

## ACO GROUP BERHAD (“ACO” OR THE “COMPANY”)

### NOTIFICATION ON EXTENSION OF TIME FOR THE USE OF PROCEEDS RAISED FROM THE INITIAL PUBLIC OFFERING

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#### 1. INTRODUCTION

Reference is made to the use of proceeds raised from the public issue (“**Public Issue**”) as disclosed in the Company’s prospectus dated 27 February 2020 (the “**Prospectus**”) issued in conjunction with the listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) on 18 March 2020. The Company has raised a total gross proceeds of RM16,240,000 from its Public Issue (“**Public Issue Proceeds**”).

On 28 October 2020, the Company had announced to Bursa Securities on the variation for the use of Public Issue Proceeds which was earmarked for the setting up of new head office and distribution centre in Johor amounting to RM2.50 million. Subsequently on 20 May 2021, the Company had announced to Bursa Securities on the extension of time for the use of the Public Issue Proceeds earmarked for the purchasing of new trucks and upgrading of IT system.

Further to the above, the Board of Directors of the Company (“**Board**”), after due consideration of the rationale stated in Section 3 below, has resolved to extend the timeframe of utilisation for the following:-

- a) setting up of new sales outlets and lighting concept store by an additional 12 months; and
  - b) purchasing of new trucks and upgrading of IT system by an additional 12 months,
- collectively referred to as the “**Extension of Time**”.

#### 2. DETAILS OF THE EXTENSION OF TIME FOR THE USE OF THE PUBLIC ISSUE PROCEEDS

As at 22 February 2022 being the latest practicable date prior to the date of this announcement (“**LPD**”), the Company has utilised approximately RM10.585 million of the total Public Issue Proceeds. The Company had only utilised approximately RM0.77 million and RM0.32 million of the Public Issue Proceeds allocated for the setting up of new sales outlets and lighting concept store, and purchasing of new trucks and upgrading of IT system, respectively.

The details of the Extension of Time are as follows:-

<b>Purpose</b>	<b>Proposed Utilisation</b>	<b>Actual Utilisation</b>	<b>Balance Unutilised</b>	<b>Intended timeframe for the use of proceeds (from the listing date)</b>	<b>Revised timeframe for the use of proceeds (from the listing date)</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>		
Setting up of new sales outlets and lighting concept store	4,200	(767)	3,433	Within 24 months	<b>Within 36 months</b>
Setting up works for the new property	2,500	(1,956)	544	Within 30 months	No change
Purchasing of new trucks and upgrading of IT system	2,000	(322)	1,678	Within 24 months	<b>Within 36 months</b>
Working capital	4,240	(4,240)	-	Within 12 months	No change
Estimated listing expenses	3,300	(3,300)	-	Within 3 months	No change
<b>Total</b>	<b>16,240</b>	<b>(10,585)</b>	<b>5,655</b>		

### **3. RATIONALE FOR THE EXTENSION OF TIME FOR THE USE OF THE PUBLIC ISSUE PROCEEDS**

As summarised from the Company's Prospectus, the Group intends to allocate RM4.20 million, representing approximately 25.86% of the Public Issue Proceeds, for the setting up of 3 new sales outlets commencing progressively from 2020 to 2021 and a lighting concept store by 2022. RM3.00 million from the proceeds was allocated for the setting up of new sales outlets while RM1.20 million shall fund the cost of setting up the lighting concept store.

The various restriction orders introduced to curb the spread of the COVID-19 pandemic have created many setbacks and challenges to our expansion plans. As at the date of this announcement, one out of the three planned new sales outlets has been set-up and is anticipated to commence operations in the first quarter of the financial year ending 28 February 2023. Taking into consideration the prolonged impacts of the pandemic which include among others, a shift in the consumers' behaviour in frequenting physical sales outlets, the Board is of the view that it is in the best interest of the Group to extend the utilisation by an additional 12 months.

In relation to the purchasing of new trucks, the Company had placed deposits for the purchase of three new trucks amounting to approximately RM0.32 million in November 2020. In view of the extension of time for the setting up of new sales outlets, the Company decided to complete the purchases at a later date.

Meanwhile, the upgrading of IT system at the Company's new headquarter which was expected to complete in the third quarter of the financial year ending 28 February 2022 suffered a setback due to shortages of server parts. As at the date of this announcement, there is no confirmed date for the delivery of the required server parts after a few rounds of delay.

The Extension of Time will allow sufficient time by the Company to utilise the remaining funds required for the setting up of the new sales outlets and purchasing of new trucks and upgrading of IT system.

### **4. APPROVAL REQUIRED**

The Extension of Time is not subject to any regulatory authorities or shareholders' approval. Nevertheless, the Board shall continue to be vigilant and prudent in managing the Public Issue Proceeds and will continue to disclose the status of the use of the Public Issue Proceeds in the Company's quarterly results and annual report until it is fully utilised.

The Board is of the opinion that the Extension of Time for the use of the Public Issue Proceeds will not have any adverse effect on the financial performance of ACO and it is in the best interest of the Company.

This announcement is dated 08/03/2022.