramas Group's ability to meet customer requirements and maintain competitiveness, potentially leading to a decline in business and profitability and thereby negatively affecting the Indicative Valuation as appraised by us;
- (xii) Global and regional economic performance, influenced by numerous political and macroeconomic factors outside of the Eramas Group's control, may materially impact its future financial performance. Significant global events that dampen regional and global growth prospects could result in reduced business volumes, thereby negatively affecting the Indicative Valuation as appraised by us. During such periods, valuation methodologies may be adjusted as market participants tend to adopt a more risk-averse stance across various asset classes, leading to a higher required rate of return. This heightened risk premium typically results in a contraction of the fair value range during times of economic uncertainty; and
- (xiii) Changes in investor sentiment and risk tolerance within the equity capital markets can have either a favourable or unfavourable impact on the Indicative Valuation as appraised by us. In scenarios where investors become more risk-averse, there will be a decrease in the proportion of investments allocated to equity markets, resulting in the equity price falling below the assessed fair value. On the other hand, when investors are more willing to take on risk, the increased allocation to equity markets may drive the equity price above the fair value ascribed.

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CORPORATE FINANCE ADVISOR**7. CONCLUSION**

We are of the opinion that the Purchase Consideration is fair and reasonable from a financial point of view and based on the key bases and assumptions as set out in Section 5.1 of this Fairness Opinion Report and after taking into consideration the following:

- (i) The rationale for the Proposed Acquisition as set out in Section 3 of this Fairness Opinion Report;
- (ii) The industry overview as set out in Section 4 of this Fairness Opinion Report; and
- (iii) The Purchase Consideration of RM207.94 million falls within the Indicative Valuation range for 100% equity interest of Eramas Global Group as appraised by us using the primary valuation approach – Trading Comparables Method (between RM156.46 million and RM210.05 million) as detailed in Section 5.3.1 of this Fairness Opinion Report; which is cross-checked against the Indicative Valuation range for 100% equity interest of Eramas Global Group as appraised by us using the secondary valuation approach – DCF Method (between RM206.48 million and RM260.55 million) as detailed in Section 5.3.2 of this Fairness Opinion Report.

8. SCOPE OF WORK AND PURPOSE OF OUR EVALUATION ON THE FAIRNESS OF THE PURCHASE CONSIDERATION FOR THE PROPOSED ACQUISITIONDeclaration of independence

WYNCORP and/or its directors and/or staff who are involved in this exercise do not own any equity ownership in SCGM Shares or involve in any advisory matters except being mandated to act as the Independent Business Valuer for the issuance of this Fairness Opinion Report.

Scope of Work

The Proposed Acquisition falls within the scope as provided under paragraph 15.04 of Appendix 2A of the Equity Guidelines issued by the SC, whereby a valuation report on the target asset must be prepared for inclusion in the Circular relating to a proposal that would result in a significant change in the business direction or policy of a listed corporation.

Accordingly, WYNCORP has been appointed by SCGM to act as the Independent Business Valuer to conduct an independent equity valuation and fairness assessment in relation to the Proposed Acquisition, and to issue a report that opines on the fairness of the Purchase Consideration payable by SCGM for the Proposed Acquisition.

WYNCORP has relied on the Board and management of SCGM and/or Eramas Group to take due care in ensuring that all information, data, documents and representations provided to us to facilitate our evaluation are accurate, valid, complete, reasonable and free from omission in all material respects. WYNCORP shall not assume any responsibility or liability whatsoever to any party for any inaccuracies, misstatements or omissions of facts and information provided or represented by the Board and management of SCGM and/or Eramas Group. WYNCORP has evaluated the information provided by SCGM and/or Eramas Group through inquiry, analysis and review, and nothing has come to our attention to indicate that the information provided was materially misstated, and there is no material omission which would make any information incomplete, misleading or inaccurate that would not afford reasonable grounds for

FAIRNESS OPINION ON THE PROPOSED ACQUISITION (cont'd)

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us to form an opinion in our Fairness Opinion Report. Any errors that are deemed immaterial individually, if noted by us, will be grouped by their nature and re-assessed to reaffirm that the effect remains immaterial in aggregation. It is not within our terms of reference to express any opinion on legal, accounting, auditing and taxation issues relating to the Proposed Acquisition.

We have also relied on external information extracted from Bloomberg and other publications available from the public domain in preparing this Fairness Opinion Report. We have performed reasonable checks and are satisfied with the information that we relied upon.

In the process of performing our evaluation and assessment, we have performed cross checks to satisfy ourselves that there is no material omission of information/representation that has significant effect on the valuation results appraised by us.

Purpose of the Fairness Opinion Report

This Fairness Opinion Report is prepared solely for the inclusion in the Circular. Other than as specified in this Fairness Opinion Report, it is not intended for general circulation or publication and is not to be reproduced, quoted or referred to, in whole or in part, in any public document or announcement without our prior written consent. We reserve the right to amend this Fairness Opinion Report in terms of its format and contents before providing our consent.

This Fairness Opinion Report is solely for the purpose of expressing our opinion on the fairness of the Purchase Consideration for the Proposed Acquisition and should not be used or relied upon by any other party for any other purposes. It is also not intended to be relied upon to address any business concerns or risks pertaining to the Proposed Acquisition. Accordingly, we are not responsible or liable for any form of losses however occasioned to any third party as a result of the circulation, publication, reproduction or use of, or reliance on this Fairness Opinion Report, in whole or in part, contrary to the provisions as set out in this Fairness Opinion Report.

Please note that our evaluation and opinion is based on the valuation as of the Evaluation Date and the economic, market and other conditions prevailing as at the Evaluation Date, except otherwise specified in this Fairness Opinion Report. Such conditions may change significantly over a short period of time after the Evaluation Date and the date of this Fairness Opinion Report. It should be noted that our evaluation and opinion expressed in this Fairness Opinion Report do not consider any subsequent information, events or conditions arising after the Evaluation Date or such other period except other specified herein.

Sources of information

WYNCORP was not involved in any formulation of, or any deliberations and negotiations on, the terms and conditions pertaining to the Proposed Acquisition. In arriving at our opinion on the fairness of the Purchase Consideration, we have relied on, inter alia, the following information and/or documents made available to us by the management of SCGM and/or Eramas Group:

- (i) The HOA;
- (ii) Audited financial statements of Eramas Ingredients, Eramas Marketing and Erapoly Global for the FYEs 2021, 2022, 2023, 2024 and 2025, to facilitate our understanding on the historical financial performance and position of the respective operating subsidiaries within Eramas Group. We have not made reliance on the audited financial

FAIRNESS OPINION ON THE PROPOSED ACQUISITION (cont'd)

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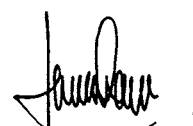
statements of Eramas International Holdings as it is merely an investment holding company and not involved in any specific business operations;

- (iii) Audited financial statements of PT Eramas for the FYE 31 December 2023;
- (iv) Accountants' Report of Eramas Global Group for the FYEs 2019, 2020, 2021, 2022, 2023, 2024 and 2025 to facilitate our understanding on the historical consolidated financial performance and position of Eramas Group. Whilst we have not made specific reliance on the latest management accounts (available as at the date of this Fairness Opinion Report) of Eramas Group for the 5-month financial period ended 31 May 2026, in deriving the Indicative Valuation as the figures are not audited and not necessarily reflective of the full year financial results, we have taken into consideration the financial performance for the 5-month financial period ended 31 May 2026 in our reasonable checks on the Financial Projections;
- (v) Financial Projections;
- (vi) The SSA;
- (vii) The Circular;
- (viii) Discussions conducted with the management of SCGM and Eramas Group in relation to the Proposed Acquisition;
- (ix) Other relevant information, documents and representations furnished to us by the management of SCGM and/or Eramas Group; and
- (x) Other publicly available information which we consider relevant for our evaluation.

Yours faithfully,



Wong Yoke Nyen
Managing Director



Moh Jiun Haur
Director

FAIRNESS OPINION ON THE PROPOSED ACQUISITION (cont'd)

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9. APPENDICES

9.1. Appendix 1: Rationale for Companies Excluded from Final List of Comcos

Company	Rationale for Exclusion
Able Global Berhad	The company has diverse revenue streams, with significant contributions from sectors like tin manufacturing. Furthermore, Able Global's direction of entering industrial property development is not aligned with Eramas Group's core business activities.
Chumporn Palm Oil Industry Public Company Limited	Primarily palm oil focused. This is not in line with Eramas Group's strategic shift. Eramas Group has significantly downsized its exposure to the oils and fats segment, with projections reflecting a gradual decline in the contribution of oil and fats products.
C.I. Holdings Berhad	Primarily focuses on edible oils, which is not the core focus of Eramas Group. This is not in line with Eramas Group's strategic shift. Eramas Group has significantly downsized its exposure to the oils and fats segment, with projections reflecting a gradual decline in the contribution of oil and fats products.
KCG Corporation Public Company Limited	Primarily involved in the manufacturing and distribution of dairy products, food and bakery ingredients, and biscuits. However, based on its latest audited financial statements, the company's revenue exceeded RM1 billion and, accordingly, it does not meet the prescribed selection criteria.
Lam Soon (Thailand) Public Company Limited	Primarily palm oil focused. This is not in line with the Eramas Group's strategic shift. Eramas Group has significantly downsized its exposure to the oils and fats segment, with projections reflecting a gradual decline in the contribution of oil and fats products.
PT Tunas Baru Lampung Tbk	Engaged in upstream activities, particularly in palm oil and sugar cane plantations, as well as manufacturing related products like crude palm oil (CPO), soap, and biodiesel. These upstream plantation and oil manufacturing activities are not aligned with Eramas Group's core business activities.
Vietnam Vegetable Oils Industry Corporation	Specialises in the production and distribution of vegetable oils derived from seeds like soybeans and sesame. It also offers maritime services, warehousing, and office leasing; rendering it not aligned with Eramas Group's core business activities.
PT Wilmar Cahaya Indonesia Tbk	Primarily involved in the business of producing crude oil. This is not in line with Eramas Group's strategic shift. Eramas Group has significantly downsized its exposure to the oils and fats segment, with projections reflecting a gradual decline in the contribution of oil and fats products.

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9.2. Appendix 2: WACC – Discount Rate Calculation

WACC			
Industry Unlevered Beta	("β _u ")	0.50	1
Relevered Beta	("β _L ")	0.67	2
Risk free rate (%)	("R _f ")	3.56%	3
Market risk premium (%)	("R _m - R _f ")	7.18%	4
Illiquidity premium (%)		5.70%	5
Cost of equity, K_e (%)	("K_e")	14.05%	6
Interest Expense		739	
Total Debt		13,763	
Cost of Debt, K _d (%)	("K _d ")	5.37%	7
Tax rate (%)	("T")	24.00%	8
Cost of Debt after Tax, K_d (%)	("K_d * (1-T)")	4.08%	
Debt / Equity ratio	("D/E")	0.43	9
Weight of equity, w _e	("w _e ")	69.90%	
Weight of debt, w _d	("w _d ")	30.10%	
WACC Discount Rate (%)		11.05%	10

Source: Bloomberg Data; company's filings.

Notes to WACC – Discount Rate Calculation1. Industry Unlevered Beta, β_u

$$\beta_U = \frac{\text{Levered Beta}}{\left[1 + (1 - T) \times \left(\frac{\text{Debt}}{\text{Equity}}\right)\right]}$$

Beta				
Company	Levered Beta ¹	Debt / Equity ²	Tax Rate	Unlevered Beta
PT Indo Oil Perkasa Tbk	0.78	1.05	22%	0.43
Thai Coconut Public Company Limited	1.18	0.43	20%	0.87
Axelum Resources Corp.	0.54	0.10	25%	0.50
Median	0.78	0.43		0.50

Source: Bloomberg Data; company's filings.

Notes:

- (1) Average of 3-year weekly Levered Betas between 30 May 2023 to 29 May 2026.
- (2) Debt as at latest financial quarter 31 March 2026; Equity as at 29 May 2026.

FAIRNESS OPINION ON THE PROPOSED ACQUISITION (cont'd)

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2. **Relevered beta, β_L –**

$$\beta_L = \beta_U \times \left[1 + (1 - T) \times \left(\frac{Debt}{Equity} \right) \right]$$

3. **Risk free rate, R_f –** The risk-free rate adopted is derived from the 10-year Malaysian government bond yield as at 29 May 2026. This rate serves as the foundation for calculating the cost of capital, representing the theoretical return on a risk-free investment.4. **Market risk premium, $(R_m - R_f)$ –** We have applied the market risk premium of 7.18%, being the average of the equity risk premiums for Indonesia, Malaysia, Philippines and Thailand (being the countries where Eramas Group and the Comcos operate in), referring to latest data published by Professor Damodaran in April 2026 which reflects the additional return required by investors to compensate for inherent market risks and country risks.5. **Illiquidity premium –** We derived an illiquidity premium of 5.70% in the computation of discount rates, referring to a study titled “Understanding the Southeast Asia Venture Capital Risk Premium” by Velocity Ventures dated 6 June 2021, where the observed illiquidity premium generally applied by investors in the Southeast Asia market is 5.70% for companies at a stage and size closer to being ready for initial public offering.6. **Cost of equity, K_e –**

$$K_e = R_f + \beta_L(R_m - R_f) + \text{Illiquidity premium}$$

7. **Cost of debt, K_d –**

$$K_d = \frac{\text{Interest Expense}}{\text{Total Debt}}$$

8. **Tax, T –** The tax rate used is Malaysia's prevailing statutory corporate tax rate of 24%.9. **Debt to equity, D/E –** The debt to equity ratio used to arrive at the computed WACC was determined by taking the median of values from the selected Comcos, as detailed in Appendix 2, Note 1 of this Fairness Opinion Report. This approach accounts for the capital structure of similar entities in the industry and provides a relevant and objective benchmark on the normalised / industry-norm capital structure.

$$D/E = \text{Median of Debt to Equity ratio of Comcos}$$

10. **WACC –**

$$WACC = w_e \times K_e + w_d \times K_d (1 - t)$$

Whereby:

$$w_d = \left(\frac{D/E}{1 + D/E} \right)$$

$$w_e = 1 - w_d$$

FAIRNESS OPINION ON THE PROPOSED ACQUISITION (cont'd)

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9.3. Appendix 3: DCF Analysis for High Case and Low Case Operational Scenarios

The key parameters for the High Case and Low Case Operational Scenarios are adjusted based on the Base Case Scenario, where the parameters derived from the Financial Projections are adjusted as follows:

Operating Scenarios					
	2026E ¹	2027E ¹	2028E ¹	2029E ¹	2030E ¹
Revenue year-on-year growth rate					
High Case	6.0%	10.0%	15.0%	9.0%	12.0%
Base Case²	5.6%	9.4%	14.8%	8.4%	11.5%
Low Case	5.0%	9.0%	14.0%	8.0%	11.0%
GP margin					
High Case	22.0%	22.0%	22.0%	23.0%	23.0%
Base Case	21.5%	21.1%	21.9%	22.6%	22.9%
Low Case	18.0%	19.0%	20.0%	21.0%	22.0%
Other income as % of revenue					
High Case	0.1%	0.1%	0.1%	0.1%	0.1%
Base Case	0.1%	0.1%	0.1%	0.1%	0.1%
Low Case	0.0%	0.0%	0.0%	0.0%	0.0%
Administrative and other expenses³ as % of cost of sales⁴					
High Case	6.0%	7.0%	7.0%	7.0%	8.0%
Base Case	7.0%	7.5%	7.4%	7.8%	8.5%
Low Case	7.0%	8.0%	8.0%	8.0%	9.0%

Notes:

- (1) "E" denotes that the figures shown are based on Financial Projections.
- (2) Based on the year-on-year growth rate, revenue growth for the Base Case Scenario would translate to a CAGR of 10.99%^(a) from 2026 to 2030 (with 2026 being used as the base year). We noted that the CAGR projected is lower as compared to the Eramas Group's historical revenue CAGR of 13.23% between FYE 2019 to FYE 2025. Based on the IMR report, the exports of coconut products and condensed, powdered and evaporated milk from Malaysia are expected to grow at a CAGR of 10.5% and 5.8% respectively from 2025 to 2029. Revenue is projected to grow at a higher rate in 2028, underpinned by the Eramas Group's strategic expansion initiatives, including a planned capacity expansion (which is expected to commence by third quarter of 2026 and complete by fourth quarter of 2027) that is anticipated to increase production capacity by FYE 2028. Eramas Group's existing spray drying system has a production capacity of approximately 2,112 MT of food related powder per annum, which is expected to increase to approximately 4,200 MT of food related powder per annum with the new addition of a new spray drying system in line with the projected capital expenditure and planned capacity expansion.

Remark:

- (a) Computed based on the formula: $CAGR = \left(\frac{Revenue_{2030E}}{Revenue_{2026E}} \right)^{1/4} - 1$
- (3) Excluding depreciation, impairment loss on financial assets and loss on disposal of property, plant and equipment.
- (4) Excluding depreciation.

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The rationale for analysing these scenarios is to assist us in testing the sensitivity of the management's projected financial performance towards the indicative equity value of Eramas Global Group in the event that the key parameters based on the management's assumptions are better or lower on an overall basis. The key parameters are adjusted simultaneously, instead of individually, so that we could derive the indicative equity values of Eramas Global Group on the High Case Operational Scenario and Low Case Operational Scenario on a combined basis, reflecting the integrated effect of changes in operating conditions under each scenario; for comparison against the overall indicative equity value of Eramas Global Group on the Base Case Scenario.

For illustrative purposes only, the outcome of the equity value of Eramas Global Group for the Low Case Operational Scenario and the High Case Operational Scenario are as follows:

Equity value of Eramas Global Group – Low Case Operational Scenario

Equity Value of Eramas Global Group						
All figures in RMm		Growth rate				
		1.6%	1.8%	2.0%	2.1%	2.2%
WACC	10.35%	205.08	209.35	213.82	216.14	218.52
	10.70%	195.71	199.60	203.67	205.78	207.94
	11.05%	187.06	190.62	194.34	196.26	198.23
	11.40%	179.05	182.31	185.72	187.48	189.28
	11.75%	171.61	174.62	177.75	179.36	181.01

As illustrated in the table above, the Low Case Operational Scenario estimates an equity value range for Eramas Global Group of RM171.61 million and RM218.52 million, adopting consistent valuation steps and procedures used in the base case operational scenario but with the key parameters adjusted by rounding (downward for income and upward for expense) to the nearest whole number. In order to reflect a more conservative outlook, the GP margin has been adjusted downward to 18.0% for FYE 2026 (benchmarked to the GP margin of Eramas Group in FYE 2024) with a gradual annual increment of 1% between FYE 2027 to FYE 2030 to give effect to the Eramas Group's shift in focus to coconut products which generally command better GP margin.

Equity value of Eramas Global Group – High Case Operational Scenario

Equity Value of Eramas Global Group						
All figures in RMm		Growth rate				
		1.6%	1.8%	2.0%	2.1%	2.2%
WACC	10.35%	260.45	265.59	270.98	273.77	276.62
	10.70%	249.07	253.76	258.66	261.20	263.79
	11.05%	238.55	242.84	247.32	249.63	252.00
	11.40%	228.81	232.75	236.85	238.96	241.13
	11.75%	219.76	223.38	227.15	229.09	231.07

FAIRNESS OPINION ON THE PROPOSED ACQUISITION (cont'd)

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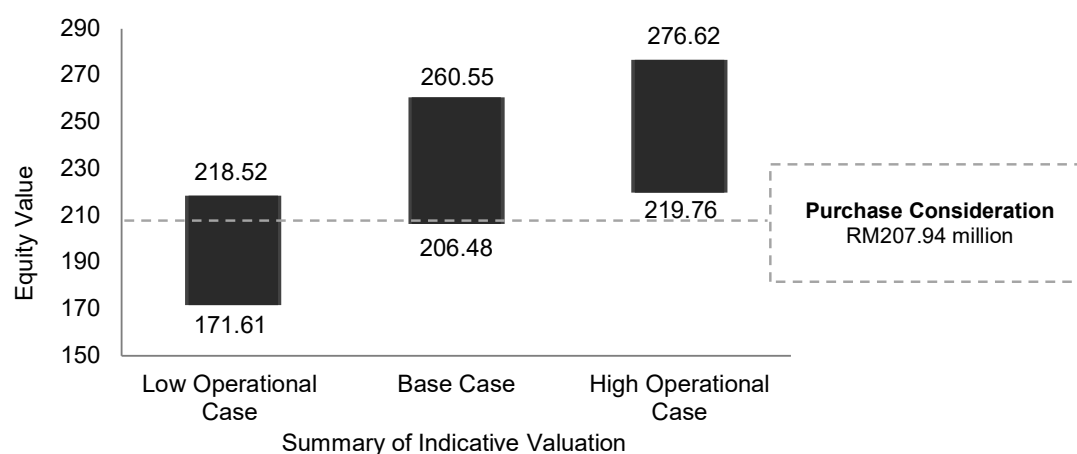
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As illustrated in the table above, the High Case Operational Scenario estimates an equity value range for Eramas Global Group of RM219.76 million to RM276.62 million, adopting consistent valuation steps and procedures used in the base case operational scenario but with the key parameters adjusted by rounding (upward for income and downward for expense) to the nearest whole number.

Comparison of the Indicative Valuation derived from Base Case Scenario, Low Case Operational Scenario and High Case Operational Scenario

Comparison of Base Case Scenario, Low Case and High Case Operational Scenario

All figures in RMm



For avoidance of doubt, the Low Case Operational Scenario and High Case Operational Scenario are undertaken as part of our reasonable checks, to assist us in testing the sensitivity of the management's projected financial performance to varying assumptions. While the outcomes of the Low Case Operational Scenario and High Case Operational Scenario do not form part of the Indicative Valuation range ascribed by the secondary valuation approach – DCF Method (which is derived based on the Base Case Scenario using the Financial Projections), the resultant valuation range of the Low Case Operational Scenario and High Case Operational Scenario helps to assess the potential downside and upside should the key parameters based on the management's assumptions be slightly better or lower on an overall basis, and to determine if the Purchase Consideration will remain to be fair.

FAIRNESS OPINION ON THE PROPOSED ACQUISITION (cont'd)

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9.4. Appendix 4: Selected Historical Financial Information of the Eramas Group

Historical consolidated statements of profit or loss and other comprehensive income

All figures in RM'000s	Audited						
	2019	2020	2021	2022	2023	2024	2025
Revenue	70,505	137,974	153,633	136,311	143,945	142,088	148,577
Cost of sales	(62,141)	(127,164)	(141,943)	(125,953)	(121,689)	(116,709)	(115,682)
GP	8,364	10,810	11,690	10,358	22,256	25,379	32,895
Other income	3,671	3,081	1,246	1,578	739	401	268
Administrative expenses	(6,149)	(5,764)	(6,054)	(6,190)	(6,409)	(6,481)	(7,650)
Net impairment (loss) / gain of financial assets	-	(27)	(41)	(796)	796	41	(221)
Impairment loss on non-financial asset ¹	-	-	-	-	-	(156)	-
Other operating expenses	(205)	(255)	(278)	(330)	(433)	(364)	(194)
Finance income	270	264	31	33	254	127	159
Finance costs	(30)	(45)	(49)	(254)	(395)	(870)	(739)
Share of profit of an associate ²	-	-	-	-	-	156	-
PBT	5,921	8,064	6,545	4,399	16,808	18,233	24,518
Tax expense	(252)	(545)	(589)	(776)	(3,066)	(4,137)	(5,938)
PAT	5,669	7,519	5,956	3,623	13,742	14,096	18,580³
<u>PAT attributable to:</u>							
Common controlling shareholders / owners of the Eramas Group	5,525	7,334	5,745	3,937	12,690	13,802	18,580
Non-controlling interests	144	185	211	(314)	1,052	294	-
PAT	5,669	7,519	5,956	3,623	13,742	14,096	18,580

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Notes:

- (1) *The disposal consideration in respect of the Disposal of PT Eramas (RM7 million) was lower than the carrying amount of the Eramas Group's investment in PT Eramas as at 31 December 2024 (RM7.16 million) and this gave rise to an indication of impairment. Accordingly, in FYE 2024, the Eramas Group recognised an impairment loss of approximately RM0.16 million on its investment in PT Eramas to reflect its recoverable amount, being the disposal consideration of RM7 million.*
- (2) *PT Eramas became a 35%-owned associate of Eramas Global Group following the completion of the acquisition of PT Eramas on 9 July 2024. In FYE 2024, the Eramas Group recognised a share of profit of PT Eramas amounting to approximately RM0.16 million. As a result of the Disposal of PT Eramas, PT Eramas ceased to be an associate of Eramas Global Group. In accordance with the share sale agreement, Eramas Global Group and PT Pulaumas Moromulia had agreed that PT Pulaumas Moromulia shall be entitled to all profits, rights and benefits and be liable for all losses, liabilities, costs or expenses incurred by PT Eramas in respect of the 35% equity interest in PT Eramas with effect from 1 January 2025.*
- (3) *The higher GP and GP margin were the primary contributors to the increase in the Eramas Group's PAT and PAT margin in FYE 2025. As set out in Section 2.3, Appendix III(D) of the Circular, the procurement and pricing strategies adopted by the Eramas Group had successfully led to the improvement in the Eramas Group's GP and GP margin in FYE 2025 despite the limited availability of coconut supplies and increase in coconut raw material costs arising from coconut supply shortage due to adverse weather conditions in major coconut producing countries. As part of its ordinary course of business, the Eramas Group continuously monitors market conditions (including availability and prices of raw material) in order to devise appropriate business strategies in response to the prevailing supply and demand conditions. The Eramas Group reviews and revises its product costing and pricing, where necessary, to increase its sales and profitability.*

Summary of the financial performance commentaries for Eramas Group are as follows:

Comparison between FYE 2019 and FYE 2020

Eramas Group's revenue increased by RM67.46 million or 95.67%, from RM70.51 million in FYE 2019 to RM137.97 million in FYE 2020. This increase was mainly contributed by revenue generated from oil and fats products by RM54.66 million or 359.84% from RM15.19 million in FYE 2019 to RM69.85 million in FYE 2020, largely attributable to higher sales of refined, bleached and deodorised ("RBD") palm olein, driven by increased demand from food production and manufacturing sectors during the COVID-19 pandemic; as well as increase in revenue from coconut products by RM12.63 million or 42.33%, rising from RM29.84 million in FYE 2019 to RM42.47 million in FYE 2020, driven by increase in demand and consumption of coconut products by households during the COVID-19 pandemic.

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Eramas Group's GP margin decreased from 11.86% in FYE 2019 to 7.83% in FYE 2020, mainly due to the lower GP margin for oil and fats products driven by higher crude palm oil ("CPO") prices in FYE 2020, as the CPO price increases could not be fully passed on to end consumers.

PAT for Eramas Group increased by RM1.85 million or 32.63% from RM5.67 million in FYE 2019 to RM7.52 million in FYE 2020, mainly attributable to the increase in the GP from coconut products and oil and fats products.

Comparison between FYE 2020 and FYE 2021

Eramas Group's revenue increased by RM15.66 million or 11.35% from RM137.97 million in FYE 2020 to RM153.63 million in FYE 2021, primarily driven by (a) increase in revenue from coconut products by RM20.24 million or 47.66%, from RM42.47 million in FYE 2020 to RM62.71 million in FYE 2021. The increase was mainly attributable to higher sales of ultra high temperature ("UHT") coconut cream / milk, which increased by RM17.46 million or 175.85% in FYE 2021, as the sales volume of UHT coconut cream / milk increased by 157.51% coupled with an increase in average selling price per kg by 7.12%; (b) increase in revenue from dairy products by RM10.76 million or 41.93%, rising from RM25.66 million in FYE 2020 to RM36.42 million in FYE 2021, mainly driven by increase in sales of dairy powder resulting from higher sales volume which was partly offset by the decrease in the average selling price per kg; and (c) increase in revenue from specialty food ingredients and other products by RM1.76 million, rising from RM0.01 million in FYE 2020 to RM1.77 million in FYE 2021, mainly due to the introduction of a new ready-to-drink product offered by the Eramas Group. The aforementioned increase in revenue was partly offset by a decrease in revenue from oil and fats products by RM17.11 million or 24.50%, declining from RM69.85 million in FYE 2020 to RM52.74 million in FYE 2021, mainly due to a decrease in sales of RBD palm olein by RM15.27 million or 24.56%; resulting from a decrease in sales volume by 50.57% which was partly offset by an increase in the average selling price per kg of 52.63%.

Eramas Group's GP margin decreased from 7.83% in FYE 2020 to 7.61% in FYE 2021, mainly due to overall increase in freight and logistics costs arising from disruptions in the shipping industry due to the COVID-19 pandemic.

PAT for Eramas Group decreased by RM1.56 million or 20.74% from RM7.52 million in FYE 2020 to RM5.96 million in FYE 2021, mainly due to a decrease of RM1.44 million in the government grants received, comprising grants received from the Malaysian Palm Oil Board and the Market Development Grant from Malaysia External Trade Development Corporation.

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**Comparison between FYE 2021 and FYE 2022**

Eramas Group's revenue decreased by RM17.32 million or 11.27% from RM153.63 million in FYE 2021 to RM136.31 million in FYE 2022, mainly due to a decrease in revenue from oil and fats products by RM39.43 million or 74.76%, declining from RM52.74 million in FYE 2021 to RM13.31 million in FYE 2022. The decline was mainly attributable to a continuous decrease in sales of RBD palm olein by RM42.39 million or 90.37%, resulting from the decrease of 95.30% in sales volume, which was partly offset by an increase in the average selling price per kg of 104.91%. The decrease in sales of RBD palm olein was mainly due to Eramas Group's shift to focus more on its coconut products segment, due to significant increase in CPO prices during FYE 2021 and FYE 2022 which directly affected the profitability of RBD palm olein trading, as CPO is used to produce RBD palm olein.

However, the decline in revenue from oil and fats products was partially offset by the increase in revenue generated from the coconut products by RM15.06 million or 24.02%, rising from RM62.71 million in FYE 2021 to RM77.77 million in FYE 2022; as well as the increase in revenue generated from dairy products by RM7.82 million or 21.47%, rising from RM36.42 million in FYE 2021 to RM44.24 million in FYE 2022.

Eramas Group's GP margin remained relatively consistent at 7.60% in FYE 2022 as compared to 7.61% in FYE 2021.

PAT for Eramas Group decreased by RM2.34 million or 39.26% from RM5.96 million in FYE 2021 to RM3.62 million in FYE 2022, mainly due to the decrease in GP from oil and fats products, in line with the reduced revenue from oil and fats products.

Comparison between FYE 2022 and FYE 2023

Eramas Group's revenue increased by RM7.64 million or 5.60% from RM136.31 million in FYE 2022 to RM143.95 million in FYE 2023, primarily due to (a) increase in revenue from oil and fats products by RM9.12 million or 68.52%, rising from RM13.31 million in FYE 2022 to RM22.43 million in FYE 2023, mainly driven by the Eramas Group securing more orders from new customers in FYE 2023 as a result of its proactive initiatives to attend more trade fairs and exhibitions following the reopening of international borders post COVID-19 pandemic; (b) increase in revenue from dairy products by RM3.99 million or 9.02%, rising from RM44.24 million in FYE 2022 to RM48.23 million in FYE 2023, mainly due to a continuous rise in sales of sweetened condensed milk and evaporated filled milk by RM17.15 million or 55.20%; and (c) increase in revenue from specialty food ingredients and other products by RM1.45 million or 146.46%, rising from RM0.99 million in FYE 2022 to RM2.44 million in FYE 2023, mainly due to the introduction and sales of coconut high fat powder.

FAIRNESS OPINION ON THE PROPOSED ACQUISITION (cont'd)

WYNCORP
 CORPORATE FINANCE ADVISOR

Eramas Group's GP margin increased from 7.60% in FYE 2022 to 15.46% in FYE 2023, mainly due to changes in product sales mix, whereby the Eramas Group increased its sales focus on products that generate better profit margins such as UHT coconut cream / milk, coconut cream / milk powder, sweetened condensed milk, evaporated filled milk and vegetable ghee. In addition, the increase in GP margin from coconut products was also contributed by the establishment of in-house manufacturing operations under Eramas Ingredients, which enabled Eramas Group to generate higher profit margins on its in-house produced products.

PAT for Eramas Group increased by RM10.12 million or 279.56% from RM3.62 million in FYE 2022 to RM13.74 million in FYE 2023, mainly attributable to the increase in GP from all product categories, primarily from coconut products which contributed an increase of RM7.34 million in GP. In addition, there is also a reversal of impairment loss of financial assets of RM0.80 million in FYE 2023 as the amounts have been recovered.

Comparison between FYE 2023 and FYE 2024

Eramas Group's revenue decreased by RM1.86 million or 1.29% from RM143.95 million in FYE 2023 to RM142.09 million in FYE 2024, mainly due to (a) decrease in revenue from dairy products by RM13.38 million or 27.74%, declining from RM48.23 million in FYE 2023 to RM34.85 million in FYE 2024, solely due to decrease in sales of sweetened condensed milk and evaporated filled milk, as the sales volume decreased by 29.44%, cushioned by an increase of 2.41% in average selling price per kg. The decrease was mainly driven by lower demand for sweetened condensed milk and evaporated filled milk from Northeast Asia, America and Africa; (b) decrease in revenue from oil and fats products by RM12.03 million or 53.63% from RM22.43 million in FYE 2023 to RM10.40 million in FYE 2024. The decrease was mainly due to the Eramas Group's shift in its sales and marketing focus to coconut products, resulting in lower sales in vegetable ghee, RBD palm olein and soap products.

However, the decrease in revenue was partially offset by an increase in revenue generated from coconut products by RM23.37 million or 32.99% from RM70.84 million in FYE 2023 to RM94.21 million in FYE 2024, primarily due to increase in sales of coconut cream / milk powder and UHT coconut cream / milk.

The Eramas Group's GP margin increased from 15.46% in FYE 2023 to 17.86% in FYE 2024. The increase was mainly due to the Eramas Group's sales focus on coconut products (in particular, coconut cream / milk powder) which commanded higher GP margin than oil and fats products and dairy products.

FAIRNESS OPINION ON THE PROPOSED ACQUISITION (cont'd)

WYNCORP
 CORPORATE FINANCE ADVISOR

PAT for the Eramas Group increased by RM0.36 million or 2.62% from RM13.74 million in FYE 2023 to RM14.10 million in FYE 2024 while the PAT margin increased from 9.55% in FYE 2023 to 9.92% in FYE 2024. The increase in the PAT and PAT margin in FYE 2024 was mainly driven by increase in GP and GP margin, in line with the Eramas Group's sales focus on coconut products (in particular, coconut cream / milk powder) which commanded higher GP margin than oil and fats products and dairy products; partially offset by higher tax expenses in FYE 2024.

Comparison between FYE 2024 and FYE 2025

Eramas Group's revenue increased by RM6.49 million or 4.57% from RM142.09 million in FYE 2024 to RM148.58 million in FYE 2025, primarily due to (a) increase in revenue from oil and fats products by RM4.14 million or 39.81% from RM10.40 million in FYE 2024 to RM14.54 million in FYE 2025. The increase was mainly driven by higher sales of vegetable ghee, which increased by RM4.48 million or 145.15% as the sales volume increased by 121.46%, coupled with an increase in average selling price per kg by 10.70%. In FYE 2025, there was an increase in demand from a major customer in Africa that primarily supplies food products to countries affected by malnutrition, particularly in East Africa; (b) increase in revenue from dairy products by RM3.00 million or 8.61% from RM34.85 million in FYE 2024 to RM37.85 million in FYE 2025. The increase was solely due to increase in sales of sweetened condensed milk and evaporated filled milk, as the sales volume increased by 14.65%, offset by a decrease of 5.26% in average selling price per kg. The increase was mainly driven by the orders from a new customer in Northeast Asia secured by the Eramas Group in FYE 2025.

Eramas Group's GP margin also increased from 17.86% in FYE 2024 to 22.14% in FYE 2025, mainly due to higher GP margin achieved for the coconut products.

PAT for the Eramas Group increased by RM4.48 million or 31.77% from RM14.10 million in FYE 2024 to RM18.58 million in FYE 2025 while the PAT margin increased from 9.92% in FYE 2024 to 12.51% in FYE 2025. The increase in the PAT and PAT margin in FYE 2025 was mainly driven by increase in GP and GP margin, in line with the Eramas Group's sales focus on coconut products (in particular, coconut cream / milk powder) which commanded higher GP margin than oil and fats products and dairy products, despite lower sales volume in 2025. Adverse weather conditions in major coconut producing countries had caused a significant coconut supply shortage for the period from late-2024 to early-2025, resulting in limited global coconut supplies and a significant hike in coconut prices. The Eramas Group's purchases of coconut raw materials in FYE 2024 and FYE 2025 were RM10.73 million and RM14.14 million, representing 9.19% and 12.22% of the Eramas Group's cost of sales in FYE 2024 and FYE 2025 respectively. In line with other industry players, the Eramas Group increased average selling price per kg of coconut products by 34.64% in FYE 2025 as compared to FYE 2024. In addition, due to unstable supply of coconut raw materials in Indonesia, the Eramas Group increased its purchases of coconut raw materials from Vietnam in FYE 2025. Through bulk purchases the Eramas Group secured competitive pricing for its coconut raw materials. The higher selling prices contributed to the increase in the Eramas Group's GP and GP margin for its coconut products. This increase in GP was partially offset by higher tax expenses in FYE 2025.

IMR REPORT

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Date: 3 June 2026

Dear Sirs/Madams,

Independent Market Research Report on the Coconut Products, Palm Oil Products and Dairy Products Industries in Malaysia ("IMR Report")

Protégé Associates Sdn Bhd ("**Protégé Associates**") has prepared this IMR Report for inclusion in the Circular of SCGM Bhd in relation to its Proposed Regularisation Plan.

We have been engaged to provide an independent market research of the abovementioned industries in which Eramas Global Group Sdn Bhd ("**Eramas Global Group**") and its subsidiaries ("**Eramas Group**") operate in. The market research process undertaken involved secondary research as well as detailed primary research when required, which involves interviews with the relevant stakeholders of the industries to discuss the state of the industries. Quantitative market information could be sourced from such interviews and therefore, the information is subject to fluctuations due to changes in business, industry and economic conditions.

We have prepared this IMR Report in an independent and objective manner and have taken adequate care to ensure the accuracy and completeness of the report. We believe that this IMR Report presents a balanced view of the industries within the boundaries and limitations of secondary statistics, primary research and continued industry movements. Our research has been conducted to present an overall view of the industries and may not necessarily reflect the performance of individual companies in these industries. Protégé Associates is not responsible for the decisions and/or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in this report.

Thank you.
 Yours sincerely,



Seow Cheow Seng
 Managing Director

About Protégé Associates Sdn Bhd

Protégé Associates is an independent market research and business consulting company. Our market research reports provide an in-depth industry and business assessment for companies raising capital and funding in the financial markets; covering their respective market dynamics such as market size, key competitive landscape, demand and supply conditions, government regulations, industry trends and the outlook of the industry.

Profile of signing partner, Seow Cheow Seng

Seow Cheow Seng is the Managing Director of Protégé Associates. He has 26 years of experience in market research, having started his career at Frost & Sullivan where he spent 7 years. He has a Master in Business Administration from Charles Sturt University, Australia and Bachelor of Business majoring in Marketing from RMIT University, Australia.

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The research for this IMR Report was completed in June 2026

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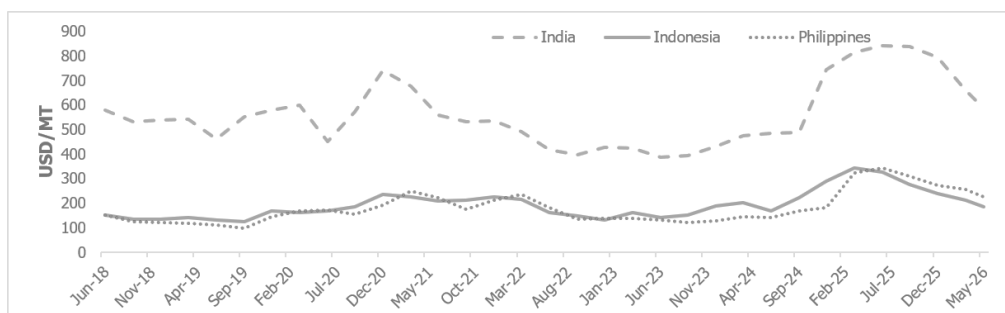
1.0 Overview of the Global Coconut Products Industry

Coconuts (*cocos nucifera*) is also known as the “tree of life” due to its multifunctional attributes. Coconut can be used for food, cosmetics, and industrial products. The crop is planted in over 90 countries across more than 12 million hectares of land. The Asia continent contributes more than 80% of the global coconut supply chain, and the crop is a crucial source of income for many countries. In 2024, Indonesia (17,985,386 tons), India (14,707,567 tons), the Philippines (14,500,416 tons), Brazil (3,158,018 tons) and Vietnam (2,280,323 tons) are the top coconut producing countries in the world. According to Food and Agriculture Organisation of the United Nations (“FAO”), Malaysia is positioned at number 11 with 673,553 tons in 2024.

The Asian and Pacific region remains the prominent market for coconut-based products, mainly attributable to the high consumption of coconut products such as coconut oil, coconut water, coconut milk and cream, which is also often infused in various food and beverage and cosmetic products. The current rise in health consciousness across the globe has led to an increasing number of people being aware of the health benefits of consuming coconut-related products, especially as a substitute for dairy products.

Global coconut prices have also fluctuated over the year in accordance with demand and supply conditions including climate and weather, pest and disease, tree age and replanting, supply chain issues (including damaged plantations and disruptions to coconut harvesting, transporting and milling activities caused by adverse weather conditions such as typhoons, floods and storms), as well as global consumption trends. The average prices of coconuts from major producers are depicted in Figure 1. There had been a noticeable fluctuation in coconut prices during the COVID-19 pandemic, especially in India. This was due to a combination of factors including neglected plantations during the COVID-19 pandemic giving lower yields in following years, adverse climates affecting production, supply chain issues, and health perception of coconut water increasing demand for the commodity. While prices subsequently eased in following years, global coconut prices again spiked since the second half of 2024. One of the reasons being the drought caused by El Nino in late 2023 and early 2024 led to lower coconut supply in second half of 2024. Other factors that negatively impacted coconut supply include the typhoons which hit the Philippines in late 2024 as well as pest infestation and diseases which affected crops production in several parts of India. The drop in supply had resulted in higher coconut prices.

Figure 1: Average Prices of Coconuts (Dehusked), June 2018 – May 2026



Source: International Coconut Community

The global coconut products industry was valued at USD21.46 billion in 2025 and is forecast to expand at a CAGR of 9.0% from USD23.18 billion in 2026 to USD30.26 billion in 2029. The increasing awareness on the health benefits of coconuts coupled with the growing demand for coconut-based products, especially from developed countries, is expected to drive demand for these products going forward. Based on the International Monetary Fund, the global economy grew by 3.4% in 2025 and is projected to expand by 3.1% in 2026.

1.1 Overview of the Coconut Products Industry in Malaysia

Coconut is the fourth largest industrial crop in Malaysia, after oil palm, rubber and paddy. The country is also one of the largest coconut producers in the world. According to the Ministry of Agriculture and Food Industries (“MAFI”), coconut planted area in Malaysia amounted to almost 79,491 hectares in 2024, of which Peninsular Malaysia accounted for 63.2% of planted area, with the remainder distributed across Sabah, Sarawak and Labuan.

Coconut production in Malaysia stood at 491,465.4 metric tonnes in 2018 and reached 629,000 metric tonnes in 2024 (623,663 metric tonnes in 2023). However, due to the increasing demand for coconuts and coconut products from both traditional and newly emerging industries, Malaysia’s current production is still insufficient to accommodate the needs of the local industry. The country imports more than 200,000 metric tonnes of coconuts yearly from neighbouring countries to meet the demand. Malaysia’s self-sufficiency ratio for coconut stood at 70.3% in 2023 and the country imported a total of 271,734.1 metric tonnes of coconuts during the year. Imports of coconuts rose to 305,384.5 metric tonnes in 2024.

In Malaysia, coconut milk and cream remain one of the most popular coconut products in the country, due to the growing utilisation of coconut milk in traditional and fusion cuisines. The main distribution channels of coconut products in the country are supermarkets / hypermarkets, convenience stores, grocery stores, as well as a growing presence in online platforms along with the rise of e-commerce in Malaysia. Malaysia is also a major exporter of coconut products, including coconut oil, coconut milk, desiccated coconuts, processed coconut water, coconut fibre (peat), activated carbon, and coconut charcoal. Some of the key export destinations of Malaysian coconut products include Singapore, the United States of America, Japan, and China. As the coconut products industry in Malaysia has a very high export orientation, the total export value of coconut products exports in Malaysia will be used as a proxy for the market sizing and performance of the coconut products industry in Malaysia. Based on the Department of Statistics Malaysia (“DOSM”), exports of coconut products were valued at RM729.8 million in 2024, which

was an increase from RM623.2 million in 2023. The increase can be attributed to higher demand for coconut products during the year, especially for coconut milk and cream, desiccated coconuts, and coconut charcoal.

Going forward, the outlook of the industry is expected to continue an expansionary trajectory with growth supported by the versatility of coconuts, where a wide range of products can be produced from the fruit. The increasing health awareness among consumers on the benefits of coconuts have also been driving consumption of coconut products. Furthermore, demand for coconut milk (which is not considered dairy products) has also been increasing in light with rising cases of lactose intolerance within the population. At the same time, the hectic lifestyles led by an increasing number of the population has also led to growing preference for ready-to-eat packaged food products, which includes coconut milk and coconut cream. Furthermore, the increasing size of the global population also dictates an increasing number of potential consumers of food products, including coconut products. The Malaysian Government has also been helping the local coconut industry, as seen from state governments participating in various coconut industry-related projects. This coupled with the availability of higher yielding crops is expected to support the expansion of the local industry. Exports of coconut products from Malaysia grew to RM797.0 million in 2025 and is forecast to reach RM868.8 million in 2026. The figure is expected to reach RM1,188.1 million in 2029, expanding at a CAGR of 10.5% during the period.

1.2 Coconut Products Industry Competitive Landscape

The coconut products industry in Malaysia consists of around 150 industry players made up of local manufacturers and distributors. Local manufacturers are companies that manufacture and distribute coconut products to local and overseas end-users directly or through distributors. Some local manufacturers may own coconut farms or procure raw materials from local sources, while others rely on imported coconuts as a source of input. Local manufacturers generally produce their own house brand products and/or act as an original equipment manufacturer ("OEM") for other brands. On the other hand, distributors are companies that trade coconut products and act as an intermediary for other foreign companies and may distribute products from more than one manufacturer. These distributors often also distribute a series of other products in addition to coconut products. While some of these distributors opt to specialise in the trading of food products, other may choose to trade a much wider range of products including personal care and beauty products, pet care, household products.

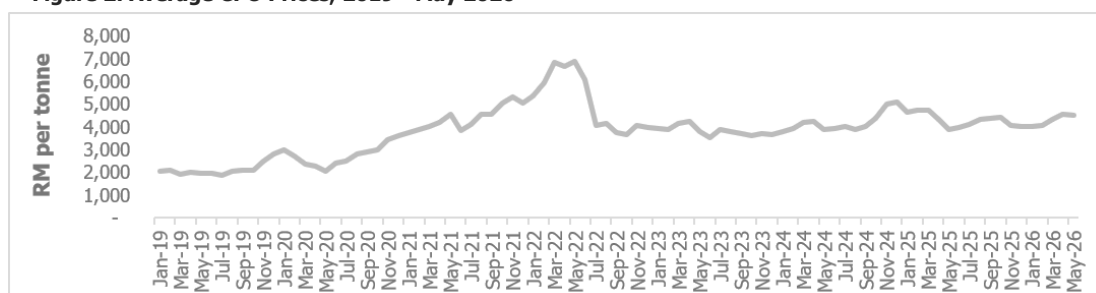
2.0 Overview of the Global Palm Oil Products Industry

Palm oil is an edible vegetable oil produced from the fruits of oil palm trees. Palm oil represents the most produced edible oil in the world, followed by soybean oil, with rapeseed oil (canola oil) and sunflower oil holding a smaller market share. At present, Indonesia and Malaysia are the largest palm oil producing countries, and account for over 80% of global supply. In 2024, Indonesia produced around 48.2 million metric tons of palm oil, accounting for approximately 62.8% of total world supply. This was followed by Malaysia with production of 19.3 million metric tonnes with a share of 24.0%. Other major oil palm producers in 2024 include Thailand (3.5 million metric tons), Columbia (1.7 million metric tons), Nigeria (1.5 million metric tons), Guatemala (892,000 metric tons) and Brazil (760,000 metric tons). Indonesia's and Malaysia's palm oil production reached 51.66 million metric tons and 20.3 million metric tonnes in 2025 respectively.

The palm oil industry has substantial economic impacts across the globe, contributing to job creation, export earnings, as well as Gross Domestic Product ("GDP") growth in producing countries. Palm oil is also used in diverse applications across a broad range of industries, including in the food industry. The most direct and well-known use of palm oil in the food industry is to manufacture cooking oil. The two types of palm cooking oil are red palm oil and refined bleached deodorised palm oil ("RBDPO"). Shortening (shortening is obtained when some unsaturated fat is removed from palm oil) is also used in bakery products to improve the weight, density, and texture of the products. Margarine made from palm oil is a non-dairy substitute for butter that is suitable for vegetarians. Other food products containing palm oil include chocolate, chips, cookies, cereals, ice cream and frozen pizza. Palm oil is also used in the personal care and cosmetics industry, in various industrial applications, and as feedstock for biofuel production.

The prices of palm oil fluctuate in accordance to demand and supply. As depicted in Figure 2, crude palm oil ("CPO") had been trending upwards since the latter half of 2020 due to supply chain disruptions and movement control across the globe resulting from COVID-19. The war between Russia and Ukraine further pushed up prices of CPO from fear of reduced supply of sunflower oil, which is another major edible oil. Prices of CPO moderated in the second half of 2022 to average RM5,116 per tonne for the year. CPO prices averaged at RM3,830 per tonne in 2023. CPO prices rose higher to an average of RM4,213 per tonne in 2024, driven primarily by stronger export demand, lower palm oil stocks, and Indonesia's planned implementation of the B40 biofuel program in 2025. In 2025, CPO prices averaged RM4,308 per tonne.

Figure 2: Average CPO Prices, 2019 - May 2026



Source: Malaysian Palm Oil Board ("MPOB") and Malaysian Palm Oil Council



The global palm oil industry was valued at USD72.34 billion in 2025 and is forecast to expand at a CAGR of 4.5% from USD74.87 billion in 2026 to USD86.25 billion in 2029. The rise in demand for palm oil is driven by the growing need for the commodity from the food and beverage industries, as well as from other industries including the personal care and cosmetic and pharmaceutical industries. The use of biofuel has also been trending in Southeast Asia.

2.1 Overview of the Palm Oil Products Industry in Malaysia

Malaysia has the second highest production of palm oil behind Indonesia. According to the MPOB, the country produced a total of 20.3 million tonnes of CPO in 2025, which was an increase of 4.9% or 945,209 tonnes as compared to 19.3 million tonnes in the previous year. Indonesia produced a total of 51.7 million tons of CPO in 2025 (up from 48.2 million tons in 2024).

Palm oil planted area in Malaysia stood at 5.70 million hectares in 2025, which was an increase from 5.61 million hectares recorded in 2024. In particular, the palm oil planted area in Peninsular Malaysia stood at 2.54 million hectares in 2025, with Sabah and Sarawak accounting for the remaining 1.50 million hectares and 1.66 million hectares respectively. Indonesia on the other hand recorded a total palm oil planted area of 16.0 million hectares in 2024, up from 15.9 million hectares in 2023.

The palm oil supply chain comprises three main sectors, namely the upstream, midstream, and downstream sectors. The upstream sector involves activities such as seed production, nursery management, cultivations, harvesting and milling, while the midstream sector revolves around refining and fractionation. The downstream sector on the other hand plays a vital role in transforming raw materials into a diverse range of products and encompasses the manufacture of oleochemicals, consumer products and biodiesel. The growth of the Malaysian palm oil downstream sector is driven by increasing global applications in food and non-food sectors, new product formulations, rising demand for organic and natural products as well as advancement in technology (where improved production efficiency and enhanced processing techniques serve to increase output and lower cost).

Malaysia experienced an increase in exports of oleochemicals, finished products and biodiesel from 2016 to 2019, driven by expanding applications and favourable prices. However, trade was impacted by the COVID-19 pandemic between 2020 and 2022 where production, demand, logistics and prices were affected. An export recovery was witnessed in 2023, with Malaysia exporting around 3.6 million tonnes of oleochemicals, finished products and biodiesel, primarily to Asia Pacific, Europe and the Middle East. Exports of these products continued to rise in 2024 to reach 3.8 million tonnes but tapered slightly to 3.6 million tonnes in 2025. In particular, oleochemicals dominated with a share of 74.0% or 2.7 million tonnes, followed by finished products (587,231 tonnes) and biodiesel (353,780 tonnes) in 2025. In monetary terms, exports of these products reached RM26.11 billion, with oleochemicals leading with an export revenue of RM19.39 billion. Exports of finished products and biodiesel stood at RM4.87 billion and RM1.86 billion respectively. The exports of palm oil and palm oil products from Indonesia has similarly been on the rise over the years. In particular, Indonesia exported 6.3 million tonnes of oleochemical worth USD5.17 billion in 2023. Biodiesel exports from the country stood at 325,630 tonnes with a value of USD305.7 million in 2023.

As one of the largest exporters of palm oil in the world, the export value of palm-based finished products in Malaysia has been used as a proxy for the market sizing and performance of palm oil products industry in Malaysia. The market size excludes CPO, palm kernel oil, palm kernel cake, palm-based oleochemicals and biodiesel. Based on MPOB, exports of palm-based finished products were valued at RM3.60 billion in 2023, which was a decrease of 18.0% as compared to RM4.39 billion in the previous year. The decrease can be attributed to reduced demand by major importing countries coupled with lower product prices. In 2024, higher exports of palm oil and palm oil products was recorded for the year, supported by higher demand from palm oil importing countries coupled with higher selling prices. The value of exports of palm-based finished products was valued at RM4.31 billion in 2024, representing an increase of 19.7% compared to RM3.60 billion in the previous year.

Going forward, the outlook of the palm oil products industry in Malaysia is expected to remain bright, with growth being supported by growing demand for a wide range of palm oil products globally. Within the food and beverage industry, palm oil is one of the most consumed cooking oils in the world, while food products containing palm oil include margarine, chocolate, chips, cookies, cereals, ice cream and frozen pizza. A growing population also indicates higher potential demand for palm oil products. Growth in the local palm oil products industry is also supported by growing consumer preference for conveniently packaged product, which includes single serve margarine spread, as well as small packets of palm oil included in some instant noodles. Also, the growing cases of lactose intolerance within the populations also bodes well for the development of the palm oil products industry. From the supply side, the industry benefits from support from the Malaysian Government, such as the expansion of scope for automation tax incentives to include the plantation commodities sector.

The availability of higher yielding crops has also helped the development of the local palm oil products industry. Exports of palm-based finished products from Malaysia stood at RM4.87 billion in 2025. This figure and is forecast to grow to RM5.16 billion in 2026 and reach RM6.14 billion in 2029, at a CAGR of 6.0% (base year 2025) during the period.

2.2 Palm Oil Products Industry Competitive Landscape

The palm oil industry encompasses stakeholders along the entire value chain from the upstream to downstream sectors. These stakeholders include planters and harvesters in the upstream sector, millers, refiners and crushers in the midstream sector, and oleochemical, biodiesel and finished palm oil product manufacturers in the downstream sector. According to the MPOB, there were 452 palm oil mills, 54 palm oil refineries and 43 palm kernel crushers in Malaysia in 2025. At the same time, there were 20 oleochemical plants. At the same time, there were 2,285 establishments involved in the production of oil palm crops in 2024 according to Statistics Indonesia.

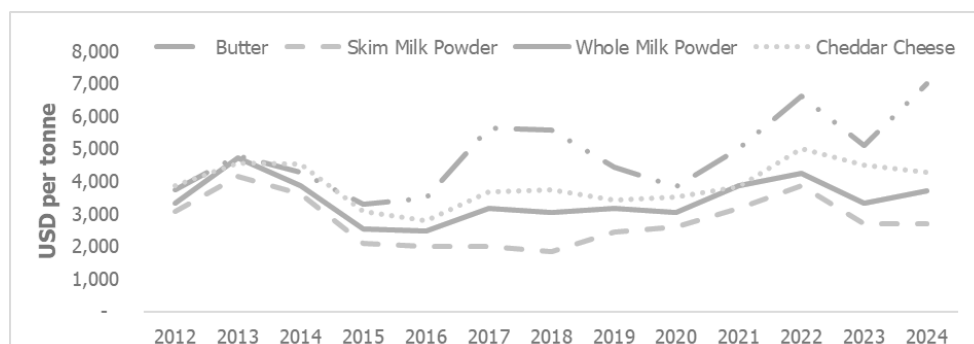
Some of the main palm oil products available in Malaysia (edible consumer goods) include palm oil for cooking, palm kernel oil, margarine, shortening and ghee. Some of these products (in particular palm oil for cooking and palm kernel oil) are mainly produced by local manufacturers with distributors also importing palm oil products into the country.

3.0 Overview of the Global Dairy Products Industry

Milk is one of the most produced agricultural commodities in the world, with global milk production estimated to reach 982 million tonnes in 2024 according to the FAO. This represents a growth of 1.4% over the previous year, with the increase mainly driven by volume growth in Asia, supplemented by increases in Europe, South America, Oceania, Central America and the Caribbean. Asia is also the largest producing region with an output of around 460 million tonnes. This was followed by Europe with nearly 236 million tonnes and North America with 112.5 million tonnes.

There are a wide range of dairy products in the world, including fresh milk and cream, butter, cheese, skim milk powder, whole milk powder, whey, ice cream, and yoghurt. Some of these dairy products are widely traded internationally. Global dairy exports stood at 86 million tonnes (in milk equivalent) in 2024, which was a marginal increase of 0.2% from the previous year. The increase was mainly attributable to demand recovery and improved food service sales in some dairy-importing countries such as the Philippines, Saudi Arabia, Indonesia, Japan, Mexico, and the United States of America. However, the increase in dairy trade was offset by import contractions in some importing countries, especially China, Brazil, Australia, Vietnam and the European Union.

Figure 3: Prices of Selected Dairy Products, 2012-2024



Source: FAO

The prices of dairy products had been trending upwards since 2021 during the COVID-19 recovery period. Prices of butter reached USD6,608 per tonne in 2022 before declining to USD5,100 per tonne in 2023. Skim milk powder and whole milk powder stood at USD3,862 per tonne and USD4,253 per tonne, respectively in 2022, before falling to USD2,692 per tonne and USD3,327 per tonne, respectively in 2023. Cheddar cheese registered a smaller drop in prices, declining from USD4,998 per tonne in 2022 to USD4,486 per tonne in 2023. However, a rebound in prices was seen for most of the selected dairy products in 2024. The prices of butter and whole milk powder increased to USD6,997 per tonne and USD3,695 per tonne respectively in 2024 while prices of skim milk powder and cheddar cheese fell to USD2,690 per tonne and USD4,278 per tonne respectively.

The global dairy products industry was valued at USD683.90 billion in 2024. This figure reached RM704.41 billion in 2025 and is forecast to expand at a CAGR of 4.6% from USD736.61 billion in 2026 to USD842.30 billion in 2029. The growth of the industry is supported by rising population, rising penetration of organised retail, improvement in cold chain logistics, increased dietary consciousness and increasing product launches.

3.1 Overview of the Dairy Products Industry in Malaysia

The dairy products industry is a rapidly growing market, fuelled by rising disposable income, urbanisation, a growing population as well as growing health awareness for healthy and organic foods. In particular, some of the largest dairy product markets in Malaysia are Kuala Lumpur, Penang, Johor Bahru and Kuching. Some of the main categories of dairy products in Malaysia are butter, yoghurt, cheese, ice cream, fresh milk and other dairy products which includes coffee whiteners and creamers, condensed and evaporated milk as well as milk powder. At present, a large percentage of dairy products consumed in the country is imported, especially from western countries. Only a fraction of dairy products is manufactured locally. In particular, the sales value of condensed, powdered and evaporated milk in Malaysia stood at RM10.68 billion in 2025, which was a 1.0% decrease from RM10.78 billion in 2024.

Malaysia relies heavily on imported dairy products to fulfil domestic demand. In particular, milk and cream made up the bulk of dairy product imports, accounting for approximately 53.3% or RM3.18 billion of total dairy product imports in 2025. Some of the largest exporters of milk and cream to Malaysia include New Zealand, Australia, the United States of America, Belarus, Ireland, Finland, and Germany. This was followed by imports of cheese and curd, which amounted to RM934.5 million. Major exporters of cheese and curd to Malaysia in 2025 were Australia, New Zealand, the United States of America, Singapore, and Denmark. Imports of butter and other fats totalled RM910.0 million in 2025, with major exporters including New Zealand, Australia, Denmark, and France. Other major imported dairy products include whey and yoghurt and buttermilk, with import value standing at RM676.9 million and RM259.6 million respectively in 2025. Major exporters include Germany, New Zealand, the United States of America, Poland, France, Ireland, Australia, and Lithuania.

The heavy dependence of the country on imported dairy products has spurred a drive to become self-sufficient in dairy production. This is seen by Malaysian Government's heavy investment to increase milk production through the importation of dairy cows to grow the national herd. From the private sector, Fraser & Neave Holdings Bhd entered the local dairy industry with the development of an integrated dairy farm in Gemas, Negeri Sembilan. The project began operations in May 2025 and will have a milk processing capacity to produce 100 million litres per annum.



While Malaysia is a net importer of dairy products, the country exports a small portion of manufactured products. According to DOSM, the export value of dairy products stood at RM1.29 billion in 2025, a decrease from RM1.35 billion in the previous year. In particular, exports of condensed, powdered and evaporated milk was valued at RM945.4 million and accounted for 73.3% of total dairy product exports from Malaysia. Some of the key export destinations for condensed, powdered and evaporated milk in 2025 include Somalia, Indonesia, Singapore, the Philippines, Bangladesh, Thailand, China, and the Democratic Republic of Congo.

Going forward, the outlook of the Malaysian dairy products industry is expected to continue to grow, supported by a growing range of dairy products being introduced. These dairy products have also been increasingly packaged in convenient packaging to allow them to be consumed on-the-go. Furthermore, dairy products continue to be highly valued by consumers as a key component to an overall healthy, balanced and nutritious diet. In addition, a growing global population also signals increased potential demand for dairy products as there is a larger pool of consumers of dairy products. This is expected to continue supporting the development of the industry. According to the United Nations, the world population is forecast to increase from 8.30 billion in 2026 to 8.82 billion in 2034 to 9.66 billion in 2050. At the same time, world consumption of fresh dairy products is expected to increase from an estimated 76.64 billion kg in 2024 to an estimated 97.72 billion kg in 2034. On the flip side, the growing cases of lactose intolerance among the population may hinder the growth of the dairy products industry in Malaysia. From the supply side, the Malaysian Government has been supporting the local dairy products industry, as seen from the Government's investment on importing dairy cows to increase milk production. The exports of condensed, powdered and evaporated milk reached RM945.4 million in 2025. Going forward, this figure is forecast to reach RM907.5 million and expand at a CAGR of 5.8% to reach RM1.19 billion in 2029, supported by a growing global population with higher disposable income as well as urbanisation across the globe.

3.2 Dairy Products Industry Competitive Landscape

The dairy products industry in Malaysia covers a wide range of products ranging from fresh milk and cream, cheese, butter, yoghurt to powdered and canned dairy products like milk powder, condensed milk and evaporated milk. While some of these products are manufactured locally, a large portion of dairy products are imported. Some of the local dairy products manufacturers include Dutch Lady Milk Industries Berhad, Farm Fresh Berhad, Malaysia Milk Sdn Bhd, Able Global Berhad (includes Able Dairies Sdn Bhd and Able Food Sdn Bhd), F&N Dairies Manufacturing Sdn Bhd and Etika Dairies Sdn Bhd. These manufacturers mainly focus on fresh milk, yoghurt, ultra-high temperature ("UHT") milk, as well as milk powder, condensed milk and evaporated milk. Other dairy products such as butter and cheese are imported and distributed by distributors. It is estimated that there are around 220 establishments involved in the manufacture of dairy products in 2025.

The key distribution channels in Malaysia for dairy products are hypermarkets and supermarkets, convenience stores, food and beverage service providers, as well as online retail platforms. In particular, hypermarkets and supermarkets are the largest distribution channels in the Malaysia dairy products industry. Hypermarkets and supermarkets also tend to carry a wider range of products and brands as compared to the other distribution channels.

4.0 Industry Player Analysis

Eramas Group is involved in the Malaysian coconut, palm oil and dairy products industries. Eramas Group's revenue for 2025 was RM148,577,026 of which RM94,316,847 was from coconut products, RM14,540,477 from oil and fats products (palm oil products), RM37,852,557 from dairy products, and RM1,867,145 from specialty food ingredients and other products. For the purpose of this report, Protégé Associates has used the following criteria when selecting other industry players in Malaysia for comparison with Eramas Group:

Coconut Products-

- A company registered in Malaysia and is involved in the manufacturing and/or distribution of coconut products; and

Palm Oil Products-

- A company registered in Malaysia and is involved in the manufacturing and/or distribution of palm based finished products, mainly palm cooking oil, margarine and shortening.

Dairy Products-

- A company registered in Malaysia and is involved in the manufacturing and/or distribution of dairy products, in particular condensed milk, evaporated milk and milk powder.

It needs to be highlighted that the list of industry players is not exhaustive, and only serves as a reference for readers.

IMR REPORT (cont'd)



Figure 4: Comparison between Eramas Group and Selected Industry Players

Company Name	Principal Activities	Latest Available Financial Year	Revenue (RM)	Gross Profit (RM)	Profit After Tax (RM)	Gross Profit Margin* (%)	Profit After Tax Margin** (%)
Eramas Group	The company is principally engaged in the manufacturing, trading, distribution and marketing of food products, particularly coconut, oil and fats, dairy products, and specialty food ingredients.	31-12-2025	148,577,026	32,894,812	18,580,258	22.1	12.5
Coconut products							
Kara Marketing (M) Sdn Bhd [~]	The company is principally involved in the trading and marketing of coconut products, food products and personal skincare products.	31-12-2023	554,088,121	n/a	29,294,067	n/a	5.3
Linaco Manufacturing (M) Sdn Bhd [^]	The company is principally involved in the manufacturing of coconut milk and other coconut related products.	31-12-2024	305,417,812	44,744,346	1,096,658	14.7	0.4
S & P Industries Sdn Bhd ^(a)	The company is principally involved in the manufacturing and distribution of coconut food and beverage products, rice cubes (ketupat nasi) and related products.	31-12-2024	113,911,184	28,395,032	8,225,471	24.9	7.2
Rasaku Marketing Sdn Bhd [^]	The company is principally involved in the business of distribution of coconut milk and other coconut related food products.	31-12-2024	52,651,579	3,347,559	(4,703,195)	6.4	(8.9)
M & S Food Industries Sdn Bhd	The company is principally involved in the production and distribution of coconut milk and all types of coconut products and coconut by products and investment holdings.	31-12-2024	24,983,309	(2,217,008)	(9,030,690)	(8.9)	(36.1)
Santanmas Food Industries Sdn Bhd	The company is principally involved in the processing of coconut and its related products.	31-12-2024	17,612,565	3,991,489	803,673	22.7	4.6
H.O.T. Ree Industries (M) Sdn Bhd	The company is principally involved in manufacturing desiccated coconut, coconut powder, coconut cream and other related products.	30-06-2025	16,289,864	3,154,011	72,659	19.4	0.4
Palm oil products							
Lam Soon Edible Oils Sdn Bhd	The company is principally involved in processing and refining of palm oil, manufacturing, marketing, sales, trading and distribution of refined palm oil related products, cooking oil, soap and detergent, fats, margarine, organic rice and rice related products and other consumer products.	31-12-2025	2,588,246,293	418,448,127	107,533,229	16.2	4.2
Delima Oil Products Sdn Bhd	The company is principally involved in the manufacture of refined palm oils.	31-12-2024	1,979,644,348	43,594,262	(10,793,509)	2.2	(0.5)
Sarafiah Natural Resources Sdn Bhd	The company is principally involved in trading, manufacturing and packaging of palm oil.	31-12-2024	1,066,408,146	10,147,329	2,939,286	1.0	0.3
Carotino Sdn Bhd	The company is principally involved in investment holding and refining of crude palm oil, sale of refined oil, operation of oil palm plantation and palm oil mill.	30-06-2024	980,803,788	83,011,081	20,525,347	8.5	2.1
Yee Lee Edible Oils Sdn Bhd	The company is principally involved in the manufacturing of cooking oil, margarine and shortening and trading of consumer product.	31-12-2024	258,740,016	n/a	(2,562,640)	n/a	(1.0)
DKSH Manufacturing Sdn Bhd ^(b)	The company is principally involved as a manufacturer of and dealer in butter, margarine and related confectionery products.	31-12-2024	79,211,801	n/a	9,930,588	n/a	12.5
SOP Foods Sdn Bhd ^(c)	The company is principally involved in manufacturing and distribution of food products and selling cooking oil.	31-12-2025	72,223,860	510,555	(4,410,414)	0.7	(6.1)

IMR REPORT (cont'd)



Company Name	Principal Activities	Latest Available Financial Year	Revenue (RM)	Gross Profit (RM)	Profit After Tax (RM)	Gross Profit Margin* (%)	Profit After Tax Margin** (%)
Naturz Industries Sdn Bhd	The company is principally involved in upstream and downstream activities of palm based edible oils and fats.	31-12-2024	21,885,982	n/a	65,724	n/a	0.3
Golden Palm Oil Industries Sdn Bhd	The company is principally involved as dealers and refiners of oil and their products and wholesale and retail sale of rice, flour, other grains and sugar.	30-11-2024	18,121,327	2,588,653	778,354	14.3	4.3
Profes Lipid Sdn Bhd	The company is principally involved in manufacturing, processing, refining, trading edible and non-edible oils, manufacturing and trading in pharmaceuticals, health and cosmetic products.	31-12-2024	4,391,893	2,006,349	1,389,787	45.7	31.6
Dairy products							
F&N Dairies Manufacturing Sdn Bhd ^(d)	The company is principally involved in manufacturing and sales of dairy products.	30-09-2025	1,185,850,000	130,465,000	80,840,000	11.0	6.8
F&B Nutrition Sdn Bhd	The company is principally involved in the manufacturing of dairy and non-dairy products.	31-12-2024	1,124,262,273	152,174,415	71,468,500	13.5	6.4
Etika Dairies Sdn Bhd ^(e)	The company is principally involved in manufacturing and distribution of dairy products.	31-12-2024	831,188,471	96,019,333	(26,996,659)	11.6	(3.2)
Able Dairies Sdn Bhd ^(f)	The company is principally involved in manufacturing and selling of milk and other related dairy products.	31-12-2024	451,539,933	n/a	49,969,535	n/a	11.1

Notes:

- The selection of comparable market players is based on information gathered from secondary and primary research works conducted. Secondary research works conducted include searches on comparable company websites and other online and printed media to gather more disclosure on their principal activities. Primary research works were conducted with stakeholders in the value chain of related industries such as suppliers and customers to gather their insights on which companies operate within the same industry as Eramas Group. Physical site visits to various distribution channels such as supermarkets and convenience stores were also conducted to gather information on which coconut, palm oil, and dairy products were manufactured and/or distributed by which comparable companies. All the findings were collated and analysed to determine the comparable market players with Eramas Group. However, the above figures only provide an indication and are not considered directly comparable due to the following reasons:
 - Not all companies carry out activities that are completely the same with one another or in the same geographical area.
 - The description of principal activities and financial information of comparable market players and Eramas Group such as revenue, gross profit and profit/loss after tax was based on information from the Companies Commission of Malaysia ("CCM") and Eramas Group while the financial ratios in the table were computed by Protégé Associates.
 - ~Kara Marketing (M) Sdn Bhd has been an exempt private company since 31 December 2024.
 - ^Both Linaco Manufacturing (M) Sdn Bhd and Rasaku Marketing Sdn Bhd are subsidiaries of Linaco Resources Sdn Bhd.
 - n/a denotes not available.
 - The list above is arranged based on the revenue of market players, in descending order.
- S & P Industries Sdn Bhd regards S & P International Holding Limited and TYJ Holding Limited as the intermediate holding company and ultimate holding company, respectively. S & P International Holding Limited is listed on the Hong Kong Stock Exchange.
- DKSH Manufacturing Sdn Bhd regards DKSH Food Services (M) Sdn Bhd, DKSH Holdings (Malaysia) Berhad and DKSH Holding Ltd as the immediate holding company, intermediate holding company and ultimate holding company, respectively. DKSH Holdings (Malaysia) Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"), while DKSH Holding Ltd is listed on the SIX Swiss Exchange.
- SOP Foods Sdn Bhd regards SOP Industries Sdn Bhd and Sarawak Oil Palms Berhad as the immediate holding company and ultimate holding company, respectively. Sarawak Oil Palms Berhad is listed on the Main Market of Bursa Securities.
- F&N Dairies Manufacturing Sdn Bhd regards Fraser & Neave Holdings Berhad, Fraser and Neave Limited and Charoen Num Sub 1 Co., Ltd as the immediate holding company, intermediate holding company and ultimate holding company, respectively. Fraser & Neave Holdings Berhad is listed on the Main Market of Bursa Securities, while Fraser and Neave Limited is listed on the Singapore Exchange.
- Etika Dairies Sdn Bhd regards Asahi Holdings Southeast Asia Sdn Bhd and Asahi Group Holdings Ltd as the immediate holding company and ultimate holding company, respectively. Asahi Group Holdings Ltd is listed on the Tokyo Stock Exchange.
- Able Dairies Sdn Bhd is a subsidiary of Able Global Berhad, which is listed on the Main Market of Bursa Securities.

* Gross Profit Margin = Gross Profit / Revenue

** Profit after Tax Margin = Profit after Tax / Revenue

Sources: CCM, Eramas Group and Protégé Associates



4.1 Eramas Group's Market Share Analysis

The revenue generated by Eramas Group in its financial year ended ("FYE") 31 December 2025 from the export of its coconut products business activities stood at RM52.8 million, which is equivalent to 6.6% of the total export value of coconut products of RM797.0 million (*source: DOSM*) in 2025. During the period, Eramas Group's revenue of RM14.5 million from the export of its palm oil products business activities is equivalent to 0.3% of the total export value of palm-based finished products of RM4.87 billion (*source: MPOB*) in 2025. At the same time, Eramas Group's revenue of RM37.9 million from the export of its dairy products business activities is equivalent to 4.0% of the total export value of condensed, powdered and evaporated milk of RM945.4 million (*source: DOSM*) in 2025.

5.0 Demand Conditions

Figure 5: Demand Conditions Affecting the Coconut Products, Palm Oil Products and Dairy Products Industries in Malaysia, 2026-2030

Impact	Demand Conditions	Coconut Products	Palm Oil Products	Dairy Products	Short-Term	Medium-Term	Long-Term
					2026-2027	2028-2029	2030
+	Versatility and Wide Range of Coconuts, Palm Oil and Dairy Products	✓	✓	✓	High	High	High
+	Increasing Health Awareness of Coconut Products Among Consumers	✓			High	High	High
+	Preference for Conveniently Packaged Products	✓	✓	✓	Medium	Medium	Medium
+	Population Growth	✓	✓	✓	Low	Low	Low
+/-	Lactose Intolerance Give Rise to Introduction of Alternative Dairy Products.	✓	✓	✓	Low	Low	Low

Source: Protégé Associates

Versatility and Wide Range of Coconuts, Palm Oil and Dairy Products

The versatility of coconuts can be observed from the wide range of products that can be produced from the fruit. Coconut products can be widely categorised into kernel-based products, fibre-based products and shell-based products. Kernel-based products are mainly used in the manufacture of food-based or cosmetic-based products and includes coconut oil, coconut milk and cream, desiccated coconut, processed coconut water, toasted coconut paste. In particular coconut oil is also widely used in the skincare and beauty industry due to its characteristics such as being able to boost moisture content as well as strengthen the hair. Coconut fibre can be manufactured into a wide variety of household and industrial products, including coconut peat, fibre wraps, yarn fibre, brooms and brushes, as well as mats and rugs. The coconut shell can be manufactured into various industrial products such as activated carbon and shell charcoal. The shell can also be used to craft artistic products. The demand for coconut products from a wide range of end-user markets is expected to support the expansion of the coconut products industry in Malaysia as well as across the globe.

Palm oil has also been used across a wide range of products globally, including in the food and beverage industry. Food products containing palm oil include chocolate, chips, cookies, cereals, ice cream and frozen pizza. Palm oil is also used in the manufacture of margarine, which is a substitute for butter. At the same time, palm oil is also one of the most consumed cooking oils in the world, especially in Asia.

There are a wide range of dairy products across the globe to cater for the needs and preference of consumers of varying ages and gender. New products such as new flavoured milks, high protein dairy beverages and cheese fortified with healthier ingredients are also being launched to capture a wider range of target audience. The growing range of dairy products is expected to bode well for the development of the local dairy products industry.

Increasing Health Awareness of Coconut Products Among Consumers

The process of urbanization is frequently associated with the emergence of busier and more demanding lifestyles, marked by extended working hours and a rise in social engagements. These stress-induced problems have sparked a heightened consciousness of health among people worldwide. Apart from engaging in regular physical activities, an increasing portion of the global population is turning to alternative medicine, dietary supplements, and healthier food options as additional strategies to maintain their well-being.

Coconut oil is an oil extracted from the kernel of coconuts and has a high saturated fat content, making it an increasingly popular cooking oil. The oil is solid in room temperature but softens easily or melts when heated up. Some of its health benefits include antimicrobial, anti-inflammatory and antioxidant properties, and improving skin and oral health. Coconut oil is also a rich source of medium-chain triglycerides ("MCTs"). Some evidence shows that consuming MCTs may increase the number of calories burn in the body, and thus may help promote weight loss. The MCTs in coconut oil is also able to provide a quick supply of energy. Unlike long-chain triglycerides where fat molecules are transported through the bloodstream to tissues that require them, MCTs go straight to the liver and become a quick source of energy supply in a way similar to carbohydrates. MCTs have often been used in sports nutrition products for athletes that need a source of energy the body can absorb quickly. In light with the rising cases of lactose intolerance within the population, there has also been increasing demand for plant-based or non-dairy protein. Coconut milk is derived from the flesh of coconuts and is not considered dairy products.



Coconut oil serves various purposes beyond consumption. Coconut oil is also used for cosmetic purposes to improve health and appearance of the skin. Coconut oil is said to boost the moisture content of the skin, helping prevent excessive water loss and protects the skin from external factors such as infectious agents, chemicals and allergens. Coconut oil can also reduce hair damage. The oil deeply penetrates hair strands and is able to make the hair more flexible and increases its strength to prevent breakage. Coconut oil is also believed to support oral health. Oil pulling is the act of using coconut oil as a mouthwash (swish coconut oil around the mouth like a mouthwash and spit it out). Some studies have found that this act can reduce harmful bacteria in the mouth, whereby researchers have attributed this to the oil's lauric acid content. Other research suggests coconut oil can help reduce plaque and gum inflammation, helping prevent cavities. However, coconut oil should not replace other dental hygiene practices such as teeth brushing and flossing.

Preference for Conveniently Packaged Products

The rapid urbanisation across the globe and in Malaysia has led to a change in the population's lifestyle, where people work longer hours and live more hectic lives. This has led to growing preference for ready-to-eat packaged food products, including coconut products such as coconut milk and coconut cream. These packaged products also have longer shelf life as compared to fresh coconut products. The emergence of processed coconut water in bottles or tetra packs has also increased the convenience of storing and consuming these coconut products. Coconut products in packed forms are also easier to transport, whether to local supermarkets and grocery stores, or to overseas markets.

This trend also applies to the dairy products, whereby more products have been packaged to be consumed on-the-go. These include single serve fresh or UHT milk and yoghurt drinks, and individual pack cheese slices or sticks. Similarly, some palm oil products have also been packaged into single serve forms to promote convenience. These include single serve margarine spread, as well as some instant noodles cups coming with small packets of palm oil.

Population Growth

The demand for food is positively correlated with the size of the population. As the size of the population increases, the amount of food that needs to be consumed increases too. As such, the increasing global population represents an increasing number of potential consumers of food products, including coconut, palm oil and dairy products. According to the United Nations, the global population was estimated at 8.30 billion people in 2026 and is projected to reach 9.66 billion in 2050. Europe and Northern America is expected to maintain at an estimated population of 1.13 billion till 2050. Asia (includes Central and Southern Asia and Eastern and South-Eastern Asia) is expected to expand from an estimated population of 4.54 billion in 2026 to 4.86 billion in 2050 while Sub-Saharan Africa is expected to expand from an estimated population of 1.30 billion in 2026 to 2.09 billion in 2050. The Malaysian population was estimated at 34.2 million people in 2025 and is projected to reach 41.5 million people in 2040. Both population indicators suggest a potential increase in demand for food, which bodes well for the development of the local coconut products, palm oil products and dairy products industries going forward.

Lactose Intolerance Give Rise to Introduction of Alternative Dairy Products

The rising prevalence of lactose intolerance across the globe has been increasing the demand for plant-based or non-dairy protein. This has supported demand for nut-based milks such as almond milk, oat milk, soy milk and coconut milk, which are not considered dairy products. This extends to some plant-based butters and margarine, which are made using palm oil. Other non-dairy plant-based products containing palm oil include some non-dairy creamers and plant-based cheese. Vegans, vegetarians, and people with dairy allergies or intolerances can consume these types of non-dairy milk. These alternative products are also being increasingly used in beverages and sauces. This development is expected to have a negative impact on the local dairy products industry. However, this development contributes positively to the expansion of the local coconut products and palm oil products industries.

6.0 Supply Conditions

Figure 6: Supply Conditions Affecting the Coconut Products, Palm Oil Products and Dairy Products Industries in Malaysia, 2026-2030

Impact	Demand Conditions	Coconut Products	Palm Oil Products	Dairy Products	Short-Term	Medium-Term	Long-Term
					2026-2027	2028-2029	2030
+	Positive Support from the Malaysian Government to Develop the Local Industries	✓	✓	✓	High	High	High
+	Higher Yielding Crops	✓	✓		Medium	Medium	Medium

Source: Protégé Associates

Positive Support from the Malaysian Government to Develop the Local Industries

The coconut industry in Malaysia has gone through various economic challenges in the past, namely from low fruit yields and unfavourable prices. However, the rapid increasing demand for coconut products from consumers has resulted in promising potential for the industry to be further developed and strengthened to fulfil that demand. To accelerate the growth of the local coconut industry, the Malaysian Government is required to play a crucial role in ensuring that coconut products manufacturers are able to obtain a consistent and affordable supply of raw materials while also at the same time protect and improve the livelihood of coconut farmers.



In 2018, the Sabah State Government had announced plans to open between 10,000 and 25,000 acres of new coconut plantations by working with farmers in rural areas and collaborating with the downstream industry. The Sabah State Government had also set aside 2,000 hectares of land in 2022 for a high-yield coconut plantation and coconut-based manufacturing facility project in Paitan worth RM400 million. The project is expected to contribute RM1.2 billion annually to Sabah's economy. The Sabah State Government will hold a 30% stake in the project. The project is set to be fully operational in 2026 and is expected to provide 4,400 job opportunities. In December 2022, the Johor State Government had announced plans to develop 1,325 hectares of coconut plantation by 2027 to meet the country's needs. In addition to being the country's largest producer of coconuts, Johor is also a main producer of coconut seeds in Malaysia. It is estimated that the country requires around 53,000 coconut seeds annually, while the production capacity of the Jorak Agricultural Centre (Coconut Seed Supply Centre) is approximately 28,000 seeds per year. The Johor State Government plans to increase the production of coconut seeds by strengthening its coconut seed production centres under the management of the Department of Agriculture. In 2022, the Johor State Government had allocated RM500,000 for the state's coconut rehabilitation and replanting programme involving 463 hectares of land. An additional RM400,000 will be allocated for the programme involving an area of 96 hectares. The MAFI had also aimed to increase coconut production for the domestic market by 50% in 2023, as compared to 2020.

The Malaysian Government has also remained committed in developing the local palm oil industry. In Budget 2024, the Government has proposed to expand the scope of automation tax incentives to cover the plantation commodities sector to increase the productivity and reduce the dependence on foreign labour through mechanisation and automation. In Budget 2025, a sum of RM100 million had been allocated as incentives for smallholders to replant ageing oil palm trees that are no longer productive. In Budget 2026, a sum of RM20 million is allocated to support start-up companies in procuring mechanisation and automation products in collaboration with MPOB and major palm oil companies, with another RM120 million allocated to smallholders for purposes including to cover partial cost for replacing ageing palm oil trees. In addition, the development of the Malaysian palm oil industry is also spearheaded by the MPOB and the Malaysian Palm Oil Council, both of which are government agencies.

At the same time, due to the heavy reliance on imported dairy products, the Malaysian Government has also been supporting the growth of the local dairy products industry. This is evident by the Government's heavy investment on importing dairy cows to grow the national herd and to increase milk production.

Higher Yielding Crops

At present, the majority of coconut planted in Malaysia is the Malayan Tall variant. However, this variant takes time to grow, and the height of the tree makes harvesting difficult. The Malayan Tall also produces less yield per area planted. Notwithstanding, other better yielding coconut tree variants already exist in the market, including the Malayan Yellow Dwarf, Malayan Red Dwarf and the Pandan coconut, all of which are shorter and easier to harvest. At the same time, hybrid coconut species such as the MATAG and MAWA are also available in the market. The MATAG is a hybrid from the crossing of Tagmanan tall and the Malayan Yellow/ Red Dwarf. The hybrid is high yielding (up to 25,000 nuts per hectare per year as compared to 7,000 nuts per hectare per year for the Malayan Tall) and has an early maturity. The MATAG variant is versatile as it can yield coconut water at the flesh forming stage and can be used for the manufacture of coconut milk and desiccated coconut at the mature stage. The husk and shell are also good raw materials for coconut peat and fibre, as well as activated carbon and coconut charcoal. The Malaysian Agricultural Research and Development Institute ("MARDI") has in 2025 announced the development of several new high yield hybrid varieties, including Mylag, Marleca, Careca and Careni. The availability of these higher yielding coconut trees is expected to support the development of the coconut products industry in Malaysia.

However, while higher yielding crops are available, farmers are often still reluctant to switch to better yielding ones. The main reason for this stems from the limited availability of seeds of these variants. These variants also tend to be pricier than the traditional Malayan Tall, which poses a challenge to many farmers, especially smallholders that have limited budgets. The price of MATAG seedlings can go up to RM60.00 per seed, while the cost of the Malayan Yellow Dwarf and Malayan Red Dwarf stands at around RM10.00 per seedling. The high price of the new variant seedlings stem from the lack of supply of the seedlings. Seedlings are produced by climbing up the coconut tree and inducing pollination to get the required variety. There is currently not enough manpower with the required skills to perform the task.

Likewise, the Malaysian palm oil industry has also benefitted from the availability of higher yielding crops. FGV Holdings Berhad under the Federal Land Development Authority owns one of the largest oil palm research centres in Southeast Asia. The research and development activities in the research centre includes improving yields of selected crops through breeding, tissue culture, agronomy, and crop protection in a sustainable manner.

The availability of higher yielding crops is expected to bode well for the development of the local coconut and palm oil industries.

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP

ERAMAS GLOBAL GROUP SDN. BHD.
(Registration No.: 202401007159 (1553009-D))
(Incorporated in Malaysia)

ACCOUNTANTS' REPORT
FOR THE FINANCIAL YEARS ENDED
31 DECEMBER 2019, 31 DECEMBER 2020, 31 DECEMBER 2021,
31 DECEMBER 2022, 31 DECEMBER 2023, 31 DECEMBER 2024 AND
31 DECEMBER 2025

GRANT THORNTON MALAYSIA PLT

CHARTERED ACCOUNTANTS

Member Firm of Grant Thornton International Ltd.

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)



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Reporting Accountants' Opinion on the Financial Statements Contained in the Accountants' Report of Eramas Global Group Sdn. Bhd. and its subsidiaries ("the Group")

Opinion

We have audited the consolidated financial statements of Eramas Global Group Sdn. Bhd. (the "Company" or "Eramas Global Group") which comprises the consolidated statements of financial position of the Group as at 31 December 2019, 31 December 2020, 31 December 2021, 31 December 2022, 31 December 2023, 31 December 2024 and 31 December 2025, the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the financial years ended 31 December 2019, 31 December 2020, 31 December 2021, 31 December 2022, 31 December 2023, 31 December 2024 and 31 December 2025 and material accounting policy information and other explanatory notes, as set out on pages 4 to 109. The historical financial information has been prepared for inclusion in the Circular of SCGM Bhd in connection with the Proposed Regularisation Plan of SCGM Bhd.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2019, 31 December 2020, 31 December 2021, 31 December 2022, 31 December 2023, 31 December 2024 and 31 December 2025, and of its financial performance and its cash flows for the financial years then ended in accordance with Malaysian Financial Reporting Standards and IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Reporting Accountants' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)

**Responsibilities of the Directors for the Financial Statements**

The Directors of the Company (as defined herein "Directors") are responsible for the preparation of the financial statements of the Group that give a true and fair view in accordance with the Malaysian Financial Reporting Standards and IFRS Accounting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Reporting Accountants' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a reporting accountants' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our reporting accountants' report to the related disclosures in the financial statements of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**Reporting Accountants' Responsibility for the Audit of the Financial Statements (cont'd)**

We also (cont'd):-

- Evaluate the overall presentation, structure and content of the financial statements of the Group, including the disclosures, and whether the financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit works performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matters

The events after the reporting period has been disclosed in Note 32 to this report.

Restriction on Distribution and Use

This report is made solely to comply with the Equity Guidelines issued by Securities Commission Malaysia and Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad for inclusion in the Circular of SCGM Bhd ("SCGM") in connection with the Proposed Regularisation Plan of SCGM and for no other purpose. We do not assume responsibility to any other person for the content of this report.

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

PHON POOI YIN
(NO: 03654/04/2028 J)
CHARTERED ACCOUNTANT

Kuala Lumpur
5 June 2026

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)

ERAMAS GLOBAL GROUP SDN. BHD.

(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019, 31 DECEMBER 2020, 31 DECEMBER 2021, 31 DECEMBER 2022, 31 DECEMBER 2023, 31 DECEMBER 2024 AND 31 DECEMBER 2025

	Note	31.12.2019 RM	31.12.2020 RM	31.12.2021 RM	31.12.2022 RM	31.12.2023 RM	31.12.2024 RM	31.12.2025 RM
ASSETS								
Non-current assets								
Property, plant and equipment	4	17,119,910	22,434,679	25,539,245	29,162,567	50,092,595	48,336,643	47,492,750
Investment in an associate	5	-	-	-	-	-	7,000,000	-
Total non-current assets		<u>17,119,910</u>	<u>22,434,679</u>	<u>25,539,245</u>	<u>29,162,567</u>	<u>50,092,595</u>	<u>55,336,643</u>	<u>47,492,750</u>
Current assets								
Inventories	6	2,725,740	3,379,834	4,194,352	12,949,363	18,082,449	22,573,806	24,947,343
Trade receivables	7	5,869,505	11,395,883	31,619,886	13,684,335	15,522,596	13,370,219	22,219,025
Other receivables	8	1,727,018	1,768,510	4,319,294	6,455,127	4,888,554	7,921,464	13,345,743
Tax recoverable		-	-	8,000	13,328	13,328	13,328	-
Fixed deposits with licensed banks	9	12,108,606	2,426,832	1,946,367	6,453,096	5,212,501	7,816,676	9,185,310
Cash and bank balances		<u>9,265,413</u>	<u>11,272,956</u>	<u>8,584,564</u>	<u>7,282,869</u>	<u>11,119,083</u>	<u>7,243,005</u>	<u>19,936,644</u>
Total current assets		<u>31,696,282</u>	<u>30,244,015</u>	<u>50,672,463</u>	<u>46,838,118</u>	<u>54,838,511</u>	<u>58,938,498</u>	<u>89,634,065</u>
TOTAL ASSETS		<u>48,816,192</u>	<u>52,678,694</u>	<u>76,211,708</u>	<u>76,000,685</u>	<u>104,931,106</u>	<u>114,275,141</u>	<u>137,126,815</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**ERAMAS GLOBAL GROUP SDN. BHD.**

(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019, 31 DECEMBER 2020, 31 DECEMBER 2021, 31 DECEMBER 2022, 31 DECEMBER 2023, 31 DECEMBER 2024 AND 31 DECEMBER 2025 (CONT'D)

	<u>Note</u>	<u>31.12.2019</u> RM	<u>31.12.2020</u> RM	<u>31.12.2021</u> RM	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM	<u>31.12.2025</u> RM
EQUITY AND LIABILITIES								
EQUITY								
Equity attributable to common controlling shareholders/owners of the Group								
Share capital	10	-	-	-	-	-	225,749,903	225,749,903
Invested equity	10	2,400,102	3,980,002	3,980,002	5,620,000	32,785,207	-	-
Merger deficit	11	-	-	-	-	(4,220,000)	(184,469,997)	(184,469,997)
Retained earnings		<u>17,462,542</u>	<u>15,064,549</u>	<u>11,053,786</u>	<u>15,049,943</u>	<u>28,697,500</u>	<u>42,845,206</u>	<u>61,425,464</u>
		19,862,644	19,044,551	15,033,788	20,669,943	57,262,707	84,125,112	102,705,370
Non-controlling interests	12	<u>506,529</u>	<u>643,212</u>	<u>610,240</u>	<u>616,983</u>	<u>5,766,712</u>	<u>-</u>	<u>-</u>
Total equity		<u>20,369,173</u>	<u>19,687,763</u>	<u>15,644,028</u>	<u>21,286,926</u>	<u>63,029,419</u>	<u>84,125,112</u>	<u>102,705,370</u>
LIABILITIES								
Non-current liabilities								
Lease liabilities	13	205,304	163,144	147,473	856,802	983,030	447,705	249,933
Deferred tax liabilities	14	<u>-</u>	<u>-</u>	<u>19,000</u>	<u>12,000</u>	<u>306,000</u>	<u>1,231,000</u>	<u>1,488,000</u>
Total non-current liabilities		<u>205,304</u>	<u>163,144</u>	<u>166,473</u>	<u>868,802</u>	<u>1,289,030</u>	<u>1,678,705</u>	<u>1,737,933</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**ERAMAS GLOBAL GROUP SDN. BHD.**

(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019, 31 DECEMBER 2020, 31 DECEMBER 2021, 31 DECEMBER 2022, 31 DECEMBER 2023, 31 DECEMBER 2024 AND 31 DECEMBER 2025 (CONT'D)

	<u>Note</u>	<u>31.12.2019</u> RM	<u>31.12.2020</u> RM	<u>31.12.2021</u> RM	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM	<u>31.12.2025</u> RM
EQUITY AND LIABILITIES								
(CONT'D)								
LIABILITIES (CONT'D)								
Current liabilities								
Trade payables	15	9,654,075	8,494,611	11,991,433	14,474,809	19,841,791	10,370,702	11,908,367
Other payables	16	16,544,987	21,335,434	27,586,359	27,882,743	6,193,376	3,117,728	3,804,377
Contract liabilities	17	1,731,365	2,424,437	2,022,318	2,554,372	2,841,920	1,998,428	1,258,615
Lease liabilities	13	87,125	92,603	96,732	184,148	162,662	179,558	120,750
Borrowings	18	-	-	18,182,812	8,237,435	9,119,765	11,942,240	13,391,726
Tax payable		224,163	480,702	521,553	511,450	2,453,143	862,668	2,199,677
Total current liabilities		<u>28,241,715</u>	<u>32,827,787</u>	<u>60,401,207</u>	<u>53,844,957</u>	<u>40,612,657</u>	<u>28,471,324</u>	<u>32,683,512</u>
TOTAL LIABILITIES		<u>28,447,019</u>	<u>32,990,931</u>	<u>60,567,680</u>	<u>54,713,759</u>	<u>41,901,687</u>	<u>30,150,029</u>	<u>34,421,445</u>
TOTAL EQUITY AND LIABILITIES		<u>48,816,192</u>	<u>52,678,694</u>	<u>76,211,708</u>	<u>76,000,685</u>	<u>104,931,106</u>	<u>114,275,141</u>	<u>137,126,815</u>

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

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**ERAMAS GLOBAL GROUP SDN. BHD.**

(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 31 DECEMBER 2020, 31 DECEMBER 2021, 31 DECEMBER 2022, 31 DECEMBER 2023, 31 DECEMBER 2024 AND 31 DECEMBER 2025

	Note	31.12.2019 RM	31.12.2020 RM	31.12.2021 RM	31.12.2022 RM	31.12.2023 RM	31.12.2024 RM	31.12.2025 RM
Revenue	19	70,505,317	137,973,609	153,632,567	136,310,935	143,944,855	142,087,509	148,577,026
Cost of sales		(62,141,054)	(127,163,695)	(141,942,434)	(125,952,906)	(121,688,600)	(116,708,753)	(115,682,214)
Gross profit		8,364,263	10,809,914	11,690,133	10,358,029	22,256,255	25,378,756	32,894,812
Other income		3,670,767	3,080,901	1,246,099	1,577,515	739,668	401,142	268,415
Administrative expenses		(6,149,404)	(5,763,507)	(6,053,680)	(6,189,528)	(6,409,240)	(6,480,908)	(7,650,014)
Net impairment (loss)/gain of financial assets		-	(26,935)	(40,974)	(795,514)	795,514	41,498	(220,885)
Impairment loss on non-financial asset		-	-	-	-	-	(156,206)	-
Other operating expenses		(205,386)	(254,862)	(278,120)	(330,068)	(432,649)	(364,038)	(193,787)
Finance income	20	270,039	263,919	30,958	32,850	254,235	126,916	159,489
Finance costs	21	(29,812)	(45,339)	(49,430)	(254,190)	(395,199)	(870,362)	(739,480)
Share of profit of an associate	5	-	-	-	-	-	156,306	-
Profit before tax	22	5,920,467	8,064,091	6,544,986	4,399,094	16,808,584	18,233,104	24,518,550
Tax expense	23	(251,709)	(545,401)	(588,721)	(776,194)	(3,066,094)	(4,137,314)	(5,938,292)
Profit for the financial year/ Total comprehensive income for the financial year		5,668,758	7,518,690	5,956,265	3,622,900	13,742,490	14,095,790	18,580,258

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**ERAMAS GLOBAL GROUP SDN. BHD.**

(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 31 DECEMBER 2020, 31 DECEMBER 2021, 31 DECEMBER 2022, 31 DECEMBER 2023, 31 DECEMBER 2024 AND 31 DECEMBER 2025 (CONT'D)

	<u>Note</u>	<u>31.12.2019</u> RM	<u>31.12.2020</u> RM	<u>31.12.2021</u> RM	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM	<u>31.12.2025</u> RM
<u>Profit for the financial year attributable to:-</u>								
Common controlling shareholders/Owners of the Group		5,524,448	7,334,226	5,745,335	3,936,664	12,690,441	13,801,858	18,580,258
Non-controlling interests		<u>144,310</u>	<u>184,464</u>	<u>210,930</u>	<u>(313,764)</u>	<u>1,052,049</u>	<u>293,932</u>	<u>-</u>
		<u>5,668,758</u>	<u>7,518,690</u>	<u>5,956,265</u>	<u>3,622,900</u>	<u>13,742,490</u>	<u>14,095,790</u>	<u>18,580,258</u>
<u>Total comprehensive income for the financial year attributable to:-</u>								
Common controlling shareholders/Owners of the Group		5,524,448	7,334,226	5,745,335	3,936,664	12,690,441	13,801,858	18,580,258
Non-controlling interests		<u>144,310</u>	<u>184,464</u>	<u>210,930</u>	<u>(313,764)</u>	<u>1,052,049</u>	<u>293,932</u>	<u>-</u>
		<u>5,668,758</u>	<u>7,518,690</u>	<u>5,956,265</u>	<u>3,622,900</u>	<u>13,742,490</u>	<u>14,095,790</u>	<u>18,580,258</u>
Earnings per share								
Basic/Diluted earnings per share (RM)	24	<u>2.30</u>	<u>2.20</u>	<u>1.44</u>	<u>0.70</u>	<u>0.83</u>	<u>0.07</u>	<u>0.08</u>

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

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**ERAMAS GLOBAL GROUP SDN. BHD.**

(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 31 DECEMBER 2020, 31 DECEMBER 2021, 31 DECEMBER 2022, 31 DECEMBER 2023, 31 DECEMBER 2024 AND 31 DECEMBER 2025

← Attributable to common controlling shareholders/ owners of the Group ← → Non-distributable → ← Distributable →							
<u>Note</u>	<u>Share capital</u> RM	<u>Invested equity</u> RM	<u>Merger deficit</u> RM	<u>Retained earnings</u> RM	<u>Total</u> RM	<u>Non-controlling interests</u> RM	<u>Total equity</u> RM
At 1 January 2019	-	2,400,002	-	11,938,094	14,338,096	362,219	14,700,315
Transactions with common controlling shareholders:-							
Issuance of shares	10	-	100	-	100	-	100
Total comprehensive income for the financial year		-	-	-	5,524,448	144,310	5,668,758
At 31 December 2019	-	2,400,102	-	17,462,542	19,862,644	506,529	20,369,173
Total transactions with common controlling shareholders:-							
Issuance of shares	10	-	1,799,900	-	1,799,900	-	1,799,900
Dividends	25	-	-	-	(9,756,098)	(243,902)	(10,000,000)
Total transactions with common controlling shareholders of the Group		-	1,799,900	-	(7,956,198)	(243,902)	(8,200,100)
Changes in ownership interest in subsidiaries		-	(220,000)	-	23,879	196,121	-
Total comprehensive income for the financial year		-	-	-	7,334,226	184,464	7,518,690
At 31 December 2020	-	3,980,002	-	15,064,549	19,044,551	643,212	19,687,763

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**ERAMAS GLOBAL GROUP SDN. BHD.**

(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 31 DECEMBER 2020, 31 DECEMBER 2021, 31 DECEMBER 2022, 31 DECEMBER 2023, 31 DECEMBER 2024 AND 31 DECEMBER 2025 (CONT'D)

← Non-distributable ← Attributable to common controlling shareholders/ owners of the Group → Distributable →							
<u>Note</u>	<u>Share capital</u> RM	<u>Invested equity</u> RM	<u>Merger deficit</u> RM	<u>Retained earnings</u> RM	<u>Total</u> RM	<u>Non-controlling interests</u> RM	<u>Total equity</u> RM
At 31 December 2020 (cont'd)	-	3,980,002	-	15,064,549	19,044,551	643,212	19,687,763
Transactions with common controlling shareholders:-							
Dividends 25	-	-	-	(9,756,098)	(9,756,098)	(243,902)	(10,000,000)
Total comprehensive income for the financial year	-	-	-	5,745,335	5,745,335	210,930	5,956,265
At 31 December 2021	-	3,980,002	-	11,053,786	15,033,788	610,240	15,644,028
Transactions with common controlling shareholders:-							
Issuance of shares 10	-	2,019,998	-	-	2,019,998	-	2,019,998
Changes in ownership interest in subsidiaries	-	(380,000)	-	59,493	(320,507)	320,507	-
Total comprehensive income for the financial year	-	-	-	3,936,664	3,936,664	(313,764)	3,622,900
At 31 December 2022	-	5,620,000	-	15,049,943	20,669,943	616,983	21,286,926

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**ERAMAS GLOBAL GROUP SDN. BHD.**

(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 31 DECEMBER 2020, 31 DECEMBER 2021, 31 DECEMBER 2022, 31 DECEMBER 2023, 31 DECEMBER 2024 AND 31 DECEMBER 2025 (CONT'D)

← Attributable to common controlling shareholders/ owners of the Group → ← Non-distributable → Distributable								
Note	Share capital RM	Invested equity RM	Merger deficit RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM	
At 31 December 2022 (cont'd)	-	5,620,000	-	15,049,943	20,669,943	616,983	21,286,926	
Transactions with common controlling shareholders:-								
Issuance of shares	10	-	36,500,003	-	-	36,500,003	-	36,500,003
Acquisition of subsidiaries under common control		-	(4,280,000)	(4,220,000)	-	(8,500,000)	-	(8,500,000)
Total transactions with common controlling shareholders of the Group		-	32,220,003	(4,220,000)	-	28,000,003	-	28,000,003
Changes in ownership interest in subsidiaries		-	(5,054,796)	-	957,116	(4,097,680)	4,097,680	-
Total comprehensive income for the financial year		-	-	-	12,690,441	12,690,441	1,052,049	13,742,490
At 31 December 2023		-	32,785,207	(4,220,000)	28,697,500	57,262,707	5,766,712	63,029,419
Transactions with owners of the Group:-								
Issuance of shares	10	3	-	-	-	3	-	3
Acquisition of subsidiaries under common control		218,750,000	(38,500,003)	(180,249,997)	-	-	-	-
Acquisition of an associate		6,999,900	-	-	-	6,999,900	-	6,999,900
Total transactions with owners of the Group		225,749,903	(38,500,003)	(180,249,997)	-	6,999,903	-	6,999,903
Changes in ownership interest in subsidiaries		-	5,714,796	-	345,848	6,060,644	(6,060,644)	-
Total comprehensive income for the financial year		-	-	-	13,801,858	13,801,858	293,932	14,095,790
At 31 December 2024		225,749,903	-	(184,469,997)	42,845,206	84,125,112	-	84,125,112

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**ERAMAS GLOBAL GROUP SDN. BHD.**

(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 31 DECEMBER 2020, 31 DECEMBER 2021, 31 DECEMBER 2022, 31 DECEMBER 2023, 31 DECEMBER 2024 AND 31 DECEMBER 2025 (CONT'D)

	Attributable to common controlling shareholders/ owners of the Group						
	Non-distributable			Distributable			
<u>Note</u>	<u>Share capital</u> RM	<u>Invested equity</u> RM	<u>Merger deficit</u> RM	<u>Retained earnings</u> RM	<u>Total</u> RM	<u>Non-controlling interests</u> RM	<u>Total equity</u> RM
At 31 December 2024 (cont'd)	225,749,903	-	(184,469,997)	42,845,206	84,125,112	-	84,125,112
Total comprehensive income for the financial year	-	-	-	18,580,258	18,580,258	-	18,580,258
At 31 December 2025	225,749,903	-	(184,469,997)	61,425,464	102,705,370	-	102,705,370

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

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**ERAMAS GLOBAL GROUP SDN. BHD.**

(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 31 DECEMBER 2020, 31 DECEMBER 2021, 31 DECEMBER 2022, 31 DECEMBER 2023, 31 DECEMBER 2024 AND 31 DECEMBER 2025

	<u>Note</u>	<u>31.12.2019</u>	<u>31.12.2020</u>	<u>31.12.2021</u>	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>31.12.2025</u>
		RM	RM	RM	RM	RM	RM	RM
OPERATING ACTIVITIES								
Profit before tax		5,920,467	8,064,091	6,544,986	4,399,094	16,808,584	18,233,104	24,518,550
Adjustments for:-								
Net impairment loss/(gain) of financial assets		-	26,935	40,974	795,514	(795,514)	(41,498)	220,885
Inventories written down		-	-	3,656	542,502	30,443	-	-
Reversal of inventories written down		-	-	-	(3,656)	-	(22,620)	(542,502)
Depreciation of property, plant and equipment		107,762	157,238	159,702	477,892	1,644,261	1,780,687	1,836,942
Depreciation of right-of-use assets		97,624	97,624	118,418	182,804	317,544	281,191	110,485
Bad debts written off		313,765	-	4,297	-	20,946	28,794	1,380
Deposits written off		-	-	-	55,411	100	-	300
Property, plant and equipment written off		-	-	75	-	1,033	-	-
(Gain)/Loss on disposal of property, plant and equipment		-	-	(3,000)	(70,000)	(91,958)	(172,339)	35,833
Interest income		(270,039)	(263,919)	(30,958)	(32,850)	(254,235)	(126,916)	(159,489)
Interest expenses		29,812	45,339	49,430	254,190	395,199	870,362	739,480
Share of profit of an associate		-	-	-	-	-	(156,306)	-
Impairment loss on non-financial asset		-	-	-	-	-	156,206	-
Unrealised loss/(gain) on foreign exchange		573,074	(49,135)	(78,657)	(72,556)	(36,868)	195,064	200,429
Operating profit before working capital changes		6,772,465	8,078,173	6,808,923	6,528,345	18,039,535	21,025,729	26,962,293

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**ERAMAS GLOBAL GROUP SDN. BHD.**

(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 31 DECEMBER 2020, 31 DECEMBER 2021, 31 DECEMBER 2022, 31 DECEMBER 2023, 31 DECEMBER 2024 AND 31 DECEMBER 2025 (CONT'D)

	<u>Note</u>	<u>31.12.2019</u> RM	<u>31.12.2020</u> RM	<u>31.12.2021</u> RM	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM	<u>31.12.2025</u> RM
OPERATING ACTIVITIES (CONT'D)								
Operating profit before working capital changes (cont'd)		6,772,465	8,078,173	6,808,923	6,528,345	18,039,535	21,025,729	26,962,293
Changes in working capital:-								
Inventories		(561,884)	(654,094)	(818,174)	(9,293,857)	(5,163,529)	(4,468,737)	(1,831,035)
Receivables		(1,683,428)	(5,476,826)	(22,705,456)	15,318,790	(2,931,457)	926,891	(11,753,560)
Payables		5,665,386	1,785,696	7,796,150	3,020,888	5,110,861	(9,786,370)	2,451,340
Contract balances		(23,311)	693,072	(402,119)	532,054	306,474	(843,492)	(705,935)
Cash generated from/(used in) operations		10,169,228	4,426,021	(9,320,676)	16,106,220	15,361,884	6,854,021	15,123,103
Interest received		270,039	263,919	30,958	32,850	254,235	126,916	159,489
Tax paid		(157,996)	(288,862)	(536,870)	(798,625)	(830,401)	(4,802,789)	(4,330,955)
Net cash from/(used in) operating activities		10,281,271	4,401,078	(9,826,588)	15,340,445	14,785,718	2,178,148	10,951,637
INVESTING ACTIVITIES								
Proceed from disposal of an associate		-	-	-	-	-	-	3,761,866
Purchase of property, plant and equipment	A	(16,433,111)	(5,649,639)	(3,291,761)	(3,953,606)	(21,291,087)	(1,454,432)	(1,333,367)
Proceeds from disposal of property, plant and equipment		-	80,008	3,000	70,000	910,801	1,820,845	450,000
(Advances to)/Repayment from Directors		(50)	50	-	-	-	-	-
(Advances to)/Repayment from companies in which Directors have interest		(543,787)	(118,029)	(114,602)	(791,992)	1,341,803	32,136	-
Advance to an associate		-	-	-	-	-	(1,500,841)	-
Net cash (used in)/from investing activities		(16,976,948)	(5,687,610)	(3,403,363)	(4,675,598)	(19,038,483)	(1,102,292)	2,878,499

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**ERAMAS GLOBAL GROUP SDN. BHD.**

(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 31 DECEMBER 2020, 31 DECEMBER 2021, 31 DECEMBER 2022, 31 DECEMBER 2023, 31 DECEMBER 2024 AND 31 DECEMBER 2025 (CONT'D)

	<u>Note</u>	<u>31.12.2019</u>	<u>31.12.2020</u>	<u>31.12.2021</u>	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>31.12.2025</u>
		RM	RM	RM	RM	RM	RM	RM
FINANCING ACTIVITIES								
Dividends paid		-	(10,000,000)	(10,000,000)	-	-	-	-
Interest paid		(29,812)	(45,339)	(49,430)	(254,190)	(395,199)	(870,362)	(739,480)
Repayment of lease liabilities		(89,405)	(36,682)	(102,542)	(142,255)	(215,868)	(1,018,429)	(512,580)
(Placement)/Withdrawal of fixed deposits		(28,612)	(624,780)	480,465	(2,299,961)	(56,726)	(96,155)	(73,385)
Drawdown of bankers' acceptance		-	-	18,182,812	33,776,649	28,764,249	23,242,306	12,250,121
Drawdown of revolving credit		-	-	-	-	-	9,500,000	2,000,000
Repayment of bankers' acceptance		-	-	-	(43,697,649)	(27,808,061)	(29,956,062)	(12,500,635)
Repayment of revolving credit		-	-	-	-	-	-	(300,000)
Proceeds from issuance of ordinary shares		100	1,799,900	-	20,000	6,500,003	3	-
Advances from/(Repayment to) companies in which Directors have interest		45,310	(8,647)	126,597	(116,625)	(39,372)	(45,213)	34,711
Advances from/(Repayment to) Directors		13,350,000	1,850,000	(2,682,500)	2,345,000	45,000	(1,220,002)	-
Advances from a person connected to a Director		-	-	4,507,500	615,000	-	-	-
Repayment to shareholders		-	-	-	-	-	(1,980,000)	-
Net cash from/(used in) financing activities		<u>13,247,581</u>	<u>(7,065,548)</u>	<u>10,462,902</u>	<u>(9,754,031)</u>	<u>6,794,026</u>	<u>(2,443,914)</u>	<u>158,752</u>
CASH AND CASH EQUIVALENTS								
Net changes		6,551,904	(8,352,080)	(2,767,049)	910,816	2,541,261	(1,368,058)	13,988,888
Effect of exchange rate changes		177,966	53,069	78,657	(5,743)	(2,368)	-	-
Brought forward		<u>13,242,097</u>	<u>19,971,967</u>	<u>11,672,956</u>	<u>8,984,564</u>	<u>9,889,637</u>	<u>12,428,530</u>	<u>11,060,472</u>
Carried forward	B	<u>19,971,967</u>	<u>11,672,956</u>	<u>8,984,564</u>	<u>9,889,637</u>	<u>12,428,530</u>	<u>11,060,472</u>	<u>25,049,360</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**ERAMAS GLOBAL GROUP SDN. BHD.**

(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 31 DECEMBER 2020, 31 DECEMBER 2021, 31 DECEMBER 2022, 31 DECEMBER 2023, 31 DECEMBER 2024 AND 31 DECEMBER 2025 (CONT'D)**NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS****A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT**

	<u>31.12.2019</u> RM	<u>31.12.2020</u> RM	<u>31.12.2021</u> RM	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM	<u>31.12.2025</u> RM
Total additions	16,553,111	5,649,639	3,382,761	4,892,606	23,711,709	1,954,432	1,589,367
Less: Deposit paid in prior year	(120,000)	-	-	-	(2,100,012)	-	-
Purchase through lease liabilities	-	-	(91,000)	(939,000)	(320,610)	(500,000)	(256,000)
Cash payment	<u>16,433,111</u>	<u>5,649,639</u>	<u>3,291,761</u>	<u>3,953,606</u>	<u>21,291,087</u>	<u>1,454,432</u>	<u>1,333,367</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**ERAMAS GLOBAL GROUP SDN. BHD.**

(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 31 DECEMBER 2020, 31 DECEMBER 2021, 31 DECEMBER 2022, 31 DECEMBER 2023, 31 DECEMBER 2024 AND 31 DECEMBER 2025 (CONT'D)**NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)****B. CASH AND CASH EQUIVALENTS**

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

	<u>31.12.2019</u> RM	<u>31.12.2020</u> RM	<u>31.12.2021</u> RM	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM	<u>31.12.2025</u> RM
Fixed deposits with licensed banks	12,108,606	2,426,832	1,946,367	6,453,096	5,212,501	7,816,676	9,185,310
Cash and bank balances	<u>9,265,413</u>	<u>11,272,956</u>	<u>8,584,564</u>	<u>7,282,869</u>	<u>11,119,083</u>	<u>7,243,005</u>	<u>19,936,644</u>
	21,374,019	13,699,788	10,530,931	13,735,965	16,331,584	15,059,681	29,121,954
Less: Deposits pledged with licensed banks	<u>(1,402,052)</u>	<u>(2,026,832)</u>	<u>(1,546,367)</u>	<u>(3,846,328)</u>	<u>(3,903,054)</u>	<u>(3,999,209)</u>	<u>(4,072,594)</u>
	<u>19,971,967</u>	<u>11,672,956</u>	<u>8,984,564</u>	<u>9,889,637</u>	<u>12,428,530</u>	<u>11,060,472</u>	<u>25,049,360</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**ERAMAS GLOBAL GROUP SDN. BHD.**

(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 31 DECEMBER 2020, 31 DECEMBER 2021, 31 DECEMBER 2022, 31 DECEMBER 2023, 31 DECEMBER 2024 AND 31 DECEMBER 2025 (CONT'D)**RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

	<u>1.1.2019</u> RM	<u>Cash flows</u> RM	<u>31.12.2019</u> RM
Amount due to companies in which Directors have interest	51,451	45,310	96,761
Amount due to Directors	1,000,000	13,350,000	14,350,000
Lease liabilities	381,834	(89,405)	292,429
	<u>1,433,285</u>	<u>13,305,905</u>	<u>14,739,190</u>
	<u>1.1.2020</u> RM	<u>Cash flows</u> RM	<u>31.12.2020</u> RM
Amount due to companies in which Directors have interest	96,761	(8,647)	88,114
Amount due to Directors	14,350,000	1,850,000	16,200,000
Lease liabilities	292,429	(36,682)	255,747
	<u>14,739,190</u>	<u>1,804,671</u>	<u>16,543,861</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**ERAMAS GLOBAL GROUP SDN. BHD.**

(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 31 DECEMBER 2020, 31 DECEMBER 2021, 31 DECEMBER 2022, 31 DECEMBER 2023, 31 DECEMBER 2024 AND 31 DECEMBER 2025 (CONT'D)**RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONT'D)**

	<u>1.1.2021</u> RM	<u>Cash flows</u> RM	<u>Purchase of property, plant and equipment</u> RM	<u>31.12.2021</u> RM
Amount due to companies in which Directors have interest	88,114	126,597	-	214,711
Amount due to Directors	16,200,000	(2,682,500)	-	13,517,500
Amount due to a person connected to a Director	-	4,507,500	-	4,507,500
Bankers' acceptance	-	18,182,812	-	18,182,812
Lease liabilities	255,747	(102,542)	91,000	244,205
	<u>16,543,861</u>	<u>20,031,867</u>	<u>91,000</u>	<u>36,666,728</u>

	<u>1.1.2022</u> RM	<u>Cash flows</u> RM	<u>Purchase of property, plant and equipment</u> RM	<u>Others</u> RM	<u>Unrealised foreign exchange</u> RM	<u>31.12.2022</u> RM
Amount due to companies in which Directors have interest	214,711	(116,625)	-	-	-	98,086
Amount due to Directors	13,517,500	2,345,000	-	8,792,502 ⁽¹⁾	-	24,655,002
Amount due to a person connected to a Director	4,507,500	615,000	-	(5,122,500) ⁽²⁾	-	-
Bankers' acceptance	18,182,812	(9,921,000)	-	-	(24,377)	8,237,435
Lease liabilities	244,205	(142,255)	939,000	-	-	1,040,950
	<u>36,666,728</u>	<u>(7,219,880)</u>	<u>939,000</u>	<u>3,670,002</u>	<u>(24,377)</u>	<u>34,031,473</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**ERAMAS GLOBAL GROUP SDN. BHD.**

(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 31 DECEMBER 2020, 31 DECEMBER 2021, 31 DECEMBER 2022, 31 DECEMBER 2023, 31 DECEMBER 2024 AND 31 DECEMBER 2025 (CONT'D)**RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONT'D)**

- (1) RM1,999,998 was capitalised to share capital and RM10,792,500 was reclassified from amount due to a person connected to a Director and non-trade payables.
- (2) RM5,122,500 was reclassified to amount due to Directors.

	<u>1.1.2023</u>	<u>Cash flows</u>	<u>Purchase of</u>	<u>Others</u>	<u>Unrealised</u>	<u>31.12.2023</u>
	RM	RM	property, plant and equipment	RM	foreign exchange	RM
Amount due to companies in which Directors have interest	98,086	(39,372)	-	-	-	58,714
Amount due to Directors	24,655,002	45,000	-	(23,480,000) ⁽¹⁾	-	1,220,002
Amount due to shareholders	-	-	-	1,980,000	-	1,980,000
Bankers' acceptance	8,237,435	956,188	-	-	(73,858)	9,119,765
Lease liabilities	1,040,950	(215,868)	320,610	-	-	1,145,692
	<u>34,031,473</u>	<u>745,948</u>	<u>320,610</u>	<u>(21,500,000)</u>	<u>(73,858)</u>	<u>13,524,173</u>

- (1) RM21,500,000 was capitalised to share capital and RM1,980,000 was reclassified to amount due to shareholders.

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**ERAMAS GLOBAL GROUP SDN. BHD.**

(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 31 DECEMBER 2020, 31 DECEMBER 2021, 31 DECEMBER 2022, 31 DECEMBER 2023, 31 DECEMBER 2024 AND 31 DECEMBER 2025 (CONT'D)**RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONT'D)**

	<u>1.1.2024</u>	<u>Cash flows</u>	<u>Purchase of</u>	<u>Unrealised</u>	<u>31.12.2024</u>
	RM	RM	property, plant and equipment	foreign exchange	RM
			RM	RM	
Amount due to companies in which Directors have interest	58,714	(45,213)	-	-	13,501
Amount due to Directors	1,220,002	(1,220,002)	-	-	-
Amount due to shareholders	1,980,000	(1,980,000)	-	-	-
Bankers' acceptance	9,119,765	(6,713,756)	-	36,231	2,442,240
Revolving credit	-	9,500,000	-	-	9,500,000
Lease liabilities	1,145,692	(1,018,429)	500,000	-	627,263
	<u>13,524,173</u>	<u>(1,477,400)</u>	<u>500,000</u>	<u>36,231</u>	<u>12,583,004</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**ERAMAS GLOBAL GROUP SDN. BHD.**

(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 31 DECEMBER 2020, 31 DECEMBER 2021, 31 DECEMBER 2022, 31 DECEMBER 2023, 31 DECEMBER 2024 AND 31 DECEMBER 2025 (CONT'D)**RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONT'D)**

	<u>1.1.2025</u>	<u>Cash flows</u>	<u>Purchase of</u> <u>property, plant</u> <u>and equipment</u>	<u>31.12.2025</u>
	RM	RM	RM	RM
Amount due to companies in which Directors have interest	13,501	34,711	-	48,212
Bankers' acceptance	2,442,240	(250,514)	-	2,191,726
Revolving credit	9,500,000	1,700,000	-	11,200,000
Lease liabilities	627,263	(512,580)	256,000	370,683
	<u>12,583,004</u>	<u>971,617</u>	<u>256,000</u>	<u>13,810,621</u>

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

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)

ERAMAS GLOBAL GROUP SDN. BHD.

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS**1. GENERAL INFORMATION****1.1 Introduction**

This report is made solely to comply with Equity Guidelines issued by the Securities Commission Malaysia and Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad for inclusion in the Circular of SCGM Bhd ("SCGM") in connection with the proposed acquisition of 100% equity interest in Eramas Global Group Sdn. Bhd. (the "Company" or "Eramas Global Group") and for no other purpose.

1.2 Background

The Company was incorporated on 22 February 2024 as a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at 38C-2, Jalan Radin Anum, Bandar Baru Seri Petaling, 57000 Kuala Lumpur. The principal place of business of the Company is located at Lot 4089, Jalan P4/8, Seksyen 4, Bandar Teknologi Kajang, 43500 Semenyih, Selangor.

SCGM is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

On 2 September 2022, SCGM was notified by Bursa Malaysia Securities Berhad that following the disposal of its subsidiary, Lee Soon Seng Plastic Industries Sdn. Bhd., SCGM is classified as a Cash Company pursuant to Paragraph 8.03(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Pursuant to the disposal, SCGM has triggered Paragraph 8.03(1) and 8.03A(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and is accordingly subject to comply with the provisions of Paragraph 8.03 and Practice Note 16 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

As part of SCGM's regularisation plan, SCGM proposes to acquire 100% equity interest in Eramas Global Group and its subsidiaries (collectively known as "the Group"). The principal activities of Group and the details of the proposed acquisition of Eramas Global Group (including internal reorganisation within the Group) are disclosed in Notes 1.3 and 1.4 to this report.

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**1. GENERAL INFORMATION (CONT'D)****1.3 Principal activities**

The Company is principally engaged in investment holding.

Details of the subsidiaries of the Company are as follows:-

Name of company	Principal activities	Date of incorporation	Principal place of business	Equity interest						
				31.12.2019	31.12.2020	31.12.2021	31.12.2022	31.12.2023	31.12.2024	31.12.2025
Eramas International Holdings Sdn. Bhd. ("Eramas International Holdings")	Investment holding.	17 October 2023	Malaysia	-	-	-	-	96%	100%	100%
Eramas Ingredients Sdn. Bhd. ("Eramas Ingredients")	Manufacturing of all kinds of food related powder ranging from coconut to palm series.	3 December 2014	Malaysia	100%	100%	100%	82%	82%	100%	100%
Erapoly Global Sdn. Bhd. ("Erapoly Global")	Sale and distribution of coconut related products, palm oil and fat products and dairy products to local and overseas market.	19 August 2018	Malaysia	98%	98%	98%	98%	100%	100%	100%
Eramas Marketing (Sea) Sdn. Bhd. ("Eramas Marketing")	Sale and distribution of coconut related products in the local market.	27 September 2019	Malaysia	100%	88%	88%	87%	100%	100%	100%

- (a) The equity interest from financial years ended 31 December 2019 to 31 December 2022 represents the equity interest of the common controlling shareholders (namely Yan Hua Lan, Chin Kok Tian and Tan Ah Tek) in the respective subsidiaries.
- (b) The equity interest for the financial year ended 31 December 2023 represents the equity interest of Eramas International Holdings in Erapoly Global and Eramas Marketing upon completion of the acquisition of Erapoly Global and Eramas Marketing whereas the equity interest of Eramas International Holdings and Eramas Ingredients represents the equity interest of the common controlling shareholders (namely Yan Hua Lan, Chin Kok Tian and Tan Ah Tek) in Eramas International Holdings and Eramas Ingredients.

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**1. GENERAL INFORMATION (CONT'D)****1.3 Principal activities (cont'd)**

Details of the subsidiaries of the Company are as follows (cont'd):-

- (c) The equity interest for the financial years ended 31 December 2024 and 31 December 2025 represents the equity interest of Eramas Global Group in the subsidiaries.

There was no significant change in the nature of the principal activities of the Company and its subsidiaries for the financial years ended 31 December 2019, 31 December 2020, 31 December 2021, 31 December 2022, 31 December 2023, 31 December 2024 and 31 December 2025 under audit of this report.

Detail of the associate of the Company is as follows:-

Name of company	Principal activities	Date of incorporation	Principal place of business	Equity interest						
				31.12.2019	31.12.2020	31.12.2021	31.12.2022	31.12.2023	31.12.2024	31.12.2025
PT Eramas Coconut Industries (“PT Eramas”)	Manufacturing of coconut cream / milk, coconut water and desiccated coconut	8 November 2016	Indonesia	-	-	-	-	-	35%	-

- (a) The acquisition of PT Eramas by Eramas Global Group was completed on 9 July 2024 and PT Eramas became an associate of the Group for the financial year ended 31 December 2024.
- (b) On 29 August 2025, the Company entered into an agreement to dispose of its 35% equity interest in PT Eramas for a total cash consideration of RM7,000,000. The disposal was completed on 29 August 2025, with the effective date of transfer of all profits, rights and benefits as well as all losses, liabilities, costs, or obligations in respect of the sale shares on 1 January 2025.

There was no significant change in the nature of the principal activities of the associate for the financial year ended 31 December 2024 under audit of this report.

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)

1. GENERAL INFORMATION (CONT'D)

1.4 Proposed acquisition and internal reorganisation

Proposed acquisition

SCGM had on 20 March 2024 entered into a heads of agreement with Chin Kok Tian, Yan Hua Lan, Tan Ah Tek, Gan Chuan Lee, Tey Chee Shin, Tan Tai Chong and Lau Sie Khian (collectively referred to as the "Vendors") for the acquisition of all ordinary shares in Eramas Global Group for a purchase consideration to be determined later ("**Proposed Acquisition**"). On 16 October 2024, SCGM and the Vendors mutually agreed to extend the period to execute the share sale agreement for the Proposed Acquisition until 31 December 2024. On 27 December 2024, SCGM entered into the share sale agreement with the Vendors for the Proposed Acquisition. On 24 September 2025, SCGM and the Vendors have mutually agreed to extend the period for the satisfaction or fulfilment of the conditions precedent under the share sale agreement for the Proposed Acquisition until 30 June 2026. On 14 May 2026, SCGM and the Vendors have mutually agreed to further extend the period for the satisfaction or fulfilment of the conditions precedent under the share sale agreement for the Proposed Acquisition until 31 December 2026.

Internal re-organisation

On 16 November 2023, Eramas International Holdings had entered into the following share sale agreements:-

- a. share sale agreement (as supplemented by a supplemental agreement dated 20 December 2023) with Chin Kok Tian, Yan Hua Lan, Tan Ah Tek, Gan Chuan Lee, Tey Chee Shin, Tan Tai Chong and Lau Sie Khian for acquisition of the entire equity interest in Eramas Marketing for a total consideration of RM1,000,000 to be satisfied via the issuance and allotment of 1,000,000 new ordinary shares in Eramas International Holdings, at an issue price of RM1 per share ("**Acquisition of Eramas Marketing**"); and
- b. share sale agreement (as supplemented by a supplemental agreement dated 20 December 2023) with Chin Kok Tian, Yan Hua Lan and Tey Chee Shin for acquisition of the entire equity interest in Erapoly Global for a total consideration of RM7,500,000 to be satisfied via the issuance and allotment of 7,500,000 new ordinary shares in Eramas International Holdings, at an issue price of RM1 per share ("**Acquisition of Erapoly Global**").

The acquisition of Eramas Marketing and Erapoly Global by Eramas International Holdings was completed on 27 December 2023.

On 26 February 2024, Eramas Global Group had entered into a share sale agreement with Chin Kok Tian, Yan Hua Lan, Tan Ah Tek, Gan Chuan Lee and Tan Tai Chong for acquisition of the entire equity interest in Eramas Ingredients for a total consideration of RM62,500,000 to be satisfied via the issuance and allotment of 62,500,000 new ordinary shares in Eramas Global Group, at an issue price of RM1 per share ("**Acquisition of Eramas Ingredients**").

The acquisition of Eramas Ingredients by Eramas Global Group was completed on 1 March 2024.

On 28 February 2024, Eramas Global Group had entered into a share sale agreement with Chin Kok Tian, Yan Hua Lan, Tan Ah Tek, Gan Chuan Lee, Tey Chee Shin, Tan Tai Chong and Lau Sie Khian for acquisition of the entire equity interest in Eramas International Holdings for a total consideration of RM156,250,000 to be satisfied via the issuance and allotment of 156,250,000 new ordinary shares in Eramas Global Group, at an issue price of RM1 per share ("**Acquisition of Eramas International Holdings**").

The acquisition of Eramas International Holdings by Eramas Global Group was completed on 28 February 2024.

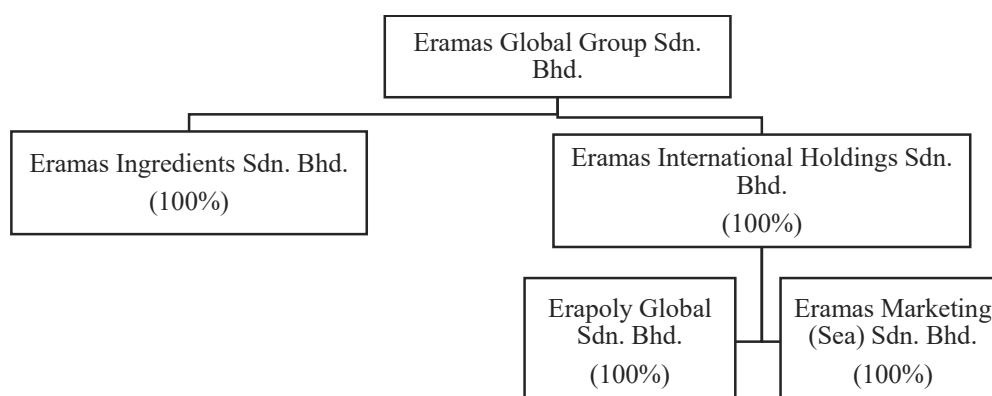
ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**1. GENERAL INFORMATION (CONT'D)****1.4 Proposed acquisition and internal reorganisation (cont'd)****Internal re-organisation (cont'd)**

On 4 March 2024, Eramas Global Group had entered into a conditional sale and purchase of shares agreement with Chin Kok Tian, Yan Hua Lan and Tan Ah Tek for acquisition of 24,423 ordinary shares in PT Eramas, representing 35% equity interest in PT Eramas for a total purchase consideration of RM6,999,900, which was fully satisfied via the issuance of 6,999,900 new ordinary shares in Eramas Global Group at an issue price of RM1.00 each (“**Acquisition of PT Eramas**”).

The acquisition of PT Eramas by Eramas Global Group was completed on 9 July 2024 and PT Eramas became an associate of the Group.

On 29 August 2025, the Company entered into an agreement to dispose of its 35% equity interest in PT Eramas for a total cash consideration of RM7,000,000. The disposal was completed on 29 August 2025.

Following the completion of above acquisitions and disposal by Eramas Global Group, the group structure of Eramas Global Group is as follows:-



The consolidated financial statements of the Group for the relevant year were prepared in a manner similar to the merger method, as if the entities within the Group were operating as a single economic entity from the beginning of the earliest comparative year covered by the relevant year or the dates of incorporation of entities within the Group, if later. Such manner of presentation reflects the economic substance of the companies, which are under common control throughout the relevant year.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the subsidiaries so as to obtain the benefits from their activities, and that ultimate collective power is not transitory. The financial statements of commonly controlled entities are included in the consolidated financial statements from the day that control commences until the date that control ceases.

The common control of the Group has been established since the set-up of the Group by virtue of Chin Kok Tian, Yan Hua Lan and Tan Ah Tek (collectively referred to as the “Controlling Shareholders”). Hence, the consolidated financial statements of the Group have been prepared as if the Group has been operated as a single economic entity throughout the financial years ended 31 December 2019, 31 December 2020, 31 December 2021, 31 December 2022, 31 December 2023, 31 December 2024 and 31 December 2025.

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)

1. GENERAL INFORMATION (CONT'D)**1.4 Proposed acquisition and internal reorganisation (cont'd)****Internal re-organisation (cont'd)**

The financial statements for the financial years ended from 31 December 2019 to 31 December 2023 do not include the financial information of the Company as it was only incorporated on 22 February 2024.

The financial statements for the financial years ended from 31 December 2019 to 31 December 2023 do not include the share of profits or loss on PT Eramas as the acquisition of PT Eramas was completed on 9 July 2024. Subsequently, PT Eramas was disposed on 29 August 2025, with the effective date of transfer of all profits, rights and benefits as well as all losses, liabilities, costs, or obligations in respect of the sale shares on 1 January 2025.

Investment in associate, PT Eramas is accounted for in the statements of financial position using the equity method upon completion of acquisition for the financial year ended 31 December 2024. Under the equity method, the investment in associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date.

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**1. GENERAL INFORMATION (CONT'D)****1.5 Auditors**

The financial statements of the Group reflect the financial information of Eramas Global Group Sdn. Bhd., Eramas International Holdings Sdn. Bhd., Erapoly Global Sdn. Bhd., Eramas Marketing (Sea) Sdn. Bhd. and Eramas Ingredients Sdn. Bhd.

The relevant financial years/period of the audited financial statements presented for the purpose of this report and the Auditors of the companies within the Group are as follows:-

Company	Relevant Financial Years/Period	Group Auditors
Eramas Global Group Sdn. Bhd.	Financial period from 22 February 2024 (date of incorporation) to 31 December 2024	Grant Thornton Malaysia PLT
	FYE 31 December 2025	Grant Thornton Malaysia PLT
Eramas International Holdings Sdn. Bhd.	Financial period from 17 October 2023 (date of incorporation) to 31 December 2023	Grant Thornton Malaysia PLT
	FYE 31 December 2024	Grant Thornton Malaysia PLT
	FYE 31 December 2025	Grant Thornton Malaysia PLT
Eramas Ingredients Sdn. Bhd.	FYE 31 December 2019	*
	FYE 31 December 2020	*
	FYE 31 December 2021	Grant Thornton Malaysia PLT
	FYE 31 December 2022	Grant Thornton Malaysia PLT
	FYE 31 December 2023	Grant Thornton Malaysia PLT
	FYE 31 December 2024	Grant Thornton Malaysia PLT
	FYE 31 December 2025	Grant Thornton Malaysia PLT
Erapoly Global Sdn. Bhd.	FYE 31 December 2019	Grant Thornton Malaysia PLT
	FYE 31 December 2020	Grant Thornton Malaysia PLT
	FYE 31 December 2021	Grant Thornton Malaysia PLT
	FYE 31 December 2022	Grant Thornton Malaysia PLT
	FYE 31 December 2023	Grant Thornton Malaysia PLT
	FYE 31 December 2024	Grant Thornton Malaysia PLT
	FYE 31 December 2025	Grant Thornton Malaysia PLT
Eramas Marketing (Sea) Sdn. Bhd.	Financial period from 27 September 2019 (date of incorporation) to 31 December 2019	^
	FYE 31 December 2020	^
	FYE 31 December 2021	Grant Thornton Malaysia PLT
	FYE 31 December 2022	Grant Thornton Malaysia PLT
	FYE 31 December 2023	Grant Thornton Malaysia PLT
	FYE 31 December 2024	Grant Thornton Malaysia PLT
	FYE 31 December 2025	Grant Thornton Malaysia PLT

* The financial statements for FYE 31 December 2019 and FYE 31 December 2020 were prepared in accordance with Malaysian Private Entities Reporting Standard and have been reaudited by Grant Thornton Malaysia PLT for the purpose of these financial statements.

^ The first set financial statements was prepared from 27 September 2019 to 31 December 2020 in accordance with Malaysian Private Entities Reporting Standard and has been reaudited by Grant Thornton Malaysia PLT for financial period ended 31 December 2019 and financial year ended 31 December 2020 for the purpose of these financial statements.

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)

1. GENERAL INFORMATION (CONT'D)**1.5 Auditors (cont'd)**

The audited financial statements of Eramas Global Group Sdn. Bhd., Eramas International Holdings Sdn. Bhd., Erapoly Global Sdn. Bhd., Eramas Marketing (Sea) Sdn. Bhd. and Eramas Ingredients Sdn. Bhd. for the Relevant Financial Years/Period reported above were not subject to any qualification or modification.

The acquisition of PT Eramas by Eramas Global Group was completed on 9 July 2024 and PT Eramas became an associate of the Group. Subsequently, PT Eramas was disposed on 29 August 2025, with the effective date of transfer of all profits, rights and benefits as well as all losses, liabilities, costs, or obligations in respect of the sale shares on 1 January 2025. We have not acted as auditors of PT Eramas. The translation of financial information of PT Eramas from Standar Akuntansi Keuangan Entitas Tanpa Akuntabilitas Publik (SAK-ETAP) to the Group's accounting policies for the financial year ended 31 December 2024 was performed by a former member firm of Grant Thornton International Ltd.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**2.1 Statement of compliance**

The financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting Standards ("IFRSs") and the Guidance Note on 'Combined Financial Statements' issued by the Malaysian Institute of Accountants.

The financial statements consist of the financial information of the companies as disclosed in Note 1.5 to this report, which were under common control throughout the reporting years by virtue of common controlling shareholders.

2.2 Basis of measurement

The financial statements of the Group have been prepared under the historical cost convention.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or to transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial market takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)**2.2 Basis of measurement (cont'd)**

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:-

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting year.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

2.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's functional currency and all values are rounded to the nearest RM except when otherwise stated.

2.4 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

2.4.1 Estimation uncertainty

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Useful lives of depreciable assets

Management estimates the useful lives of the property, plant and equipment (including right-of-use assets) to be within 4 to 50 years and reviews the useful lives of the depreciable asset at the end of each reporting year. As at year end, management assesses that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to change in the expected level of usage and technological developments which result in the adjustment to the Group's assets.

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)**2.4 Significant accounting estimates and judgements (cont'd)****2.4.1 Estimation uncertainty (cont'd)****Impairment of non-financial assets**

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Provision for expected credit losses ("ECLs") of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns such as customer type and rating, and other forms of credit insurance.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimates are made. The realisation of these inventories may be affected by market-driven changes that may occur in the future.

Income taxes/deferred tax liabilities

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)**2.4 Significant accounting estimates and judgements (cont'd)****2.4.1 Estimation uncertainty (cont'd)****Deferred tax assets**

Deferred tax assets are recognised for all deductible temporary differences, unutilised business losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences, unutilised business losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future financial performance and cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statement of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

2.4.2 Significant management judgement

The following are significant management judgements made in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Deferred tax assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)

3. MFRSs**3.1 Adoption of amendments/improvements to MFRSs**

At the beginning of the current financial year, the Group adopted amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2025.

Initial application of the amendments/improvements to the MFRSs did not have material impact to the financial statements.

3.2 Standards issued but not yet effective

The new and amended standards that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards, if applicable, when they become effective in the respective financial periods.

Effective for financial period beginning on or after 1 January 2026:-

Amendments to MFRS 9 and MFRS 7	Financial Instruments and Financial Instruments: Disclosures - Amendments to the Classification and Measurement of Financial Instruments
Annual Improvements to MFRS Accounting Standards - Volume 11	
Amendments to MFRS 9 and MFRS 7	Financial Instruments and Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity

Effective for financial period beginning on or after 1 January 2027:-

MFRS 18	Presentation and Disclosure in Financial Statements
MFRS 19	Subsidiaries without Public Accountability: Disclosures
Amendments to MFRS 19	Subsidiaries without Public Accountability: Disclosures
Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency

Deferred to a date to be determined by Malaysian Accounting Standards Board:-

Amendments to MFRS 10 and MFRS 128	Consolidated Financial Statements and Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)

3. MFRSs (CONT'D)**3.2 Standards issued but not yet effective (cont'd)**

The initial application of the above applicable standards and amendments are not expected to have material financial impact to the financial statements of the Group, except as follows:-

MFRS 18 Presentation and Disclosure in Financial Statements

MFRS 18 Presentation and Disclosure in Financial Statements introduces three sets of new requirements to improve companies' reporting of financial performance:

- Improved comparability in the statement of profit or loss (income statement)
- Enhanced transparency of management-defined performance measures
- More useful grouping of information in the financial statements

MFRS 18 replaces MFRS 101 Presentation of Financial Statements. It carries forward many requirements from MFRS 101 unchanged. MFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027, but companies can apply it earlier.

The Group is working to identify all impacts the amendments will have on the financial statements and notes to financial statements. The adoption of MFRS 18 will have no impact on the Group's net profit but will result in changes to the presentation and disclosure of information in the financial statements and notes.

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold <u>Land</u> RM	<u>Buildings</u> RM	Furniture and <u>Fittings</u> RM	Computer and <u>Software</u> RM	Office <u>Equipment</u> RM	Motor <u>Vehicles</u> RM	Electrical <u>Installation</u> RM	Plant and <u>Machinery</u> RM	Renovation and <u>Signboard</u> RM	Capital Work-in- <u>Progress</u> RM	<u>Total</u> RM
Cost											
At 1.1.2019	-	-	8,740	64,362	34,726	876,132	-	93,276	-	-	1,077,236
Additions	4,000,000	-	3,300	51,914	41,647	-	-	30,000	-	12,426,250	16,553,111
At 31.12.2019	4,000,000	-	12,040	116,276	76,373	876,132	-	123,276	-	12,426,250	17,630,347
Additions	-	-	-	43,334	-	200,000	-	-	-	5,406,305	5,649,639
Disposal	-	-	(285)	(7,250)	-	-	-	(93,276)	-	-	(100,811)
At 31.12.2020	4,000,000	-	11,755	152,360	76,373	1,076,132	-	30,000	-	17,832,555	23,179,175
Additions	-	-	5,940	30,158	23,793	102,000	-	2,000	-	3,218,870	3,382,761
Disposal	-	-	-	(5,610)	-	-	-	-	-	-	(5,610)
Written off	-	-	-	(500)	-	-	-	-	-	-	(500)
At 31.12.2021	4,000,000	-	17,695	176,408	100,166	1,178,132	-	32,000	-	21,051,425	26,555,826
Additions	-	58,617	577,711	83,896	66,195	1,135,132	192,760	2,418,606	57,351	302,338	4,892,606
Reversal	-	(302,027)	-	-	-	-	(32,574)	-	-	(273,987)	(608,588)
Disposal	-	-	-	-	-	(154,820)	-	-	-	-	(154,820)
Reclassification	-	9,503,524	292,304	-	-	-	2,066,876	8,268,115	147,177	(20,277,996)	-
At 31.12.2022	4,000,000	9,260,114	887,710	260,304	166,361	2,158,444	2,227,062	10,718,721	204,528	801,780	30,685,024
Additions	21,960,456	410,807	30,758	110,758	5,500	475,310	-	617,980	100,140	-	23,711,709
Disposal	-	-	(3,781)	(8,420)	(11,576)	(388,014)	-	(792,594)	(22,956)	-	(1,227,341)
Reclassification	-	-	-	-	-	-	-	801,780	-	(801,780)	-
Written off	-	-	-	(5,167)	-	-	-	-	-	-	(5,167)
At 31.12.2023	25,960,456	9,670,921	914,687	357,475	160,285	2,245,740	2,227,062	11,345,887	281,712	-	53,164,225
Additions	-	14,762	9,980	48,515	18,117	583,000	1,118	1,268,542	10,398	-	1,954,432
Disposal	-	-	-	-	-	(1,723,817)	-	(825,383)	-	-	(2,549,200)
Written off	-	-	(120)	(657)	-	-	-	-	-	-	(777)
At 31.12.2024	25,960,456	9,685,683	924,547	405,333	178,402	1,104,923	2,228,180	11,789,046	292,110	-	52,568,680
Additions	-	59,786	129,248	54,920	12,305	406,580	-	819,473	22,903	84,152	1,589,367
Disposal	-	-	-	-	-	(583,000)	-	-	-	-	(583,000)
At 31.12.2025	25,960,456	9,745,469	1,053,795	460,253	190,707	928,503	2,228,180	12,608,519	315,013	84,152	53,575,047

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)

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

	Freehold <u>Land</u> RM	<u>Buildings</u> RM	Furniture and <u>Fittings</u> RM	Computer and <u>Software</u> RM	Office <u>Equipment</u> RM	Motor <u>Vehicles</u> RM	Electrical <u>Installation</u> RM	Plant and <u>Machinery</u> RM	Renovation and <u>Signboard</u> RM	Capital Work-in- <u>Progress</u> RM	<u>Total</u> RM
Accumulated depreciation											
At 1.1.2019	-	-	981	35,844	9,740	253,045	-	5,441	-	-	305,051
Charge for the financial year	-	-	1,150	12,907	5,025	175,226	-	11,078	-	-	205,386
At 31.12.2019	-	-	2,131	48,751	14,765	428,271	-	16,519	-	-	510,437
Charge for the financial year	-	-	1,184	22,073	8,715	215,226	-	7,664	-	-	254,862
Disposal	-	-	(72)	(1,298)	-	-	-	(19,433)	-	-	(20,803)
At 31.12.2020	-	-	3,243	69,526	23,480	643,497	-	4,750	-	-	744,496
Charge for the financial year	-	-	1,954	27,879	8,809	236,021	-	3,457	-	-	278,120
Disposal	-	-	-	(5,610)	-	-	-	-	-	-	(5,610)
Written off	-	-	-	(425)	-	-	-	-	-	-	(425)
At 31.12.2021	-	-	5,197	91,370	32,289	879,518	-	8,207	-	-	1,016,581
Charge for the financial year	-	46,369	24,862	31,974	11,751	222,804	55,868	266,115	953	-	660,696
Disposal	-	-	-	-	-	(154,820)	-	-	-	-	(154,820)
At 31.12.2022	-	46,369	30,059	123,344	44,040	947,502	55,868	274,322	953	-	1,522,457
Charge for the financial year	-	192,985	91,980	42,277	16,313	357,544	222,706	1,015,109	22,891	-	1,961,805
Disposal	-	-	(95)	(211)	(289)	(388,014)	-	(19,815)	(74)	-	(408,498)
Written off	-	-	-	(4,134)	-	-	-	-	-	-	(4,134)
At 31.12.2023	-	239,354	121,944	161,276	60,064	917,032	278,574	1,269,616	23,770	-	3,071,630
Charge for the financial year	-	193,641	94,303	45,778	16,755	284,525	222,753	1,174,973	29,150	-	2,061,878
Disposal	-	-	-	-	-	(742,805)	-	(157,889)	-	-	(900,694)
Written off	-	-	(120)	(657)	-	-	-	-	-	-	(777)
At 31.12.2024	-	432,995	216,127	206,397	76,819	458,752	501,327	2,286,700	52,920	-	4,232,037

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)

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

	Freehold <u>Land</u> RM	<u>Buildings</u> RM	Furniture and <u>Fittings</u> RM	Computer and <u>Software</u> RM	Office <u>Equipment</u> RM	Motor <u>Vehicles</u> RM	Electrical <u>Installation</u> RM	Plant and <u>Machinery</u> RM	Renovation and <u>Signboard</u> RM	Capital Work-in- <u>Progress</u> RM	<u>Total</u> RM
Accumulated depreciation (cont'd)											
At 31.12.2024 (cont'd)	-	432,995	216,127	206,397	76,819	458,752	501,327	2,286,700	52,920	-	4,232,037
Charge for the financial year	-	194,518	101,447	46,484	19,009	110,485	222,818	1,221,323	31,343	-	1,947,427
Disposal	-	-	-	-	-	(97,167)	-	-	-	-	(97,167)
At 31.12.2025	-	627,513	317,574	252,881	95,828	472,070	724,145	3,508,023	84,263	-	6,082,297
Net carrying amount											
At 31.12.2019	4,000,000	-	9,909	67,525	61,608	447,861	-	106,757	-	12,426,250	17,119,910
At 31.12.2020	4,000,000	-	8,512	82,834	52,893	432,635	-	25,250	-	17,832,555	22,434,679
At 31.12.2021	4,000,000	-	12,498	85,038	67,877	298,614	-	23,793	-	21,051,425	25,539,245
At 31.12.2022	4,000,000	9,213,745	857,651	136,960	122,321	1,210,942	2,171,194	10,444,399	203,575	801,780	29,162,567
At 31.12.2023	25,960,456	9,431,567	792,743	196,199	100,221	1,328,708	1,948,488	10,076,271	257,942	-	50,092,595
At 31.12.2024	25,960,456	9,252,688	708,420	198,936	101,583	646,171	1,726,853	9,502,346	239,190	-	48,336,643
At 31.12.2025	25,960,456	9,117,956	736,221	207,372	94,879	456,433	1,504,035	9,100,496	230,750	84,152	47,492,750

Freehold land and buildings amounting to RM35,078,412 (31.12.2024: RM35,213,144, 31.12.2023: RM13,431,567, 31.12.2022: RM13,213,745, 31.12.2021: RMNil, 31.12.2020: RMNil and 31.12.2019: RMNil) is pledged as security for banking facilities granted to the Group as disclosed in Note 18 to the financial statements.

The net carrying amount of motor vehicles that are held-in-trust by Directors of the Group is RMNil (31.12.2024: RMNil, 31.12.2023: RM483,623, 31.12.2022: RM113,329, 31.12.2021: RM219,989, 31.12.2020: RM404,252, 31.12.2019: RM388,514).

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)

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

Lease asset

Included in the net carrying amount of property, plant and equipment are right-of-use assets as below:-

	<u>Motor Vehicles</u> RM
Cost	
At 1 January 2019/At 31 December 2019/At 31 December 2020	488,118
Additions	<u>102,000</u>
At 31 December 2021	590,118
Additions	1,135,132
Disposal	<u>(154,820)</u>
At 31 December 2022	1,570,430
Additions	475,310
Transfer to property, plant and equipment	<u>(333,298)</u>
At 31 December 2023	1,712,442
Additions	583,000
Disposal	<u>(1,190,519)</u>
At 31 December 2024	1,104,923
Additions	406,580
Disposal	<u>(583,000)</u>
At 31 December 2025	<u>928,503</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)

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

Lease asset (cont'd)

Included in the net carrying amount of property, plant and equipment are right-of-use assets as below (cont'd):-

	Motor Vehicles RM
Accumulated depreciation	
At 1 January 2019	97,838
Charge for the financial year	97,624
At 31 December 2019	195,462
Charge for the financial year	97,624
At 31 December 2020	293,086
Charge for the financial year	118,418
At 31 December 2021	411,504
Charge for the financial year	182,804
Disposal	(154,820)
At 31 December 2022	439,488
Charge for the financial year	317,544
Transfer to property, plant and equipment	(333,298)
At 31 December 2023	423,734
Charge for the financial year	281,191
Disposal	(246,173)
At 31 December 2024	458,752
Charge for the financial year	110,485
Disposal	(97,167)
At 31 December 2025	472,070

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)****Lease asset (cont'd)**

Included in the net carrying amount of property, plant and equipment are right-of-use assets as below (cont'd):-

	<u>Motor Vehicles</u> RM
Net carrying amount	
At 31 December 2019	<u>292,656</u>
At 31 December 2020	<u>195,032</u>
At 31 December 2021	<u>178,614</u>
At 31 December 2022	<u>1,130,942</u>
At 31 December 2023	<u>1,288,708</u>
At 31 December 2024	<u>646,171</u>
At 31 December 2025	<u>456,433</u>

The above motor vehicles are acquired under finance lease arrangement and pledged as security for the related lease liabilities as disclosed in Note 13 to the financial statements.

There was transfer of motor vehicle from right-of-use assets to property, plant and equipment due to the ownership of the leased motor vehicle was transferred to the Group and the lease liabilities of the motor vehicle had been fully settled during the financial year ended 31 December 2023.

Material accounting policy information

- (a) Property, plant and equipment (including right-of-use assets) are measured at cost less accumulated depreciation and any accumulated impairment losses.

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**Material accounting policy information (cont'd)

- (b) Depreciation is recognised on the straight-line method in order to write off the cost of each asset over its estimated useful lives. Freehold land is not depreciated. Capital work-in-progress is not depreciated until the assets are ready for intended use. Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:-

Buildings	2%
Furniture and fittings	10%
Computer and software	20%
Office equipment	10%-20%
Motor vehicles	20%-25%
Electrical installation	10%
Plant and machinery	10%
Renovation and signboard	10%

- (c) The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

5. INVESTMENT IN AN ASSOCIATE

	<u>31.12.2019</u> RM	<u>31.12.2020</u> RM	<u>31.12.2021</u> RM	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM	<u>31.12.2025</u> RM
Investment in shares	-	-	-	-	-	6,999,900	-
Share of post-acquisition reserves	-	-	-	-	-	156,306	-
	-	-	-	-	-	7,156,206	-
Less: Accumulated impairment losses	-	-	-	-	-	(156,206)	-
	-	-	-	-	-	7,000,000	-

On 4 March 2024, Eramas Global Group had entered into conditional sale and purchase of shares agreement with Chin Kok Tian, Yan Hua Lan and Tan Ah Tek for acquisition of 35% equity interest in PT Eramas for a total consideration of RM6,999,900 which was fully satisfied through the issuance of 6,999,900 new ordinary shares in Eramas Global Group. The acquisition of PT Eramas was completed on 9 July 2024.

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**5. INVESTMENT IN AN ASSOCIATE (CONT'D)**

The movement of the accumulated impairment losses in respect of investment in associate during the financial year was as follows:-

	<u>31.12.2019</u> RM	<u>31.12.2020</u> RM	<u>31.12.2021</u> RM	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM	<u>31.12.2025</u> RM
At 1 January	-	-	-	-	-	-	156,206
Addition/(Reversal)	-	-	-	-	-	156,206	(156,206)
At 31 December	-	-	-	-	-	156,206	-

Details of the associate of the Company is as follows:-

<u>Name of company</u>	<u>Principal place of business</u>	<u>Effective interest</u>		<u>Principal activities</u>
		<u>31.12.2024</u> %	<u>31.12.2025</u> %	
PT Eramas^	Indonesia	35	-	Manufacturing of coconut cream/milk, coconut water and desiccated coconut

^ Associate not audited by Grant Thornton Malaysia PLT

The following table summarises the information of the Group's associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amounts of the Group's interest in the associate:-

	<u>PT Eramas</u> RM
Reconciliation of net assets to carrying amount as at 31 December 2024	
Group's share of net assets	5,434,660
Goodwill	1,721,546
Less: Impairment loss	<u>(156,206)</u>
Carrying amount in the statement of financial position	<u>7,000,000</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**5. INVESTMENT IN AN ASSOCIATE (CONT'D)**

The following table summarises the information of the Group's associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amounts of the Group's interest in the associate (cont'd):-

	<u>PT Eramas</u> RM
Group's share of results for the financial year ended 31 December 2024	
Share of post-acquisition profit	<u>156,306</u>
Summary of financial position as at 31 December 2024	
Non-current assets	16,094,466
Current assets	18,528,984
Non-current liabilities	(5,409,733)
Current liabilities	<u>(13,686,117)</u>
Net assets	<u>15,527,600</u>
Summary of financial performance for the financial year ended 31 December 2024	
Revenue	49,296,307
Profit for the financial year	412,630
Total comprehensive income during the financial year	<u>39,586</u>

There was no dividend declared by the associate in the previous financial year.

The associate has no capital commitment and contingent liabilities as at the reporting date.

Impairment loss on investment in an associate

The Group and the Company assess whether there is any indication of impairment at each reporting date. If such indication exists, management of the Company assesses the recoverable amount of the investment in associate and an impairment loss is recognised when the recoverable amount of the investment in an associate is less than its carrying amount. The recoverable amount of the investment in an associate is determined based on fair value less costs to sell method and is within Level 2 of the fair value hierarchy. An impairment loss on investment in an associate amounting to RM156,206 was recognised in the previous financial year and subsequently reversed during the financial year ended 31 December 2025 following the disposal of the investment in an associate.

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**5. INVESTMENT IN AN ASSOCIATE (CONT'D)****Disposal of an associate**

On 29 August 2025, the Company entered into an agreement to dispose of its 35% equity interest in PT Eramas for a total cash consideration of RM7,000,000. The disposal was completed on 29 August 2025.

Notwithstanding that the disposal of associate was completed on 29 August 2025, the effective date of transfer of all profits, rights and benefits as well as all losses, liabilities, costs, or obligations in respect of the sale shares shall be deemed to be 1 January 2025. Accordingly, the purchaser shall be entitled to all profits, rights, and benefits and be liable to all losses, liabilities, costs, or obligations in respect of the sale shares with effect from 1 January 2025. The Company shall cease to be entitled to any profits or benefits or be liable for any losses, costs, or obligations in respect of the sale shares from that date.

6. INVENTORIES

	<u>31.12.2019</u>	<u>31.12.2020</u>	<u>31.12.2021</u>	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>31.12.2025</u>
	RM	RM	RM	RM	RM	RM	RM
Packaging materials	1,539,288	496,987	663,683	1,340,808	1,550,814	1,077,753	1,119,763
Trading goods	1,186,452	2,737,729	3,057,336	1,988,706	1,813,074	4,997,595	1,279,702
Raw materials	-	145,118	461,923	3,835,813	3,061,221	4,349,240	6,018,222
Work-in-progress	-	-	-	4,661,871	11,014,495	11,929,555	15,975,490
Finished goods	-	-	11,410	1,122,165	642,845	219,663	554,166
	<u>2,725,740</u>	<u>3,379,834</u>	<u>4,194,352</u>	<u>12,949,363</u>	<u>18,082,449</u>	<u>22,573,806</u>	<u>24,947,343</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**6. INVENTORIES (CONT'D)**

	<u>31.12.2019</u> RM	<u>31.12.2020</u> RM	<u>31.12.2021</u> RM	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM	<u>31.12.2025</u> RM
Recognised in profit or loss:-							
Inventories recognised in cost of sales	57,669,385	120,976,780	128,301,596	113,106,072	108,839,451	100,919,858	102,585,104
Reversal of inventories written down recognised in cost of sale	-	-	-	(3,656)	-	(22,620)	(542,502)
Inventories written down recognised in cost of sales	<u>-</u>	<u>-</u>	<u>3,656</u>	<u>542,502</u>	<u>30,443</u>	<u>-</u>	<u>-</u>

The reversal of inventories written down was made when the related inventories were sold above their carrying amounts.

Material accounting policy information

Inventories are measured at the lower of cost and net realisable value. The cost of packaging materials, trading goods and raw materials are determined on first-in-first-out basis. The cost of work-in-progress and finished goods are determined using standard costing which includes cost of purchases, direct labour and other production costs.

7. TRADE RECEIVABLES

	<u>31.12.2019</u> RM	<u>31.12.2020</u> RM	<u>31.12.2021</u> RM	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM	<u>31.12.2025</u> RM
Trade receivables:-							
Third parties	5,863,529	11,422,818	31,539,348	11,576,509	15,539,918	13,396,630	22,219,556
Companies in which Directors have interest	5,976	-	148,447	2,228,371	50,587	-	-
	5,869,505	11,422,818	31,687,795	13,804,880	15,590,505	13,396,630	22,219,556
Less: Accumulated impairment losses	<u>-</u>	<u>(26,935)</u>	<u>(67,909)</u>	<u>(120,545)</u>	<u>(67,909)</u>	<u>(26,411)</u>	<u>(531)</u>
	<u>5,869,505</u>	<u>11,395,883</u>	<u>31,619,886</u>	<u>13,684,335</u>	<u>15,522,596</u>	<u>13,370,219</u>	<u>22,219,025</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**7. TRADE RECEIVABLES (CONT'D)**

Trade receivables are non-interest bearing and are recognised at their original invoice amounts which represent their fair values on initial recognition.

The Group's normal trade credit term granted to the customers ranging from 30 days to 90 days (31.12.2024: 30 days to 90 days, 31.12.2023: 30 days to 90 days, 31.12.2022: 30 days to 240 days, 31.12.2021: 30 days to 240 days, 31.12.2020: 30 days to 90 days and 31.12.2019: 30 days to 90 days). Other credit terms are assessed and approved by management on a case-by-case basis.

The movement of the accumulated impairment losses in respect of trade receivables during the financial year was as follows:-

	<u>31.12.2019</u> RM	<u>31.12.2020</u> RM	<u>31.12.2021</u> RM	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM	<u>31.12.2025</u> RM
Brought forward	-	-	26,935	67,909	120,545	67,909	26,411
Addition	-	26,935	46,234	52,636	-	14,737	-
Reversal due to collection	-	-	(5,260)	-	(52,636)	(56,235)	(25,880)
Carried forward	-	26,935	67,909	120,545	67,909	26,411	531

8. OTHER RECEIVABLES

	<u>31.12.2019</u> RM	<u>31.12.2020</u> RM	<u>31.12.2021</u> RM	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM	<u>31.12.2025</u> RM
Non-trade receivables:-							
Third parties	705,510	55,201	803,203	784,566	62,704	82,343	5,201,285
Associate	-	-	-	-	-	1,744,100	-
Companies in which Directors have interest	592,575	710,604	825,206	1,617,198	275,395	-	-
	1,298,085	765,805	1,628,409	2,401,764	338,099	1,826,443	5,201,285
Less: Accumulated impairment losses	-	-	-	(742,878)	-	-	-
Total non-trade receivables	1,298,085	765,805	1,628,409	1,658,886	338,099	1,826,443	5,201,285

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**8. OTHER RECEIVABLES (CONT'D)**

	<u>31.12.2019</u> RM	<u>31.12.2020</u> RM	<u>31.12.2021</u> RM	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM	<u>31.12.2025</u> RM
Deposits paid	266,441	233,958	620,011	2,988,374	1,218,489	1,750,212	2,431,183
Less: Accumulated impairment losses	-	-	-	-	-	-	(246,765)
Total deposits paid	<u>266,441</u>	<u>233,958</u>	<u>620,011</u>	<u>2,988,374</u>	<u>1,218,489</u>	<u>1,750,212</u>	<u>2,184,418</u>
Refundable deposits on packaging material paid to an associate (31.12.2019 to 31.12.2023: companies in which Directors have interest)	-	736,616	668,928	1,550,717	1,858,029	1,995,544	-
Director	50	-	-	-	-	-	-
Advance payments	-	24,259	1,394,161	3,915	1,282,753	2,164,443	5,650,938
Prepayments	-	7,872	7,785	253,235	191,184	184,822	309,102
GST recoverable	<u>162,442</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,727,018</u>	<u>1,768,510</u>	<u>4,319,294</u>	<u>6,455,127</u>	<u>4,888,554</u>	<u>7,921,464</u>	<u>13,345,743</u>

Included in deposits of RMNil (31.12.2024: RMNil, 31.12.2023: RMNil, 31.12.2022: RM2,100,012, 31.12.2021: RMNil, 31.12.2020: RMNil and 31.12.2019: RMNil) represents the deposit paid to acquire freehold land.

At the end of the reporting year, included in other receivables is an amount of RM3,238,134, representing the remaining balance of consideration receivable from the purchaser in respect of the disposal of the investment in an associate.

The amount due from an associate was unsecured, interest free and repayable on demand.

The amounts due from companies in which Directors have interest and a Director were unsecured, interest free and repayable on demand.

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**8. OTHER RECEIVABLES (CONT'D)**

The movement of the accumulated impairment losses in respect of other receivables during the financial year was as follows:-

	<u>31.12.2019</u> RM	<u>31.12.2020</u> RM	<u>31.12.2021</u> RM	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM	<u>31.12.2025</u> RM
Brought forward	-	-	-	-	742,878	-	-
Addition	-	-	-	742,878	-	-	246,765
Reversal due to collection	-	-	-	-	(742,878)	-	-
Carried forward	-	-	-	742,878	-	-	246,765

9. FIXED DEPOSITS WITH LICENSED BANKS

Fixed deposits placed with licensed banks amounting to RM4,072,594 (31.12.2024: RM3,999,209, 31.12.2023: RM3,903,054, 31.12.2022: RM3,846,328, 31.12.2021: RM1,546,367, 31.12.2020: RM2,026,832 and 31.12.2019: RM1,402,052) are pledged to licensed banks as security for bank facilities granted to the Group.

The effective interest rate for deposits with licensed banks of the Group ranging from 0.45% to 3.90% (31.12.2024: 0.45% to 3.80%, 31.12.2023: 0.45% to 2.98%, 31.12.2022: 0.10% to 3.90%, 31.12.2021: 0.10% to 3.35%, 31.12.2020: 0.01% to 3.90% and 31.12.2019: 0.45% to 3.90%) per annum and have maturity period ranging from 7 days to 12 months (31.12.2024: 7 days to 12 months, 31.12.2023: 14 days to 12 months, 31.12.2022: 1 to 3 months, 31.12.2021, 31.12.2020 and 31.12.2019: 1 to 12 months).

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**10. SHARE CAPITAL AND INVESTED EQUITY****10.1 Share capital**

	Number of ordinary shares						
	<u>31.12.2019</u>	<u>31.12.2020</u>	<u>31.12.2021</u>	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>31.12.2025</u>
	Unit	Unit	Unit	Unit	Unit	Unit	Unit
Issued and fully paid with no par value:-							
At date of incorporation/Brought forward	-	-	-	-	-	3	225,749,903
Issuance of new shares							
- acquisition of Eramas International Holdings, Eramas Ingredients and PT Eramas	-	-	-	-	-	225,749,900	-
Carried forward	-	-	-	-	-	225,749,903	225,749,903

	Amount						
	<u>31.12.2019</u>	<u>31.12.2020</u>	<u>31.12.2021</u>	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>31.12.2025</u>
	RM	RM	RM	RM	RM	RM	RM
Issued and fully paid with no par value:-							
At date of incorporation/Brought forward	-	-	-	-	-	3	225,749,903
Issuance of new shares							
- acquisition of Eramas International Holdings, Eramas Ingredients and PT Eramas	-	-	-	-	-	225,749,900	-
Carried forward	-	-	-	-	-	225,749,903	225,749,903

- (a) During the financial year ended 31 December 2024, the Company allotted 225,749,900 ordinary shares at an issue price of RM1 per share for total consideration of RM225,749,900 to acquire Eramas International Holdings, Eramas Ingredients and PT Eramas.
- (b) The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company's residual assets.

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**10. SHARE CAPITAL AND INVESTED EQUITY (CONT'D)****10.2 Invested equity**

	Number of ordinary shares						
	<u>31.12.2019</u>	<u>31.12.2020</u>	<u>31.12.2021</u>	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>31.12.2025</u>
	Unit	Unit	Unit	Unit	Unit	Unit	Unit
Issued and fully paid with no par value:-							
Brought forward	2,400,002	2,400,102	3,980,002	3,980,002	5,620,000	32,785,207	-
Elimination of share capital of Erapoly Global and Eramas Marketing	-	-	-	-	(3,980,000)	-	-
Elimination of share capital of Eramas International Holdings and Eramas Ingredients	-	-	-	-	-	(32,785,207)	-
Issued during the financial year	100	1,579,900	-	1,639,998	31,145,207	-	-
Carried forward	<u>2,400,102</u>	<u>3,980,002</u>	<u>3,980,002</u>	<u>5,620,000</u>	<u>32,785,207</u>	<u>-</u>	<u>-</u>
	<u>31.12.2019</u>	<u>31.12.2020</u>	<u>31.12.2021</u>	Amount <u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>31.12.2025</u>
	RM	RM	RM	RM	RM	RM	RM
Issued and fully paid with no par value:-							
Brought forward	2,400,002	2,400,102	3,980,002	3,980,002	5,620,000	32,785,207	-
Issued during the financial year	100	1,799,900	-	2,019,998	36,500,003	-	-
Adjustment on acquisition of subsidiaries under common control	-	-	-	-	(4,280,000)	(38,500,003)	-
Changes in ownership interest in subsidiaries	-	(220,000)	-	(380,000)	(5,054,796)	5,714,796	-
Carried forward	<u>2,400,102</u>	<u>3,980,002</u>	<u>3,980,002</u>	<u>5,620,000</u>	<u>32,785,207</u>	<u>-</u>	<u>-</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)

10. SHARE CAPITAL AND INVESTED EQUITY (CONT'D)**10.2 Invested equity (cont'd)**

- (a) The invested equity at the end of the respective financial years is the aggregate of the share capital that is attributable to the common controlling shareholders of the Group.

For financial year ended from 31 December 2019 to 31 December 2022, the invested equity constitutes the share capital that is attributable to the common controlling shareholders of Erapoly Global, Eramas Marketing and Eramas Ingredients. For financial year ended 31 December 2023, the invested equity constitutes the share capital that is attributable to the common controlling shareholders of Eramas International Holdings and Eramas Ingredients.

- (b) During the financial year ended 31 December 2019, Eramas Marketing was incorporated with an issued share capital of RM100 comprising 100 ordinary shares of RM1 per share as subscribers' shares.
- (c) During the financial year ended 31 December 2020, Eramas Marketing allotted 1,799,900 ordinary shares at an issue price of RM1 per share for a total consideration of RM1,799,900.
- (d) During the financial year ended 31 December 2022:
- (i) Eramas Marketing allotted 20,000 ordinary shares at an issue price of RM1 per share for a total consideration of RM20,000; and
 - (ii) Eramas Ingredients allotted 1,999,998 ordinary shares at an issue price of RM1 per share for a total consideration of RM1,999,998.
- (e) During the financial year ended 31 December 2023:
- (i) Eramas Ingredients allotted 28,000,000 ordinary shares at an issue price of RM1 per share for a total consideration of RM28,000,000;
 - (ii) Eramas International Holdings was incorporated with an issued share capital of RM3 comprising 3 ordinary shares of RM1 per share as subscribers' shares; and
 - (iii) Eramas International Holdings allotted 8,500,000 ordinary shares at an issue price of RM1 per share for a total consideration of RM8,500,000 to acquire Erapoly Global and Eramas Marketing.
- (f) The holders of the ordinary shares are entitled to receive dividends as and when declared by the Group. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Group's residual assets.

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP *(cont'd)***11. MERGER DEFICIT**

The merger deficit arises from the difference between the carrying amount of investment in subsidiaries and the nominal value of subsidiaries' share capital upon consolidation under merger accounting principles. The merger deficit arising from acquisition of subsidiaries at the acquisition date was derived as follows:-

	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM	<u>31.12.2025</u> RM
Total consideration via issuance of shares of Eramas International Holdings/Eramas Global Group	8,500,000	227,250,000	227,250,000
Less: Nominal value of the subsidiaries' share capital	<u>(4,280,000)</u>	<u>(42,780,003)</u>	<u>(42,780,003)</u>
	<u>4,220,000</u>	<u>184,469,997</u>	<u>184,469,997</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**12. NON-CONTROLLING INTERESTS**

The subsidiaries that have material non-controlling interests ("NCI") are as follows:-

	<u>Eramas International Holdings</u>	<u>Eramas Ingredients</u>	<u>Eramas Marketing</u>	<u>Erapoly Global</u>	<u>Total</u>
31.12.2019					
Percentage of ownership interest and voting interest (%)				2%	
Carrying amount of NCI (RM)				506,529	506,529
Total comprehensive income allocated to NCI (RM)				<u>144,310</u>	<u>144,310</u>
31.12.2020					
Percentage of ownership interest and voting interest (%)			12%	2%	
Carrying amount of NCI (RM)			193,487	449,725	643,212
Total comprehensive (loss)/income allocated to NCI (RM)			<u>(2,634)</u>	<u>187,098</u>	<u>184,464</u>
31.12.2021					
Percentage of ownership interest and voting interest (%)			12%	2%	
Carrying amount of NCI (RM)			274,885	335,355	610,240
Total comprehensive income allocated to NCI (RM)			<u>81,398</u>	<u>129,532</u>	<u>210,930</u>
31.12.2022					
Percentage of ownership interest and voting interest (%)		18%	13%	2%	
Carrying amount of NCI (RM)		(260,227)	395,999	481,211	616,983
Total comprehensive (loss)/income allocated to NCI (RM)		<u>(556,402)</u>	<u>96,782</u>	<u>145,856</u>	<u>(313,764)</u>
31.12.2023					
Percentage of ownership interest and voting interest (%)	4%	18%	-	-	
Carrying amount of NCI (RM)	314,255	5,452,457	-	-	5,766,712
Total comprehensive income allocated to NCI (RM)	<u>-</u>	<u>672,684</u>	<u>165,606</u>	<u>213,759</u>	<u>1,052,049</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**12. NON-CONTROLLING INTERESTS (CONT'D)**

The subsidiaries that have material non-controlling interests ("NCI") are as follows (cont'd):-

	<u>Eramas International Holdings and its subsidiaries</u>	<u>Eramas Ingredients</u>	<u>Total</u>
31.12.2024			
Percentage of ownership interest and voting interest (%)	-	-	
Total comprehensive income allocated to NCI (RM)	<u>59,959</u>	<u>233,973</u>	<u>293,932</u>

- (a) As disclosed in Note 1.4 to this report, Eramas International Holdings acquired the entire equity interest in Eramas Marketing and Erapoly Global and the acquisition was completed on 27 December 2023. Therefore, the NCI in Eramas Marketing and Erapoly Global decreased from 13% to 0% and 2% to 0% respectively in financial year ended 31 December 2023.
- (b) As disclosed in Note 1.4 to this report, Eramas Global Group acquired the entire equity interest in Eramas International Holdings and Eramas Ingredients and the acquisition of Eramas International Holdings was completed on 28 February 2024 and the acquisition of Eramas Ingredients was completed on 1 March 2024. Therefore, the NCI in Eramas International Holdings and Eramas Ingredients decreased from 4% to 0% and 18% to 0% respectively in financial year ended 31 December 2024.

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**12. NON-CONTROLLING INTERESTS (CONT'D)**

The summary of financial information before intra-group elimination for the subsidiaries that have material non-controlling interests are as below:-

	<u>Erapoly Global</u> RM	<u>Total</u> RM
Financial position as at 31 December 2019		
Non-current assets	6,946,605	6,946,605
Current assets	41,203,584	41,203,584
Non-current liabilities	(205,304)	(205,304)
Current liabilities	<u>(27,177,177)</u>	<u>(27,177,177)</u>
Net assets	<u>20,767,708</u>	<u>20,767,708</u>
Summary of financial performance for the financial year ended 31 December 2019		
Revenue	70,291,049	70,291,049
Total comprehensive income for the financial year	<u>5,916,717</u>	<u>5,916,717</u>
Summary of cash flows for the financial year ended 31 December 2019		
Net cash inflow from operating activities	2,128,792	2,128,792
Net cash outflow from investing activities	(7,358,829)	(7,358,829)
Net cash inflow from financing activities	<u>9,929,469</u>	<u>9,929,469</u>
Net cash inflow	<u>4,699,432</u>	<u>4,699,432</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**12. NON-CONTROLLING INTERESTS (CONT'D)**

The summary of financial information before intra-group elimination for the subsidiaries that have material non-controlling interests are as below (cont'd):-

	<u>Eramas Marketing RM</u>	<u>Erapoly Global RM</u>	<u>Total RM</u>
Financial position as at 31 December 2020			
Non-current assets	31,493	21,057,678	21,089,171
Current assets	2,112,711	28,563,816	30,676,527
Non-current liabilities	-	(163,144)	(163,144)
Current liabilities	<u>(561,126)</u>	<u>(31,019,606)</u>	<u>(31,580,732)</u>
Net assets	<u>1,583,078</u>	<u>18,438,744</u>	<u>20,021,822</u>
Summary of financial performance for the financial year ended 31 December 2020			
Revenue	4,373,406	133,818,577	138,191,983
Total comprehensive (loss)/income for the financial year	<u>(55,483)</u>	<u>7,671,036</u>	<u>7,615,553</u>
Summary of cash flows for the financial year ended 31 December 2020			
Net cash (outflow)/inflow from operating activities	(1,146,788)	13,582,677	12,435,889
Net cash outflow from investing activities	(21,262)	(14,114,655)	(14,135,917)
Net cash inflow/(outflow) from financing activities	<u>1,429,246</u>	<u>(6,962,899)</u>	<u>(5,533,653)</u>
Net cash inflow/(outflow)	<u>261,196</u>	<u>(7,494,877)</u>	<u>(7,233,681)</u>
Dividend paid to NCI	<u>-</u>	<u>243,902</u>	<u>243,902</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**12. NON-CONTROLLING INTERESTS (CONT'D)**

The summary of financial information before intra-group elimination for the subsidiaries that have material non-controlling interests are as below (cont'd):-

	<u>Eramas Marketing RM</u>	<u>Erapoly Global RM</u>	<u>Total RM</u>
Financial position as at 31 December 2021			
Non-current assets	103,387	562,175	665,562
Current assets	3,485,828	65,741,669	69,227,497
Non-current liabilities	(90,657)	(75,816)	(166,473)
Current liabilities	<u>(1,249,496)</u>	<u>(52,478,478)</u>	<u>(53,727,974)</u>
Net assets	<u>2,249,062</u>	<u>13,749,550</u>	<u>15,998,612</u>
Summary of financial performance for the financial year ended 31 December 2021			
Revenue	8,907,083	144,047,341	152,954,424
Total comprehensive income for the financial year	<u>665,984</u>	<u>5,310,806</u>	<u>5,976,790</u>
Summary of cash flows for the financial year ended 31 December 2021			
Net cash inflow/(outflow) from operating activities	872,765	(15,999,746)	(15,126,981)
Net cash outflow from investing activities	(3,679)	(527,381)	(531,060)
Net cash (outflow)/inflow from financing activities	<u>(48,676)</u>	<u>12,563,299</u>	<u>12,514,623</u>
Net cash inflow/(outflow)	<u>820,410</u>	<u>(3,963,828)</u>	<u>(3,143,418)</u>
Dividend paid to NCI	<u>-</u>	<u>243,902</u>	<u>243,902</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**12. NON-CONTROLLING INTERESTS (CONT'D)**

The summary of financial information before intra-group elimination for the subsidiaries that have material non-controlling interests are as below (cont'd):-

	<u>Eramas Ingredients RM</u>	<u>Eramas Marketing RM</u>	<u>Erapoly Global RM</u>	<u>Total RM</u>
Financial position as at 31 December 2022				
Non-current assets	27,875,573	77,380	1,209,614	29,162,567
Current assets	33,522,993	9,998,002	48,709,565	92,230,560
Non-current liabilities	-	(71,580)	(797,222)	(868,802)
Current liabilities	<u>(62,844,272)</u>	<u>(7,000,811)</u>	<u>(29,392,316)</u>	<u>(99,237,399)</u>
Net (liabilities)/assets	<u>(1,445,706)</u>	<u>3,002,991</u>	<u>19,729,641</u>	<u>21,286,926</u>
Summary of financial performance for the financial year ended 31 December 2022				
Revenue	7,044,148	24,282,239	114,685,938	146,012,325
Total comprehensive (loss)/income for the financial year	<u>(3,091,120)</u>	<u>733,929</u>	<u>5,980,091</u>	<u>3,622,900</u>
Summary of cash flows for the financial year ended 31 December 2022				
Net cash (outflow)/inflow from operating activities	(5,060,751)	(2,135,544)	22,533,570	15,337,275
Net cash outflow from investing activities	(3,992,281)	(158,701)	(1,155,186)	(5,306,168)
Net cash inflow/(outflow) from financing activities	<u>8,926,563</u>	<u>1,989,881</u>	<u>(20,036,735)</u>	<u>(9,120,291)</u>
Net cash (outflow)/inflow	<u>(126,469)</u>	<u>(304,364)</u>	<u>1,341,649</u>	<u>910,816</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**12. NON-CONTROLLING INTERESTS (CONT'D)**

The summary of financial information before intra-group elimination for the subsidiaries that have material non-controlling interests are as below (cont'd):-

	Eramas International <u>Holdings</u> RM	Eramas <u>Ingredients</u> RM	<u>Total</u> RM
Financial position as at 31 December 2023			
Non-current assets	8,500,000	26,695,353	35,195,353
Current assets	3	23,267,316	23,267,319
Non-current liabilities	-	(301,000)	(301,000)
Current liabilities	(14,606)	(19,370,244)	(19,384,850)
Net assets	<u>8,485,397</u>	<u>30,291,425</u>	<u>38,776,822</u>
Summary of financial performance for the financial year ended 31 December 2023			
Revenue	-	29,529,820	29,529,820
Total comprehensive (loss)/income for the financial year	<u>(14,606)</u>	<u>3,737,131</u>	<u>3,722,525</u>
Summary of cash flows for the financial year ended 31 December 2023			
Net cash outflow from operating activities	(4,606)	(4,943,927)	(4,948,533)
Net cash inflow from investing activities	-	17,638,725	17,638,725
Net cash inflow/(outflow) from financing activities	<u>4,606</u>	<u>(12,741,184)</u>	<u>(12,736,578)</u>
Net cash outflow	<u>-</u>	<u>(46,386)</u>	<u>(46,386)</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**13. LEASE LIABILITIES**

	<u>31.12.2019</u>	<u>31.12.2020</u>	<u>31.12.2021</u>	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>31.12.2025</u>
	RM	RM	RM	RM	RM	RM	RM
Non-current	205,304	163,144	147,473	856,802	983,030	447,705	249,933
Current	87,125	92,603	96,732	184,148	162,662	179,558	120,750
	<u>292,429</u>	<u>255,747</u>	<u>244,205</u>	<u>1,040,950</u>	<u>1,145,692</u>	<u>627,263</u>	<u>370,683</u>

The Group has leases for motor vehicles.

The total cash outflows for leases amounted to RM1,797,645 (31.12.2024: RM2,164,791, 31.12.2023: RM1,136,181, 31.12.2022: RM665,307, 31.12.2021: RM624,097, 31.12.2020: RM659,825 and 31.12.2019: RM493,122).

The lease liabilities of the Group amounting to RM370,683 (31.12.2024: RM627,263, 31.12.2023: RM295,578, 31.12.2022: RM372,577, 31.12.2021: RM104,748, 31.12.2020: RM55,705 and 31.12.2019: RM69,247) are secured by way of guarantee from Directors.

The effective interest rate of lease liabilities ranging from 4.04% to 5.40% (31.12.2024: 4.04% to 5.40%, 31.12.2023: 3.65% to 5.43%, 31.12.2022: 3.65% to 5.40%, 31.12.2021: 4.39% to 5.40%, 31.12.2020: 4.39% to 4.63% and 31.12.2019: 4.39% to 4.63%) per annum.

14. DEFERRED TAX LIABILITIES

	<u>31.12.2019</u>	<u>31.12.2020</u>	<u>31.12.2021</u>	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>31.12.2025</u>
	RM	RM	RM	RM	RM	RM	RM
Brought forward	-	-	-	19,000	12,000	306,000	1,231,000
Recognised in profit and loss	-	-	19,000	(7,000)	294,000	925,000	257,000
Carried forward	<u>-</u>	<u>-</u>	<u>19,000</u>	<u>12,000</u>	<u>306,000</u>	<u>1,231,000</u>	<u>1,488,000</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**14. DEFERRED TAX LIABILITIES (CONT'D)**

The components and movement of deferred tax liabilities/(assets) after offsetting are as follows:-

	Property, plant and equipment RM	Unutilised export allowance RM	Unutilised capital allowance RM	Unutilised tax losses RM	Others RM	Total RM
Audited						
At 1 January 2019	19,000	(19,000)	-	-	-	-
Recognised in profit or loss	8,271	(8,271)	-	-	-	-
At 31 December 2019	27,271	(27,271)	-	-	-	-
Recognised in profit or loss	(1,719)	6,419	(4,700)	-	-	-
At 31 December 2020	25,552	(20,852)	(4,700)	-	-	-
Recognised in profit or loss	19,368	(2,518)	4,700	(2,550)	-	19,000
At 31 December 2021	44,920	(23,370)	-	(2,550)	-	19,000
Recognised in profit or loss	1,146,247	(34,757)	(1,121,040)	2,550	-	(7,000)
At 31 December 2022	1,191,167	(58,127)	(1,121,040)	-	-	12,000
Recognised in profit or loss	135,982	58,127	753,040	(601,000)	(52,149)	294,000
At 31 December 2023	1,327,149	-	(368,000)	(601,000)	(52,149)	306,000
Recognised in profit or loss	(25,284)	-	362,000	560,000	28,284	925,000
At 31 December 2024	1,301,865	-	(6,000)	(41,000)	(23,865)	1,231,000
Recognised in profit or loss	220,812	-	-	41,000	(4,812)	257,000
At 31 December 2025	1,522,677	-	(6,000)	-	(28,677)	1,488,000

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**14. DEFERRED TAX LIABILITIES (CONT'D)**

Deferred tax assets have not been recognised in respect of the following items (stated at gross amount):-

	<u>31.12.2019</u>	<u>31.12.2020</u>	<u>31.12.2021</u>	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>31.12.2025</u>
	RM	RM	RM	RM	RM	RM	RM
Unutilised capital allowance	-	34,000	-	378,000	-	-	-
Unutilised tax losses	94,000	160,000	31,000	2,505,000	-	-	-
Unutilised export allowance	14,285,000	9,925,000	5,618,000	211,000	-	-	-
Others	148,000	27,000	26,000	565,000	378,000	472,000	-
	<u>14,527,000</u>	<u>10,146,000</u>	<u>5,675,000</u>	<u>3,659,000</u>	<u>378,000</u>	<u>472,000</u>	<u>-</u>

The potential deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profits will be available for the Group to utilise such benefits.

Effective from year of assessment 2019 as announced in the Annual Budget 2022, the unutilised tax losses of the Group as at 31 December 2018 and thereafter will only be available for carry forward for a period of 10 consecutive years. Upon expiry of the 10 years, the unutilised tax losses will be disregarded.

Unutilised tax losses for which no deferred tax asset was recognised expire as follows:-

	<u>31.12.2019</u>	<u>31.12.2020</u>	<u>31.12.2021</u>	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>31.12.2025</u>
	RM	RM	RM	RM	RM	RM	RM
Year of assessment 2031	94,000	160,000	31,000	35,000	-	-	-
Year of assessment 2033	-	-	-	2,470,000	-	-	-
	<u>94,000</u>	<u>160,000</u>	<u>31,000</u>	<u>2,505,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**15. TRADE PAYABLES**

	<u>31.12.2019</u>	<u>31.12.2020</u>	<u>31.12.2021</u>	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>31.12.2025</u>
	RM	RM	RM	RM	RM	RM	RM
Third parties	7,143,248	6,443,586	4,748,437	6,631,460	13,885,543	8,314,412	11,908,367
Companies in which Directors have interest	2,510,827	2,051,025	7,242,996	7,843,349	5,956,248	-	-
Associate	-	-	-	-	-	2,056,290	-
	<u>9,654,075</u>	<u>8,494,611</u>	<u>11,991,433</u>	<u>14,474,809</u>	<u>19,841,791</u>	<u>10,370,702</u>	<u>11,908,367</u>

Trade payables are non-interest bearing and the normal credit terms granted by suppliers to the Group are ranging from cash term to 90 days (31.12.2024, 31.12.2023, 31.12.2022, 31.12.2021, 31.12.2020 and 31.12.2019: cash term to 90 days).

16. OTHER PAYABLES

	<u>31.12.2019</u>	<u>31.12.2020</u>	<u>31.12.2021</u>	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>31.12.2025</u>
	RM	RM	RM	RM	RM	RM	RM
Non-trade payables:-							
Third parties	1,668,600	4,749,047	9,006,460	1,523,210	1,491,428	1,329,545	1,064,267
Companies in which Directors have interest	96,761	88,114	214,711	98,086	58,714	13,501	48,212
	1,765,361	4,837,161	9,221,171	1,621,296	1,550,142	1,343,046	1,112,479
Directors	14,350,000	16,200,000	13,517,500	24,655,002	1,220,002	-	-
Person connected to a Director	-	-	4,507,500	-	-	-	-
Shareholders	-	-	-	-	1,980,000	-	-
Accrual of expenses	429,626	298,273	151,188	1,118,914	458,799	637,112	1,285,840
Refundable deposits received	-	-	189,000	467,564	955,865	1,107,801	1,361,968
SST payable	-	-	-	19,967	28,568	29,769	44,090
	<u>16,544,987</u>	<u>21,335,434</u>	<u>27,586,359</u>	<u>27,882,743</u>	<u>6,193,376</u>	<u>3,117,728</u>	<u>3,804,377</u>

The amounts due to companies in which Directors have interest, Directors, a person connected to a Director and shareholders are unsecured, interest free and repayable on demand.

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**17. CONTRACT LIABILITIES**

	<u>31.12.2019</u> RM	<u>31.12.2020</u> RM	<u>31.12.2021</u> RM	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM	<u>31.12.2025</u> RM
Brought forward	1,754,676	1,731,365	2,424,437	2,022,318	2,554,372	2,841,920	1,998,428
Addition during financial year	1,731,365	2,424,437	1,969,818	2,554,372	2,617,838	1,991,714	2,491,529
Recognised as revenue during financial year	<u>(1,754,676)</u>	<u>(1,731,365)</u>	<u>(2,371,937)</u>	<u>(2,022,318)</u>	<u>(2,330,290)</u>	<u>(2,835,206)</u>	<u>(3,231,342)</u>
Carried forward	<u>1,731,365</u>	<u>2,424,437</u>	<u>2,022,318</u>	<u>2,554,372</u>	<u>2,841,920</u>	<u>1,998,428</u>	<u>1,258,615</u>

The contract liabilities are expected to be recognised as revenue within 1 to 2 years (31.12.2024, 31.12.2023 and 31.12.2022: within 1 to 2 years, 31.12.2021, 31.12.2020 and 31.12.2019: next financial year).

18. BORROWINGS

	<u>31.12.2019</u> RM	<u>31.12.2020</u> RM	<u>31.12.2021</u> RM	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM	<u>31.12.2025</u> RM
Current							
Secured:-							
Bankers' acceptance	-	-	18,182,812	8,237,435	9,119,765	2,442,240	2,191,726
Revolving credit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,500,000</u>	<u>11,200,000</u>
	<u>-</u>	<u>-</u>	<u>18,182,812</u>	<u>8,237,435</u>	<u>9,119,765</u>	<u>11,942,240</u>	<u>13,391,726</u>

The bankers' acceptance bears interest rate at 3.38% (31.12.2024: 3.64% to 6.20%, 31.12.2023: 3.57% to 7.17%, 31.12.2022: 3.62% to 6.68%, 31.12.2021: 1.30% to 1.37%, 31.12.2020: Nil and 31.12.2019: Nil) per annum.

The revolving credit bears interest rates ranging from 4.29% to 5.08% (31.12.2024: 5.39%, 31.12.2023, 31.12.2022, 31.12.2021, 31.12.2020 and 31.12.2019: Nil) per annum.

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**18. BORROWINGS (CONT'D)**

The borrowings are secured by:

- (i) Personal guarantee by Directors and shareholders of the Group;
- (ii) Corporate guarantee by a subsidiary;
- (iii) Fixed deposits of the Group as disclosed in Note 9 to the financial statements;
- (iv) First party legal charge over the freehold land and buildings of subsidiaries as disclosed in Note 4 to the financial statements; and
- (v) General debentures incorporating fixed and floating charges over the present and future assets of a subsidiary.

19. REVENUE

	<u>31.12.2019</u> RM	<u>31.12.2020</u> RM	<u>31.12.2021</u> RM	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM	<u>31.12.2025</u> RM
<u>Revenue recognised at a point in time:-</u>							
Sales of food products:							
- Coconut products	29,839,498	42,464,387	62,705,929	77,774,455	70,843,363	94,206,520	94,316,847
- Oil and fats products	15,188,195	69,845,762	52,736,818	13,307,525	22,429,904	10,403,184	14,540,477
- Dairy products	25,230,272	25,658,306	36,418,640	44,238,273	48,228,887	34,851,005	37,852,557
- Specialty food ingredients and other products	<u>247,352</u>	<u>5,154</u>	<u>1,771,180</u>	<u>990,682</u>	<u>2,442,701</u>	<u>2,626,800</u>	<u>1,867,145</u>
	<u>70,505,317</u>	<u>137,973,609</u>	<u>153,632,567</u>	<u>136,310,935</u>	<u>143,944,855</u>	<u>142,087,509</u>	<u>148,577,026</u>

Sales of food products

Revenue from sales of food products is recognised at a point in time when the goods have been transferred and coincides with the delivery of the products to customers.

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**20. FINANCE INCOME**

Finance income comprise of the following interest income:-

	<u>31.12.2019</u> RM	<u>31.12.2020</u> RM	<u>31.12.2021</u> RM	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM	<u>31.12.2025</u> RM
Cash at banks	15,730	8,627	442	619	195	33	12
Fixed deposits with licensed banks	<u>254,309</u>	<u>255,292</u>	<u>30,516</u>	<u>32,231</u>	<u>254,040</u>	<u>126,883</u>	<u>159,477</u>
	<u>270,039</u>	<u>263,919</u>	<u>30,958</u>	<u>32,850</u>	<u>254,235</u>	<u>126,916</u>	<u>159,489</u>

21. FINANCE COSTS

Finance costs comprise of the following interest expenses:-

	<u>31.12.2019</u> RM	<u>31.12.2020</u> RM	<u>31.12.2021</u> RM	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM	<u>31.12.2025</u> RM
Interest expenses:							
- Bank guarantee	3,547	3,068	2,815	2,715	2,971	2,803	2,988
- Lease liabilities	15,348	11,330	11,038	24,366	81,810	61,132	13,719
- Letter of credit	10,917	23,678	17,446	16,950	15,634	25,480	21,144
- Bankers' acceptance	-	7,263	18,131	210,159	294,784	410,370	159,663
- Revolving credit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>370,577</u>	<u>541,966</u>
	<u>29,812</u>	<u>45,339</u>	<u>49,430</u>	<u>254,190</u>	<u>395,199</u>	<u>870,362</u>	<u>739,480</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**22. PROFIT BEFORE TAX**

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

	<u>31.12.2019</u>	<u>31.12.2020</u>	<u>31.12.2021</u>	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>31.12.2025</u>
	RM	RM	RM	RM	RM	RM	RM
Auditors' remuneration	37,500	53,000	63,000	98,000	126,000	160,000	140,000
Bad debts written off	313,765	-	4,297	-	20,946	28,794	1,380
Bad debts recovered	-	(313,765)	-	-	-	-	(1,175)
Deposits written off	-	-	-	55,411	100	-	300
Property, plant and equipment written off	-	-	75	-	1,033	-	-
(Gain)/Loss on disposal of property, plant and equipment	-	-	(3,000)	(70,000)	(91,958)	(172,339)	35,833
Foreign exchange (gain)/loss:							
- realised	(401,204)	(382,713)	798,442	(342,660)	281,869	(79,363)	1,273,903
- unrealised	573,074	(49,135)	(78,657)	(72,556)	(36,868)	195,064	200,429
Expenses arising from leases:							
- Expenses relating to short-term leases	388,369	611,813	510,517	498,686	838,503	1,085,230	1,271,346
Government grants received	<u>(3,162,431)</u>	<u>(1,778,415)</u>	<u>(339,702)</u>	<u>(809,663)</u>	<u>-</u>	<u>-</u>	<u>-</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)

23. TAX EXPENSE

	<u>31.12.2019</u> RM	<u>31.12.2020</u> RM	<u>31.12.2021</u> RM	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM	<u>31.12.2025</u> RM
<u>Current tax:</u>							
- Current financial year	324,163	572,366	613,216	763,108	2,784,800	3,356,000	5,655,502
- (Over)/Under provision in prior financial year	<u>(72,454)</u>	<u>(26,965)</u>	<u>(43,495)</u>	<u>20,086</u>	<u>(12,706)</u>	<u>(143,686)</u>	<u>25,790</u>
	<u>251,709</u>	<u>545,401</u>	<u>569,721</u>	<u>783,194</u>	<u>2,772,094</u>	<u>3,212,314</u>	<u>5,681,292</u>
<u>Deferred tax:</u>							
- Current financial year	-	-	19,000	9,000	294,000	912,000	173,000
- (Over)/Under recognised in prior financial year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,000)</u>	<u>-</u>	<u>13,000</u>	<u>84,000</u>
	<u>-</u>	<u>-</u>	<u>19,000</u>	<u>(7,000)</u>	<u>294,000</u>	<u>925,000</u>	<u>257,000</u>
	<u>251,709</u>	<u>545,401</u>	<u>588,721</u>	<u>776,194</u>	<u>3,066,094</u>	<u>4,137,314</u>	<u>5,938,292</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**23. TAX EXPENSE (CONT'D)**

A reconciliation of tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group is as follows:-

	<u>31.12.2019</u> RM	<u>31.12.2020</u> RM	<u>31.12.2021</u> RM	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM	<u>31.12.2025</u> RM
Profit before tax	<u>5,920,467</u>	<u>8,064,091</u>	<u>6,544,986</u>	<u>4,399,094</u>	<u>16,808,584</u>	<u>18,233,104</u>	<u>24,518,550</u>
Income tax at Malaysian statutory tax rate of 24%	1,420,912	1,935,382	1,570,797	1,055,783	4,034,060	4,375,945	5,884,452
Tax effects in respect of:-							
Change in tax rate for first tranche of chargeable income	(35,000)	-	(42,000)	(42,000)	(45,000)	-	-
Expenses not deductible for tax purposes	399,094	204,250	258,762	481,086	260,075	231,015	247,156
Income not subject to tax	(755,483)	(515,826)	(82,303)	(238,921)	(382,895)	(361,520)	(189,826)
Movement of deferred tax assets not recognised	(705,360)	(1,051,440)	(1,073,040)	(483,840)	(787,440)	22,560	(113,280)
(Over)/Under provision of tax expense in prior financial year	(72,454)	(26,965)	(43,495)	20,086	(12,706)	(143,686)	25,790
(Over)/Under recognised of deferred tax in prior financial year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,000)</u>	<u>-</u>	<u>13,000</u>	<u>84,000</u>
Total tax expense for the financial year	<u>251,709</u>	<u>545,401</u>	<u>588,721</u>	<u>776,194</u>	<u>3,066,094</u>	<u>4,137,314</u>	<u>5,938,292</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**24. EARNINGS PER SHARE****(a) Basic earnings per ordinary share**

The calculation of basic earnings per ordinary share was based on Group's profit for the financial year attributable to owners of the Group (from financial year ended 31.12.2019 to 31.12.2023: common controlling shareholders) over the weighted average number of ordinary shares calculated as follows:-

	<u>31.12.2019</u> RM	<u>31.12.2020</u> RM	<u>31.12.2021</u> RM	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM	<u>31.12.2025</u> RM
Profit after tax for the financial year attributable to common controlling shareholders/owners of the Group (RM)	5,524,448	7,334,226	5,745,335	3,936,664	12,690,441	13,801,858	18,580,258
Weighted average number of ordinary shares in issue							
- As at 1 January	2,400,002	2,400,102	3,980,002	3,980,002	5,620,000	32,785,207	225,749,903
- Effect of share capital issued	26	936,717	-	1,626,519	9,651,127	185,657,708	-
- Effect of elimination of share capital of subsidiaries	-	-	-	-	(43,616)	(26,962,698)	-
	<u>2,400,028</u>	<u>3,336,819</u>	<u>3,980,002</u>	<u>5,606,521</u>	<u>15,227,511</u>	<u>191,480,217</u>	<u>225,749,903</u>
Basic earnings per ordinary share (RM)	<u>2.30</u>	<u>2.20</u>	<u>1.44</u>	<u>0.70</u>	<u>0.83</u>	<u>0.07</u>	<u>0.08</u>

(b) Diluted earnings per ordinary share

The diluted earnings per ordinary share equals to basic earnings per ordinary share as there were no potential dilutive ordinary shares as at the end of the reporting year.

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**25. DIVIDENDS**

	<u>31.12.2019</u> RM	<u>31.12.2020</u> RM	<u>31.12.2021</u> RM	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM	<u>31.12.2025</u> RM
<u>In respect of the financial year ended 31 December 2020:-</u>							
First interim single tier dividend of RM4.06504 per ordinary share, paid on 28 February 2020	-	10,000,000	-	-	-	-	-
<u>In respect of the financial year ended 31 December 2021:-</u>							
First interim single tier dividend of RM2.03252 per ordinary share, paid on 10 May 2021	-	-	5,000,000	-	-	-	-
Second interim single tier dividend of RM2.03252 per ordinary share, paid on 8 December 2021	-	-	5,000,000	-	-	-	-
	<u>-</u>	<u>10,000,000</u>	<u>10,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Directors do not recommend any final dividend for the current financial year and previous financial years.

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)

26. EMPLOYEE BENEFITS EXPENSE

	<u>31.12.2019</u> RM	<u>31.12.2020</u> RM	<u>31.12.2021</u> RM	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM	<u>31.12.2025</u> RM
Staff remuneration:-							
Salaries, bonus and other emoluments	2,341,539	3,040,311	2,680,437	3,841,725	4,909,214	6,249,961	6,014,330
Defined contribution plan	360,028	437,971	413,116	455,552	499,693	578,027	600,438
Other benefits	155,062	56,936	104,359	152,720	164,775	127,940	150,988
	<u>2,856,629</u>	<u>3,535,218</u>	<u>3,197,912</u>	<u>4,449,997</u>	<u>5,573,682</u>	<u>6,955,928</u>	<u>6,765,756</u>

Included in the employee benefits expense is the Directors' remuneration as below:-

	<u>31.12.2019</u> RM	<u>31.12.2020</u> RM	<u>31.12.2021</u> RM	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM	<u>31.12.2025</u> RM
Directors' remuneration:-							
Salaries, bonus and other emoluments	1,066,847	1,066,847	901,847	824,632	469,064	457,651	516,144
Defined contribution plan	202,350	202,350	199,500	155,800	85,380	76,500	83,280
	<u>1,269,197</u>	<u>1,269,197</u>	<u>1,101,347</u>	<u>980,432</u>	<u>554,444</u>	<u>534,151</u>	<u>599,424</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**27. CAPITAL COMMITMENT**

	<u>31.12.2019</u> RM	<u>31.12.2020</u> RM	<u>31.12.2021</u> RM	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM	<u>31.12.2025</u> RM
Authorised and contracted for:							
- Property, plant and equipment	<u>1,088,987</u>	<u>314,060</u>	<u>-</u>	<u>18,900,112</u>	<u>501,000</u>	<u>-</u>	<u>220,558</u>

28. RELATED PARTY DISCLOSURES

(a) The Group has the following transactions with the following related parties during the financial year:-

	<u>31.12.2019</u> RM	<u>31.12.2020</u> RM	<u>31.12.2021</u> RM	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM	<u>31.12.2025</u> RM
Related parties:							
Sales to	5,976	25,860	209,792	8,798,957	476,664	3,225	596
Purchase from	16,009,406	45,511,932	46,563,572	53,223,717	26,013,822	3,382	-
Accounting fee charged to	-	263,000	254,000	122,000	156,000	-	-
Accounting fee charged by	-	-	4,500	3,000	-	-	-
Coordinate fee charged to	-	-	-	-	38,000	-	-
Disposal of property, plant and equipment	-	-	3,000	-	818,801	-	-
Purchase of property, plant and equipment	4,021,604	202,781	8,420	1,149,929	3,915	-	-
Carriage and freight charges charged by	-	-	-	17,373	22,890	-	-
Compensation and claim charged to	1,520	-	206,325	6,355	168	-	-
General expenses charged by	-	-	-	8,862	-	-	-
Late payment interest charged to	-	-	-	-	15,740	-	-
Rental of premises paid to	300,584	467,235	420,360	420,000	420,000	420,000	420,000
Sales commission charged to	10,433	180,930	214,923	119,252	445	-	-

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**28. RELATED PARTY DISCLOSURES (CONT'D)**

(a) The Group has the following transactions with the following related parties during the financial year (cont'd):-

	<u>31.12.2019</u>	<u>31.12.2020</u>	<u>31.12.2021</u>	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>31.12.2025</u>
	RM	RM	RM	RM	RM	RM	RM
Associate:							
Purchase from	-	-	-	-	-	30,949,307	-
Carriage and freight charges charged by	-	-	-	-	-	2,804	-
Person connected to a Director:							
Advances from	-	-	4,507,500	-	-	-	-
Director:							
Disposal of property, plant and equipment	-	-	-	-	-	944,344	450,000

The Directors of the Group are of the opinion that the above transactions were entered into in the normal course of business and have been established at negotiated terms agreed between the parties.

(b) Outstanding Balances Arising from Related Party Transactions

The outstanding balances arising from related party transactions as at the reporting date were disclosed in Notes 7, 8, 15 and 16 to the financial statements.

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)

28. RELATED PARTY DISCLOSURES (CONT'D)**(c) Remuneration of Key Management Personnel**

The remuneration of Directors is disclosed in Note 26 to the financial statements while the remuneration of key management personnel is shown as follows:

	<u>31.12.2019</u> RM	<u>31.12.2020</u> RM	<u>31.12.2021</u> RM	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM	<u>31.12.2025</u> RM
Salaries, bonus and other emoluments	224,800	371,644	372,958	405,468	650,644	783,217	1,029,220
Defined contribution plan	<u>37,231</u>	<u>46,832</u>	<u>47,244</u>	<u>50,174</u>	<u>77,988</u>	<u>92,627</u>	<u>117,971</u>
	<u>262,031</u>	<u>418,476</u>	<u>420,202</u>	<u>455,642</u>	<u>728,632</u>	<u>875,844</u>	<u>1,147,191</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**29. FINANCIAL INSTRUMENTS****(a) Categories of financial instruments**

The table below provides an analysis of financial instruments categorised as financial assets and financial liabilities measured at amortised cost:-

	<u>31.12.2019</u>	<u>31.12.2020</u>	<u>31.12.2021</u>	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>31.12.2025</u>
	RM	RM	RM	RM	RM	RM	RM
Financial assets							
Trade receivables	5,869,505	11,395,883	31,619,886	13,684,335	15,522,596	13,370,219	22,219,025
Other receivables	1,564,576	1,760,638	4,311,509	6,201,892	4,697,370	7,736,642	13,036,641
Fixed deposits with licensed banks	12,108,606	2,426,832	1,946,367	6,453,096	5,212,501	7,816,676	9,185,310
Cash and bank balances	<u>9,265,413</u>	<u>11,272,956</u>	<u>8,584,564</u>	<u>7,282,869</u>	<u>11,119,083</u>	<u>7,243,005</u>	<u>19,936,644</u>
	<u>28,808,100</u>	<u>26,856,309</u>	<u>46,462,326</u>	<u>33,622,192</u>	<u>36,551,550</u>	<u>36,166,542</u>	<u>64,377,620</u>
Financial liabilities							
Trade payables	9,654,075	8,494,611	11,991,433	14,474,809	19,841,791	10,370,702	11,908,367
Other payables	16,544,987	21,335,434	27,586,359	27,862,776	6,164,808	3,087,959	3,760,287
Borrowings	<u>-</u>	<u>-</u>	<u>18,182,812</u>	<u>8,237,435</u>	<u>9,119,765</u>	<u>11,942,240</u>	<u>13,391,726</u>
	<u>26,199,062</u>	<u>29,830,045</u>	<u>57,760,604</u>	<u>50,575,020</u>	<u>35,126,364</u>	<u>25,400,901</u>	<u>29,060,380</u>

(b) Financial risk management

The Group is exposed to financial risks arising from its operations and the use of financial instruments. Financial risk management policy is established to ensure that adequate resources are available for development of the Group's business whilst managing its credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group has formal risk management policies and guidelines, as approved by the Board of Directors, which set out its overall business strategies, its tolerance for risks and its general risk management philosophy. Such policies are monitored and undertaken by the management.

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**29. FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial risk management (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major area of treasury activity are set out as follows:-

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is the Group's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group does not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instrument is broadly diversified along industry, product and geographical lines, and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group does not offer credit terms without the approval of the management.

Following are the areas where the Group is exposed to credit risk:-

Exposure to credit risk

Maximum exposure of the Group to credit risk is represented by the carrying amount of financial assets recognised at reporting date as summarised below:-

	<u>31.12.2019</u> RM	<u>31.12.2020</u> RM	<u>31.12.2021</u> RM	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM	<u>31.12.2025</u> RM
Classes of financial assets							
Trade receivables	5,869,505	11,395,883	31,619,886	13,684,335	15,522,596	13,370,219	22,219,025
Other receivables	1,564,576	1,760,638	4,311,509	6,201,892	4,697,370	7,736,642	13,036,641
Fixed deposits with licensed banks	12,108,606	2,426,832	1,946,367	6,453,096	5,212,501	7,816,676	9,185,310
Cash and bank balances	9,265,413	11,272,956	8,584,564	7,282,869	11,119,083	7,243,005	19,936,644
	<u>28,808,100</u>	<u>26,856,309</u>	<u>46,462,326</u>	<u>33,622,192</u>	<u>36,551,550</u>	<u>36,166,542</u>	<u>64,377,620</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)

29. FINANCIAL INSTRUMENTS (CONT'D)**(b) Financial risk management (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

(i) Credit risk (cont'd)

Following are the areas where the Group is exposed to credit risk (cont'd):-

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external rating, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the management.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, their geographical location, industry, trading history with the Group and existence of previous financial difficulties.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**29. FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial risk management (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

(i) Credit risk (cont'd)

Following are the areas where the Group is exposed to credit risk (cont'd):-

Trade receivables (cont'd)

Set out below is the information about the credit risk exposure and ECLs on the Group's trade receivables.

	Gross carrying <u>amount</u> RM	Loss <u>allowances</u> RM	Net <u>balances</u> RM
31.12.2019			
Current (Not past due)	3,869,104	-	3,869,104
1-30 days past due	1,842,171	-	1,842,171
31-60 days past due	59,402	-	59,402
61-90 days past due	10,797	-	10,797
More than 90 days past due	88,031	-	88,031
	<u>5,869,505</u>	<u>-</u>	<u>5,869,505</u>
31.12.2020			
Current (Not past due)	8,394,079	-	8,394,079
1-30 days past due	2,698,404	-	2,698,404
31-60 days past due	156,111	-	156,111
61-90 days past due	33,480	-	33,480
More than 90 days past due	140,744	(26,935)	113,809
	<u>11,422,818</u>	<u>(26,935)</u>	<u>11,395,883</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**29. FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial risk management (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

(i) Credit risk (cont'd)

Following are the areas where the Group is exposed to credit risk (cont'd):-

Trade receivables (cont'd)

Set out below is the information about the credit risk exposure and ECLs on the Group's trade receivables (cont'd).

	Gross carrying <u>amount</u> RM	Loss <u>allowances</u> RM	Net <u>balances</u> RM
31.12.2021			
Current (Not past due)	20,356,595	-	20,356,595
1-30 days past due	8,563,286	(15,663)	8,547,623
31-60 days past due	89,688	(17,706)	71,982
61-90 days past due	1,459,009	(12,258)	1,446,751
More than 90 days past due	1,219,217	(22,282)	1,196,935
	<u>31,687,795</u>	<u>(67,909)</u>	<u>31,619,886</u>
31.12.2022			
Current (Not past due)	5,104,906	-	5,104,906
1-30 days past due	3,379,107	(13,693)	3,365,414
31-60 days past due	2,041,678	(14,418)	2,027,260
61-90 days past due	1,139,038	(4,659)	1,134,379
More than 90 days past due	2,140,151	(87,775)	2,052,376
	<u>13,804,880</u>	<u>(120,545)</u>	<u>13,684,335</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**29. FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial risk management (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

(i) Credit risk (cont'd)

Following are the areas where the Group is exposed to credit risk (cont'd):-

Trade receivables (cont'd)

Set out below is the information about the credit risk exposure and ECLs on the Group's trade receivables (cont'd).

	Gross carrying <u>amount</u> RM	Loss <u>allowances</u> RM	Net <u>balances</u> RM
31.12.2023			
Current (Not past due)	9,839,895	-	9,839,895
1-30 days past due	3,965,830	-	3,965,830
31-60 days past due	1,380,547	-	1,380,547
61-90 days past due	161,438	-	161,438
More than 90 days past due	242,795	(67,909)	174,886
	<u>15,590,505</u>	<u>(67,909)</u>	<u>15,522,596</u>
31.12.2024			
Current (Not past due)	7,392,303	-	7,392,303
1-30 days past due	4,067,925	-	4,067,925
31-60 days past due	1,174,063	-	1,174,063
61-90 days past due	109,328	-	109,328
More than 90 days past due	653,011	(26,411)	626,600
	<u>13,396,630</u>	<u>(26,411)</u>	<u>13,370,219</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**29. FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial risk management (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

(i) Credit risk (cont'd)

Following are the areas where the Group is exposed to credit risk (cont'd):-

Trade receivables (cont'd)

Set out below is the information about the credit risk exposure and ECLs on the Group's trade receivables (cont'd).

	Gross carrying <u>amount</u> RM	Loss <u>allowances</u> RM	Net <u>balances</u> RM
31.12.2025			
Current (Not past due)	14,939,396	-	14,939,396
1-30 days past due	6,370,091	-	6,370,091
31-60 days past due	677,145	-	677,145
61-90 days past due	86,671	-	86,671
More than 90 days past due	146,253	(531)	145,722
	<u>22,219,556</u>	<u>(531)</u>	<u>22,219,025</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)

29. FINANCIAL INSTRUMENTS (CONT'D)**(b) Financial risk management (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

(i) Credit risk (cont'd)

Following are the areas where the Group is exposed to credit risk (cont'd):-

Trade receivables (cont'd)

During the financial year, approximately 37% (31.12.2024: 26%, 31.12.2023: 31%, 31.12.2022: 51%, 31.12.2021: 79%, 31.12.2020: 55% and 31.12.2019: 31%) of the Group's trade receivables were due from 3 customers (31.12.2024: 2 customers, 31.12.2023: 2 customers, 31.12.2022: 3 customers, 31.12.2021: 3 customers, 31.12.2020: 4 customers and 31.12.2019: 2 customers).

Other receivables

Other receivables mainly consist of the non-trade receivables, unsecured advances to a Director, related parties, associate, advance payment to suppliers and deposits paid. The management is in the view that other receivables are categorised as performing and assessed to have low credit risk in which impairment loss is considered immaterial other than those disclosed in Note 8 to the financial statements.

During the financial year, approximately 97% (31.12.2024: 95%, 31.12.2023: 72%, 31.12.2022: 96%, 31.12.2021: 92%, 31.12.2020: 81% and 31.12.2019: 82%) of the Group's non-trade receivables were due from 2 debtors (31.12.2024: 1 debtor, 31.12.2023: 1 debtor, 31.12.2022: 2 debtors, 31.12.2021: 2 debtors, 31.12.2020: 1 debtor and 31.12.2019: 2 debtors).

Fixed deposits, cash and bank balances

The credit risk for deposits with banks are considered negligible, since the counterparties are reputable financial institutions with high quality external credit ratings and have no history of default. Consequently, the Group is of the view that the allowance is not material and hence, it is not provided for.

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**29. FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial risk management (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

(ii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due as a result of shortage of funds.

In managing its exposure to liquidity risk arising principally from its various payables, lease liabilities and borrowings, the Group maintains a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

The summary of the maturity profile based on the contractual undiscounted repayment obligations is as follows:-

	Carrying <u>amount</u> RM	Total contractual cash <u>flows</u> RM	Maturity		
			Current	Non-current	
			Within <u>1 year</u> RM	2 to 5 <u>years</u> RM	More than 5 <u>years</u> RM
31.12.2019					
Non-derivative financial liabilities					
Trade payables	9,654,075	9,654,075	9,654,075	-	-
Other payables	16,544,987	16,544,987	16,544,987	-	-
Lease liabilities	292,429	315,208	101,844	213,364	-
	<u>26,491,491</u>	<u>26,514,270</u>	<u>26,300,906</u>	<u>213,364</u>	<u>-</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)

29. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

(ii) Liquidity risk (cont'd)

The summary of the maturity profile based on the contractual undiscounted repayment obligations is as follows (cont'd):-

	Carrying amount RM	Total contractual cash flows RM	Maturity		
			Current	Non-current	
			Within 1 year RM	2 to 5 years RM	More than 5 years RM
31.12.2020					
Non-derivative financial liabilities					
Trade payables	8,494,611	8,494,611	8,494,611	-	-
Other payables	21,335,434	21,335,434	21,335,434	-	-
Lease liabilities	255,747	267,196	101,844	165,352	-
	30,085,792	30,097,241	29,931,889	165,352	-
31.12.2021					
Non-derivative financial liabilities					
Trade payables	11,991,433	11,991,433	11,991,433	-	-
Other payables	27,586,359	27,586,359	27,586,359	-	-
Lease liabilities	244,205	263,088	104,352	139,239	19,497
Borrowings	18,182,812	18,182,812	18,182,812	-	-
	58,004,809	58,023,692	57,864,956	139,239	19,497

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**29. FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial risk management (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

(ii) Liquidity risk (cont'd)

The summary of the maturity profile based on the contractual undiscounted repayment obligations is as follows (cont'd):-

	Carrying amount RM	Total contractual cash flows RM	Maturity		
			Current	Non-current	
			Within 1 year RM	2 to 5 years RM	More than 5 years RM
31.12.2022					
Non-derivative financial liabilities					
Trade payables	14,474,809	14,474,809	14,474,809	-	-
Other payables	27,862,776	27,862,776	27,862,776	-	-
Lease liabilities	1,040,950	1,258,902	264,788	990,265	3,849
Borrowings	8,237,435	8,237,435	8,237,435	-	-
	51,615,970	51,833,922	50,839,808	990,265	3,849
31.12.2023					
Non-derivative financial liabilities					
Trade payables	19,841,791	19,841,791	19,841,791	-	-
Other payables	6,164,808	6,164,808	6,164,808	-	-
Lease liabilities	1,145,692	1,373,688	256,513	1,117,175	-
Borrowings	9,119,765	9,119,765	9,119,765	-	-
	36,272,056	36,500,052	35,382,877	1,117,175	-

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**29. FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial risk management (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

(ii) Liquidity risk (cont'd)

The summary of the maturity profile based on the contractual undiscounted repayment obligations is as follows (cont'd):-

			Maturity		
			Current	Non-current	
	Carrying amount RM	Total contractual cash flows RM	Within 1 year RM	2 to 5 years RM	More than 5 years RM
31.12.2024					
Non-derivative financial liabilities					
Trade payables	10,370,702	10,370,702	10,370,702	-	-
Other payables	3,087,959	3,087,959	3,087,959	-	-
Lease liabilities	627,263	681,414	205,127	476,287	-
Borrowings	11,942,240	11,942,240	11,942,240	-	-
	<u>26,028,164</u>	<u>26,082,315</u>	<u>25,606,028</u>	<u>476,287</u>	<u>-</u>
31.12.2025					
Non-derivative financial liabilities					
Trade payables	11,908,367	11,908,367	11,908,367	-	-
Other payables	3,760,287	3,760,287	3,760,287	-	-
Lease liabilities	370,683	414,154	135,396	207,692	71,066
Borrowings	13,391,726	13,391,726	13,391,726	-	-
	<u>29,431,063</u>	<u>29,474,534</u>	<u>29,195,776</u>	<u>207,692</u>	<u>71,066</u>

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the financial liabilities at the reporting date.

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**29. FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial risk management (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

(iii) Interest rate risk

Interest rate risk is caused by changes in market interest rate resulting in fluctuation in fair value or future cash flows of financial instruments of the Group. The Group's interest rate management objective is to manage interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. The Group's bankers' acceptance and revolving credit are exposed to a risk of change in their fair value due to changes in interest rate.

Short-term receivables and payables are not significantly exposed to interest rate risk.

	<u>31.12.2019</u> RM	<u>31.12.2020</u> RM	<u>31.12.2021</u> RM	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM	<u>31.12.2025</u> RM
Fixed rate instruments							
<u>Financial asset</u>							
Fixed deposits with licensed banks	<u>12,108,606</u>	<u>2,426,832</u>	<u>1,946,367</u>	<u>6,453,096</u>	<u>5,212,501</u>	<u>7,816,676</u>	<u>9,185,310</u>
<u>Financial liabilities</u>							
Lease liabilities	292,429	255,747	244,205	1,040,950	1,145,692	627,263	370,683
Bankers' acceptance	<u>-</u>	<u>-</u>	<u>18,182,812</u>	<u>8,237,435</u>	<u>9,119,765</u>	<u>2,442,240</u>	<u>2,191,726</u>
	<u>292,429</u>	<u>255,747</u>	<u>18,427,017</u>	<u>9,278,385</u>	<u>10,265,457</u>	<u>3,069,503</u>	<u>2,562,409</u>
Floating rate instrument							
<u>Financial liability</u>							
Revolving credit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,500,000</u>	<u>11,200,000</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**29. FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial risk management (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

(iii) Interest rate risk (cont'd)**Fair value sensitivity analysis for fixed rate instruments**

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss and does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting year would not affect profit or loss and equity.

Cash flow sensitivity analysis for floating rate instruments

The following table illustrates the sensitivity of profit/equity to a reasonably possible change in interest rate of +/-25 (2024: +/-25) basis points ("bp"). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instrument held at each reporting date that is sensitive to changes in interest rate. All other variables are held constant.

	Impact on profit/equity (Decrease)/Increase	
	+25bp	-25bp
	RM	RM
31.12.2024	(23,750)	23,750
31.12.2025	(28,000)	28,000

(iv) Foreign currency exchange risk

Foreign currency exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign exchange rate.

The Group is exposed to foreign currency exchange risk on its sales, purchase, fixed deposits and cash and bank balances that are denominated in a currency other than the functional currency of the Group. The currencies giving rise to this risk are principally United States Dollar ("USD"), Euro ("EURO") and Singapore Dollar ("SGD").

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**29. FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial risk management (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

(iv) Foreign currency exchange risk (cont'd)

Based on carrying amounts as at the reporting date, foreign currency denominated financial assets and liabilities which expose the Group to foreign currency risk are disclosed below:-

	<u>USD</u> RM	<u>EURO</u> RM	<u>SGD</u> RM	<u>Total</u> RM
31.12.2019				
Financial assets				
Trade receivables	5,485,443	-	-	5,485,443
Other receivables	515,816	-	-	515,816
Fixed deposits with licensed banks	202,440	-	-	202,440
Cash and bank balances	4,418,877	1,853,890	96,317	6,369,084
	10,622,576	1,853,890	96,317	12,572,783
Financial liabilities				
Trade payables	(1,260,607)	-	-	(1,260,607)
Other payables	(2,740)	-	-	(2,740)
	(1,263,347)	-	-	(1,263,347)
Net exposure	9,359,229	1,853,890	96,317	11,309,436
31.12.2020				
Financial assets				
Trade receivables	8,419,536	-	-	8,419,536
Other receivables	1,419,450	-	-	1,419,450
Fixed deposits with licensed banks	202,824	-	-	202,824
Cash and bank balances	4,983,778	27,953	445,380	5,457,111
	15,025,588	27,953	445,380	15,498,921

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**29. FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial risk management (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

(iv) Foreign currency exchange risk (cont'd)

Based on carrying amounts as at the reporting date, foreign currency denominated financial assets and liabilities which expose the Group to foreign currency risk are disclosed below (cont'd):-

	<u>USD</u> RM	<u>EURO</u> RM	<u>SGD</u> RM	<u>Total</u> RM
31.12.2020 (cont'd)				
Financial liabilities				
Trade payables	(1,274,412)	-	-	(1,274,412)
Other payables	(779,254)	-	-	(779,254)
	<u>(2,053,666)</u>	<u>-</u>	<u>-</u>	<u>(2,053,666)</u>
Net exposure	<u>12,971,922</u>	<u>27,953</u>	<u>445,380</u>	<u>13,445,255</u>
31.12.2021				
Financial assets				
Trade receivables	2,736,559	-	90,060	2,826,619
Other receivables	66,237	-	-	66,237
Fixed deposits with licensed banks	210,010	-	-	210,010
Cash and bank balances	2,583,234	39,250	319,972	2,942,456
	<u>5,596,040</u>	<u>39,250</u>	<u>410,032</u>	<u>6,045,322</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**29. FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial risk management (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

(iv) Foreign currency exchange risk (cont'd)

Based on carrying amounts as at the reporting date, foreign currency denominated financial assets and liabilities which expose the Group to foreign currency risk are disclosed below (cont'd):-

	<u>USD</u> RM	<u>EURO</u> RM	<u>SGD</u> RM	<u>Total</u> RM
31.12.2021 (cont'd)				
Financial liabilities				
Trade payables	(4,397,603)	-	-	(4,397,603)
Other payables	(2,284,133)	-	-	(2,284,133)
Borrowings	(18,182,812)	-	-	(18,182,812)
	(24,864,548)	-	-	(24,864,548)
Net exposure	(19,268,508)	39,250	410,032	(18,819,226)
31.12.2022				
Financial assets				
Trade receivables	10,596,311	-	-	10,596,311
Other receivables	1,319,904	-	-	1,319,904
Fixed deposits with licensed banks	210,010	-	-	210,010
Cash and bank balances	5,449,975	8,602	72,555	5,531,132
	17,576,200	8,602	72,555	17,657,357

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**29. FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial risk management (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

(iv) Foreign currency exchange risk (cont'd)

Based on carrying amounts as at the reporting date, foreign currency denominated financial assets and liabilities which expose the Group to foreign currency risk are disclosed below (cont'd):-

	<u>USD</u> RM	<u>EURO</u> RM	<u>SGD</u> RM	<u>Total</u> RM
31.12.2022 (cont'd)				
Financial liabilities				
Trade payables	(7,147,836)	-	-	(7,147,836)
Other payables	(576,186)	-	-	(576,186)
Borrowings	(2,610,585)	-	-	(2,610,585)
	(10,334,607)	-	-	(10,334,607)
Net exposure	7,241,593	8,602	72,555	7,322,750
31.12.2023				
Financial assets				
Trade receivables	9,896,865	-	156,377	10,053,242
Other receivables	242,661	-	-	242,661
Fixed deposits with licensed banks	210,010	-	-	210,010
Cash and bank balances	8,932,752	8,915	215,387	9,157,054
	19,282,288	8,915	371,764	19,662,967

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**29. FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial risk management (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

(iv) Foreign currency exchange risk (cont'd)

Based on carrying amounts as at the reporting date, foreign currency denominated financial assets and liabilities which expose the Group to foreign currency risk are disclosed below (cont'd):-

	<u>USD</u> RM	<u>EURO</u> RM	<u>SGD</u> RM	<u>Total</u> RM
31.12.2023 (cont'd)				
Financial liabilities				
Trade payables	(14,558,962)	-	-	(14,558,962)
Other payables	(516,527)	-	-	(516,527)
Borrowings	(3,319,644)	-	-	(3,319,644)
	<u>(18,395,133)</u>	<u>-</u>	<u>-</u>	<u>(18,395,133)</u>
Net exposure	<u>887,155</u>	<u>8,915</u>	<u>371,764</u>	<u>1,267,834</u>
31.12.2024				
Financial assets				
Trade receivables	7,587,982	-	329,777	7,917,759
Other receivables	2,212,663	-	-	2,212,663
Fixed deposits with licensed banks	210,010	-	-	210,010
Cash and bank balances	5,202,051	3,345	54,658	5,260,054
	<u>15,212,706</u>	<u>3,345</u>	<u>384,435</u>	<u>15,600,486</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**29. FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial risk management (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

(iv) Foreign currency exchange risk (cont'd)

Based on carrying amounts as at the reporting date, foreign currency denominated financial assets and liabilities which expose the Group to foreign currency risk are disclosed below (cont'd):-

	<u>USD</u> RM	<u>EURO</u> RM	<u>SGD</u> RM	<u>Total</u> RM
31.12.2024 (cont'd)				
Financial liabilities				
Trade payables	(9,705,074)	-	-	(9,705,074)
Other payables	(520,933)	-	-	(520,933)
Borrowings	(996,915)	-	-	(996,915)
	<u>(11,222,922)</u>	<u>-</u>	<u>-</u>	<u>(11,222,922)</u>
Net exposure	<u>3,989,784</u>	<u>3,345</u>	<u>384,435</u>	<u>4,377,564</u>
31.12.2025				
Financial assets				
Trade receivables	14,729,444	-	445,849	15,175,293
Other receivables	1,960,104	-	-	1,960,104
Fixed deposits with licensed banks	210,010	-	-	210,010
Cash and bank balances	12,377,496	3,446	274,763	12,655,705
	<u>29,277,054</u>	<u>3,446</u>	<u>720,612</u>	<u>30,001,112</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**29. FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial risk management (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

(iv) Foreign currency exchange risk (cont'd)

Based on carrying amounts as at the reporting date, foreign currency denominated financial assets and liabilities which expose the Group to foreign currency risk are disclosed below (cont'd):-

	<u>USD</u> RM	<u>EURO</u> RM	<u>SGD</u> RM	<u>Total</u> RM
31.12.2025 (cont'd)				
Financial liabilities				
Trade payables	(11,253,663)	-	-	(11,253,663)
Other payables	(455,082)	-	-	(455,082)
	<u>(11,708,745)</u>	<u>-</u>	<u>-</u>	<u>(11,708,745)</u>
Net exposure	<u>17,568,309</u>	<u>3,446</u>	<u>720,612</u>	<u>18,292,367</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**29. FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial risk management (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

(iv) Foreign currency exchange risk (cont'd)**Foreign currency sensitivity analysis**

The following table illustrates the sensitivity of the Group's profit and equity to a reasonably possible change in the USD, EURO and SGD exchange rates against the Group's functional currency, assuming all other variables held constant.

	<u>31.12.2019</u> RM	<u>31.12.2020</u> RM	<u>31.12.2021</u> RM	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM	<u>31.12.2025</u> RM
USD/RM							
- Strengthened 1% (31.12.2024: 2%, 31.12.2023: 2%, 31.12.2022: 2%, 31.12.2021: 1%, 31.12.2020: 1% and 31.12.2019: 1%)	93,592	129,719	(192,685)	144,832	17,743	79,796	175,683
- Weakened 1% (31.12.2024: 2%, 31.12.2023: 2%, 31.12.2022: 2%, 31.12.2021: 1%, 31.12.2020: 1% and 31.12.2019: 1%)	(93,592)	(129,719)	192,685	(144,832)	(17,743)	(79,796)	(175,683)

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**29. FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial risk management (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

(iv) Foreign currency exchange risk (cont'd)**Foreign currency sensitivity analysis (cont'd)**

The following table illustrates the sensitivity of the Group's profit and equity to a reasonably possible change in the USD, EURO and SGD exchange rates against the Group's functional currency, assuming all other variables held constant (cont'd).

	<u>31.12.2019</u> RM	<u>31.12.2020</u> RM	<u>31.12.2021</u> RM	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM	<u>31.12.2025</u> RM
EURO/RM							
- Strengthened 1% (31.12.2024: 1%, 31.12.2023: 2%, 31.12.2022: 2%, 31.12.2021: 1%, 31.12.2020: 1% and 31.12.2019: 1%)	18,539	280	393	172	178	33	34
- Weakened 1% (31.12.2024: 1%, 31.12.2023: 2%, 31.12.2022: 2%, 31.12.2021: 1%, 31.12.2020: 1% and 31.12.2019: 1%)	(18,539)	(280)	(393)	(172)	(178)	(33)	(34)

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**29. FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial risk management (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

(iv) Foreign currency exchange risk (cont'd)**Foreign currency sensitivity analysis (cont'd)**

The following table illustrates the sensitivity of the Group's profit and equity to a reasonably possible change in the USD, EURO and SGD exchange rates against the Group's functional currency, assuming all other variables held constant (cont'd).

	<u>31.12.2019</u> RM	<u>31.12.2020</u> RM	<u>31.12.2021</u> RM	<u>31.12.2022</u> RM	<u>31.12.2023</u> RM	<u>31.12.2024</u> RM	<u>31.12.2025</u> RM
SGD/RM							
- Strengthened 1% (31.12.2024: 1%, 31.12.2023: 1%, 31.12.2022: 1%, 31.12.2021: 1%, 31.12.2020: 1% and 31.12.2019: 1%)	963	4,454	4,100	726	3,718	3,844	7,206
- Weakened 1% (31.12.2024: 1%, 31.12.2023: 1%, 31.12.2022: 1%, 31.12.2021: 1%, 31.12.2020: 1% and 31.12.2019: 1%)	(963)	(4,454)	(4,100)	(726)	(3,718)	(3,844)	(7,206)

Exposures to foreign exchange rates vary during the financial year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)

29. FINANCIAL INSTRUMENTS (CONT'D)**(c) Fair value of financial instruments**

The carrying amounts of financial assets and financial liabilities at the reporting date approximate their fair values due to their relatively short term in nature and insignificant impact of discounting.

(d) Fair value hierarchy

No fair value hierarchy has been disclosed as the Group does not have financial instruments measured at fair value.

30. SEGMENTAL INFORMATION

The information reported to the Group's chief operating decision maker to make decisions about resources to be allocated and for assessing their performance is based on the nature of the activities of the Group. The Group's operating segments and its respective business activities are as follows:-

Trading and manufacturing : Sales and distribution of coconut related products, palm oil and fat products and dairy products to local and overseas markets and manufacturing of all kinds of food related powder ranging from coconut to palm series.

Investment holding : Investment holding.

Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the financial statements.

No segmental information is disclosed in financial years ended 31 December 2019, 31 December 2020, 31 December 2021, and 31 December 2022 due to the investment holding segment is newly established in financial year ended 31 December 2023.

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)

30. SEGMENTAL INFORMATION (CONT'D)

Business segments

	<u>Note</u>	<u>Trading and manufacturing</u> RM	<u>Investment holdings</u> RM	<u>Total</u> RM	<u>Elimination</u> RM	<u>Total</u> RM
31.12.2023						
<u>Revenue</u>						
External revenue		<u>143,944,855</u>	<u>-</u>	<u>143,944,855</u>		<u>143,944,855</u>
<u>Results</u>						
Segment results	(a)	13,898,060	(14,606)	13,883,454		13,883,454
Finance income		254,235	-	254,235		254,235
Finance costs		(395,199)	-	(395,199)		(395,199)
Depreciation		(1,961,805)	-	(1,961,805)		(1,961,805)
Tax expense		(3,066,094)	-	(3,066,094)		(3,066,094)
Other non-cash income	(b)	<u>779,860</u>	<u>-</u>	<u>779,860</u>		<u>779,860</u>
<u>Assets</u>						
Segment assets		<u>104,931,103</u>	<u>8,500,003</u>	<u>113,431,106</u>	(8,500,000)	<u>104,931,106</u>
Included in segment assets are:						
Additions of property, plant and equipment		<u>23,711,709</u>	<u>-</u>	<u>23,711,709</u>		<u>23,711,709</u>
<u>Liabilities</u>						
Segment liabilities		<u>41,887,081</u>	<u>14,606</u>	<u>41,901,687</u>		<u>41,901,687</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)

30. SEGMENTAL INFORMATION (CONT'D)

Business segments (cont'd)

	<u>Note</u>	<u>Trading and manufacturing</u> RM	<u>Investment holdings</u> RM	<u>Total</u> RM	<u>Elimination</u> RM	<u>Total</u> RM
31.12.2024						
<u>Revenue</u>						
External revenue		<u>142,087,509</u>	<u>-</u>	<u>142,087,509</u>		<u>142,087,509</u>
<u>Results</u>						
Segment results	(a)	14,931,958	(92,822)	14,839,136		14,839,136
Finance income		126,916	-	126,916		126,916
Finance costs		(870,362)	-	(870,362)		(870,362)
Depreciation		(2,061,878)	-	(2,061,878)		(2,061,878)
Share of profit of an associate		-	-	-	156,306	156,306
Tax expense		(4,137,314)	-	(4,137,314)		(4,137,314)
Other non-cash expense	(b)	<u>(159,740)</u>	<u>-</u>	<u>(159,740)</u>	(156,206)	<u>(315,946)</u>
<u>Assets</u>						
Segment assets		<u>107,275,135</u>	<u>77,999,906</u>	<u>185,275,041</u>	(70,999,900)	<u>114,275,141</u>
Included in segment assets are:						
Additions of property, plant and equipment		<u>1,954,432</u>	<u>-</u>	<u>1,954,432</u>		<u>1,954,432</u>
<u>Liabilities</u>						
Segment liabilities		<u>30,042,601</u>	<u>107,428</u>	<u>30,150,029</u>		<u>30,150,029</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)

30. SEGMENTAL INFORMATION (CONT'D)

Business segments (cont'd)

	<u>Note</u>	<u>Trading and manufacturing</u> RM	<u>Investment holdings</u> RM	<u>Total</u> RM	<u>Adjustments/ Elimination</u> RM	<u>Total</u> RM
31.12.2025						
<u>Revenue</u>						
External revenue		<u>148,577,026</u>	<u>-</u>	<u>148,577,026</u>		<u>148,577,026</u>
<u>Results</u>						
Segment results	(a)	19,230,340	(69,991)	19,160,349	(100)	19,160,249
Finance income		159,489	-	159,489		159,489
Finance costs		(739,480)	-	(739,480)		(739,480)
Depreciation		(1,947,427)	-	(1,947,427)		(1,947,427)
Tax expense		(5,938,292)	-	(5,938,292)		(5,938,292)
Other non-cash income	(b)	<u>119,508</u>	<u>-</u>	<u>119,508</u>		<u>119,508</u>
<u>Assets</u>						
Segment assets		<u>130,247,962</u>	<u>77,878,853</u>	<u>208,126,815</u>	(71,000,000)	<u>137,126,815</u>
Included in segment assets are:						
Additions of property, plant and equipment		<u>1,589,367</u>	<u>-</u>	<u>1,589,367</u>		<u>1,589,367</u>
<u>Liabilities</u>						
Segment liabilities		<u>34,365,079</u>	<u>56,366</u>	<u>34,421,445</u>		<u>34,421,445</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)**30. SEGMENTAL INFORMATION (CONT'D)****Business segments (cont'd)**

Notes to the nature of adjustment and eliminations to arrive at amount reported in the financial statements:-

- (a) The following items are added to/(deducted from) segment profit to arrive at "profit for the financial year" presented in the profit or loss:-

	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>31.12.2025</u>
	RM	RM	RM
Segment profit	13,883,454	14,839,136	19,160,249
Finance income	254,235	126,916	159,489
Finance costs	(395,199)	(870,362)	(739,480)
Impairment loss on non-financial asset	-	(156,206)	-
Share of profit of an associate	-	156,306	-
	<u>-</u>	<u>-</u>	<u>-</u>
Profit for the financial year	<u>13,742,490</u>	<u>14,095,790</u>	<u>18,580,258</u>

- (b) Other major non-cash expenses/(income) consist of the following items as presented in the respective notes to the financial statements:-

	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>31.12.2025</u>
	RM	RM	RM
Bad debts written off	20,946	28,794	1,380
Deposits written off	100	-	300
Net impairment (gain)/loss of financial assets	(795,514)	(41,498)	220,885
Impairment loss on non-financial asset	-	156,206	-
Inventories written down	30,443	-	-
Property, plant and equipment written off	1,033	-	-
Unrealised (gain)/loss on foreign exchange	(36,868)	195,064	200,429
Reversal of inventories written down	-	(22,620)	(542,502)
	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(779,860)</u>	<u>315,946</u>	<u>(119,508)</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)

30. SEGMENTAL INFORMATION (CONT'D)

Geographical information

In presenting information on the basis of geographical segments, segment revenue is analysed based on the geographical location of customers, while segment assets are analysed based on the geographical location of the assets, as set out in the table below.

Revenue

(a) By regions

	<u>31.12.2019</u>	<u>31.12.2020</u>	<u>31.12.2021</u>	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>31.12.2025</u>
	RM	RM	RM	RM	RM	RM	RM
Africa	27,238,298	77,341,496	65,929,609	38,830,218	27,544,057	15,328,106	20,359,529
America	6,539,862	10,238,231	6,800,149	8,391,286	19,358,863	15,476,156	19,117,792
Commonwealth of Independent States	580,957	528,312	92,014	90,479	154,312	-	-
Europe	2,222,948	4,582,158	7,980,379	4,064,410	2,439,956	2,020,951	1,964,365
Northeast Asia	8,760,702	7,163,648	12,155,104	11,988,845	16,322,604	17,477,562	11,821,334
Oceania	1,413,131	1,363,131	2,701,316	3,221,944	3,218,795	5,458,211	5,866,115
South Asia	2,401,811	6,954,614	5,441,288	2,626,191	3,164,099	4,291,967	6,908,464
Southeast Asia	6,236,702	15,254,959	43,163,312	50,814,627	39,332,639	53,314,317	54,388,890
West Asia	15,110,906	14,547,060	9,369,396	16,282,935	32,409,530	28,720,239	28,150,537
	<u>70,505,317</u>	<u>137,973,609</u>	<u>153,632,567</u>	<u>136,310,935</u>	<u>143,944,855</u>	<u>142,087,509</u>	<u>148,577,026</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)

30. SEGMENTAL INFORMATION (CONT'D)

Geographical information (cont'd)

In presenting information on the basis of geographical segments, segment revenue is analysed based on the geographical location of customers, while segment assets are analysed based on the geographical location of the assets, as set out in the table below (cont'd).

Revenue (cont'd)

(b) By countries

	<u>31.12.2019</u>	<u>31.12.2020</u>	<u>31.12.2021</u>	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>31.12.2025</u>
	RM	RM	RM	RM	RM	RM	RM
Angola	12,523,481	12,075,522	8,376,913	13,092,656	2,357,541	790,642	1,594,619
Benin	-	9,857,415	-	-	-	-	-
China	4,526,965	3,556,157	7,226,543	7,991,003	9,635,218	13,034,731	5,713,077
Djibouti	2,040,332	23,431,501	30,972,901	4,605,265	7,663,543	183,723	830,118
Qatar	4,211,394	5,821,656	2,146,348	4,614,656	2,349,275	4,702,540	4,687,473
Saudi Arabia	3,501,847	3,042,519	3,572,636	8,097,711	22,760,951	19,672,950	20,498,532
Somalia	7,795,596	23,413,584	17,761,538	11,005,469	4,790,962	4,162,676	2,463,123
Malaysia*	2,141,788	10,753,641	38,832,256	47,170,175	27,826,608	35,920,016	42,445,840
Others	33,763,914	46,021,614	44,743,432	39,734,000	66,560,757	63,620,231	70,344,244
	<u>70,505,317</u>	<u>137,973,609</u>	<u>153,632,567</u>	<u>136,310,935</u>	<u>143,944,855</u>	<u>142,087,509</u>	<u>148,577,026</u>

* Home country.

Non-current assets

	<u>31.12.2019</u>	<u>31.12.2020</u>	<u>31.12.2021</u>	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	<u>31.12.2025</u>
	RM	RM	RM	RM	RM	RM	RM
Malaysia	<u>17,119,910</u>	<u>22,434,679</u>	<u>25,539,245</u>	<u>29,162,567</u>	<u>50,092,595</u>	<u>48,336,643</u>	<u>47,492,750</u>

The amounts of non-current assets do not include investment in associate.

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)

30. SEGMENTAL INFORMATION (CONT'D)

Information about major customers

The Group does not have any revenue from a single external customer which represents 10% or more of the Group's revenue in financial years ended 31 December 2019 and 31 December 2025. The following are major customers with revenue equal or more than 10% of the Group's revenue in financial years ended 31 December 2020, 31 December 2021, 31 December 2022, 31 December 2023, and 31 December 2024.

	Trading and manufacturing segment	
	RM	%
Audited		
31.12.2020		
Customer A	<u>21,681,171</u>	<u>16</u>
31.12.2021		
Customer A	37,296,672	24
Customer B	<u>15,572,779</u>	<u>10</u>
	<u>52,869,451</u>	<u>34</u>
31.12.2022		
Customer C	<u>14,670,808</u>	<u>11</u>
31.12.2023		
Customer D	<u>16,978,413</u>	<u>12</u>
31.12.2024		
Customer D	<u>15,433,580</u>	<u>11</u>

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP (cont'd)

31. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains adequate working capital and financially prudent financial ratios in order to support its current business as well as future expansion so as to maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions including the interest rate movements. To maintain and adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders, issue new shares or adjust bank borrowings level. No changes were made in the objectives, policies or processes since last financial years ended.

32. EVENT AFTER THE REPORTING PERIOD

Subsequent to the financial year end, geopolitical tensions and conflict in the Middle East have increased uncertainties in global economic conditions, including disruptions to international shipping and supply chain activities, as well as volatility in oil prices and global markets. These developments may affect the Group's operations and trading activities. However, as at the date of authorisation of these financial statements, the Group has not experienced any material adverse impact on its operations or financial position arising directly from these developments. The Group will continue to monitor the situation closely and assess the potential operational and financial implications.

ACCOUNTANTS' REPORT ON THE ERAMAS GROUP *(cont'd)*

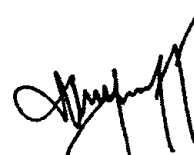
ERAMAS GLOBAL GROUP SDN. BHD.
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, the undersigned, being the Directors of the Company, do hereby state that, in our opinion, the accompanying consolidated financial statements set out on pages 4 to 109 are drawn up in accordance with Malaysian Financial Reporting Standards and IFRS Accounting Standards so as to give a true and fair view of the consolidated statements of financial position of the Group as at 31 December 2019, 31 December 2020, 31 December 2021, 31 December 2022, 31 December 2023, 31 December 2024 and 31 December 2025, and of its financial performance and its cash flows for the financial years ended 31 December 2019, 31 December 2020, 31 December 2021, 31 December 2022, 31 December 2023, 31 December 2024 and 31 December 2025.



.....
YAN HUA LAN



.....
CHIN KOK TIAN

Kuala Lumpur
5 June 2026

**PRO FORMA FINANCIAL INFORMATION OF SCGM TOGETHER WITH THE REPORTING
ACCOUNTANTS' LETTER THEREON**

SCGM BHD
(Registration No: 200701021012 (779028-H))
(Incorporated in Malaysia)

**PRO FORMA
FINANCIAL INFORMATION
(PREPARED FOR INCLUSION IN THE CIRCULAR TO
SHAREHOLDERS OF SCGM BHD ONLY)**

GRANT THORNTON MALAYSIA PLT
CHARTERED ACCOUNTANTS
Member Firm of Grant Thornton International Ltd.

PRO FORMA FINANCIAL INFORMATION OF SCGM TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)



**INDEPENDENT ASSURANCE REPORT ON THE
COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

The Board of Directors
SCGM Bhd
B-21-1, Level 21, Tower B
Northpoint Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur

Grant Thornton Malaysia PLT

Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

T +603 2692 4022

F +603 2691 5229

Dear Sirs,

SCGM BHD

**REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION OF
SCGM BHD**

We have completed our assurance engagement to report on the compilation of Pro Forma Financial Information of SCGM Bhd ("SCGM" or "the Company") and its subsidiary (collectively known as "SCGM Group" or "the Group"). The Pro Forma Financial Information consists of the Pro Forma Statements of Financial Position as at 31 December 2025, the Pro Forma Statements of Profit or Loss and Other Comprehensive Income for the financial year ended 31 December 2025, and the related notes.

The applicable criteria on the basis of which the Directors of SCGM and Eramas Global Group Sdn. Bhd. ("Eramas Global Group") (collectively known as "Directors") have compiled the Pro Forma Financial Information are described in the Notes thereon to the Pro Forma Financial Information and are in accordance with the Equity Guidelines issued by the Securities Commission Malaysia, the Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad, and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants ("Applicable Criteria").

The Pro Forma Financial Information have been compiled by the Directors for illustrative purposes only and for inclusion in the Circular of SCGM in connection with the Proposed Regularisation Plan, which comprises the Proposed Special Dividend, Proposed Acquisition, Proposed Offer for Sale and Proposed Exemption. The Pro Forma Financial Information have been compiled for the purpose to illustrate the impact of the events set out in the Note 1 under the Notes to the Pro Forma Financial Information.

As part of this process, information about SCGM's and Eramas Global Group's financial position and financial performance has been extracted by the Directors from the audited consolidated financial statements of SCGM and audited consolidated financial statements of Eramas Global Group. The audited consolidated financial statements of SCGM and Eramas Global Group are audited by us without modification.

PRO FORMA FINANCIAL INFORMATION OF SCGM TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)



Directors' Responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information based on the Basis of Preparation and the events set out in the Notes to the Pro Forma Financial Information.

Our Independence and Quality Control

We are independent in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board of Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our firm applies International Standard on Quality Management ("ISQM") 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, and Other Assurance and Related Services Engagements issued by International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by the Equity Guidelines, about whether the Pro Forma Financial Information have been compiled, in all material respects, by the Directors on the basis of the Applicable Criteria.

We conducted our engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in a Prospectus, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Financial Information on the basis of the Applicable Criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

PRO FORMA FINANCIAL INFORMATION OF SCGM TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)



Reporting Accountants' Responsibilities (cont'd)

The purpose of Pro Forma Financial Information included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information have been compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Directors in the compilation of Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence on whether:

- The related pro forma adjustments give an appropriate effect to those criteria; and
- The Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Company, the events or transactions in respect of which the Pro Forma Financial Information have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:-

- (a) The Pro Forma Financial Information, which have been prepared by the Directors, have been properly compiled, in all material respects, on the basis of the Applicable Criteria using audited consolidated financial statements prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and IFRS Accounting Standards ("IFRSs") and in a manner consistent with both the formats of the audited consolidated financial statements and the accounting policies adopted by the Company; and
- (b) Each material adjustment made to the information used in the preparation of the Pro Forma Financial Information is appropriate for the purposes of preparing the Pro Forma Financial Information.

PRO FORMA FINANCIAL INFORMATION OF SCGM TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON *(cont'd)*

**Other Matters**

This letter has been prepared solely for the inclusion in the Circular in connection with the Proposed Regularisation Plan of the Company. It is not intended to be used for any other purposes. We do not assume responsibility to any other person for the content of this letter.

Yours faithfully,

A large, stylized handwritten signature in black ink, likely belonging to a representative of Grant Thornton Malaysia PLT.

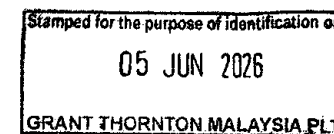
GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

Kuala Lumpur
5 June 2026

A handwritten signature in black ink, likely belonging to Phon Pooi Yin, a Chartered Accountant.

PHON POOI YIN
(NO: 03654/04/2028 J)
CHARTERED ACCOUNTANT

PRO FORMA FINANCIAL INFORMATION OF SCGM TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)



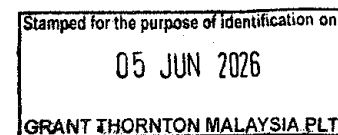
SCGM BHD

PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

The Pro Forma Statements of Financial Position of SCGM Group as at 31 December 2025 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 1 under the Notes to the Pro Forma Financial Information on the assumption that these transactions were completed on 31 December 2025, and should be read in conjunction with the accompanying notes to the Pro Forma Financial Information.

		Audited as at		Pro Forma I		Pro Forma II/III/IV
	Note	31.12.2025	Adjustment	After Proposed	Adjustment	After Proposed
		RM	RM	Special Dividend	RM	Acquisition/ Proposed
				RM		Exemption/ Proposed
						Offer for Sale
						RM
ASSETS						
Non-current assets						
Property, plant and equipment	2.01	12,682	-	12,682	47,492,750	47,505,432
Total non-current assets		12,682		12,682		47,505,432
Current assets						
Inventories	2.02	-	-	-	24,947,343	24,947,343
Trade receivables	2.03	-	-	-	22,219,025	22,219,025
Other receivables	2.04	56,244	-	56,244	13,345,743	13,401,987
Cash and bank balances and fixed deposits with licensed banks	2.05	116,396,437	(48,140,260)	68,256,177	27,144,835	95,401,012
Total current assets		116,452,681		68,312,421		155,969,367
Total assets		116,465,363		68,325,103		203,474,799

PRO FORMA FINANCIAL INFORMATION OF SCGM TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)



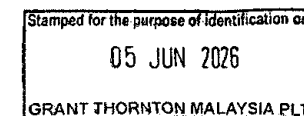
SCGM BHD

PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2025 (CONT'D)

The Pro Forma Statements of Financial Position of SCGM Group as at 31 December 2025 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 1 under the Notes to the Pro Forma Financial Information on the assumption that these transactions were completed on 31 December 2025, and should be read in conjunction with the accompanying notes to the Pro Forma Financial Information (cont'd).

		Audited as at		Pro Forma I		Pro Forma II/III/IV
	Note	31.12.2025	Adjustment	After Proposed	Adjustment	After Proposed
		RM	RM	Special Dividend	RM	Acquisition/ Proposed
				RM		Exemption/ Proposed
						Offer for Sale
						RM
EQUITY AND LIABILITIES						
Equity						
Equity attributable to owners of the Company:-						
Share capital	2.06	63,117,846	-	63,117,846	232,916,837	296,034,683
Treasury shares	2.06	(2,309,671)	-	(2,309,671)	2,309,671	-
Reserve	2.07	-	-	-	(184,469,997)	(184,469,997)
Retained earnings	2.08	54,926,351	(48,140,260)	6,786,091	49,971,740	56,757,831
Total equity		115,734,526		67,594,266		168,322,517
Liabilities						
Non-current liabilities						
Deferred tax liability	2.09	-	-	-	1,488,000	1,488,000
Lease liabilities	2.10	-	-	-	249,933	249,933
Total non-current liabilities		-		-		1,737,933

PRO FORMA FINANCIAL INFORMATION OF SCGM TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)



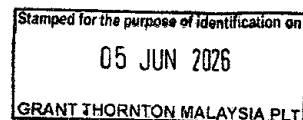
SCGM BHD

PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2025 (CONT'D)

The Pro Forma Statements of Financial Position of SCGM Group as at 31 December 2025 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 1 under the Notes to the Pro Forma Financial Information on the assumption that these transactions were completed on 31 December 2025, and should be read in conjunction with the accompanying notes to the Pro Forma Financial Information (cont'd).

	Note	Audited as at 31.12.2025 RM	Adjustment RM	Pro Forma I After Proposed Special Dividend RM	Adjustment RM	Pro Forma II/III/IV After Proposed Acquisition/ Proposed Exemption/ Proposed Offer for Sale RM
EQUITY AND LIABILITIES (CONT'D)						
Liabilities (cont'd)						
Current liabilities						
Trade payables	2.11	-	-	-	11,908,367	11,908,367
Other payables	2.12	702,825	-	702,825	3,804,377	4,507,202
Contract liabilities	2.13	-	-	-	1,258,615	1,258,615
Borrowings	2.14	-	-	-	13,391,726	13,391,726
Lease liabilities	2.10	-	-	-	120,750	120,750
Tax payable	2.15	28,012	-	28,012	2,199,677	2,227,689
Total current liabilities		<u>730,837</u>		<u>730,837</u>		<u>33,414,349</u>
Total liabilities		<u>730,837</u>		<u>730,837</u>		<u>35,152,282</u>
Total equity and liabilities		<u>116,465,363</u>		<u>68,325,103</u>		<u>203,474,799</u>
No. of ordinary shares (excluding treasury shares) (unit)		<u>192,561,041</u>	-	<u>192,561,041</u>	569,698,630	<u>762,259,671</u>
Net assets per share (RM)		<u>0.60</u>		<u>0.35</u>		<u>0.22</u>
Borrowings and lease liabilities		<u>-</u>		<u>-</u>		<u>13,762,409</u>
Gearing ratio (times)		<u>-</u>		<u>-</u>		<u>0.08</u>

PRO FORMA FINANCIAL INFORMATION OF SCGM TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)



SCGM BHD

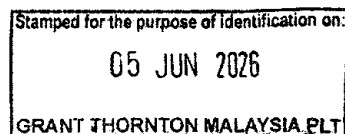
PRO FORMA STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

The Pro Forma Statements of Profit or Loss and Other Comprehensive Income of SCGM Group for the financial year ended 31 December 2025 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 1 under the Notes to the Pro Forma Financial Information on the assumption that these transactions were completed on 1 January 2025.

	31.12.2025 RM
Revenue	148,577,026
Cost of sales	<u>(115,682,214)</u>
Gross profit	32,894,812
Other income	268,415
Finance income	3,955,843
Administration expenses	(12,257,545)
Net impairment loss of financial assets	(220,885)
Other expenses	(3,411,061)
Finance costs	<u>(739,480)</u>
Profit before tax	20,490,099
Tax expense	<u>(6,577,474)</u>
Profit for the financial year/Total comprehensive income for the financial year	<u><u>13,912,625</u></u>
Profit for the financial year attributable to:	
Owners of the Company	13,912,625
Non-controlling interests	<u>-</u>
	<u><u>13,912,625</u></u>
Total comprehensive income for the financial year attributable to:	
Owners of the Company	13,912,625
Non-controlling interest	<u>-</u>
	<u><u>13,912,625</u></u>
Earnings per share attributable to owners of the Company *	<u><u>0.02</u></u>

* Earnings per share (EPS) is calculated by dividing the profit after tax attributable to the owners of the Company by a weighted average of 762,259,671 shares issued. The weighted average number of shares is determined under the assumption that Eramas Global Group has been in existence since 1 January 2025.

PRO FORMA FINANCIAL INFORMATION OF SCGM TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)



SCGM BHD

BASIS OF PREPARATION OF PRO FORMA FINANCIAL INFORMATION

1. The Pro Forma Statements of Financial Position and Pro Forma Statements of Profit or Loss and Other Comprehensive Income have been prepared for illustrative purposes and on the assumptions that all the transactions mentioned as per Note 1 under the Notes to the Pro Forma Financial Information had taken place.

As part of this process, the information about the financial position and financial performance have been extracted by the Directors from the following:-

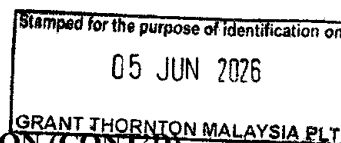
- (a) The audited consolidated financial statements of SCGM for the financial year ended 31 December 2025; and
 - (b) The audited consolidated financial statements of Eramas Global Group for the financial year ended 31 December 2025.
2. The Pro Forma Financial Information has been compiled in a manner consistent with the format of the audited consolidated financial statements and the accounting policies adopted by the Company.

The audited consolidated financial statements of SCGM and audited consolidated financial statements of Eramas Global Group were prepared in accordance with MFRSs, IFRSs and accounting policies adopted by SCGM and Eramas Global Group except for the accounting policies newly adopted to account for the Proposed Acquisition as a reverse acquisition under MFRS 2, which are further described below.

SCGM is a "Cash Company" pursuant to Paragraph 8.03(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

On 20 March 2024, SCGM entered into a heads of agreement with Chin Kok Tian, Yan Hua Lan, Tan Ah Tek, Gan Chuan Lee, Tey Chee Shin, Tan Tai Chong and Lau Sie Khian (collectively referred to as the "Vendors") for the acquisition of all ordinary shares in Eramas Global Group for a purchase consideration to be determined later. On 16 October 2024, the Company and the Vendors mutually agreed to extend the period to execute the share sale agreement for the Proposed Acquisition ("SSA") until 31 December 2024. The SSA was executed between the Company and the Vendors on 27 December 2024. Based on the SSA, the Company proposed to acquire all the equity interest in Eramas Global Group from the Vendors for a total purchase consideration of RM207,940,000 which will be fully satisfied through the issuance of 569,698,630 new ordinary shares in SCGM ("Consideration Shares") at an issue price of RM0.365 per Consideration Share ("Proposed Acquisition"). Upon completion of the Proposed Acquisition, the Vendors of Eramas Global Group will become the majority shareholders of the Company. On 24 September 2025, SCGM and the Vendors have mutually agreed to extend the period for the satisfaction or fulfilment of the conditions precedent under the SSA until 30 June 2026. On 14 May 2026, SCGM and the Vendors have mutually agreed to further extend the period for the satisfaction or fulfilment of the conditions precedent under the SSA until 31 December 2026.

PRO FORMA FINANCIAL INFORMATION OF SCGM TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)



SCGM BHD

BASIS OF PREPARATION OF PRO FORMA FINANCIAL INFORMATION (CONT'D)

2. (cont'd)

As the Proposed Acquisition constitutes a reverse acquisition, Eramas Global Group (the legal subsidiary) is identified as the accounting acquirer, while SCGM (the legal parent) is the accounting acquiree. Since SCGM's activities primarily involve managing cash balances and fulfilling listing obligations, it does not meet the definition of a "business" under MFRS 3. Accordingly, the Proposed Acquisition of Eramas Global Group shall be accounted for under MFRS 2 Share-based Payment. In substance, Eramas Global Group is issuing shares to obtain control over SCGM, acquiring its listing status along with its bank balances and other net assets.

According to MFRS 10 Consolidated Financial Statements, the legal parent has to prepare consolidated financial statements and the consolidated financial statements are prepared under the guidance in MFRS 3 on reverse acquisitions that do not constitute a business, as follows:-

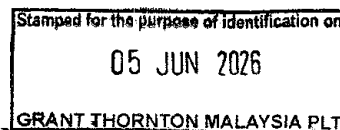
- (a) the consolidated financial statements of the legal parent (listed shell company) are presented as a continuation of the financial statements of the operating company (the legal subsidiary, which is considered the accounting acquirer);
- (b) the transaction price is allocated to the identifiable assets and liabilities of the listed shell company on the basis of their fair values at the date of purchase;
- (c) any excess of the transaction price over the fair value of the assets and liabilities of the listed shell company represents a cost for obtaining a listing. This is accounted for as an expense as it does not represent an asset under MFRS 2; and
- (d) no goodwill is recognised.

Because the pro forma consolidated financial statements represent the continuation of the financial statements of the legal subsidiary except for its capital structure, the pro forma consolidated financial statements reflect:-

- (a) The assets and liabilities of the legal subsidiary (the accounting acquirer) recognised and measured at their pre-combination carrying amounts.
- (b) The assets and liabilities of the legal parent (the accounting acquiree) recognised and measured in accordance with the applicable accounting standard.
- (c) The retained earnings and other equity balances of the legal subsidiary (accounting acquirer) before the business combination.
- (d) The amount recognised as issued equity interests in the pro forma consolidated financial statements determined by adding the issued equity interest of the legal subsidiary (the accounting acquirer) outstanding immediately before the business combination to the fair value of the legal parent (accounting acquiree). However, the equity structure (i.e. the number and type of equity interests issued) reflects the equity structure of the legal parent, including the equity interests of the legal parent issued to effect the combination.
- (e) The non-controlling interest's proportionate share of the legal subsidiary's (accounting acquirer's) pre-combination carrying amounts of retained earnings and other equity interests.

3. The Pro Forma Financial Information, because of their nature, may not give a true picture of the actual financial position of SCGM Group. Furthermore, such information does not purport to predict the future Statements of Financial Position and Statements of Profit or Loss and Other Comprehensive Income of SCGM Group after completion of the Proposed Regularisation Plan.

PRO FORMA FINANCIAL INFORMATION OF SCGM TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)



SCGM BHD

BASIS OF PREPARATION OF PRO FORMA FINANCIAL INFORMATION (CONT'D)

4. Standards Issued but Not Yet Effective

The new standards and amendments to standards that are issued, but not yet effective, up to the date of issuance of the Pro Forma Financial Information are disclosed below:-

Effective for financial period beginning on or after 1 January 2026:-

Amendments to MFRS 9 and MFRS 7	Financial Instruments and Financial Instruments: Disclosures - Amendments to the Classification and Measurement of Financial Instruments
Annual Improvements to MFRS Accounting Standards - Volume 11	
Amendments to MFRS 9 and MFRS 7	Financial Instruments and Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity

Effective for financial period beginning on or after 1 January 2027:-

MFRS 18	Presentation and Disclosure in Financial Statements
MFRS 19	Subsidiaries without Public Accountability: Disclosures
Amendments to MFRS 19	Subsidiaries without Public Accountability: Disclosures
Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency

Deferred to a date to be determined by Malaysian Accounting Standards Board:-

Amendments to MFRS 10 and MFRS 128	Consolidated Financial Statements and Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of the above applicable new standards and amendments to the standards are not expected to have material financial impact to the Pro Forma Financial Information, except as follows:-

MFRS 18 Presentation and Disclosure in Financial Statements

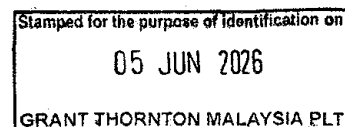
MFRS 18 Presentation and Disclosure in Financial Statements introduces three sets of new requirements to improve companies' reporting of financial performance:

- Improved comparability in the statement of profit or loss (income statement)
- Enhanced transparency of management-defined performance measures
- More useful grouping of information in the financial statements

MFRS 18 replaces MFRS 101 Presentation of Financial Statements. It carries forward many requirements from MFRS 101 unchanged. MFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027, but companies can apply it earlier.

The adoption of MFRS 18 will have no impact on the Group's net profit but will result in changes to the presentation and disclosure of information in the Pro Forma Financial Information and Notes to the Pro Forma Financial Information.

PRO FORMA FINANCIAL INFORMATION OF SCGM TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)



SCGM BHD

NOTES TO THE PRO FORMA FINANCIAL INFORMATION

1. PROPOSED REGULARISATION PLAN

(a) Pro Forma I: Proposed Special Dividend

The Company proposes to distribute a special dividend of RM0.25 per ordinary share in SCGM ("SCGM Shares") and this proposal entails a total cash distribution of RM48,140,260 based on 192,561,041 existing SCGM Shares (excluding 1,038,600 treasury shares). This proposal will be funded via a portion of the disposal consideration received from the disposal of Lee Soon Seng Plastic Industries Sdn. Bhd. which was completed on 31 August 2022.

The special dividend will be distributed on the entitlement date, which will be determined by the Company's Board of Directors, and announced later after the approvals from the relevant authorities and the shareholders for the Proposed Regularisation Plan have been obtained.

(b) Pro Forma II: Proposed Acquisition

On 20 March 2024, SCGM entered into a heads of agreement with the Vendors for the acquisition of all ordinary shares in Eramas Global Group for a purchase consideration to be determined later. On 16 October 2024, the Company and the Vendors mutually agreed to extend the period to execute the SSA until 31 December 2024. The SSA was executed between the Company and the Vendors on 27 December 2024. Based on the SSA, the Company proposed to acquire 225,749,903 ordinary shares, representing 100% equity interest in Eramas Global Group for a total purchase consideration of RM207,940,000.

The purchase consideration of RM207,940,000 will be fully satisfied through the issuance of 569,698,630 Consideration Shares at an issue price of RM0.365 per Consideration Share.

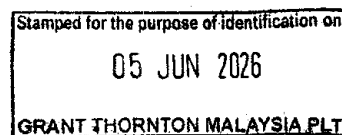
The Proposed Acquisition will result in share-based payment expenses amounting to RM2,690,514 being recognised in administrative expenses. The share-based payment expenses are computed as follows:-

	RM
Deemed purchase consideration*	70,284,780
Less: Net assets of SCGM as per Pro Forma I	<u>67,594,266</u>
Share-based payment expenses	<u>2,690,514</u>

* Deemed purchase consideration is determined by fair valuing the number of ordinary shares of Eramas Global Group would have had to issue to give the owners of SCGM Bhd the same percentage equity interest in the combined entity that results from the reverse acquisition.

In addition, the total estimated expenses related to the Proposed Regularisation Plan amounted to RM8,500,000, with RM1,977,119 recognised in administrative expenses under this Pro Forma while the remaining balance was accounted for in the financial years ended 31 December 2023, 31 December 2024 and 31 December 2025.

PRO FORMA FINANCIAL INFORMATION OF SCGM TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)



SCGM BHD

NOTES TO THE PRO FORMA FINANCIAL INFORMATION (CONT'D)

1. PROPOSED REGULARISATION PLAN (CONT'D)

(c) Pro Forma III: Proposed Exemption

The Vendors and persons acting in concert with them intend to seek for exemption from the Securities Commission Malaysia under subparagraph 4.08(1)(a) of the Rules on Take-overs, Mergers and Compulsory Acquisitions from the obligation to undertake a mandatory take-over offer to acquire the remaining SCGM Shares not already owned by them upon completion of the Proposed Acquisition ("Proposed Exemption").

The Proposed Exemption has no financial impact on the Pro Forma Financial Information.

(d) Pro Forma IV: Proposed Offer for Sale

The Vendors will offer up to 95,300,000 Consideration Shares for subscription by Bumiputera investors approved or recognised by the Ministry of Investment, Trade and Industry, institutional investors and selected investors at an offer price of RM0.365 each ("Proposed Offer for Sale").

The Proposed Offer for Sale has no financial impact on the Pro Forma Financial Information.

2.01 PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment are as follows:-

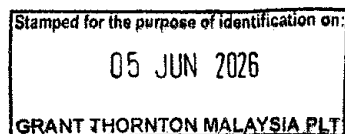
	<u>Amount</u> RM
At 31 December 2025/As per Pro Forma I	12,682
Pursuant to the Proposed Acquisition	<u>47,492,750</u>
As per Pro Forma II/III/IV	<u>47,505,432</u>

2.02 INVENTORIES

The movements of inventories are as follows:-

	<u>Amount</u> RM
At 31 December 2025/As per Pro Forma I	-
Pursuant to the Proposed Acquisition	<u>24,947,343</u>

PRO FORMA FINANCIAL INFORMATION OF SCGM TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)



SCGM BHD

NOTES TO THE PRO FORMA FINANCIAL INFORMATION (CONT'D)

2.03 TRADE RECEIVABLES

The movements of trade receivables are as follows:-

	<u>Amount</u> RM
At 31 December 2025/As per Pro Forma I	-
Pursuant to the Proposed Acquisition	<u>22,219,025</u>
As per Pro Forma II/III/IV	<u>22,219,025</u>

2.04 OTHER RECEIVABLES

The movements of other receivables are as follows:-

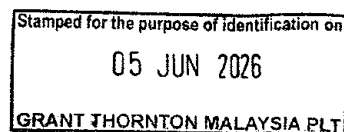
	<u>Amount</u> RM
At 31 December 2025/As per Pro Forma I	56,244
Pursuant to the Proposed Acquisition	<u>13,345,743</u>
As per Pro Forma II/III/IV	<u>13,401,987</u>

2.05 CASH AND BANK BALANCES AND FIXED DEPOSITS WITH LICENSED BANKS

The movements of cash and bank balances and fixed deposits with licensed banks are as follows:-

	<u>Amount</u> RM
At 31 December 2025	116,396,437
Pursuant to the Proposed Special Dividend	<u>(48,140,260)</u>
As per Pro Forma I	68,256,177
Pursuant to the Proposed Acquisition	<u>27,144,835</u>
As per Pro Forma II/III/IV	<u>95,401,012</u>

PRO FORMA FINANCIAL INFORMATION OF SCGM TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)



SCGM BHD

NOTES TO THE PRO FORMA FINANCIAL INFORMATION (CONT'D)

2.05 CASH AND BANK BALANCES AND FIXED DEPOSITS WITH LICENSED BANKS (CONT'D)

The cash and bank balances and fixed deposits with licensed banks as per "Pursuant to the Proposed Acquisition" arise as follows:

	<u>Amount</u> RM
Cash and bank balances	19,936,644
Fixed deposits with licensed banks	<u>9,185,310</u>
Total cash and bank balances and fixed deposits with licensed banks of Eramas Group as at 31 December 2025	29,121,954
Less: Estimated expenses related to the Proposed Regularisation Plan	<u>(1,977,119)</u>
Total as per "Pursuant to the Proposed Acquisition"	<u><u>27,144,835</u></u>

2.06 SHARE CAPITAL AND TREASURY SHARES

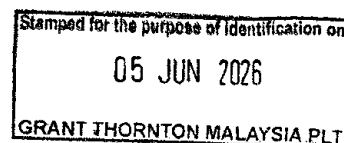
The movements of share capital and treasury shares are as follows:-

	Number of ordinary shares (included treasury shares Unit	<u>Amount</u> RM	Number of treasury shares Unit	<u>Amount</u> RM
At 31 December 2025/As per Pro Forma I	193,599,641	63,117,846	1,038,600	2,309,671
Pursuant to the Proposed Acquisition	<u>569,698,630</u>	<u>232,916,837</u>	<u>-</u>	<u>(2,309,671)</u>
As per Pro Forma II/III/IV	<u>763,298,271</u>	<u>296,034,683*</u>	<u>1,038,600</u>	<u>-</u>

* The share capital and the adjustments pursuant to the Proposed Acquisition are derived as follows:-

	<u>Amount</u> RM
Deemed purchase consideration	70,284,780
Share capital of Eramas Global Group	<u>225,749,903</u>
Share capital as per Pro Forma II	<u><u>296,034,683</u></u>

PRO FORMA FINANCIAL INFORMATION OF SCGM TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)



SCGM BHD

NOTES TO THE PRO FORMA FINANCIAL INFORMATION (CONT'D)

2.07 RESERVE

The movements of reserve are as follows:-

	<u>Amount</u> RM
At 31 December 2025/As per Pro Forma I	-
Pursuant to the Proposed Acquisition	<u>(184,469,997)</u>
As per Pro Forma II/III/IV	<u>(184,469,997)</u>

The above reserve arises as follows:

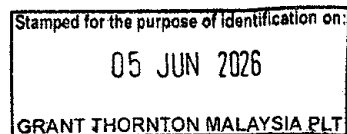
	<u>Amount</u> RM
Cost of investments by Eramas Global Group	218,750,000
Share capital of Eramas International Holdings and Eramas Ingredients	<u>(38,500,003)</u>
Merger deficit	<u>180,249,997</u>
Cost of investments by Eramas International Holdings	8,500,000
Share capital of Eramas Marketing and Erapoly Global	<u>(4,280,000)</u>
Merger deficit	<u>4,220,000</u>
Total as per "Pursuant to the Proposed Acquisition"	<u>184,469,997</u>

2.08 RETAINED EARNINGS

The movements of retained earnings are as follows:-

	<u>Amount</u> RM
At 31 December 2025	54,926,351
Pursuant to the Proposed Special Dividend	<u>(48,140,260)</u>
As per Pro Forma I	6,786,091
Pursuant to the Proposed Acquisition	<u>49,971,740</u>
As per Pro Forma II*/III/IV	<u>56,757,831</u>

PRO FORMA FINANCIAL INFORMATION OF SCGM TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)



SCGM BHD

NOTES TO THE PRO FORMA FINANCIAL INFORMATION (CONT'D)

2.08 RETAINED EARNINGS (CONT'D)

The above retained earnings as per "Pursuant to the Proposed Acquisition" arises as follows:

	<u>Amount</u> RM
Retained earnings of Eramas Group as of 31 December 2025	61,425,464
Retained earnings as per Pro Forma I	(6,786,091)
Estimated expenses related to the Proposed Regularisation Plan	(1,977,119)
Share-based payment expenses	<u>(2,690,514)</u>
Total as per "Pursuant to the Proposed Acquisition"	<u>49,971,740</u>

* Represents the retained earnings of Eramas Group due to reverse acquisition accounting applied and after taking into consideration the share-based payment expenses of RM2,690,514 and the remaining estimated expenses related to the Proposed Regularisation Plan of RM1,977,119.

2.09 DEFERRED TAX LIABILITY

The movements of deferred tax liability are as follows:-

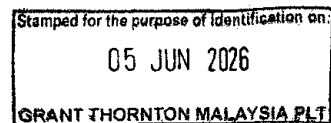
	<u>Amount</u> RM
At 31 December 2025/As per Pro Forma I	-
Pursuant to the Proposed Acquisition	<u>1,488,000</u>
As per Pro Forma II/III/IV	<u>1,488,000</u>

2.10 LEASE LIABILITIES

The movements of lease liabilities are as follows:-

	<u>Current</u> RM	<u>Non-current</u> RM	<u>Total</u> RM
At 31 December 2025/As per Pro Forma I	-	-	-
Pursuant to the Proposed Acquisition	<u>120,750</u>	<u>249,933</u>	<u>370,683</u>
As per Pro Forma II/III/IV	<u>120,750</u>	<u>249,933</u>	<u>370,683</u>

PRO FORMA FINANCIAL INFORMATION OF SCGM TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)



SCGM BHD

NOTES TO THE PRO FORMA FINANCIAL INFORMATION (CONT'D)

2.11 TRADE PAYABLES

The movements of trade payables are as follows:-

	<u>Amount</u> RM
At 31 December 2025/As per Pro Forma I	-
Pursuant to the Proposed Acquisition	<u>11,908,367</u>
As per Pro Forma II/III/IV	<u>11,908,367</u>

2.12 OTHER PAYABLES

The movements of other payables are as follows:-

	<u>Amount</u> RM
At 31 December 2025/As per Pro Forma I	702,825
Pursuant to the Proposed Acquisition	<u>3,804,377</u>
As per Pro Forma II/III/IV	<u>4,507,202</u>

2.13 CONTRACT LIABILITIES

The movements of contract liabilities are as follows:-

	<u>Amount</u> RM
At 31 December 2025/As per Pro Forma I	-
Pursuant to the Proposed Acquisition	<u>1,258,615</u>
As per Pro Forma II/III/IV	<u>1,258,615</u>

2.14 BORROWINGS

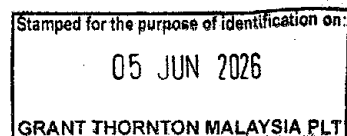
The movements of borrowings are as follows:-

	<u>Amount</u> RM
At 31 December 2025/As per Pro Forma I	-
Pursuant to the Proposed Acquisition	<u>13,391,726</u>
As per Pro Forma II/III/IV	<u>13,391,726</u>

PRO FORMA FINANCIAL INFORMATION OF SCGM TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)

SCGM BHD

NOTES TO THE PRO FORMA FINANCIAL INFORMATION (CONT'D)

**2.15 TAX PAYABLE**

The movements of tax payable are as follows:-

	<u>Amount</u> RM
At 31 December 2025/As per Pro Forma I	28,012
Pursuant to the Proposed Acquisition	<u>2,199,677</u>
As per Pro Forma II/III/IV	<u>2,227,689</u>

**PRO FORMA FINANCIAL INFORMATION OF SCGM TOGETHER WITH THE REPORTING
ACCOUNTANTS' LETTER THEREON** *(cont'd)*

SCGM BHD

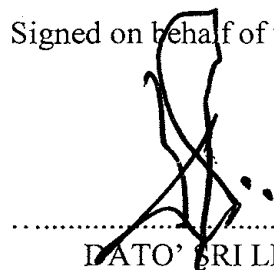
(Registration No: 200701021012 (779028-H))

(Incorporated in Malaysia)

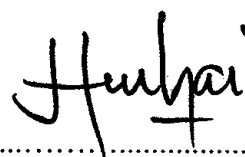
APPROVAL BY BOARD OF DIRECTORS

The Pro Forma Financial Information has been approved for issue in accordance with a resolution of the Board of Directors of SCGM Bhd on 5 June 2026.

Signed on behalf of the Directors,



DATO' SRI LEE HOCK SENG



DATO' SRI LEE HOCK CHAI

Kuala Lumpur

DIRECTORS' REPORT ON THE ERAMAS GROUP

ERAMAS GLOBAL GROUP SDN. BHD.

Registration No: 202401007159 (1553009-D)

LOT 4089, JALAN P4/8, SEK 4, BANDAR TEKNOLOGI KAJANG,
43500 SEMENYIH, SELANGOR DARUL EHSAN, MALAYSIA

TEL: 03 – 8723 7988 FAX: 03 – 8723 6988

Date: 16 JUN 2026

SCGM BHDB-21-1, Level 21, Tower B
Northpoint Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur

To: The shareholders of SCGM Bhd

Dear Sirs,

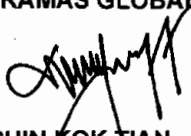
- (I) PROPOSED SPECIAL DIVIDEND;
- (II) PROPOSED ACQUISITION;
- (III) PROPOSED OFFER FOR SALE; AND
- (IV) PROPOSED EXEMPTION

(COLLECTIVELY REFERRED TO AS THE "PROPOSED REGULARISATION PLAN")

On behalf of the Board of Directors of Eramas Global Group Sdn Bhd ("Eramas Global Group"), we wish to report that after our due enquiries, for the period between 31 December 2025 (being the date to which the last audited financial statements of Eramas Global Group have been made up) and the date of this letter (being a date not earlier than 14 days before the date of issue of the circular to the shareholders of SCGM Bhd in relation to the Proposed Regularisation Plan):-

- (i) the business of Eramas Global Group and its subsidiaries has, in our opinion, been satisfactorily maintained;
- (ii) there have, in our opinion, been no circumstance arisen since the last audited financial statements of Eramas Global Group which has adversely affected the trading or the value of the assets of Eramas Global Group or any of its subsidiaries;
- (iii) the current assets of Eramas Global Group and its subsidiaries appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) there are no contingent liabilities by reason of any guarantee or indemnity given by Eramas Global Group or any of its subsidiaries;
- (v) there has been no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums for any borrowings of Eramas Global Group and its subsidiaries since the last audited financial statements of Eramas Global Group; and
- (vi) there has been no material change in the published reserves or any unusual factor affecting the profits of Eramas Global Group and its subsidiaries since the last audited financial statements of Eramas Global Group.

Yours faithfully,

For and on behalf of the Board of Directors of
ERAMAS GLOBAL GROUP SDN BHD

CHIN KOK TIAN
 Director


YAN HUA LAN
 Director

DOCUMENTS AVAILABLE FOR INSPECTION

A copy of each of the following documents may be inspected by our Shareholders at the registered office of our Company at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia during normal business hours from 8.30 a.m. to 5.30 p.m. (Malaysian time) on Monday to Friday (except public holidays) for a period from the date of this Circular to the date of the forthcoming EGM of our Company:-

- (i) Constitution of SCGM and Eramas Global Group;
- (ii) SSA (including addendums dated 24 September 2025 and 14 May 2026);
- (iii) material contracts referred to in Section 13, Attachment I of the IAL, Part B of this Circular and Section 19, Appendix III(B) of this Circular;
- (iv) letters of consent referred to in Section 2, Appendix III(F) of this Circular.
- (v) WYNCORP's report on fairness opinion on the Proposed Acquisition as set out in Appendix IV of this Circular;
- (vi) IMR Report as set out in Appendix V of this Circular;
- (vii) audited financial statements of our Group for the financial years ended 30 April 2019, 30 April 2020, 30 April 2021, 30 April 2022, 30 April 2023, 31 December 2023, 31 December 2024 and 31 December 2025 as well as unaudited financial statements of our Group for 3-month financial period ended 31 March 2026;
- (viii) audited financial statements of Eramas Global Group and its subsidiaries for the Financial Years Under Review;
- (ix) Accountants' Report on the Eramas Group as set out in Appendix VI of this Circular;
- (x) pro forma financial information of SCGM together with the Reporting Accountants' letter thereon as set out in Appendix VII of this Circular; and
- (xi) Directors' Report on the Eramas Group as set out in Appendix VIII of this Circular.

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SCGM BHD

SCGM BHD

(Registration No. 200701021012 (779028-H))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("**EGM**") of SCGM Bhd ("**SCGM**" or the "**Company**") will be held at Creator Hotel Ballroom, 2nd Floor, Kulai Centre Point, Lot 1566, Batu 20, Jalan Kulai-Air Hitam, 81000 Kulai, Johor, Malaysia on Thursday, 16 July 2026 at 10.30 a.m., or at any adjournment thereof for the purpose of considering and, if thought fit, passing the following resolutions with or without modifications:-

ORDINARY RESOLUTION 1

PROPOSED CASH DISTRIBUTION OF APPROXIMATELY RM48.14 MILLION OR RM0.25 PER ORDINARY SHARE IN SCGM ("SCGM SHARE") HELD BY THE SHAREHOLDERS OF SCGM ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED AT A LATER DATE ("PROPOSED SPECIAL DIVIDEND")

"**THAT** subject to the passing of the Ordinary Resolutions 2, 3 and 4 as well as the approvals, waivers and/or consents of all relevant authorities and/or parties being obtained, the Board of Directors of the Company ("**Board**") be and is hereby authorised to distribute a special dividend by way of a cash distribution of RM0.25 per SCGM Share on an entitlement date to be determined by the Board and announced at a later date but in any event, prior to the issuance of the Consideration Shares to the Vendors pursuant to the Proposed Acquisition (all as defined below);

AND THAT the Board be and is hereby authorised to approve, sign and execute all documents and/or agreements and to do all things and acts as the Board may consider necessary or expedient to implement, finalise and give full effect to the Proposed Special Dividend in the best interests of the Company with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by the relevant authorities or as the Board may deem fit or necessary or expedient to implement, finalise and give full effect to the Proposed Special Dividend."

ORDINARY RESOLUTION 2

PROPOSED ACQUISITION BY SCGM OF THE ENTIRE EQUITY INTEREST IN ERAMAS GLOBAL GROUP SDN BHD FROM 7 INDIVIDUAL VENDORS ("VENDORS") FOR A TOTAL PURCHASE CONSIDERATION OF RM207.94 MILLION WHICH WILL BE FULLY SATISFIED THROUGH THE ISSUANCE OF 569,698,630 NEW SCGM SHARES AT AN ISSUE PRICE OF RM0.365 EACH ("PROPOSED ACQUISITION")

"**THAT** subject to the passing of the Ordinary Resolutions 1, 3 and 4, the approvals, waivers and/or consents of all relevant authorities and/or parties being obtained as well as the conditions precedent in the conditional share sale agreement dated 27 December 2024 entered into between SCGM and the Vendors for the Proposed Acquisition (as amended and varied by an addendum to the share sale agreement dated 24 September 2025 and 2nd addendum to the share sale agreement dated 14 May 2026) ("**SSA**") being obtained, fulfilled and/or waived, approval be and is hereby given to the Company to acquire 100% equity interest in Eramas Global Group Sdn Bhd for a total purchase consideration of RM207.94 million which will be fully satisfied through the issuance of 569,698,630 new SCGM Shares ("**Consideration Shares**") at an issue price of RM0.365 each, in accordance with the terms and conditions of the SSA;

THAT the Board be and is hereby authorised to allot and issue 569,698,630 Consideration Shares at an issue price of RM0.365 each to the Vendors to satisfy the purchase consideration for the Proposed Acquisition in accordance with the terms and conditions of the SSA;

THAT the Consideration Shares shall, upon allotment and issuance, rank equally in all respects with the then existing issued SCGM Shares, save and except that the holder of the Consideration Shares shall not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to the date of allotment and issuance of the Consideration Shares;

THAT the Consideration Shares shall be listed on the Main Market of Bursa Malaysia Securities Berhad;

THAT pursuant to Section 85(1) of the Companies Act, 2016 read together with Article 3 of the Constitution of the Company, it could possibly be construed that all new shares or other convertible securities in the Company shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled and accordingly, should this resolution for the allotment and issuance of the Consideration Shares be passed by shareholders of the Company, this resolution shall have the effect of the shareholders agreeing to waive the statutory pre-emptive rights in respect of the Consideration Shares to be allotted and issued by the Company to the Vendors pursuant to the Proposed Acquisition, provided however that if following the passing of this resolution, this paragraph is or is found to be in any way void, invalid or unenforceable, then this paragraph shall be ineffective to the extent of such voidness, invalidity or unenforceability and the remaining provisions of this resolution shall remain in full force and effect;

THAT the Board be and is hereby authorised to approve, sign and execute all documents and/or agreements and to do all things and acts as the Board may consider necessary or expedient to implement, finalise and give full effect to the Proposed Acquisition in the best interests of the Company with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by the relevant authorities or as the Board may deem fit or necessary or expedient to implement, finalise and give full effect to the Proposed Acquisition;

AND THAT this Ordinary Resolution 2 constitutes a specific approval for the allotment and issuance of securities in the Company contemplated herein and shall continue in full force and effect until all Consideration Shares to be issued pursuant to or in connection with the Proposed Acquisition have been duly allotted and issued in accordance with the terms and conditions of the Proposed Acquisition."

ORDINARY RESOLUTION 3

PROPOSED OFFER FOR SALE BY THE VENDORS OF UP TO 95,300,000 SCGM SHARES ("OFFER SHARES") TO BUMIPUTERA INVESTORS APPROVED OR RECOGNISED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY, INSTITUTIONAL INVESTORS AND SELECTED INVESTORS AT AN OFFER PRICE OF RM0.365 EACH ("PROPOSED OFFER FOR SALE")

"THAT subject to the passing of the Ordinary Resolutions 1, 2 and 4 as well as the approvals, waivers and/or consents of all relevant authorities and/or parties being obtained, approval be and is hereby given for the implementation of the Proposed Offer for Sale which involves the offer for sale by the Vendors of up to 95,300,000 Offer Shares, representing up to 12.50% of the enlarged total number of SCGM Shares after the Proposed Acquisition, to Bumiputera investors approved or recognised by the Ministry of Investment, Trade and Industry of Malaysia, institutional investors and selected investors who qualify under Schedule 6 or Schedule 7 of the Capital Markets and Services Act, 2007 at an offer price of RM0.365 per Offer Share via a private placement;

AND THAT the Board be and is hereby authorised to approve, sign and execute all documents and/or agreements and to do all things and acts as the Board may consider necessary or expedient to implement, finalise and give full effect to the Proposed Offer for Sale in the best interests of the Company with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by the relevant authorities or as the Board may deem fit or necessary or expedient to implement, finalise and give full effect to the Proposed Offer for Sale."

ORDINARY RESOLUTION 4

PROPOSED EXEMPTION UNDER SUBPARAGRAPH 4.08(1)(A) OF THE RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS (“RULES”) FOR THE VENDORS AND PERSONS ACTING IN CONCERT WITH THEM FROM THE OBLIGATION TO UNDERTAKE A MANDATORY TAKE-OVER OFFER TO ACQUIRE THE REMAINING SCGM SHARES NOT ALREADY OWNED BY THEM UPON COMPLETION OF THE PROPOSED ACQUISITION (“PROPOSED EXEMPTION”)

“**THAT** subject to the passing of the Ordinary Resolutions 1, 2 and 3 as well as the approvals, waivers and/or consents of all relevant authorities and/or parties being obtained, approval be and is hereby given for the Vendors and persons acting in concert with them under the Rules to be exempted from the obligation to undertake a mandatory take-over offer to acquire the remaining SCGM Shares not already owned by them upon completion of the Proposed Acquisition under subparagraph 4.08(1)(a) of the Rules;

AND THAT the Board be and is hereby authorised to approve, sign and execute all documents and/or agreements and to do all things and acts as the Board may consider necessary or expedient to implement, finalise and give full effect to the Proposed Exemption in the best interests of the Company with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by the relevant authorities or as the Board may deem fit or necessary or expedient to implement, finalise and give full effect to the Proposed Exemption.”

By Order of the Board
SCGM BHD

TAN TONG LANG

(Malaysian Institute of Chartered Secretaries and Administrators No. 7045482 /
SSM Practising Certificate No. 202208000250)

THIEN LEE MEE

(Licensed Secretary No. 0010621 / SSM Practising Certificate No. 201908002254)

Company Secretaries
Kuala Lumpur
29 June 2026

Notes:-

1. For the purpose of determining a member who shall be entitled to attend, speak and vote at the EGM, the Company shall be requesting the Record of Depositors as at 10 July 2026. Only a depositor whose name appears in the Record of Depositors as at 10 July 2026 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her behalf.
2. A member entitled to attend and vote at the meeting is entitled to appoint a maximum of 2 proxies to attend and vote in his/her stead, and a proxy need not be a member of the Company.
3. The appointment of 2 proxies shall be invalid unless the proportion of the shareholding to be represented by each proxy is specified.
4. If the appointer is a corporation, the Form of Proxy must be executed either under seal or under the hand of an officer or attorney duly authorised.
5. Where a member of the Company is an authorised nominee as defined in accordance with the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy but not more than 2 proxies for each securities account which it holds and the shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account i.e. omnibus account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
7. The Form of Proxy must be deposited at the office of the Company's Share Registrar, Aldpro Corporate Services Sdn Bhd at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than 48 hours before the time for holding the meeting or at any adjournment thereof. By submitting the duly executed Form of Proxy, a member and his/her proxy consent to the Company (and/or its agents / service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for this meeting and any adjournment thereof.



SCGM BHD

SCGM BHD

(Registration No. 200701021012 (779028-H))
(Incorporated in Malaysia)

FORM OF PROXY

*I/We, _____, NRIC No. / Passport No. / Company No.
(FULL NAME AS PER NRIC / CERTIFICATE OF INCORPORATION IN BLOCK LETTERS)

_____ of _____
(FULL ADDRESS)

Telephone No. _____ Email Address _____

being a member of the Company, hereby appoint _____,
(FULL NAME IN BLOCK LETTERS)

NRIC No. / Passport No. _____ of _____
(FULL ADDRESS)

Telephone No. _____ Email Address _____

or failing him/her, _____, NRIC No. / Passport No. _____
(FULL NAME IN BLOCK LETTERS)

of _____
(FULL ADDRESS)

Telephone No. _____ Email Address _____

*or failing him/her, the Chairman of the Meeting as my/our proxy(ies) to vote in my/our name and on my/our behalf at the Extraordinary General Meeting ("**EGM**") of the Company to be held at Creator Hotel Ballroom, 2nd Floor, Kulai Centre Point, Lot 1566, Batu 20, Jalan Kulai-Air Hitam, 81000 Kulai, Johor, Malaysia on Thursday, 16 July 2026 at 10.30 a.m. or at any adjournment thereof, and to vote as indicated below:-

Resolution	Agenda	FOR	AGAINST
Ordinary Resolution 1	Proposed Special Dividend		
Ordinary Resolution 2	Proposed Acquisition		
Ordinary Resolution 3	Proposed Offer for Sale		
Ordinary Resolution 4	Proposed Exemption		

(Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting, as he/she thinks fit.)

*Delete the words "or failing him/her, the Chairman of the Meeting" if not applicable.

No. of shares held :
CDS Account No :
The proportion of my/our
holding to be represented by
my/our proxies are as follows :
Date :

No. of shares Percentage
First Proxy
Second Proxy

Signature(s) / Common Seal of Member(s)



Notes:-

1. For the purpose of determining a member who shall be entitled to attend, speak and vote at the EGM, the Company shall be requesting the Record of Depositors as at 10 July 2026. Only a depositor whose name appears in the Record of Depositors as at 10 July 2026 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her behalf.
2. A member entitled to attend and vote at the meeting is entitled to appoint a maximum of 2 proxies to attend and vote in his/her stead, and a proxy need not be a member of the Company.
3. The appointment of 2 proxies shall be invalid unless the proportion of the shareholding to be represented by each proxy is specified.
4. If the appointer is a corporation, this Form of Proxy must be executed either under seal or under the hand of an officer or attorney duly authorised.
5. Where a member of the Company is an authorised nominee as defined in accordance with the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy but not more than 2 proxies for each securities account which it holds and the shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account i.e. omnibus account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
7. This Form of Proxy must be deposited at the office of the Company's Share Registrar, Aldpro Corporate Services Sdn Bhd at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than 48 hours before the time for holding the meeting or at any adjournment thereof. By submitting this duly executed Form of Proxy, a member and his/her proxy consent to the Company (and/or its agents / service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for this meeting and any adjournment thereof.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Share Registrar of
SCGM BHD
(Registration No. 200701021012 (779028-H))

ALDPRO CORPORATE SERVICES SDN. BHD.
(Registration No. 202101043817 (1444117-M))

B-21-1, Level 21, Tower B
Northpoint Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur
Wilayah Persekutuan

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