INFORMATION MEMORANDUM

FOR RESTRICTED CIRCULATION ONLY

CARZO

Freshness Everyday

CARZO HOLDINGS BERHAD

Registration No.: 202001026908 (1383228-K)
(Incorporated in Malaysia under the Companies Act 2016)

PROPOSED LISTING BY WAY OF INTRODUCTION OF THE ENTIRE ISSUED SHARE CAPITAL OF CARZO HOLDINGS BERHAD ON THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD

Approved Adviser and Continuing Adviser

TA SECURITIES

AN UNWAVERING COMMITMENT

TA SECURITIES HOLDINGS BERHAD (14948-M)
(A PARTICIPATING ORGANISATION OF BURSA MALAYSIA SECURITIES BERHAD)

THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET AND MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS (AS DEFINED HEREIN) ONLY. ONLY EXISTING SECURITIES HOLDERS OF CARZO HOLDINGS BERHAD ("CARZO" OR "OUR COMPANY") AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY OUR COMPANY. INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN OUR COMPANY AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

THIS INFORMATION MEMORANDUM IS PUBLISHED IN CONNECTION WITH THE LISTING BY WAY OF INTRODUCTION OF CARZO ON THE LEAP MARKET OF BURSA SECURITIES AND TO PROVIDE INFORMATION ON CARZO AND ITS SUBSIDIARIES. IT DOES NOT CONSTITUTE AN OFFER OF, NOR WAS IT PUBLISHED TO INVITE OFFERS FOR, ORDINARY SHARES OR OTHER SECURITIES OF CARZO. NO NEW ORDINARY SHARES WILL BE ALLOTTED TO AND ISSUED IN CONNECTION WITH, OR PURSUANT TO, THIS INFORMATION MEMORANDUM.

THIS INFORMATION MEMORANDUM IS DATED 29 JULY 2021

IMPORTANT NOTICE

All defined terms used in this Information Memorandum are defined under "Definitions" and "Glossary of Technical Terms", unless otherwise stated.

RESPONSIBILITY STATEMENTS

Our Board and Promoters have seen and approved this Information Memorandum. Having made all reasonable enquiries and to the best of their knowledge, information and belief, they collectively and individually accept full responsibility for the accuracy of all the information and statements contained in this Information Memorandum, and confirm that this Information Memorandum contains all relevant information with regard to our Group which is material in the context of our Proposed Listing. As at the date hereof, the information contained in this Information Memorandum is true and accurate in all material respects and is not misleading. As at the date hereof, the opinions and intentions of our Company expressed herein are honestly held, and that there are no false or misleading statements or other material facts which, if omitted, would make any statement in this Information Memorandum false or misleading.

TA Securities, being the Approved Adviser and Continuing Adviser to our Proposed Listing, acknowledges that, based on all available information and to the best of its knowledge, this Information Memorandum constitutes a full and true disclosure of all material facts concerning our Proposed Listing.

STATEMENTS OF DISCLAIMER

This Information Memorandum has been drawn up in accordance with the LEAP LR for our Proposed Listing and is not a prospectus and has not been registered, nor will it be registered as a prospectus under the CMSA.

This Information Memorandum has been prepared in the context of securities offering under the laws of Malaysia. It does not comply with the laws of any jurisdiction other than Malaysia, and has not and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority of any jurisdiction other than Malaysia. This Information Memorandum is not to be distributed outside of Malaysia.

A copy of this Information Memorandum has been deposited with the SC.

The SC and Bursa Securities take no responsibility for the contents of this Information Memorandum, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Information Memorandum. The SC and Bursa Securities do not make any assessment on the suitability, viability or prospects of our Group. Sophisticated Investors are expected to make their own assessment on our Group or seek appropriate advice before making their investment decisions. TA Securities, as our Approved Adviser, has assessed the suitability of our Group for admission to the LEAP Market of Bursa Securities as required under Rule 4.10 of the LEAP LR.

An application has been made to Bursa Securities for the admission of our Company and the listing of and quotation for the entire issued share capital of our Company on the LEAP Market of Bursa Securities. Approval from Bursa Securities of the same is not an indication of the merits of our Proposed Listing, our Group and our Shares. This Information Memorandum can be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com.

The LEAP Market of Bursa Securities has been positioned as a market designed to accommodate corporations to which a higher investment risk may be attached than other corporations listed on the ACE Market and Main Market of Bursa Securities. It is a qualified market which is meant mainly for Sophisticated Investors only. Only existing securities holder of our Company ("**Holders**") and Sophisticated Investors are allowed to participate in corporate exercises undertaken by our Company. Sophisticated Investors should be aware of the potential risks of investing in our Company, and should rely on your own evaluation to assess the merits and risks of an investment in our Company and make the investment decision after due and careful considerations and, if appropriate, consultation with stockbroker, manager, solicitor, accountant and other professional advisers.

IMPORTANT NOTICE *(CONT'D)*

This Information Memorandum is published in connection with the listing by way of introduction of our Company on the LEAP Market of Bursa Securities and to provide information on our Group. It does not constitute an offer of, nor is it published to invite offers for, ordinary shares or other securities of our Company.

There are certain risk factors which Sophisticated Investors should consider. Please refer to the "Risk Factors" as set out in **Section 6** of this Information Memorandum.

Sophisticated Investors should note that they may seek recourse under Sections 248, 249 and 357 of the CMSA for breaches of securities laws and regulations including any statement in this Information Memorandum that is false, misleading, or from which there is a material omission, or for any misleading or deceptive act in relation to this Information Memorandum. This Information Memorandum or any document delivered under or in relation to the issue, offer and sale of our Shares is not and should not be construed as a recommendation by us and/or the Approved Adviser to subscribe for or purchase our Shares.

The purpose of this Information Memorandum is to provide information on the business and affairs of our Group. This Information Memorandum is not a substitute for and should not be regarded as an independent evaluation and analysis and does not purport to be all inclusive. Each Sophisticated Investor should perform and is deemed to have made its own independent investigation, assess the merits and risks of the investment and analysis of our Group and all other relevant matters.

This Information Memorandum, if furnished to you, is strictly for your own use and is not to be circulated to any other party. Information in this Information Memorandum is subject to change from time to time as we and/or TA Securities shall deem fit.

This Information Memorandum is issued for information purposes only. No offer for subscription or purchase of, or invitation to subscribe for or purchase of our Shares, will be made on the basis of this Information Memorandum. No new ordinary shares in our Company will be allotted to and issued in connection with or pursuant to this Information Memorandum.

We and/or TA Securities do not assume any fiduciary responsibilities or liability for any consequences, financial or otherwise, arising from the investment in our Shares.

MODE OF COMMUNICATION

In accordance with our Constitution, we may send notices and documents to our Holders by electronic means to their respective registered email address last maintained with Bursa Depository. Our Holders have a right to request for a hard copy of such notices and documents should they wish to do so. In such event, we will forward a hard copy of the notices and documents to our Holders, as soon as reasonably practicable after the receipt of the request, free of charge by ordinary mail to our Holders' registered Malaysian address last maintained with Bursa Depository, at their own risk.

We may also publish notices and documents on our website as a form of electronic communication with our Holders. In such event, we will separately and immediately notify our Holders through the following:

(i) ordinary mail;

(ii) electronic means to our Holders' registered email address;

(iii) advertisement in an English or Bahasa Malaysia daily newspaper in Malaysia; and/or

(iv) announcements on Bursa Securities.

IMPORTANT NOTICE *(CONT'D)*

TERMS AND CONDITIONS BINDING ALL RECIPIENTS

By accepting this Information Memorandum, you agree and undertake to be bound by the following terms and conditions:

(i) This Information Memorandum is issued by our Company and distributed by us as well as TA Securities as our Approved Adviser. The distribution of this Information Memorandum shall be in paper/printed copy and/or electronic copy upon request by interested recipient, free of charge. This Information Memorandum is distributed to interested recipient for information purposes only and upon the express understanding that such recipients will use it only for the purposes set forth below.

(ii) The information contained in this Information Memorandum, including any statement or fact or opinion is solely for information purposes only. No offer for subscription or purchase of, or invitation to subscribe for or purchase of securities will be made on the basis of this Information Memorandum.

(iii) You are solely responsible for your investment decision and are advised to seek independent financial, legal, tax or such other professional advice at your own cost and expense when making your independent appraisal, assessment, review and evaluation of our business, financial position, financial performance and prospects, the rights and obligations attaching to our Shares, the merits of investing in our Shares, and the extent of the risk involved in doing so.

(iv) This Information Memorandum may include certain statements provided by us or on our behalf with respect to the anticipated future performance of our Group. These statements, although believed to be reasonable, are based on estimates and assumptions made by us that are subject to risks and uncertainties that may cause actual events and our future results to be materially different from that expected or indicated by such statements or estimates and no assurance can be given that any of such statements or estimates will be realised. In light of these and other uncertainties, the inclusion of forward-looking statements in this Information Memorandum should not be regarded as a representation or warranty by us or TA Securities that our plans and strategies as disclosed herein will be achieved.

(v) Any document in relation to our Proposed Listing published or issued from time to time after the date hereof shall be deemed to form part of this Information Memorandum.

(vi) You shall not copy, reproduce, distribute, summarise, excerpt from, publicly refer to or pass on any part of this Information Memorandum to any person at any time without the prior written consent of TA Securities. You shall at all times keep confidential all information contained herein or any other information relating to our Proposed Listing, whether written, oral or in a visual or an electronic form, transmitted or made available to you.

(vii) Neither the receipt of this Information Memorandum by any recipients nor any information made available in connection with our Proposed Listing is to be taken as constituting the giving of investment advice by TA Securities. TA Securities shall not advise you on the merits or risks of our Proposed Listing.

(viii) This Information Memorandum will not be distributed in any jurisdiction outside of Malaysia except in accordance with the legal requirements applicable in such jurisdiction. No recipient in any jurisdiction outside of Malaysia may take any action upon this Information Memorandum if, in the relevant jurisdiction, such action cannot be taken by the recipients without contravention of any relevant legal requirements. It is the sole responsibility of any recipients wishing to take any action upon this Information Memorandum to satisfy themselves as to the full observance of the law of the relevant jurisdiction and/or Malaysia in connection therewith, including without limitation, the receipt of our Shares or cash payment upon the sale of our Shares by the recipients, the repatriation of any money by the recipients outside of Malaysia, the obtaining of any governmental, exchange control or other consents which may be required, and the payment of any tax or duty due in such jurisdiction. Such recipients shall be responsible for the payment of any tax or other requisite payment due in such jurisdiction, and we and TA Securities shall be entitled to be fully indemnified by such recipients for any tax or payment as the recipients may be required to pay.

IMPORTANT NOTICE *(CONT'D)*

(ix) This Information Memorandum had not been made and will not be made to ensure that our Proposed Listing complies with the laws of any jurisdiction other than Malaysia. We and TA Securities shall not accept any responsibility or liability in the event that any action taken by any recipients in any jurisdiction outside of Malaysia is or shall become illegal, unenforceable, voidable or void in such jurisdiction. Such recipients shall therefore immediately consult their professional advisers in relation to the observance of the relevant legal requirements, and shall be responsible for the payment of any tax or other requisite payment due in such jurisdiction, and shall keep us and TA Securities fully indemnified for the payment of such taxes or payments.

PRIVACY NOTICE

The Personal Data Protection Act 2010 ("**PDPA**") was introduced to regulate the processing of personal data in commercial transactions. The PDPA requires us to inform you of your rights in respect of your personal data that is to be collected and processed by us.

Consequently, please be informed that the personal data and other information (collectively, "**Personal Data**") that you provide will be used and processed by us in connection with our Proposed Listing only ("**Purpose**"), and not for any other purpose.

If required for the Purpose, you hereby give consent that your Personal Data may be disclosed to our advisers who provide services to us. Save for the foregoing, your Personal Data will not be knowingly disclosed to any other third party.

Without prejudice to the terms and conditions of our Proposed Listing as contained in this Information Memorandum, you may at any time hereafter make inquiries, complaints and upon payment of a prescribed fee, request in writing to access to, or correction of, your Personal Data or limit the processing of your Personal Data by submitting such request to the following:

Postal address : Carzo Holdings Berhad
c/o Bina Management (M) Sdn Bhd
Lot 10, The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Kindly be informed that we will assume that you have consented and we will continue to process your Personal Data in accordance with this Privacy Notice unless we hear otherwise from you. You may exercise your rights in respect of Personal Data in the manner described above.

This Privacy Notice may be amended from time to time and would be in effect on the date as determined by us. Any amendment to this Privacy Notice shall be published on any medium as we deem fit.

PRESENTATION OF INFORMATION

All references to "our Company" and "Carzo" in this Information Memorandum are to Carzo Holdings Berhad. All references to "our Group" and "Carzo Group" in this Information Memorandum are to our Company and our subsidiaries taken as a whole and references to "we", "us", "our" and "ourselves" are to our Company and/or our subsidiaries, as the context requires. Unless the context otherwise requires, references to "Management" are to our CEO, Executive Directors and key management personnel as disclosed in this Information Memorandum and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

Certain abbreviations, acronyms and technical terms used are defined in the "Definitions" and "Glossary of Technical Terms" sections of this Information Memorandum. Words denoting the singular will, where applicable, include the plural and vice versa and words denoting the masculine gender will, where applicable, include the feminine and neuter genders and vice versa. Reference to persons will include companies and corporations.

IMPORTANT NOTICE *(CONT'D)*

Unless otherwise stated, any references to dates and times in this Information Memorandum are references to dates and times in Malaysia.

Any reference to provisions of 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 this Information Memorandum, any discrepancies between the amounts listed and the totals in tables are due to rounding.

In particular, certain information in this Information Memorandum is extracted or derived from the report prepared by Providence Strategic Partners Sdn Bhd, an independent market researcher. We believe that the statistical data and projections cited in this Information Memorandum are useful in helping you to understand the major trends in the industries in which we operate. Third party projections cited in this Information Memorandum are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We give no assurance that the projected figures will be achieved and you should not place undue reliance on the third-party projections cited in this Information Memorandum.

You should not rely on the information on our website or any website directly or indirectly linked to our website as it does not form part of this Information Memorandum.

This Information Memorandum contains forward-looking statements, which include all statements other than those of historical facts including, among others, those regarding our expected financial position, business strategies, prospects, plans and objectives of our Management for future operations. Some of these statements can be identified by the use of forward-looking terminology such as the words "may", "will", "would", "could", "should", "if", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast", "possible", "probable", "project" or similar expressions. These forward-looking statements, including but not limited to statements as to our Group's revenue and profitability, prospects, future plans, expected industry trends and other matters discussed in this Information Memorandum regarding matters that are not historic facts, are only predictions.

Such forward-looking statements involve known or unknown risks, uncertainties and other factors beyond our control that could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. As such, we cannot assure you that the forward-looking statements in this Information Memorandum will be realised.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we operate. Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in **Sections 6 and 10** of this Information Memorandum. We cannot give any assurance that the forward-looking statements made in this Information Memorandum will be realised.

These forward-looking statements are based on information available to us as at the date of this Information Memorandum. Subject to the provisions of Section 238 of the CMSA, we expressly disclaim any responsibility, obligation or undertaking to release publicly any update or revision to any forward-looking statement contained in this Information Memorandum to reflect any change in our expectations with regard thereto or any future developments or change in events, conditions or circumstances on which any such statement is based, even if new information becomes available or other events occur in the future.

You will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forward-looking statements that are contained in this Information Memorandum.

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INDICATIVE TIMETABLE

The indicative timing of events leading up to the listing of and quotation for our entire issued share capital on the LEAP Market of Bursa Securities is set out below:

Events	**Tentative dates**
Date of Information Memorandum	29 July 2021
Listing of our Company on the LEAP Market of Bursa Securities	9 September 2021*

Note:

* *Subject to receipt of approval-in-principle from Bursa Securities for our Proposed Listing.*

The dates are tentative and are subject to changes which may be necessary to facilitate the implementation of our Proposed Listing procedures. An announcement for the key relevant dates will be made after obtaining Bursa Securities' approval-in-principle for our Proposed Listing.

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DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Information Memorandum and the accompanying appendices:

"4M FPE"	:	4-month financial period ended 30 April
"Act"	:	Companies Act 2016
"Board"	:	Board of Directors of our Company
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"CAGR"	:	Compounded annual growth rate
"Carzo" or "Company"	:	Carzo Holdings Berhad
"Carzo Cold Chain"	:	Carzo Cold Chain Sdn Bhd *(formerly known as ESH Global Import (M) Sdn Bhd)*, our wholly-owned subsidiary
"Carzo Digital"	:	Carzo Digital Media Sdn Bhd, our wholly-owned subsidiary
"Carzo Fruits"	:	Carzo Fruits (M) Sdn Bhd, our wholly-owned subsidiary
"Carzo Group" or "Group"	:	Our Company and our subsidiaries, collectively
"Carzo Import"	:	Carzo Import (M) Sdn Bhd, our wholly-owned subsidiary
"Carzo SB"	:	Carzo Sdn Bhd, our wholly-owned subsidiary
"Carzo Share" or "Share"	:	Ordinary share in our Company
"CEO"	:	Chief Executive Officer
"CCC"	:	Certificate of completion and compliance
"CMSA"	:	Capital Markets and Services Act 2007
"Constitution"	:	Constitution of our Company
"COVID-19"	:	Coronavirus Disease 2019
"CRI"	:	CRI Sdn Bhd, a wholly-owned subsidiary of CRG, which is our substantial shareholder
"CRG"	:	CRG Incorporated Berhad, the holding company of CRI, which in turn is our indirect substantial shareholder
"Datin Sri Peh"	:	Datin Sri Peh Chai Hoon, our Promoter, Executive Director, substantial shareholder and key management personnel, who is also the spouse of Dato' Sri Delon Lee
"Dato' Sri Delon Lee"	:	Dato' Sri Delon Lee Kean Yip, our Promoter, CEO / Executive Director, substantial shareholder, key management personnel, who is also the spouse of Datin Sri Peh
"Director"	:	A natural person who holds a directorship in a company and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the CMSA

DEFINITIONS *(CONT'D)*

"EBITDA"	:	Earnings before interest, tax, depreciation and amortisation
"EPS"	:	Earnings per Share
"FYE"	:	Financial year ended / ending 31 December, as the case may be
"GP"	:	Gross profit
"IMR report"	:	Independent market research report on the fruit market and fertiliser industry in Malaysia dated 30 June 2021 prepared by Providence
"Information Memorandum"	:	This Information Memorandum dated 29 July 2021 in relation to our Proposed Listing
"ISO"	:	International Organisation for Standardisation
"Kuntinun"	:	Kuntinun Sukmee, our major customer and major supplier
"LEAP LR"	:	LEAP Market Listing Requirements of Bursa Securities
"Listing Reference Price"	:	RM0.285 per Share
"LPD"	:	30 June 2021, being the latest practicable date prior to the date of this Information Memorandum
"Management"	:	CEO, Executive Directors and key management personnel of our Group, collectively
"MCO"	:	Movement control order
"MyIPO"	:	Intellectual Property Corporation Malaysia
"NA"	:	Net assets
"New HQ"	:	Our new head office cum processing facility and warehouse equipped with cold room facility to be set up at a location to be identified by our Group in Klang Valley
"Official List"	:	The list specifying all securities listed on Bursa Securities
"PAT"	:	Profit after taxation
"PBT"	:	Profit before taxation
"Present HQ"	:	Our present head office cum processing facility and warehouse equipped with cold room facility located at No. 6, Jalan Persiaran Industri, SD5, Bandar Sri Damansara, 52200 Kuala Lumpur, Wilayah Persekutuan, Malaysia
"Promoters"	:	Dato' Sri Delon Lee, Datin Sri Peh and Cheong Wai Keh, collectively, or "Promoter" means any one of them
"Proposed Listing"	:	Proposed admission of our Company to the Official List and the listing of and quotation for the entire issued share capital of our Company on the LEAP Market of Bursa Securities by way of introduction
"Providence"	:	Providence Strategic Partners Sdn Bhd, the independent market researcher

DEFINITIONS *(CONT'D)*

"public"	:	All persons or members of the public but excluding Directors of our Group, our substantial shareholders and persons associated with them (as defined in the LEAP LR)
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"SC"	:	Securities Commission Malaysia
"SME"	:	Small and medium-sized enterprise
"Sophisticated Investors"	:	Any persons who fall within any of the categories of investors set out in Part I of Schedules 6 and/or 7 of the CMSA
"Substantial Shareholder"	:	Has the meaning as ascribed to it in Section 136 of the Act
"TA Securities"	:	TA Securities Holdings Berhad
"USA"	:	The United States of America

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GLOSSARY OF TECHNICAL TERMS

This glossary contains explanation of certain terms used throughout this Information Memorandum in connection with our Group's business. The terminologies and their meanings may not correspond to the standard industry usage of these terms:

"Ascorbic acid"	:	An antioxidant used to protect cellular component from free radical damage and maintain the colour of food such as fruits, vegetables and meats
"AQL"	:	Acceptance Quality Limit is a method used during product inspection. The method sets out the maximum number of defective products that can be received from a supplier to determine if the batch of products received from suppliers is of acceptable level of quality
"Brix test"	:	Brix test is a standard testing method for measuring sugar content
"cold room"	:	A room that is equipped with cooling systems to maintain the room at a specific pre-determined temperature, which is typically used for the storing of food products that require refrigeration
"CARZO platform"	:	CARZO's own platform that is accessible via web known as https://retail.carzo.com.my/ and mobile application
"convenience store"	:	A small retail store stocking a range of convenience food and non-food products
"distribution"	:	In the context of this Information Memorandum, distribution refers to wholesaling and trading of fresh fruits and fruit products
"dried fruit(s)"	:	A type of fruit product where the fruits have undergone dehydration process
"fresh fruit(s)"	:	In the context of this Information Memorandum, fruits that are harvested and are retailed without further processing. These fruits can either be local or imported
"frozen fruit(s)"	:	A type of fruit product where the fruits are frozen with negative temperature
"fruit products"	:	In the context of this Information Memorandum, fruits that have been processed, which comprise fruit juices, plant based drinks, cut fruit, ready-to-eat fruit products, pickled fruits, dried fruits and frozen fruits
"GMP"	:	Good manufacturing practice, a system to ensure that the products are consistently manufactured and controlled according to quality standards. It is a certification issued by the Ministry of Health Malaysia
"HACCP"	:	Hazard analysis and critical control point, an internationally-recognised food safety system that focuses on preventing and eliminating food safety hazards. It is a certification issued by the Ministry of Health Malaysia
"HALAL"	:	In the context of this Information Memorandum, food that is allowed or permitted by the Islamic laws to be consumed and is in accordance with laws set out by JAKIM

DEFINITIONS *(CONT'D)*

"JAKIM"	:	Department of Islamic Development Malaysia, a federal government agency in Malaysia that administers Islamic affairs in Malaysia
"online platforms"	:	In the context of this Information Memorandum, online platforms refer to CARZO platform and third-party e-commerce marketplaces including Lazada, Shopee and Go Shop
"other food products"	:	In the context of this Information Memorandum, food products retailed through CARZO platform and display store that are not fresh fruits and fruit products, including frozen meat and seafood, nuts, vegetables, ready-to-eat food (e.g. soup, canned food, pre-mix sauces and pastes) and convenience food (e.g. instant noodles and snacks)
"pallet(s)"	:	Pallets are transport structures used to stack, store and protect fresh fruits stored in carton boxes and typically have a dimension of 4 feet x 4 feet
"pH test"	:	A test to measure acidity and alkalinity of a solution
"pickled fruit(s)"	:	In the context of this Information Memorandum, a type of fruit product where fruits are sliced and then pickled with our recipe
"plant based drink(s)"	:	In the context of this Information Memorandum, any form of drinks, including teas, that are blended or infused using plant based ingredients such as fruits, flowers and plants
"products"	:	In the context of this Information Memorandum, include fresh fruits, fruit products and other food products
"QA"	:	Quality assurance
"QC"	:	Quality control
"ready-to-eat fruit product(s)"	:	In the context of this Information Memorandum, fruit products that are pre-cleaned, cut and ready for consumption. Carzo Group's ready-to-eat fruit products presently include fruit products where bite-sized fruits are place on top of prepared overnight oats or muesli in a ready-to-eat packaging
"retail chain stores"	:	In the context of this Information Memorandum, include supermarkets and hypermarkets in several locations that share a brand and/or central management and standardised business practices
"SKUs"	:	Stock keeping unit(s), a unique number that is assigned to a product for retailers to identify and track the product

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APPENDIX I COMPILATION OF PRO FORMA FINANCIAL INFORMATION FOR THE FYES 2019 AND 2020

APPENDIX II UNAUDITED INTERIM COMBINED FINANCIAL STATEMENTS OF CARZO FOR 4M FPE 2021

1. CORPORATE DIRECTORY

BOARD OF DIRECTORS	:	Dato' Mohd Ibrahim Bin Mohd Nor *(Independent Non-Executive Chairman)* Dato' Sri Delon Lee Kean Yip *(CEO / Executive Director)* Cheong Wai Keh *(Executive Director)* Datin Sri Peh Chai Hoon *(Executive Director)* Dato' Sri Chiang Fong Yee *(Non-Independent Non-Executive Director)*
REGISTERED OFFICE	:	No. 5-1, Jalan Radin Bagus 9 Bandar Baru Sri Petaling 57000 Kuala Lumpur Wilayah Persekutuan, Malaysia
PRINCIPAL PLACE OF BUSINESS	:	No. 6, Jalan Persiaran Industri, SD5 Bandar Sri Damansara 52200 Kuala Lumpur Wilayah Persekutuan, Malaysia Website: www.carzo.com.my Email: ir@carzofruits.com
APPROVED ADVISER AND CONTINUING ADVISER	:	TA Securities Holdings Berhad 32nd Floor, Menara TA One 22, Jalan P. Ramlee 50250 Kuala Lumpur, Malaysia
COMPANY SECRETARY	:	Wong Yen Lee Membership No. MAICSA7046106 SSM Practising Certificate No. 202008001170 c/o Innext Corporate Partners Sdn Bhd No. 5-1, Jalan Radin Bagus 9 Bandar Baru Sri Petaling 57000 Kuala Lumpur Wilayah Persekutuan, Malaysia
AUDITORS AND REPORTING ACCOUNTANTS	:	Nexia SSY PLT (LLP0019490-LCA & AF 002009) UOA Business Park Tower 3, 5th Floor, K03-05-08 1, Jalan Pengaturcara U1/51A Section U1, 40150 Shah Alam Selangor Darul Ehsan, Malaysia
SHARE REGISTRAR	:	Bina Management (M) Sdn Bhd Lot 10, The Highway Centre Jalan 51/205 46050 Petaling Jaya Selangor Darul Ehsan, Malaysia

1. CORPORATE DIRECTORY *(CONT'D)*

PRINCIPAL BANKER	:	Malayan Banking Berhad E-G-13 & E-G-13A, Plaza Arkadia No. 3, Jalan Intisari Perdana Desa Parkcity 52200 Kuala Lumpur Wilayah Persekutuan, Malaysia
LEGAL DUE DILIGENCE SOLICITORS FOR OUR PROPOSED LISTING	:	Olivia Lim & Co 41-3 Plaza Damansara Jalan Medan Setia 1 Bukit Damansara 50490 Kuala Lumpur, Malaysia
INDEPENDENT MARKET RESEARCHER	:	Providence Strategic Partners Sdn Bhd 67-1, Block D, Jaya One Jalan Prof Diraja Ungku Aziz 46200 Petaling Jaya Selangor Darul Ehsan, Malaysia
LISTING SOUGHT	:	LEAP Market of Bursa Securities

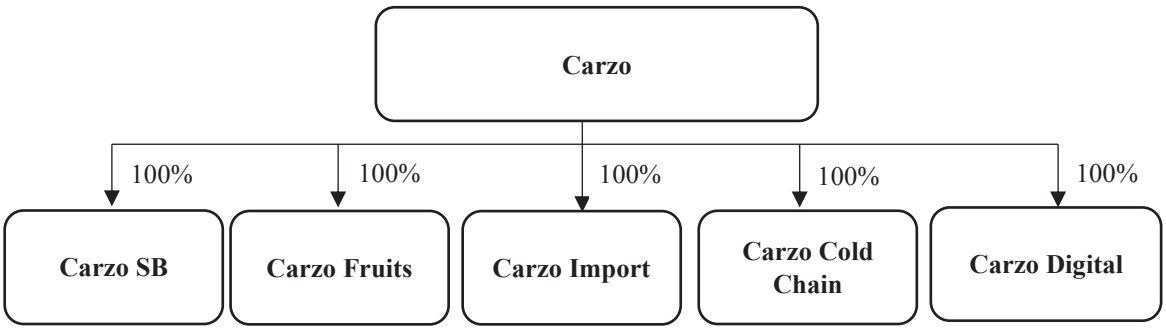
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2. INFORMATION SUMMARY

2.1 Overview

Our Company was incorporated in Malaysia under the Act as a private limited company on 8 September 2020 under the name of Carzo Holdings Sdn Bhd to engage in the wholesale of fruits, provision of management services and activities of investment holding companies. On 2 July 2021, our Company was converted into a public limited company and assumed our present name to facilitate the listing of our Company on the LEAP Market of Bursa Securities.

As at the LPD, our Group's structure is depicted as follows:



Our Group is involved in the following business activities:

(i) Distribution and retail of fresh fruits and other food products; and

(ii) Processing and retail of fruit products.

Malaysia is the principal market of our Group's products for the financial years/periods under review, where our customers include wholesalers, retailers, retail chain stores, convenience stores, hotels, hospitals, airline food provider and end-consumers who purchase our products at our own display store, through online platforms and/or vending machines.

Further details of our Group and our business overview are set out in **Sections 4 and 5** of this Information Memorandum, respectively.

2.2 Competitive strengths

We believe that our business sustainability and growth is built on the following competitive strengths:

(i) We provide a wide range of products and sales channels;

(ii) We have a wide network of suppliers;

(iii) Our business segments are synergistic;

(iv) We are able to provide effective and reliable customer service;

(v) We have an experienced and committed key management team; and

(vi) We are compliant with locally and internationally recognised quality certificates.

Further details of our Group's competitive strengths are set out in **Section 5.4** of this Information Memorandum.

2. INFORMATION SUMMARY *(CONT'D)*

2.3 Business strategies and future plans

Our Group's future plans involve the following:

(i) We intend to cater for future expansion in Malaysia through expanding our delivery and warehousing capabilities;

(ii) We intend to increase the production efficiency of our fruit product processing activities; and

(iii) We plan to venture into the production of fruit waste compost.

Further details of our Group's business strategies and future plans are set out in **Section 5.21** of this Information Memorandum.

2.4 Financial highlights

The summary of our Group's financial information for financial years/period under review is as follows:

	(Audited)		(Unaudited)
	FYE 2019	**FYE 2020**	**4M FPE 2021**
	RM	**RM**	**RM**
Revenue	51,278,336	47,839,645	26,674,035
GP	9,438,417	8,218,423	3,538,866
PBT	3,461,124	3,058,507	1,145,786
PAT	2,632,474	2,362,358	810,478
GP margin (%)	18.41	17.18	13.27
PBT margin (%)	6.75	6.39	4.30
PAT margin (%)	5.13	4.94	3.04

Further details on our Group's financial information and management discussion and analysis of our Group's financial results are set out in **Sections 9 and 10** of this Information Memorandum, respectively.

2.5 Share capital

As at the date of this Information Memorandum, our Company's issued share capital stands at RM9,694,174.48 comprising 88,270,000 Shares.

Further details on our issued share capital are set out in **Section 3.3** of this Information Memorandum.

2.6 Risk factors

Before investing in our Shares, you should carefully consider, along with other matters in this Information Memorandum, the risk factors in particular risks relating to our business and operations as set out in **Section 6** of this Information Memorandum, which are summarised below:

(i) Risks relating to our business and industry in which we operate in

(a) We are subject to competition from other providers of fresh fruits and fruit products in our industry;

(b) Our Group's continuing success thrives on our Management;

2. INFORMATION SUMMARY *(CONT'D)*

(c) Our business is seasonal in nature and failure to plan appropriately or timely may adversely affect our financial performance;

(d) We are subject to disruptions in our supply chain for our purchases which may result in delays or interruptions of our operations;

(e) We may face credit risk if our customers default in payment;

(f) We are subject to risks inherent to the fruit distribution, retailing and processing business;

(g) We are vulnerable to unforeseen and unexpected events that are beyond our control, which may cause interruptions to our business operations;

(h) Implications of the COVID-19 pandemic on our Group's business operations;

(i) We are vulnerable to economic, political and regulatory risks as well as major epidemic and/or pandemic outbreak risks in Malaysia and the market we source our fresh fruits;

(j) We are subject to foreign exchange risk;

(k) We are subject to risks on renewal or maintenance of approvals, permits, licences and product certifications;

(l) Our business may be adversely affected by product liability claims; and

(m) Our growth prospects may be limited if there is a delay in implementation of our business strategies and future plans.

(ii) Risks relating to investment in our Shares

(a) We may not be able to proceed with or experience a delay for our Proposed Listing;

(b) No prior trading for our Shares;

(c) Trading and performance of our Shares are subject to volatility;

(d) Our Promoters can exercise significant control over our Company; and

(e) We are not able to disclose the name of our major customer.

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3. DETAILS OF OUR PROPOSED LISTING

3.1 Proposed Listing

Our Proposed Listing will be implemented by way of introduction and will not entail any fund-raising exercise upon admission to the LEAP Market of Bursa Securities.

The listing of and quotation for our entire issued share capital on the LEAP Market is subject to the approval-in-principle from Bursa Securities.

Thus, we have concurrently made an application to Bursa Securities for the admission of our Company to the Official List and the listing of and quotation for our entire issued share capital of RM9,694,174.48 comprising 88,270,000 Shares on the LEAP Market and are awaiting Bursa Securities' decision on the same.

3.2 Purposes of our listing

The purposes of our listing are as follows:

(i) to further enhance our Company's profile and visibility locally and internationally as well as to allow the investing community to better ascertain the merits, risk profile and prospects of our Group;

(ii) to enable our Group to gain access to the capital market for future fund-raising to pursue future growth opportunities as and when the need arises, through other forms of capital raising avenue;

(iii) to gain recognition and enhance the stature of our Group with a listing status as well as increase customers' confidence and market awareness of our products so as to assist us in expanding our customer base; and

(iv) to provide an opportunity for the investing community to participate in the equity ownership and anticipated future growth of our Group.

3.3 Share capital

	No. of Shares	**RM**
Issued share capital as at the date of this Information Memorandum and upon the completion of our Proposed Listing	88,270,000	9,694,174.48
Listing Reference Price		0.285
Market capitalisation (based on the Listing Reference Price upon our Proposed Listing)		**25,156,950**

As at the LPD, our Company has a single class of shares, namely ordinary shares, all of which shall carry the same rights and rank equally in all respects with one another including voting rights and rights to all dividends and other distributions that may be declared.

Subject to any special rights attached to any Shares which we may issue in the future, our shareholders shall, in proportion to the amount of Shares held by them, be entitled to share in the whole of the profits distributed by our Company in the form of dividends and other distributions, and in respect of surplus in the event of our liquidation, in accordance with our Constitution and the provisions of the Act.

At any general meeting of our Company, each shareholder shall be entitled to vote in person, by proxy, by attorney or by any duly authorised representative. On a poll, every such shareholder present either in person, by proxy, by attorney or by any duly authorised representative shall have 1 vote for each Share held.

3. DETAILS OF OUR PROPOSED LISTING *(CONT'D)*

3.4 Basis of arriving at the Listing Reference Price

Our Board, together with TA Securities, have determined and agreed to the Listing Reference Price of RM0.285 per Share after taking into consideration, amongst others, the following factors:

(i) our financial performance and operating history as described in **Sections 9 and 10** of this Information Memorandum;

(ii) our Group's EPS of approximately RM0.0268, computed based on our combined audited PAT of RM2.36 million for the FYE 2020 and our total number of 88,270,000 issued Shares, which translate into a price-earnings multiple of approximately 10.63 times based on the Listing Reference Price;

(iii) our Group's EPS of approximately RM0.0275, computed based on our combined annualised PAT of RM2.43 million for the 4M FPE 2021 and our total number of 88,270,000 issued Shares, which translate into a price-earnings multiple of approximately 10.36 times based on the Listing Reference Price;

(iv) our Group's NA per Share of approximately RM0.0310, computed based on our combined audited NA of RM2.73 million as at 31 December 2020 and our total number of 88,270,000 issued Shares, which translate into a price-to-book multiple of 9.19 times based on the Listing Reference Price;

(v) the issuance of 8,827,000 new Shares to the 41 pre-listing investors at the subscription price of RM0.285 per Share as set out in **Section 4.3(vi)** of this Information Memorandum;

(vi) our competitive strengths as set out in **Section 5.4** of this Information Memorandum;

(vii) our business strategies and future plans as set out in **Section 5.21** of this Information Memorandum; and

(viii) the prospects of our Group and the prevailing outlook of the industries which our Group operates in as set out in **Sections 5.22 and 7** of this Information Memorandum.

Prior to our Proposed Listing, there has been no trading market for our Shares within or outside of Malaysia. You should note that the market price of our Shares upon and subsequent to our Proposed Listing is subject to the vagaries of market forces and other uncertainties, which may affect the price of our Shares being traded. You are reminded to carefully consider the risk factors as set out in **Section 6** of this Information Memorandum and form your own views on the valuation of our Shares.

3.5 Dividend policy

As our Company is principally involved in investment holding company, our ability to pay dividends is dependent upon the dividends received from our subsidiaries. The payment of dividends by our subsidiaries is dependent upon, amongst others, their financial performance, distributable profits, and cash flow requirements for operations and capital expenditures.

Presently, our Company does not have any formal dividend policy. Upon listing, our Board intends to reward our shareholders for participating in our growth, while maintaining an optimal capital structure and ensuring sufficient funds for our future growth.

When recommending any dividends, our Board will consider, amongst others:

(i) our distributable profits;

(ii) our solvency status after the declaration of the dividends;

(iii) our anticipated future operating conditions as well as future expansion, capital expenditures and investment plans;

3. DETAILS OF OUR PROPOSED LISTING *(CONT'D)*

(iv) our operating cash flow requirements and financing obligations;

(v) our expected financial performance including return on equity and retained earnings;

(vi) any restrictive covenants contained in our current and future financing arrangements;

(vii) the availability of adequate reserves and cash flows; and

(viii) any material impact of tax laws and regulatory requirements.

Actual dividends proposed and declared may vary depending on the financial performance and cash flows of our Company.

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4. INFORMATION OF OUR GROUP

4.1 Incorporation and history

Our Company was incorporated in Malaysia under the Act as a private limited company on 8 September 2020 under the name of Carzo Holdings Sdn Bhd to engage in the wholesale of fruits, provision of management services and activities of investment holding companies. On 2 July 2021, our Company was converted into a public limited company to facilitate the listing of our Group on the LEAP Market of Bursa Securities. Through our subsidiaries, we are involved in the distribution and retail of local and imported fresh fruits and other food products as well as the processing and retail of fruit products.

Our Group's history can be traced back to the incorporation of Carzo SB in 2011 by Dato' Sri Delon Lee (our Promoter, CEO and Executive Director) and Datin Sri Peh (our Promoter and Executive Director). At the time, Carzo SB was principally involved in the trading of used cars and car spare parts.

Dato' Sri Delon Lee started working as a branch manager for a fruit and vegetable distribution company since year 2003 where he was responsible for the distribution and retailing of fruits and overseeing the daily operations of 2 retail stores of the company which involved its procurement, warehouse management, marketing and sales, collection as well as staff management. In year 2011, having had 8 years of experience in the fruit distribution and retailing business, Dato' Sri Delon Lee saw the potential growth of the fresh fruit market in Malaysia. He thus decided to leverage on his network of suppliers and customers as well as experience gained over the years to venture into the distribution of fresh fruits in 2013, and ceased operating in the used cars and car spare parts business in the same year. In our first year of operating in the fresh fruit distribution business, we procured our fruit supplies from local suppliers and fruit growers and sold our products to wholesalers and small retailers in the Selayang wholesale market.

In order to facilitate the business, we rented a shop lot in Pusat Bandar Utara, Batu Caves in Selangor and set up our head office and warehouse with cold room facilities in 2014. We also rented an additional cold room in Selayang, Selangor in the same year. The cold rooms enabled us to secure more orders and with higher volume of orders, we were able to directly import fruits from overseas suppliers (i.e. foreign wholesalers, fruit growers and suppliers) who typically impose minimum quantity for each order. As we can directly import from overseas suppliers, we were able to obtain better pricing and higher quality products. In the same year, we expanded our customer base to include retail chain stores. In 2015, we registered trademark for our "CARZO" brand and since then, some of our fresh fruits were sold under the "CARZO" brand to our customers.

Between 2014 and 2017, we continued to grow our customer base of wholesalers and retailers as well as retail chain stores in Malaysia. Our customer base grew from over 6 customers in 2014 to over 140 customers in 2017.

In 2018, we saw an opportunity to expand our market reach through online sales channels and began to develop our CARZO platform. Our CARZO platform, which is a web-based and mobile application that allow users to browse and purchase fresh fruits, fruit products and other food products, was launched in 2019. In 2020, we began to also retail our products via third-party e-commerce marketplaces (i.e. Lazada, Shopee and Go Shop). These online platforms allowed us to expand our customer base to include consumers and enabled us to build market awareness of our brand and product range.

In July 2019, we rented and moved into our Present HQ in Bandar Sri Damansara, Kuala Lumpur. We also set up a display store at our Present HQ where customers can view the available stocks and make purchases or orders. While we were in the midst of renovation and shifting, we continued to operate our fresh fruit distribution business using our cold room in Selayang, Selangor to minimise any disruptions to our business.

To facilitate our growth in business, we began to set up our own delivery team in 2019 to undertake delivery activities within Klang Valley.

At the Present HQ, we were also able to set up our processing facility in 2019. As our business grew, we realised the benefit of venturing into the fruit processing business to minimise wastages. Fresh fruits sold by our Group (as a wholesalers) have to typically be visually attractive and cannot be ripe for consumption.

4. INFORMATION OF OUR GROUP *(CONT'D)*

In such cases, these fresh fruits will be discarded even though still fresh and edible as it is not saleable as fresh fruits to wholesalers, retailers and retail chain stores.

As an assurance to providing quality products, in the same year, we obtained a number of local and international quality standards, including the GMP certificate, HACCP certificate, HALAL certificates and ISO 9001:2015 certificate.

We first began to sell cut fruits, pickled fruits, fruit juices and ready-to-eat fruit products in October 2019 under the "CARZO" brand. We later began to sell frozen fruits under the "CARZO" brand in November 2019, dried fruits under the "CARZO" brand in January 2020 and plant based drinks under the "TÈ NATURAL" brand in October 2020.

We also began to sell our fruit products, namely dried fruits, fruit juices and plant based drinks through vending machines in August 2019. In 2019, 21 of these vending machines were on a sale and lease back arrangement with investors, where we sold these vending machines to the investors and guaranteed a return, with the option of buying back these vending machines. We owned the remaining 14 vending machines. This allowed us to reduce the capital outlay required to acquire these vending machines. As at the LPD, we have acquired these 21 vending machines and none of the vending machines carrying our products are presently owned by investors through the sale and lease back arrangement.

In the meantime, we continued to grow our fresh fruit distribution business. In January 2020, we began to expand our customer base to include airline food provider when we were appointed to supply various types of fresh fruits to an established airline food provider based in Malaysia. Based on the terms of appointment, we shall supply local and imported fresh fruits to the airline food provider from January 2020 until our appointment is terminated by the airline food provider by way of notice and each order of the airline food provider will be by purchase order and subject to the prices of fruits to be agreed between the airline food provider and us.

We later began to distribute fresh fruits to hospitals when we secured our first order to supply fresh fruits to an established group of hospitals in Malaysia in April 2020 and our first contract in September 2020. In August 2020, we secured our first contract from an established hotel in Kuala Lumpur to supply fresh fruits. The contracts are generally valid for 3 months (subject to renewal at the option of the customers) and include the prices of different fruits during the period, but did not state any contract value or minimum quantity to be supplied. The contracts also set out the broad terms of supply of fruits during the period, and the customers will have to make an order stating the quantity and type of fruits required as and when they require our products.

Over the years, we have successfully grown and evolved in the fresh fruit and fruit product distribution, retailing and processing business. Our revenue has grown from RM0.93 million in FYE 2014 to RM47.84 million in FYE 2020. As at the LPD, we have a network of over 130 local and overseas suppliers of fresh fruits and distribute and retail more than 240 SKUs of local and imported fresh fruits.

4.2 Key awards and recognitions

The following table lists our Group's awards and recognitions:

Year	Awards / Recognitions	Awarding body
2019	GMP for repacking of fruits, dried fruits, cut fruits and production of fruit juices	VE International Certification Group of Companies
	HACCP for repacking of fruits, dried fruits, cut fruits and production of fruit juices	VE International Certification Group of Companies
	HALAL certificates of authentication to certify certain fruits and juices manufactured and distributed and managed by Carzo Fruits have complied with the Islamic law and Malaysian HALAL Standard and approved by HALAL Certification Panel of JAKIM	Department of Islamic Development Malaysia

4. INFORMATION OF OUR GROUP *(CONT'D)*

Year	Awards / Recognitions	Awarding body
2019	ISO 9001: 2015, a certificate for quality management system for production of fruits and cut fruits	VE International Certification Group of Companies
2020	The BrandLaureate The World's First SMEs BestBrands e-Branding Award 2020 in Consumer Fresh Fruits	The World Brands Foundation
	3-star rating under the SME Competitiveness Rating For Enhancement (Retail & Distributive Trade)	Ministry of Entrepreneur Development / SME Corporation Malaysia

4.3 Pre-listing reorganisation

Since the incorporation of our Company on 8 September 2020, we have undertaken the following reorganisation exercises:

(i) acquisitions of the entire equity interests in Carzo SB, Carzo Fruits, Carzo Import, Carzo Cold Chain and Carzo Digital from the vendors (i.e. Dato' Sri Delon Lee and Cheong Wai Keh) via a share swap whereby the purchase considerations of the acquisitions amounting to RM3,177,706 were fully satisfied via the allotment and issuance of a total of 63,554,120 new Carzo Shares at an issue price of RM0.05 each to the vendors, all of which were completed on 2 November 2020. Upon the completion of the said acquisitions, Carzo SB, Carzo Fruits, Carzo Import, Carzo Cold Chain and Carzo Digital became our Company's wholly-owned subsidiaries;

(ii) acquisitions of 200 subscribers' Shares by Dato' Sri Delon Lee from the subscribers of our Company at the purchase price of RM20.00 on 1 December 2020. Such acquisitions were completed on 15 December 2020;

(iii) allotment of 70 new Carzo Shares to Dato' Sri Delon Lee and 10 new Carzo Shares to Cheong Wai Keh at an issue price of RM0.05 each which was completed on 16 December 2020;

(iv) allotment of 15,888,600 new Carzo Shares, representing 20% of the then total number of issued Carzo Shares, at an issue price of RM0.2518 each to an investor, CRI, to raise gross proceeds of RM4,000,749 which were received on 19 January 2021. The allotment to CRI was completed on 20 January 2021. Our Company has utilised RM3.33 million as at the LPD to repay trade payables of RM2.39 million, to fund our new cold room of RM0.32 million, to purchase 2 units of refrigerated truck for RM0.09 million and to pay for part of the listing expenses incidental to our Proposed Listing of RM0.53 million. The details of utilisation of the gross proceeds raised from CRI are disclosed in **Section 4.4** of this Information Memorandum;

(v) transfer of 5,561,000 Carzo Shares, representing 7% of the then total number of issued Carzo Shares, held by Dato' Sri Delon Lee to Datin Sri Peh on 4 February 2021 at RM0.085 per Share for a total cash consideration of RM472,685. The said transfer was completed on 19 February 2021; and

(vi) allotment of 8,827,000 new Carzo Shares, representing 10% of the total number of issued Carzo Shares, at an issue price of RM0.285 each to 41 pre-listing investors, to raise gross proceeds of RM2,515,695 which were received between 14 April 2021 and 3 May 2021. The allotment to all the 41 pre-listing investors was completed on 7 May 2021. None of the pre-listing investors has entered into any pre-listing investment agreement and for the avoidance of doubt, the allotment of new Carzo Shares to the 41 pre-listing investors were on outright basis and was not subject to any terms and/or conditions which provide any arrangement to buy back the Carzo Shares subscribed by and allotted to the 41 pre-listing investors. The details of utilisation of the gross proceeds raised from the 41 pre-listing investors are disclosed in **Section 4.4** of this Information Memorandum.

4. INFORMATION OF OUR GROUP *(CONT'D)*

4.4 Utilisation of proceeds

As disclosed in **Sections 4.3(iv) and (vi)** of this Information Memorandum, our Company had raised total gross proceeds of RM6,516,444 from CRI and the 41 pre-listing investors prior to our Proposed Listing. As at the LPD, we have utilised part of the gross proceeds raised for our working capital, setting up our new cold room, acquisition of trucks and expenses in relation to our Proposed Listing. We plan to fully utilise the remaining funds raised within 18 months from the LPD in the following manner:

		Gross proceeds raised		Amount of proceeds utilised as at the LPD	Expected time frame for utilisation of proceeds
Utilisation purposes	**Notes**	**(RM'000)**	**%**	**(RM'000)**	**From the LPD**
Capital expenditure for:					
– acquisition of premises or land	(i)	1,000	15.35	-	Within 18 months
– new cold room facilities	(ii)	316	4.85	316	Utilised
– acquisition of trucks and machineries	(iii)	1,870	28.70	93	Within 14 months
Working capital for our business expansion	(iv)	2,430	37.29	2,390	Within 14 months
Estimated expenses in relation to our Proposed Listing	(v)	900	13.81	535	Within 7 months
Total proceeds		**6,516**	**100.00**	**3,334**	

Notes:

*(i) We intend to utilise up to RM1.0 million of the proceeds to partially finance the acquisition of premises or a piece of land to build our new head office cum processing facility and warehouse equipped with cold room facility ("**New HQ**"). The remaining purchase price for the acquisition of the premises or the land for the New HQ as well as the cost for setting up the New HQ will be funded by our internally generated funds and/or bank borrowings. Our Company is still in the midst of identifying the premises or the land to be acquired in Klang Valley. The amount earmarked has not been utilised as at the LPD.*

*As set out in **Section 5.8** of this Information Memorandum, the utilisation rate of our existing cold rooms is approximately 88.89% as at the LPD. Thus, our Company intends to set up the New HQ to cater for the expansion of our customer base in retail chain store segment as well as the increasing demands in particular from our customers which are opening up new retail chain stores at locations both in and outside of Klang Valley. Currently, our Company has 3 cold rooms. 1 of these cold rooms is located at our Present HQ, while the other 2 cold rooms are located in close proximity and adjacent to our Present HQ. With the commencement of our New HQ, our Company intends to centralise all of our operations (e.g. procurement and receipt of fresh fruits, storage of fresh fruits and fruit products in cold rooms, fruit processing facility, and administrative office) to increase efficiency and cost saving by managing all cold rooms, processing facility and head office at our New HQ.*

However, in view that all the certifications and accreditations for our processing facility had been granted to our Present HQ, we intend to maintain our Present HQ until we successfully obtain the same certifications and accreditations for our New HQ. Thereafter, we will move our entire operations to the New HQ and eventually vacate our Present HQ.

4. INFORMATION OF OUR GROUP *(CONT'D)*

(ii) *We have earmarked and fully utilised approximately RM0.32 million of the proceeds as at the LPD for our new cold room installed in a rented property at No. 32, Jalan Gangsa SD 5/3C, Bandar Sri Damansara, 52200 Kuala Lumpur, which is adjacent to our Present HQ, to cater for our business expansion while awaiting the completion of the New HQ. Prior to setting up this new cold room, both the cold room at our Present HQ and the rented cold room adjacent to our Present HQ have a maximum storage capacity of 120 pallets at any point in time. The new cold room has a built-up area of 1,200 square feet for a maximum storage capacity of 60 pallets at any point in time. With this new cold room, our total maximum storage capacity for all 3 cold rooms has increased to 180 pallets at any point in time. On 10 May 2021, we have obtained the business licence from the relevant authority and commenced operation of this new cold room.*

Upon the completion of our New HQ tentatively in the last quarter of year 2022, we intend to relocate the air-conditioner and insulated wall panels of this new cold room to our New HQ with an estimated relocation cost of approximately RM80,000 to RM100,000.

(iii) *We have earmarked up to RM1.87 million of the proceeds to finance the acquisition of trucks and machineries for our intended business expansion and future plans as outlined in* ***Section 5.21*** *of this Information Memorandum as follows:*

	No. of units	***Average purchase price per unit (RM'000)***	***Total purchase price (RM'000)***
Refrigerated trucks	*7*	*60*	*420*
Industrial compost machine	*1*	*200*	*200*
Fruit cutting machine	*2*	*125*	*250*
Automated weighing, sorting and packaging machine	*1*	*1,000*	*1,000*
Total			***1,870***

As at the LPD, our Group has utilised RM0.09 million to purchase 2 units of refrigerated truck, comprising a 3 tonne truck for RM0.06 million and a 1 tonne truck for RM0.03 million.

(iv) *Our working capital requirements are expected to increase in line with our intended business expansion and future plans as outlined in* ***Section 5.21*** *of this Information Memorandum. Thus, we have earmarked approximately RM2.43 million of the proceeds for the daily operations of our Group, including but not limited to, payments to our suppliers, staff costs and administrative expenses. As at the LPD, our Company has utilised RM2.39 million to repay trade payables to support our on-going business operations. Timely payments for our trade payables within credit terms will enable our Group to obtain adequate fresh fruit supply and negotiate for favourable terms from our suppliers.*

(v) *We have allocated up to RM0.90 million of the proceeds to defray the estimated listing expenses incidental to our Proposed Listing, which include professional fees, fees payable to relevant authorities, printing fees and other miscellaneous expenses. If our actual listing expenses are higher than the amount budgeted, the deficit will be funded out of the portion allocated for our working capital requirements. Conversely, if our actual listing expenses are lower than the amount budgeted, the excess will be utilised for our working capital requirements. As at the LPD, our Company has utilised approximately RM0.53 million to pay for the professional fees for our Proposed Listing.*

In the event that the actual amounts vary from the above estimates, the excess or deficit (as the case may be) will be re-allocated to/from the amount earmarked for the working capital of our Group.

Pending the utilisation of the remaining proceeds raised from CRI and our pre-listing investors prior to our Proposed Listing for the abovementioned purposes, the remaining proceeds will be placed in deposits with financial institutions or short-term money market instruments as our Board may deem fit. The interest income derived from such deposits or any gain arising from the short-term money market instruments will be used for the working capital of our Group.

4. INFORMATION OF OUR GROUP *(CONT'D)*

4.5 Shareholding structure

There will be no allotment and/or issuance of new Carzo Shares in conjunction with our Proposed Listing. As at the LPD, our shareholding structure pursuant to our Proposed Listing is as set out below:

	No. of Shares	%
Promoters, Directors and/or Substantial Shareholders		
Dato' Sri Delon Lee	56,093,400	63.55
Datin Sri Peh	5,561,000	6.30
Cheong Wai Keh	1,900,000	2.15
CRI	15,888,600	18.00
	79,443,000	**90.00**
Public shareholders		
- Family members and relatives of the employees of our Group	484,900	0.55
- Business associates and acquaintances	8,342,100	9.45
	8,827,000	**10.00**
Total issued share capital	**88,270,000**	**100.00**

The Promoters, Substantial Shareholders and Directors confirm that the abovementioned public shareholders fulfil the definition of "public" as defined under Chapter 1 of the LEAP LR as they are neither:

(i) the Director of our Company and/or our Group;

(ii) the Substantial Shareholder of our Company; nor

(iii) associate of the Directors or Substantial Shareholders of our Company.

The Promoters, Substantial Shareholders and Directors further confirm that the abovementioned public shareholders are not "person connected" as defined under Chapter 1 of the LEAP LR as they (acting in the capacity as shareholders of our Company):

(i) do not fall within the definition of "Family" (being spouse, parent, child including an adopted child and step-child, brother/sister, or spouse of the child or brother/sister) as defined under Chapter 1 of the LEAP LR;

(ii) are not a trustee of a trust under which the Promoters, Substantial Shareholders, Directors and/or their family member is the sole beneficiary;

(iii) are not a person (or where it is a body corporate, its directors) who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Promoters, Substantial Shareholders and/or Directors;

(iv) are not a person (or where it is a body corporate, its directors) in accordance with whose directions, instructions or wishes the Promoters, Substantial Shareholders and/or Directors are accustomed or are under an obligation, whether formal or informal, to act;

(v) are not a body corporate in which any of the Promoters, Substantial Shareholders, Directors and/or their family member is entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate;

4. INFORMATION OF OUR GROUP *(CONT'D)*

(vi) are not holding company or subsidiary of Carzo, or a subsidiary of Carzo's holding company;

(vii) are not a person with whom any of the Promoters, Substantial Shareholders and/or Directors is in or proposes to enter into partnership with. "Partnership" for this purpose, refers to a "partnership" as defined in Section 3 of the Partnership Act 1961 or "limited liability partnership" as defined in Section 2 of the Limited Liability Partnerships Act 2012, as the case may be; and

(viii) are not a person with whom any of the Promoters, Substantial Shareholders and/or Directors has entered or proposes to enter into a joint venture, whether incorporated or not.

As the LEAP Market of Bursa Securities is a qualified market which is meant mainly for Sophisticated Investors, we are required, under Rule 2.24(2) of the LEAP LR, to ensure that all our Shares to be issued and offered post-listing fall within Schedule 6 or 7 of the CMSA and are to our existing securities holders or Sophisticated Investors only ("**Qualified Market Restriction**"). For the avoidance of doubt, upon completion of our Proposed Listing, only Sophisticated Investors are allowed to trade (i.e. buy and sell) our securities via Bursa Securities. For our existing securities holders who are not Sophisticated Investors, upon completion of our Proposed Listing, they are only allowed:

(i) to buy new securities offered or issued by our Company (for example, pursuant to a rights issue exercise by our Company) via Bursa Securities; and

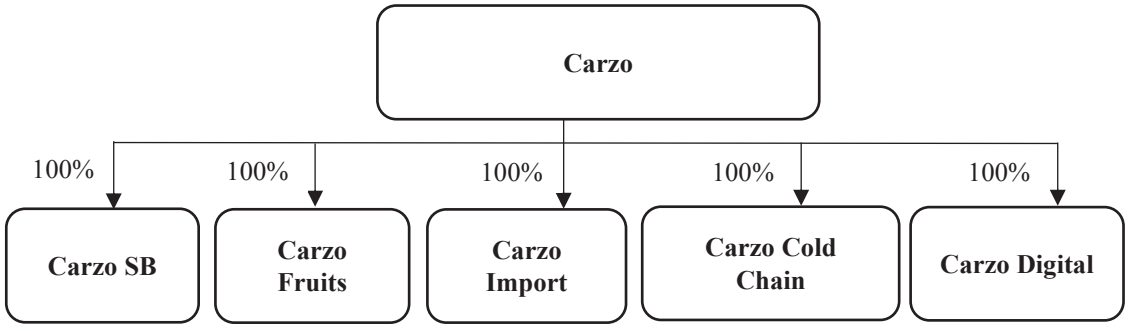
(ii) to sell the existing securities held in our Company via Bursa Securities. However, they are not allowed to purchase our securities via Bursa Securities in the secondary market, unless they subsequently qualify as a Sophisticated Investor.

Save for the Qualified Market Restriction, there are no limitations on the right to own securities, including limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights on the securities imposed by law or by the constituent documents of our Company.

As at the LPD, our Group does not have any outstanding warrants, options, convertible securities or uncalled capital.

4.6 Group structure

The following diagram depicts our Group's structure as at the LPD:



4. INFORMATION OF OUR GROUP *(CONT'D)*

The details of our subsidiaries as at the LPD are set out below:

Name of company	Date and place of incorporation	Date of commencement of operation	Issued share capital	Effective equity interest held by Carzo	Principal activities
Carzo SB	3 June 2011, Malaysia	3 June 2011	RM1,000,000 comprising 1,000,000 ordinary shares	100%	(i) Distributing, wholesale and trading in all types of fruits, vegetables and related products; and (ii) Manufacturing and processing all types of fruits, vegetables, nuts and food products.
Carzo Fruits	25 February 2014, Malaysia	7 August 2014	RM20,000 comprising 20,000 ordinary shares	100%	(i) Distributing, wholesale and trading in all types of fruits, vegetables and related products; and (ii) Manufacturing and processing all types of fruits, vegetables, nuts and food products.
Carzo Import	20 June 2017, Malaysia	20 July 2017	RM300,100 comprising 300,100 ordinary shares	100%	Import of fresh or preserved vegetables and fruits.
Carzo Cold Chain	22 May 2017, Malaysia	31 May 2021	RM100 comprising 100 ordinary shares	100%	Provision of cold chain lorry transport, logistics and provision of warehouse storage for frozen products.
Carzo Digital	26 February 2020, Malaysia	Has not commenced business as at the LPD	RM100 comprising 100 ordinary shares	100%	Intended business is for advertising.

Our Company does not have any associate company as at the LPD.

5. BUSINESS OVERVIEW

5.1 Principal activities and products

5.1.1 Principal business activities

Our Group is primarily involved in the distribution and retail of local and imported fresh fruits as well as the processing and retail of fruit products. As at the LPD, we have a network of over 100 local suppliers and over 30 overseas suppliers for fresh fruits. Fresh fruits that we carry are either sold under our "CARZO" brand or third-party brands. Meanwhile, our fruit products are sold under our own brands, which are "CARZO" and "TÉ NATURAL". Over the past 2 FYEs, our sales were generated from Malaysia while our customers are based in Malaysia and Thailand.

Our business activities are carried out from our Present HQ in Bandar Sri Damansara, Kuala Lumpur, where our head office and processing facility are located. Our operations are also supported by 1 cold room located at our Present HQ and 2 cold rooms located adjacent to our Present HQ. Our cold rooms act as a warehouse to store fresh fruits and fruit products. We also have a display store located at our Present HQ, where customers can view our available stocks and make purchases or orders.

Apart from directly reaching out to our customers for the distribution of fresh fruits and fruit products as well as our own display store, our fresh fruits and fruit products are also retailed on online platforms. These online platforms include our CARZO platform as well as third-party e-commerce marketplaces (i.e. Lazada, Shopee and Go Shop).

We also retail other food products such as frozen meat and seafood, nuts, vegetables, ready-to-eat food and convenience food through our CARZO platform and at our display store, in view of providing a wider range of products to attract more customers.

The following diagram illustrates our Group's business segments:

Principal activity	Distribution and retail	Processing and retail
Products	• Local and imported fresh fruits • Other food products	Fruit products including: • Fruit juices and plant based drinks • Pickled fruits • Dried fruits • Cut fruits • Frozen fruits • Ready-to-eat fruit products
Sales channel	• In-house sales team (direct to customers) • Own display store • Online platforms	• In-house sales team (direct to customers) • Own display store • Vending machines • Online platforms
Customer segments	• Wholesalers and retailers • Retail chain stores (namely supermarkets and hypermarkets) • Convenience stores • Hotels • Hospitals • Airline food provider • Consumers	• Convenience stores • Consumers
Principal market	Malaysia	

5. BUSINESS OVERVIEW *(CONT'D)*

(i) Distribution and retail of fresh fruits and other food products

We distribute and retail over 240 SKUs of local and imported fresh fruits, including apples, avocados, bananas, berries, citrus fruits, durians, melons, pineapples, stone fruits and tomatoes. As at the LPD, we have a network of over 130 suppliers (i.e. wholesalers, fruit growers and suppliers), including over 100 local suppliers and over 30 overseas suppliers located in various countries such as Australia, Ecuador, Egypt, Kenya, Republic of Korea, China, Italy, South Africa, Thailand, Turkey and the USA.

Fruits that are seasonal in nature can only be obtained during a specific season in a country/region. As such, the availability of fruits, particularly imported fruits, may vary by region as different regions may experience seasons at different periods of time. Thus, a wide network of overseas suppliers enables us to import fresh fruits from various suppliers in different countries/regions at different times of the year, to ensure that we are able to meet the demand for these fresh fruits throughout the year.

We have different arrangements with our suppliers for the distribution and retail of fresh fruits. All fresh fruits that are distributed to retail chain stores (namely supermarkets and hypermarkets) are sold under our "CARZO" brand and packaging. Fresh fruits sold to other customers such as wholesalers, retailers, convenience stores, hotels, hospitals and airline food provider can either be sold under our suppliers' brands or under our "CARZO" brand. In addition, we have exclusive distributorship for the "Elgon" avocados we receive from Kenya for our onward distribution and retail in Malaysia.

As at the LPD, our Group operates 1 display store and 1 cold room at our Present HQ, together with 2 cold rooms located adjacent to our Present HQ. Besides, we distribute and retail fresh fruits, fruit products and other food products via our CARZO platform, which was launched since 2019. Our CARZO platform is available as a web-based as well as mobile application, where users can browse and purchase fresh fruits, fruit products and other food products. We also retail fresh fruits and fruit products via third-party e-commerce marketplaces such as Lazada, Shopee and Go Shop.

Orders made on these online platforms are delivered to customers throughout Peninsular Malaysia by our in-house delivery team or appointed delivery service provider. As at the LPD, we have a fleet of 8 refrigerated trucks, 1 normal truck and 5 vans. In addition, we have an internal database of approximately 41 local riders who can be engaged on a contractual basis to deliver our products to customers. During peak seasons or for locations outside of Klang Valley, we may appoint a delivery service partner.

We also retail other food products at our display store and CARZO platform in view of providing a wider range of products to attract more customers.

(ii) Processing and retail of fruit products

Our Group began processing and retailing of fruit products in 2019. These fruit products comprise fruit juices and plant based drinks, pickled fruits, dried fruits, cut fruit, frozen fruits and ready-to-eat fruit products.

The processing of fruit products is conducted at our Present HQ in Bandar Sri Damansara, Kuala Lumpur, which is well equipped to undertake a wide range of processing activities to produce fruit products. Some of the key processes we undertake are as follows:

- Bottling, which involves the production and bottling of fruit juices and plant based drinks;
- Cutting, which involves the slicing and dicing of fruits into various sizes and shapes;
- Dehydrating, which involves the drying of fruits into dried fruits;
- Freezing, which involves the deep-freezing of fruits into frozen fruits; and
- Pickling, which involves the preserving of fruits using vinegar, sugar, chillies and sour plum.

5. BUSINESS OVERVIEW *(CONT'D)*

Our fruit products processing and retailing business segment complements our fresh fruit distribution and retailing business as:

(i) we are able to utilise the fresh fruits which we source from our suppliers for our distribution and retailing business in our fruit product processing. This allows us to obtain our fruits at a relatively lower rate as we order in bulk;

(ii) our processing facility is located in the same building as the receipt of our fresh fruit supplies from our suppliers and within close proximity to our cold rooms. Thus, we are able to maintain the freshness of the fresh fruits which we use in our fruit product processing activities; and

(iii) we are able to minimise wastages from our distribution and retailing business. Fresh fruits must be inspected by our QA/QC team to ensure the quality of fresh fruits (as set out in **Section 5.6** of this Information Memorandum). Some of these fresh fruits may not be visually attractive or are ripe for consumption upon our receipt of these fruits from our suppliers, and may not be suitable for wholesalers and retailers for their onward retail. Thus, these fresh fruits will not meet our quality specifications. As such, these fruits can be used in the processing of fruit products as opposed to being discarded. Rotten fruits will still be discarded and/or claimed against our supplier.

We retail our fruit products under 2 of our own brands, which are "TÉ NATURAL" for plant based drinks and "CARZO" for all other fruit products.

As an assurance of our fruit products' quality and safety, our Group's processing facility has obtained certifications for food quality and safety standard compliance since 2019, such as GMP, HACCP and ISO 9001:2015. The ability to obtain these certifications highlights our processing facility's capabilities to meet local and international standards and regulations. In addition, our Group's processing facility has obtained HALAL certifications from the JAKIM since 2019. The HALAL certifications are essential to our Group to allow us to address a wider target market in Malaysia, which requires assurance that our fruit products are processed in a HALAL manner. The HALAL certifications denote that the manner in which we process our fruit products are in accordance with the HALAL standard operating procedures and food safety standards.

Our fruit products are retailed locally to convenience stores as well as to consumers via our vending machines. As at the LPD, we have sold our fruit products to various convenience stores including 7-Eleven, MyNews, Kedai Mesra, MYCU and KK Mart. As at the LPD, we also own 35 vending machines, of which 27 are strategically located at light rail transit stations, office buildings, shopping malls and police stations throughout Klang Valley, while 8 remained unused. These vending machines are connected to the internet, thus allowing us to have real-time stock and sales updates. We pay a rental fee to some of these premises where our vending machines are located. The maintenance of these vending machines and replenishment of stocks at these vending machines are carried out by our in-house maintenance team.

We also sell our fruit products at our display store, via our CARZO platform and third-party e-commerce marketplaces such as Lazada, Shopee and Go Shop. Orders made on the online platforms are delivered to customers throughout Peninsular Malaysia by our in-house delivery team or appointed delivery service provider. As at the LPD, we have a fleet of 8 refrigerated trucks, 1 normal truck and 5 vans. In addition, we have an internal database of approximately 41 local riders who can be engaged on a contractual basis to deliver our products to customers. During peak seasons or for locations outside of Klang Valley, we may appoint a delivery service partner.

5. BUSINESS OVERVIEW *(CONT'D)*

5.1.2 Products

The products we offer are as detailed below:

(i) Fresh fruits

We offer a wide range of local and imported fresh fruits. The type of fresh fruits offered may vary in accordance with seasonal availability and market demands.

Our range of fresh fruits are as below:

Fresh fruits	Description
Local fresh fruits 	Local fruits are fruits that are grown in Malaysia. Examples of local fruits include bananas, durians, guavas, jackfruits, mangosteens, papayas, soursops, starfruits and watermelons. While most local fruits are available throughout the year, certain types of local fruits are seasonal such as durians and mangosteens.
Imported fresh fruits 	Imported fresh fruits are fruits that are grown overseas and obtained from overseas suppliers. These include apples, avocados, blueberries, cherries, grapes, kiwis, mangoes, oranges, pears, pomegranates and strawberries. As certain countries/regions are limited by weather and climate, many of these fruits can only be obtained during a specific season in the country/region. For example, depending on the country, apples, blueberries, cherries, grapes, oranges, pears and strawberries are usually harvested during summer, while pomegranates are usually harvested during summer and autumn. As such, the availability of these fruits may also vary by region as different region may experience summer or autumn at different periods of time. For example, the American and European regions experience summer between June and August, while the Oceania region (Australia and New Zealand) experience summer between December and February.

5. BUSINESS OVERVIEW *(CONT'D)*

(ii) Fruit products

Our range of fruit products are as below:

Fruit products	Description
Fruit juices and plant based drinks 	We retail the following: (i) Fruit juice (under "CARZO" brand): Grape, kiwi, mango, mixed berries, orange, pineapple, dragon fruit and strawberry juices; and (ii) Plant based drinks (under "TÉ NATURAL" brand): Lime asam boi, honey lime, guava, honey wheat grass, orange asam boi, sea coconut longan, lemongrass and peach teas and drinks.
Cut fruits 	We retail fruits that have been peeled, sliced and/or diced. All of our cut fruits are retailed under the "CARZO" brand.
Ready-to-eat fruit products 	We currently have 2 types of ready-to-eat fruit products, namely overnight oats with cut fruits, and fruit muesli. All of our ready-to-eat fruit products are retailed under the "CARZO" brand.
Pickled fruits 	We retail pickled fruits such as pickled mango. All of our pickled fruits are retailed under the "CARZO" brand.
Dried fruits 	Examples of our dried fruits include dried ginger, guava, kiwi, mango, papaya, pineapple and pomelo. All of our dried fruits are retailed under the "CARZO" brand.
Frozen fruits 	We sell frozen fruits such as frozen strawberries, blueberries, blackberries, raspberries, kiwis, pineapples, peaches, nectarines, grapes and mangoes. All of our frozen fruits are retailed under the "CARZO" brand.

5. BUSINESS OVERVIEW *(CONT'D)*

(iii) Other food products

We also offer a wide range of other food products. These food products are retailed alongside our fresh fruits and fruit products through our CARZO platform and at our display store, to provide our customers with a wider range of products.

Examples of these food products include:

- Frozen meat and seafood
- Nuts
- Vegetables
- Ready-to-eat food (e.g. soup, canned food, pre-mix sauces and pastes)
- Convenience food (e.g. instant noodles and snacks)

5.2 Revenue model

Our revenues are derived from 2 sources:

(i) Outright sales

Our revenues are generally generated from sales of fresh fruits and fruit products on an outright basis through the following means:

- directly from our customers who comprise wholesalers and retailers, retail chain stores, certain convenience stores, hotels, hospitals and airline food provider;
- through sales via our vending machines; and
- through sales via online platforms.

(ii) Consignment sales

We place our fruit juices and plant based drinks at convenience stores such as MyNews, 7-Eleven and MYCU on a consignment basis. Sales from consumers are generated through convenience store purchases and are invoiced by us on a monthly basis. We are charged with a trade margin by these convenience stores based on the sales value of products sold.

5.3 Principal markets and locations of operations

For the past 2 FYEs 2019 and 2020 as well as 4M FPE 2021, our revenues were derived from Malaysia.

Our Group's business and processing activities are carried out from our Present HQ in Bandar Sri Damansara, Kuala Lumpur.

In addition, we have 3 cold rooms. 1 of these cold rooms is located at our Present HQ, while the other 2 cold rooms are located adjacent to our Present HQ.

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5. BUSINESS OVERVIEW *(CONT'D)*

5.4 Competitive strengths

We believe that our past successes and future prospects are underpinned by the following competitive strengths:

(i) We provide a wide range of products and sales channels

We are primarily involved in the distribution and retail of local and imported fresh fruits as well as the processing and retail of fruit products. Our fresh fruits comprise over 140 types of local and imported fresh fruits, including apples, avocados, bananas, berries, citrus fruits, durians, melons, pineapples, stone fruits and tomatoes. We also process and retail approximately 30 types of fruit products, including fruit juices and plant based drinks, pickled fruits, dried fruits, cut fruits, frozen fruits and ready-to-eat fruit products.

We typically directly reach out to wholesalers and retailers, retail chain stores, convenience stores, hotels, hospitals, airline food provider to secure orders or tender for contracts to provide our products. Furthermore, we launched our own CARZO platform in 2019 which allows us to distribute fruits directly to consumers.

Our wide array of products provides greater convenience to our customers. As customers typically prefer to buy a variety of fresh fruits and fruit products, we are able to meet their varying demands by offering a wide range of products. Thus, customers need not seek different suppliers for different types of fresh fruits and fruit products. In addition, customers can not only purchase fresh fruits and fruit products, but also other food products they need through our CARZO platform and at our display store.

We also believe that our wide range of products and sales channels have allowed us to appeal to varying customer segments, including wholesalers and retailers, retail chain stores, convenience stores, hotels, hospitals, airline food provider and consumers. This thus reduces reliance on a particular customer segment.

(ii) We have a wide network of suppliers

As at the LPD, we have a network of over 100 local suppliers and over 30 overseas suppliers for fresh fruits. We are able to offer a large variety of fresh fruits and fruit products as we have access to a large network of local and overseas suppliers, comprising wholesalers, fruit growers and suppliers.

Certain fruits are seasonal and the availability may be subjected to other factors such as weather conditions and climate. As such, certain fresh fruits may not be available in certain countries throughout the year to fulfil market demand.

With a wide network of overseas suppliers in different countries/regions throughout the world, we are less dependent on these seasonal factors. When a particular country/region does not have supply for certain fruits due to seasonal, weather and climate factors, we are able to approach suppliers in other countries/regions for supply. Thus, we are able to fulfil our customers' orders throughout the year with a large network of suppliers.

(iii) Our business segments are synergistic

As mentioned in **Section 5.1.1 (ii)** of this Information Memorandum, our fresh fruit distribution and retailing business segment and fruit product processing and retailing business segment are synergistic due to the following reasons:

(i) we can obtain fruits at relatively lower rate as we order in bulk for both our fresh fruit distribution and retailing business as well as our fruit product processing and retailing business;

5. BUSINESS OVERVIEW *(CONT'D)*

(ii) our supplies for fruit product processing are fresh as our processing facility is located in the same building as the receipt of our fresh fruit supplies from our suppliers and within close proximity to our cold room located adjacent to our processing facility; and

(iii) our primary business revolves around the sourcing and distribution of high quality fresh fruits from suppliers to our customers such as wholesalers, retailers and retail chain stores. However, we may receive fruits that may not be visually attractive though still fresh and edible and thus, may be less inclined to be purchased by consumers as fresh fruits. We may also receive fruits which are ripe for consumption, and such fruits are not suitable for wholesalers and retailers for their onward retail to end-consumers. Instead of disposing of these fruits, we process these fruits into a variety of fruit products such as fruit juices and plant based drinks, dried fruits, pickled fruits, cut fruits, frozen fruits and ready-to-eat fruit products. By repurposing the fruits that would be disposed due to not meeting our specifications, we are not only able to minimise wastages, but also optimise our revenue generation.

(iv) We are able to provide effective and reliable customer service

We are committed to provide effective and reliable customer services, so that we are able to maintain relationships with our customers. Due to the nature of our industry, it is essential to deliver fresh fruits and fruit products to our customers in a timely manner. This is especially important for highly sensitive and perishable fruits such as strawberries and blueberries, where such fresh fruits must be delivered to our customers within 24 hours upon confirmation of orders from them.

We also strive to ensure that our customer service is effective and reliable as we respond promptly to our customers' feedbacks. We have been able to retain the loyalty of our customers as we strive to promptly respond to our customers' feedbacks within 24 hours, and allow for product exchange and 3-days satisfaction guarantee. This in turn allows us to secure more sales opportunities.

We believe the effectiveness and reliability of our customer service will enable us to continue to maintain our relationships with our customers.

(v) We have an experienced and committed key management team

Our Group's success is supported by an experienced and committed key management team led by our CEO, Dato' Sri Delon Lee, who has approximately 18 years of experience in the fruit industry.

He is supported by the key management personnel who have diverse experiences in their respective fields, from finance to sales and marketing. Their combined experiences, coupled with their drive and passion for our business have been instrumental to our Group's growth strategies and success (further details are elaborated in **Section 8.4** of this Information Memorandum).

(vi) We are compliant with locally and internationally recognised quality certificates

Our Group recognises the importance of providing consistent quality products to ensure customer satisfaction and to secure repeated orders from our customers. This is particularly essential in the fruit business where quality and freshness of products are key in maintaining our reputation in the industry.

Our processing facility is well-adapted to meet quality control measures for hygiene and safety. We implement various QC procedures throughout our process flow, from the receipt and sorting of supplies to processing and packaging (further details are elaborated in **Section 5.5** of this Information Memorandum). We also undertake several quality assurance measures to ensure product quality and safety, such as the filtration of water used in our processing facility, hygiene procedures (including wearing protective clothing and gloves), temperature control, routine maintenance of cold room and refrigerated trucks as well as in the selection of our network of suppliers.

5. BUSINESS OVERVIEW *(CONT'D)*

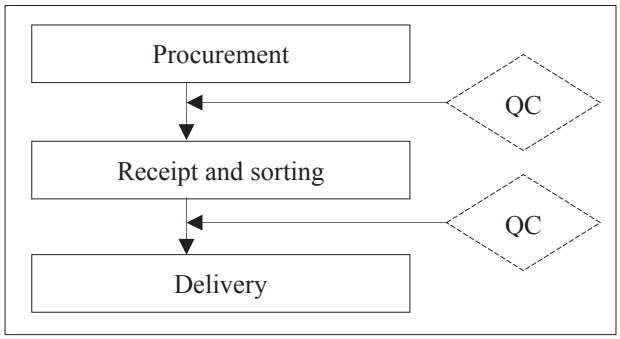
As a testament, we have obtained locally and internationally recognised quality management certifications including GMP, HACCP and ISO 9001:2015.

In addition, our Group's processing facility has also obtained HALAL certifications from JAKIM. The HALAL certifications are essential to our Group to allow us to address a wider target market in Malaysia. This enables our customers to have the assurance that our fresh fruits as well as fruit products are processed in a HALAL manner.

5.5 Process flow

(i) Distribution and retail of fresh fruits and other food products

Our process flow for the distribution and retail of fresh fruits and other food products is as follows:



(a) Procurement of fresh fruits and other food products

As fresh fruits are perishable and sensitive goods, we do not store inventory over a long period of time. Highly sensitive and perishable fruits such as berries are stored up to 4 days while less perishable fruits such as apples and citrus fruits are stored up to 60 days. We conduct routine planning with our customers to ascertain their purchase requirements and will replenish our inventory based on our understanding of market demand. The types of fresh fruits will then be purchased based on the procurement list provided by our Supply Chain Director. These fresh fruits are procured from local and overseas suppliers.

- **Purchase from local suppliers**

  An order will be placed with our network of local fresh fruit suppliers, who may be wholesalers, fruit growers or suppliers. Upon confirmation of the order, our supplier will arrange for the fresh fruits to be transported to our cold rooms.

  Should the quality of fruits be unacceptable, we may either return the stock or purchase the fresh fruits at a discounted rate.

- **Purchase from overseas suppliers**

  We will identify a suitable supplier(s) from our wide network of overseas suppliers, based on the harvesting season, quality, pricing and volume of order. This enables us to obtain the required volume as well as better quality fruits. Our wide network of suppliers (i.e. wholesalers, fruit growers and suppliers) across various regions around the world allows us to maintain a consistent supply of seasonal fruits. Upon determining the suitable supplier, an order will be placed.

Imported fruits are transported into the country via 2 main channels, i.e. air cargo and sea cargo. Air cargo is typically used for high value or highly-perishable fruits such as mangoes and berries (for example, strawberries, blueberries and cherries) and the delivery period is around 1-3 days; while sea cargo is used for all other imported fruits due to the lower costs and delivery period is from 5 days to 21 days. For certain countries (such as Thailand), fruits are also transported via land using lorries and delivery is typically completed within 24 hours.

Once we have confirmed with our supplier on the orders, a forwarding agent will be appointed. This agent will carry out various duties including customs brokerage and freight forwarding. This agent will also be responsible for conducting quality inspections on the fresh fruits upon arrival into the country, whether by air or sea. Quality inspections will be carried out to ascertain the quantity and quality of the fruits (such as colour, firmness and size). If the quality of fruits is questionable, a third-party quality surveyor will be appointed by our supplier to carry out further quality inspection. Should the third-party quality surveyor's report denote that the fresh fruits' quality is not acceptable, these fruits will be sold to us at a discounted rate.

Upon the completion of quality inspection of the fruits, the forwarding agent will arrange for the delivery of fruits to our cold rooms, or a third-party cold room wherein our Group rents the necessary space to store the fruits temporarily until we have space to store in our cold rooms.

Meanwhile for other food products, our Supply Chain Director will place an order with our suppliers as and when required to replenish our inventory.

(b) Receipt and sorting

Upon receipt of fresh fruits at our cold rooms, another quality inspection is conducted on the quantity and quality of fruits. This inspection is carried out by our QA/QC team, as set out in **Section 5.6** of this Information Memorandum.

Highly perishable fruits are prioritised and inspections are conducted on those type of fruits. Upon inspection, sorting is conducted according to grades as well as ripeness levels. Fruits that are ripe for consumption may not be suitable for wholesalers' and retailers' onward retail to end-consumers, and hence we sort these fruits out for our onward processing into a variety of fruit products such as fruit juices and plant based drinks, dried fruits, pickled fruits, cut fruits, frozen fruits and ready-to-eat fruit products, instead of disposing the fruits. However, fruits which are damaged, rotten or mouldy will be disposed as waste. Otherwise, the fresh fruits that are suitable for distribution and retail purposes will be stored in carton boxes in our cold rooms before delivery to our customers. Some of these fresh fruits will be repackaged under our own "CARZO" brand before storing in our cold rooms and for onward delivery to our customers.

(c) Delivery of product

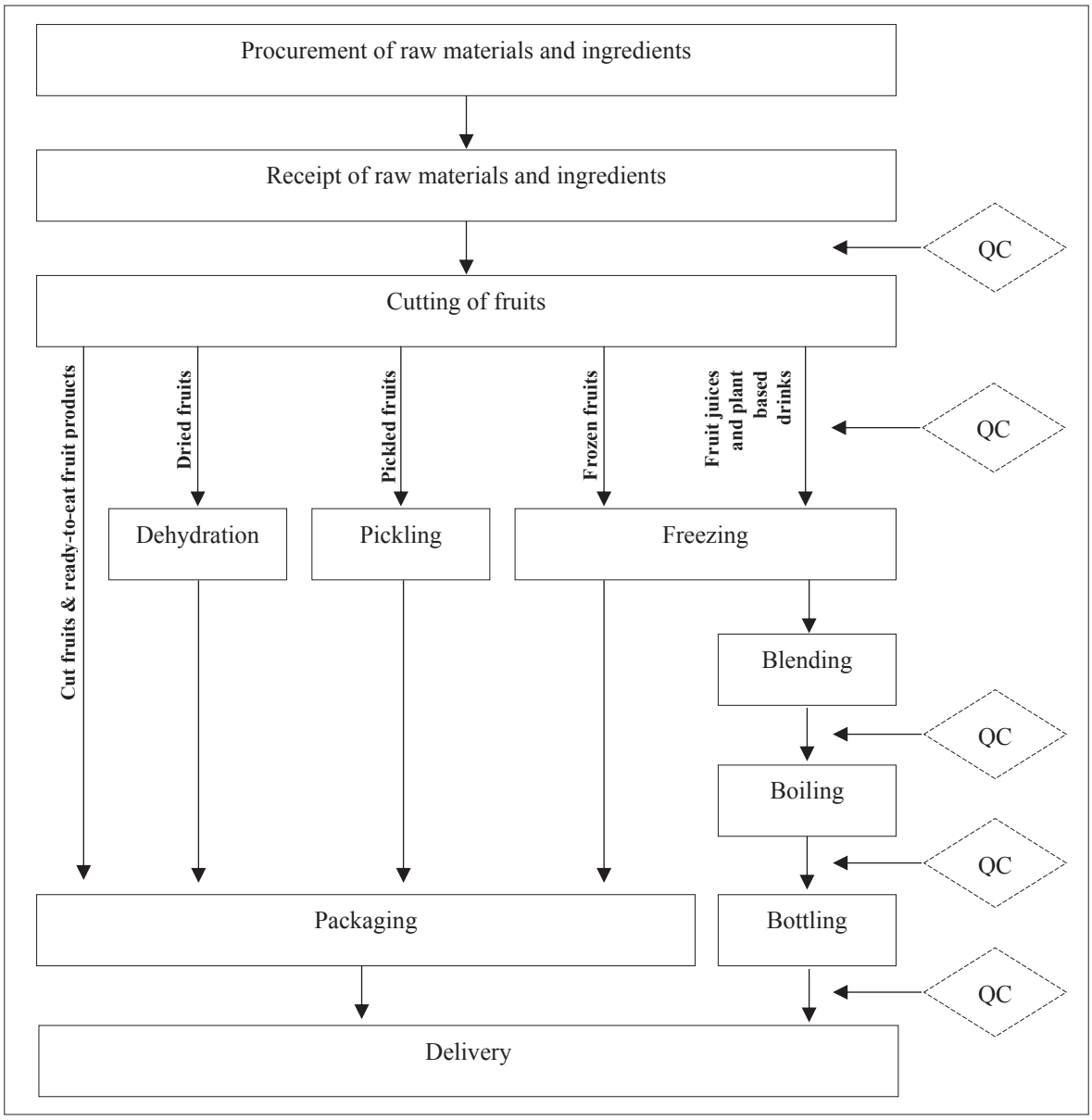
We strive to deliver highly perishable and sensitive fresh fruits such as berries (for example, strawberries, blueberries and cherries) to our customers within 2 days of its arrival into our cold rooms due to the short shelf-life. For all other fruits, we will only keep it for a maximum of 60 days in our cold rooms.

Delivery of fresh fruits to our customers is conducted by our in-house delivery team via 8 refrigerated trucks, 1 normal truck and 5 vans. In addition, we have an internal database of approximately 41 local riders who can be engaged on a contractual basis to deliver our products to customers. During peak seasons or for locations outside of Klang Valley, we may appoint a delivery service partner.

5. BUSINESS OVERVIEW *(CONT'D)*

(ii) Processing and retail of fruit products

Our process flow for the processing and retail of fruit products is as follows:



(a) Procurement of raw materials and ingredients

Our raw materials refer to fresh fruits which are procured for the purpose of processing into fruit products as well as fresh fruits which are not visually attractive or are ripe for consumption and unsuitable for the onward sale of wholesalers, retailers and retail chain stores to their customers. The procurement of fresh fruits will typically be performed simultaneously with the procurement process of fresh fruits for distribution and retail.

We also procure ingredients such as oats, muesli, milk, vinegar, sugar, chillies, fructose and ascorbic acid which are used to process our fruit products. The types of fresh fruits and other ingredients required will be purchased based on the procurement list provided by our Head of Production, as different fruit products will require different types of fruits and ingredients as well as different level of ripeness.

While fresh fruits may be procured from local or overseas suppliers, ingredients are procured from local suppliers. Upon confirmation of the order, our supplier will arrange for the fresh fruits and ingredients to be transported to our processing facility.

(b) Receipt of raw materials and ingredients

Fresh fruits are received at our processing facility and undergo similar inspection as above. These fruits will then be kept aside together with repurposed fruits that are not visually attractive or are ripe for consumption and unsuitable for sale to wholesalers and retailers for the purpose of processing into fruit products.

Meanwhile, upon receipt of the ingredients, we will perform a check to ensure that the products and details are as per our order specifications, as set out in **Section 5.6** of this Information Memorandum.

(c) Cutting of fruits

Fresh fruits will be cleaned and undergo peeling process followed by cutting process. The cut size will depend on the type of fruit product. Fruit for processing into cut fruits, dried fruits and pickled fruits are cut into smaller pieces or thinner slices as compared to fruits for processing into fruit juices and plant based drinks. Some fruits such as durian and jackfruit will only require the removal of the skins as the flesh of the fruits are already in individual segments.

The cutting process is manually performed by our production team due to the variety of fruit sizes and shapes. Upon cutting, a quality check will be conducted to ensure that the size is suitable for the particular process.

The next few processes will vary depending on the type of fruit products:

Cut fruits

For cut fruits, a variety of fruits (such as pear, strawberries, mangoes, oranges, apples, nectarines and grapes) will be selected and weighed. Some of these fruits (such as pears, apples and nectarines) will then be soaked in ascorbic acid to reduce colour degradation and oxidation. The weighed fruits will then be placed into the food-grade packaging. Thereafter, our in-house QC personnel will weigh and inspect the packed cut fruits, as mentioned in **Section 5.6** of this Information Memorandum.

Cut fruit products can also be used in the preparation of ready-to-eat fruit products.

Ready-to-eat fruit products

For ready-to-eat fruit products, ingredients such as oats, muesli and/or milk will first be added to the food-grade packaging. Then, a variety of bite-size pieces of fruits (such as pear, strawberries, mangoes, oranges, apples and grapes), some of which have been soaked in ascorbic acid, will be selected and placed on top of the oats or muesli.

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5. BUSINESS OVERVIEW *(CONT'D)*

Dried fruits

Dehydration

For dried fruits, slices of fruits (such as guava, kiwi, mango, papaya and pineapple) will be placed on trays. The trays will then be placed inside dehydrators for 8 to 12 hours at between 60°C and 80°C (depending on the type of fruits) until the fruits are fully dried. At any point in time, only 1 type of fruit can be dried in the dehydrator as each fruit type is different in terms of size and water content and thus, the time required to dry the particular fruit will be different. Upon drying, the dried fruits will be weighed and place inside the food-grade packaging. Then, our in-house QC personnel will weigh and inspect the dried fruits, as mentioned in **Section 5.6** of this Information Memorandum.

Pickled fruits

Pickling

For pickled fruits, slices of fruits such as mango will be immersed in our pickling recipe (which includes ingredients such as vinegar, sugar, chillies and sour plum). The pickling process typically takes 48 hours. After the fruits have undergone the pickling process, it will undergo quality testing by our in-house QC personnel, as mentioned in **Section 5.6** of this Information Memorandum. Finally, once approved by our QC personnel, the pickled fruits will be placed into the food-grade packaging.

Frozen fruits

Freezing

For frozen fruits, cut fruits such as strawberries, blueberries, raspberries, mangoes and durians will be placed on trays. The trays will then be placed inside the blast freezer between 6 and 12 hours, or until the fruits are fully frozen at minus 14°C. Once frozen, the frozen fruits will be weighed. It can either be placed inside the food-grade packaging as frozen fruit products, or further processed into fruit juices and plant based drinks.

Fruit juices and plant based drinks

Blending

We use frozen fruits in the processing for fruit juices and plant based drinks as frozen fruits produce a better consistency. Fruits are selected and weighed and placed into the blending machine to produce a thick fruit liquid. Upon blending, our QC personnel will inspect the liquid to test for taste, texture and colour.

Boiling

Once approved by our QC personnel, the liquid will be boiled at 90°C to pasteurise the liquid. The temperature is monitored throughout the process by the Production Supervisor and the Head of Production with a thermometer. Thereafter, we will add our formulation of ingredients which include fructose, ascorbic acid and if required, sour plum, into the boiled liquid. For plant based drinks, we may add black tea into the boiled liquid mixture at this stage.

The mixture will be mixed consistently for 15 minutes to ensure that the mixture has emulsified. Then, the mixture will be transferred into a cooling tank to lower the temperature to 60°C. The temperature is monitored throughout the process by the Production Supervisor and the Head of Production with a thermometer. Thereafter, our QC personnel will conduct a taste and visual test for taste, texture and colour, and perform a pH test.

5. BUSINESS OVERVIEW *(CONT'D)*

Bottling

Upon approval, the mixture will be filled into bottles and then sealed by the bottling machine. The sealed bottles will be brought through a cooling tunnel to lower the temperature further to reach a room temperature of approximately 30°C. We are able to bottle up to 16,000 bottles daily. The bottles will then be dried with a blowing machine, printed with expiry dates and finally wrapped with a wrapping machine. Then, a QC will be conducted to ensure that the bottles are properly sealed and correctly labelled with expiry dates and batch numbers. The bottles will then be placed inside carton boxes awaiting delivery or be stored in our cold rooms.

(d) Packaging

For cut fruits, ready-to-eat fruit products and pickled fruits, the food-grade packaging will be closed with lids which are firmly pressed down on all sides to ensure that the food-grade packaging is sealed tight. For dried fruits and frozen fruits, the food-grade packaging will be vacuumed sealed with a sealing machine. A QC will be conducted to ensure that the food-grade packaging are closed firmly, and labelled with correct labels in terms of expiry dates and batch numbers. Meanwhile, a QC will be conducted on vacuum-sealed food-grade packaging to ensure that they are properly sealed and have the correct labels in terms of expiry dates and batch numbers.

Thereafter, the packed products will be packed into carton boxes and labelled with batch number for easy identification.

(e) Delivery

The carton boxes with perishable fruit products are stored in our cold rooms, where the temperature is kept below 4°C to preserve the freshness and quality of the fruit products. Frozen fruits are kept in the blast freezer at minus 14°C while dried fruits are stored at room temperature. Fruit products will be distributed to our customers using our in-house delivery team or appointed delivery service provider.

We typically replace fruit products which have been found to be spoilt or damaged free of charge or reduce the invoice value of the order, upon arrival at our customers' premises.

5.6 Quality assurance and quality control procedures

Our Group recognises the importance of providing consistent quality products to ensure customer satisfaction and secure repeated orders from our customers. In order to maintain our quality standards, we implement QA/QC procedures that meet local and international standards. We presently comply with the following local and international standards and regulations:

Standard/ Certificate	Certification body	Year first awarded	Expiry date	Scope/Description of certification
GMP	VE International Certification Group of Companies	23 September 2019	23 September 2022	Repacking of fruits, dried fruits, cut fruits and production of fruit juices
ISO 9001:2015 (Quality Management System)	VE International Certification Group of Companies	28 December 2019	28 December 2022	Production of fruits and cut fruits
HACCP	VE International Certification Group of Companies	23 September 2019	23 September 2022	Repacking of fruits, dried fruits, cut fruits and production of fruit juices

5. BUSINESS OVERVIEW *(CONT'D)*

Standard/ Certificate	Certification body	Year first awarded	Expiry date	Scope/Description of certification
Certificates of Authentication HALAL (MS 1500:2009)	JAKIM	16 December 2019	15 December 2021 and 15 December 2022	Products including assorted fresh pre-cut fruit, dragon fruit juice drink, grape juice drink, guava dried fruit, kiwi dried fruit, kiwi juice drink, mango dried fruit, mango juice drink, orange juice drink, papaya dried fruit, pineapple dried fruit, strawberry juice drink, green guava juice drink, honey lime drink, honey wheatgrass drink, lemongrass drink, lime asam boi drink, orange assam boi drink, passion fruit tea, peach tea, sea coconut longan drink, mix berries juice drink and pineapple juice drink have complied with Islamic law and Malaysian HALAL Standard and approved by JAKIM

In addition, we have a QA/QC team, comprising our Head of Production and another personnel. The following are the QC procedures which are implemented at various stages of the distribution and retail of fresh fruits' process flow:

Process flow stage	QC procedure
Procurement of supplies	Quantity and quality checks are performed by our agent upon receipt of fresh fruits into the country. Quality inspections on the fruits are conducted to ensure that there are: • Minimal discolouration; • Appropriate firmness; • Appropriate size; • Minimal bruises or damages to the skin; and • No infestation.
Receipt and sorting	Quantity and quality checks are performed by our QA/QC team upon receipt of fresh fruits at our processing facility and cold rooms. The QA/QC team will first inspect the cleanliness and temperature of the truck/container when the fresh fruits arrive in. The temperature of the truck/container must be maintained between 0°C and 1°C. Next, the overall packaging condition is also inspected. We use an AQL method to perform our quality test. The AQL method entails us conducting a random sampling based on the specified guideline where we will accept a maximum number of defective products, after which we will notify our supplier. Once our supplier confirms the defective products, the value of the defective products will be deducted from the total amount of the bill for the batch ordered. A random sample of 5 cartons out of each pallet in the container is then selected for inspection. Different quality inspections are conducted on different types of fruits due to the varying features. Each type of fruit has its own quality checklist. Quality inspections on the fruits are generally conducted to ensure that there are: • Minimal discolouration; • Appropriate firmness; • Appropriate size; • No bruises or damages to the skin; • No infestation; and • Appropriate sugar content based on Brix test.

5. BUSINESS OVERVIEW *(CONT'D)*

The following are the QC procedures which are implemented at various stages of the processing and retail of fruit products' process flow:

Process flow stage	QC procedure
Receipt of raw materials and ingredients	Quantity and quality checks are performed by our QC team upon receipt of fresh fruits at our processing facility. We use an AQL method to perform our quality test. Different quality inspections are conducted on different types of fruits due to the varying features. Each type of fruit has its own quality checklist. Quality inspections on the fruits are conducted to ensure that there are: • Minimal discolouration; • Minimal damages to the skin; • No infestation; and • Appropriate sugar level based on Brix test. The temperature of the fresh fruits must be maintained at 6°C and below. Upon receipt of the ingredients, a check will be conducted to ensure that the products and details are as per our order specifications in terms of volume, type and the expiry date.
Cutting of fruits	A quality check will be conducted after the fruits have been cut to ensure that the size is suitable for the particular process. Our QA/QC personnel weigh and inspect in terms of appearance, cleanliness, freshness, packing integrity and quantity.
Pickling	Quality testing by QC personnel will be conducted to test for flavour, texture and optimal pH level. Our QA/QC personnel will also weigh and inspect the final product in terms of appearance, cleanliness, packing integrity and quantity.
Blending	Quality testing by QC personnel will be conducted to test for taste, texture and colour. Our QA/QC personnel will also weigh and inspect the final product in terms of appearance, cleanliness, packing integrity and quantity.
Boiling	Quality testing by QC personnel will be conducted to test for taste, texture and colour and optimal pH level.
Bottling	QC will be conducted to ensure that the bottles are sealed properly and labelled correctly with expiry dates and batch numbers.
Packaging	QC will be conducted to ensure that the food-grade packaging is closed tightly, and labelled with correct labels in terms of expiry dates and batch numbers. Meanwhile, the vacuum-sealed packaging is properly sealed and have the correct labels in terms of expiry dates and batch numbers. Our QA/QC personnel will also weigh and inspect the final product in terms of appearance, cleanliness, freshness of the product, packing integrity and quantity.

In addition, our Group undertakes several QA measures to ensure product quality and safety, such as the filtration of water used in our processing facility, hygiene procedures (including wearing protective clothing and gloves), temperature control, routine maintenance of cold rooms and refrigerated trucks as well as in the selection of our network of suppliers.

New products will also be sent to an independent ISO accredited laboratory before it is launched in the market. Samples of the existing products will be sent to an independent ISO accredited laboratory on an annual basis to test for heavy metal, microbacteria and/or nutrition facts in order to maintain our HACCP and HALAL certificates.

5. BUSINESS OVERVIEW *(CONT'D)*

5.7 Key machineries and equipment

A summary of the key machineries and equipment owned and used by our Group are set out below:

Machinery and equipment	Functions	No. of units	Average age[1]	Net book value as at 31 December 2020
				RM'000
Bottling production line	Blending, boiling and bottling of fruit juices and plant based drinks	1	< 2 years	101.10
High shear homogeniser	Inject juice into bottles	1	< 2 years	2.82
Labelling machine	Label sticker on bottles	1	< 2 years	1.69
Blending machine	Blending fruits	1	< 1 year	3.06
Dehydrator	Drying fruits	1	< 1 year	1.66
Sealing machine	Seal packaging of dried and frozen fruits	3	< 1 year	16.96
Chiller/Freezer	Storing fruits at display store	9	< 1 year	19.05
Vending machine	Display fruit products for retail sales	25[2]	< 1 year	145.33
Cold room	Storing fruits	3	< 2 years	159.21
Blast freezer	Blast freezing to produce frozen fruits	1	< 2 years	17.63
			Total	**468.51**

Notes:

(1) Average age was calculated based on total number of years of the machines/equipment acquired divided by the number of machines/equipment our Group owns.

(2) As at 31 December 2020, our Group owned 25 vending machines. As at the LPD, our Group owned 35 vending machines.

Key Machinery Used

Our Group utilises the following automated machinery as a means to improve efficiency and production rate:

(i) Bottling production line

Our bottling production line increases the efficiency of fruit juices and plant based drinks processing. The bottling production line allows for blending and boiling to produce the intended liquid. To avoid bottles from bursting open during bottling due to pressure, the bottling production line also includes a cooling tunnel. The cooling tunnel functions to regulate the temperature of our fruit juices and plant based drinks before they are bottled. The bottling production line also rapidly seals multiple bottles tightly before being sold.

(ii) Blast freezer

Our blast freezer operates at minus 14°C and can rapidly freeze our fruits within 6 to 12 hours. The blast freezer has short periods of freezing to avoid the formation of large ice crystals within our fruits. This then reduces damage to the cell structure and texture of our fruits. Further, due to the short period of freezing, there is a higher retention of water within the fruits, bacteria and mold growth is significantly reduced. Therefore, our frozen fruits are able to retain its shape, colour and taste once it is defrosted by our consumers.

5. BUSINESS OVERVIEW *(CONT'D)*

5.8 Operational capacity and utilisation rate

The operational capacity and utilisation rate of our processing facility are as follows:

FYE 2019

Product type	Unit	Capacity[v]	Actual production volume 2019	Utilisation rate (%)
Dried fruits[i]	kg	1,735	130	7.49
Pickled fruits[ii]	kg	5,205	1,557	29.91
Frozen fruits[iii]	kg	1.0 million	6,532	0.65
Fruit juices and plant based drinks[iv]	Number of bottles	5.6 million	41,268	0.74

FYE 2020

Product type	Unit	Capacity[v]	Actual production volume 2020	Utilisation rate (%)
Dried fruits[i]	kg	1,735	253	14.58
Pickled fruits[ii]	kg	5,205	3,279	63.00
Frozen fruits[iii]	kg	1.0 million	9,362	0.94
Fruit juices and plant based drinks[iv]	Number of bottles	5.6 million	78,438	1.40

Assumptions:

(i) Capacity for dried fruits is calculated based on the average volume of fruits that can be dehydrated in the dehydrator on the basis that it takes 12 hours for the fruits to be fully dehydrated.

(ii) Capacity for pickled fruits is calculated based on the average volume of fruits that can be pickled at any one time and on the basis that it takes 48 hours to pickle fruits.

(iii) Capacity for frozen fruits is calculated based on the volume of fruits that can fit into the blast freezer at any one point in time and assuming that it takes 8 hours to produce frozen fruit products.

(iv) Capacity for fruit juices and plant based drinks is calculated based on the number of bottles that can be produced in 8 hours using the bottling production line.

(v) The above capacities are calculated on the basis that the number of working days excluding public holidays.

As we only commenced processing and retailing of fruit products in October 2019, our processing facility's utilisation rate is low currently.

Further, our business operations, particularly our fresh fruits distribution and retail business segment, are limited by the volume of products that can be stored at our cold rooms as our fresh fruits and some of our fruit products must be stored in cold room(s) to preserve its freshness and quality. The utilisation rate of our cold rooms is 75% in the FYE 2020 and increased to approximately 88.89% as at the LPD. The storage capacity and utilisation rate of our cold rooms are as follows:

As at	Maximum storage capacity at any point in time (number of pallets[i])	Average storage volume (number of pallets)	Utilisation rate (%)
31 December 2019	240[ii]	167	69.58
31 December 2020	120[iii]	90	75.00
The LPD	180[iv]	160	88.89

5. BUSINESS OVERVIEW *(CONT'D)*

Notes:

(i) Pallets are transport structures used to stack, store and protect fresh fruits stored in carton boxes and typically have a dimension of 4 feet x 4 feet.

(ii) The storage capacity in FYE 2019 includes storage capacity of the cold room in Selayang as well as rented cold rooms in Bandar Sri Damansara. We were utilising the cold room in Selayang while we were in the midst of relocating our operations to the Present HQ in Bandar Sri Damansara.

(iii) The storage capacity in FYE 2020 includes storage capacity of the cold room in our Present HQ as well as a rented cold room adjacent to our Present HQ in Bandar Sri Damansara.

(iv) The storage capacity as at the LPD includes storage capacity of the cold room in our Present HQ as well as 2 rented cold rooms adjacent to our Present HQ in Bandar Sri Damansara.

5.9 Types, sources and availability of materials

The principal supplies used in our business activities are fresh fruits, which are sourced from local and overseas suppliers. These suppliers comprise wholesalers, fruit growers and suppliers. In addition, we also source other food products to supplement the distribution and retail of fresh fruits and fruit products through our CARZO platform and at our display store. Meanwhile for our processing activities, we also source for other ingredients to process our fruit products which include oats, muesli, milk, vinegar, sugar, chillies, fructose and ascorbic acid.

The prices of our supplies have fluctuated over the past financial years as a result of demand and supply conditions as well as festive seasons, though not significantly. We have developed policies and procedures in our selection of supplies, including evaluations based on pricing, product range, product quality and selection of suppliers.

	FYE 2019		FYE 2020	
Raw materials	**RM**	**%**	**RM**	**%**
Fresh fruits	40,434,152	99.28	38,003,539	98.12
Other food products	232,424	0.57	685,098	1.77
Ingredients for fruit products	61,451	0.15	43,005	0.11
Total	**40,728,027**	**100.00**	**38,731,642**	**100.00**

5.10 Research and development activities

Our research and development activities are led by our Executive Director (Datin Sri Peh) and assisted by our Head of Production. We continually conduct research and development activities on fruit products to ensure that we launch fruit products that meet market needs and are in line with market trends. Such activities include gathering latest knowledge and trends from internet and media, and gathering insights from customers.

In 2020, we undertook research and development for new fruit products and intend to commercialise the following fruit juices and plant based drinks by the end of the third quarter of 2021:

- Elderflower mint drink
- Butterflypea drink
- Lime mint drink
- Lavender drink
- Sakura drink
- Roselle drink

We will constantly undertake research and development activities to determine the latest market trends, and develop new fruit products that meet such market trends.

5. BUSINESS OVERVIEW *(CONT'D)*

5.11 Sales and marketing activities

Sales channels

We conduct our business activities through the following sales channels:

(a) Direct approach

Our sales activities are led by our CEO and Executive Director, and executed by our Supply Chain Director, Business Development Director and Marketing Director. Our sales team typically targets wholesalers, retailers, retail chain stores, convenience stores, hotels, hospitals, airline food provider as well as consumers.

(b) Tender

For contracts to supply fresh fruits and fruit products to hotels and hospitals, we typically engage in a tender bidding process which involves us preparing a tender document detailing our capabilities and commercial terms based on customers' requirements.

(c) Referrals

By providing quality products and reliable services, our customers routinely refer new business to us, due to their trust in our products and services. We will continue to cultivate and enhance our working relationship with our existing customers by continuously maintaining our product quality and customer service.

(d) Corporate website and online platforms

We have our own corporate website at http://www.carzo.com.my/ which provides searchable information on our Group, our principal activities and details of our products and services.

Further, we have our own CARZO platform (available as mobile application or web browser) to distribute and retail fresh fruits, fruit products and other food products. We also retail fresh fruits and fruit products via third-party e-commerce marketplaces such as Lazada, Shopee and Go Shop. Through these online platforms, we are able to have wider market reach, keep up with the market trends and customer demand.

(e) Own display store

As at the LPD, we operate a display store located at our Present HQ in Bandar Sri Damansara, Kuala Lumpur. Our display store showcases our fresh fruits, fruit products and other food products and allows our customers to place their orders and purchases.

(f) Vending machines





As at the LPD, we own 35 vending machines, of which 27 are strategically located at light rail transit stations, office buildings, shopping malls and police stations throughout Klang Valley. Our vending machines are connected to the internet, thus allow us to have real time stock and sales updates. We retail fruit products such as dried fruits, and fruit juices and plant based drinks through our vending machines. We pay a rental fee to some of these premises where our vending machines are located. The maintenance of these vending machines and replenishment of stocks are carried out by our in-house maintenance team.

5. BUSINESS OVERVIEW *(CONT'D)*

Marketing strategies

We undertake the following marketing strategies to enhance the visibility of our brand, display store and online platforms:

(a) Social media platforms

We recognise the importance of investing in digital media marketing on social media platforms to drive traffic to our online platforms and increase usership. We maintain profiles on social media platforms such as Facebook and Instagram where we post videos, live interviews, and online content to attract customers as well as interact with our customers. We also update our profiles on these platforms to keep our customers abreast on product information, promotions and events.

(b) Broadcast and print media

We recognise the importance of media channels to create market awareness as well as to advertise our products and promotions. We advertise on newspapers (such as China Press, Oriental Daily and Sin Chew Press) and a radio station such as 988 FM. We believe that these advertisements will allow us to reach a greater audience and create more awareness of our product range which will assist us in building our brand presence in the market.

(c) Event collaborations and sponsorships

We have participated in multiple collaborations and promotional events with companies and organisations such as the United Nations International Children's Emergency Fund (UNICEF), AmBank (M) Berhad and Hong Leong Bank Berhad. We were involved through a variety of means, such as discount vouchers, product sponsorship and event co-sponsorship. By collaborating with these major companies and organisations, we believe that we are able to gain the necessary exposure for brand awareness as well as company's growth.

We also did a sponsorship for a Petronas' Mesra launching event called Makan & Mesra. We sponsored cut fruits for its guests and Petronas also purchased additional cut fruits from us for its guests.

5.12 Corporate social responsibility

We hosted a charity event in 2020 known as "1st Fruits & Vegetables Charity Event", whereby all of the sales generated on 27 June 2020 were donated to 20 families under B40 category. This charity event was held in order to support families who have encountered financial difficulties due to the sudden impact of the COVID-19 pandemic.

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5. BUSINESS OVERVIEW *(CONT'D)*

5.13 Major customers

The top 5 major customers of our Group for the FYE 2019, FYE 2020 and 4M FPE 2021 respectively are as follows:

Customers	Examples of fruits sold	FYE 2019		FYE 2020		4M FPE 2021		Length of business relationship as at the LPD
		RM	%	RM	%	RM	%	
Kuntinun[(1)]	Malaysian durians, apples and oranges	364,450	0.7	**7,833,320***	**16.4**	**4,053,063***	**15.2**	3 years
Retail Chain Store A[(2)]	Blueberries, blackberries, strawberries, pears, raspberries, lemons and oranges	**4,809,418***	**9.4**	**5,023,063***	**10.5**	**1,869,940***	**7.0**	6 years
Feng Yuan Fruits Sdn Bhd	Durian	-	-	**3,953,519***	**8.3**	**5,287,399***	**19.8**	< 1 year
Poo Trading Import & Export Sdn Bhd	Apples, oranges, pears and berries	**2,044,517***	**4.0**	**2,227,345***	**4.6**	**745,748***	**2.8**	3 years
Ritz Lite Enterprise	Durians	-	-	**1,046,337***	**2.2**	**2,069,888***	**7.8**	< 1 year
Trendcell Sdn Bhd	Blueberries, blackberries, strawberries, pears, raspberries, lemons and oranges	**1,102,390***	**2.1**	533,140	1.1	220,932	0.8	6 years
Kedai Buah-Buahan Kah Lim	Apples, oranges, pears and berries	**825,454***	**1.6**	209,148	0.4	44,870	0.2	2 years
Ng Peng Kang	Apples, oranges, pears and berries	**818,782***	**1.6**	905,814	1.9	345,061	1.3	3 years
Total revenue from our Group's top 5 major customers		**9,600,561**	**18.7**	**20,083,584**	**42.0**	**14,026,038**	**52.6**	
Total revenue of our Group		**51,278,336**	**100.0**	**47,839,645**	**100.0**	**26,674,035**	**100.0**	

Notes:

* *Being our Group's top 5 major customers during the respective financial years / period.*

(1) Kuntinun, a Thai fruit trader based in Thailand, is both our Group's customer and supplier.

(2) Retail Chain Store A is a full-fledge chain of premium grocer across the Klang Valley and Johor Bahru. It currently operates 3 supermarket brands and manages 30 stores covering Klang Valley and Johor Bahru.

We are not reliant on any one of our major customers. This is because we have a diverse customer base comprising wholesalers, retailers, retail chain stores, convenience stores, hotels, hospitals and airline food provider. As at the LPD, we have over 220 customers (excluding end-consumers).

5. BUSINESS OVERVIEW *(CONT'D)*

Due to the nature of the fruit industry, some of our Group's customers may also be our suppliers (as set out in **Section 5.14** of this Information Memorandum). This is because these customers may be:

(i) fruit growers, where they sell their harvest produce to our Group. For instances, Kuntinun, who purchased our fresh fruits such as Malaysian durians, apples and oranges to sell in Thailand, is also a Thai fruit grower who sold Thai durians and mangoes to our Group for our onward distribution and retail to our customers.

(ii) fruit importers, who supply imported fruits to us through their import channels. As overseas suppliers typically have a minimum order volume, other local wholesalers who do not have sufficient orders to meet the minimum order volume may choose to source these products from us. The same arrangement may also be made by our Group with fruit importers.

5.14 Major suppliers

The top 5 major suppliers of our Group for the FYE 2019, FYE 2020 and 4M FPE 2021 respectively are as follows:

Suppliers	Examples of fruits purchased	FYE 2019		FYE 2020		4M FPE 2021		Length of business relationship as at the LPD
		RM	%	RM	%	RM	%	
Low Kim Huat	Durians and dragon fruits	-	-	**10,725,766^**	**27.7**	**10,090,830^**	**44.5**	1 year
Heritage Produce Distributing Inc.	Blueberries, blackberries, strawberries and raspberries	**3,817,243^**	**9.4**	**3,379,853^**	**8.7**	**1,514,709^**	**6.7**	4 years
Mybiz Fruits Sdn Bhd	Apples, oranges, pears and berries	-	-	**1,573,084^**	**4.1**	**231,466^**	**1.0**	2 years
Morefresh Import and Export	Grapes and strawberries	41,580	0.1	**1,544,743^**	**4.0**	**247,170^**	**1.1**	1 year
Kuntinun[(1)]	Thai durians, mangoes, longans and mangosteens	**12,450,889^**	**30.6**	**1,388,497^**	**3.6**	26,207	0.1	3 years
Soon Huat Fruits Sdn Bhd	Apples, oranges, pears and berries	**4,030,826^**	**9.9**	103,145	0.3	14,950	0.1	3 years
Kino Fresh Sdn Bhd	Apples, oranges, pears and berries	**2,313,319^**	**5.7**	946,722	2.4	**304,007^**	**1.3**	2 years
Fruitworks Pty Ltd	Apples, oranges, lemons, plums, sugar prunes and grapes	**1,373,576^**	**3.4**	-	-	71,484	0.3	3 years
Total purchases from our Group's top 5 major suppliers		**23,985,853**	**59.0**	**18,611,943**	**48.1**	**12,388,182**	**54.6**	
Total purchases of our Group		**40,666,576**	**100.0**	**38,688,637**	**100.0**	**22,677,558**	**100.0**	

Notes:

^ *Being our Group's top 5 major suppliers during the respective financial years / period.*

(1) Kuntinun is both our Group's customer and supplier.

Whilst we purchase fresh fruits and supplies from the above suppliers in bulk to obtain competitive pricing, we are not materially dependent on any one of our major suppliers as we are able to source similar fresh fruits and supplies from other suppliers. As at the LPD, we have a network of over 100 local suppliers and over 30 overseas suppliers for fresh fruits.

5.15 Interruptions to business

The COVID-19 pandemic had led to the implementation of national lockdown policies worldwide, including Malaysia. In Malaysia, the first MCO was implemented in March 2020. It involved the closure of all businesses except those involved in essential services (including water, electricity, energy, telecommunications, postal, transportation, irrigation, oil, gas, fuel, lubricants, broadcasting, finance, banking, health, pharmacy, fire, prison, port, airport, safety, defence, cleaning, retail and food supply). The subsequent transition to conditional MCO and recovery MCO in 2020 provided some relief to corporations as they were allowed to operate at a limited capacity.

Nevertheless, as we are involved in fruit distribution, retail and processing activities, our business operations were permitted to operate as it was recognised as an essential service. Despite operating during the various stages of MCO, we have to put in place various standard operating procedures which disrupted our operating capacities. In addition, the COVID-19 pandemic and the imposition of the various stages of MCOs have led to:

(i) restrictions in customer traffic and shortening of operating hours for retail chain stores which led to reduced footfall and consequently less sales of fruits generated from these stores;

(ii) temporary closure of certain wet markets which led to lower sales of fruits generated from wholesalers and retailers based in these wet markets; and

(iii) overall economic slowdown which resulted in lower disposable income amongst consumers and lower spending power. While consumers continued to spend on essential products such as fruits, the uncertainty caused by the overall slowdown resulted in consumers temporarily spending less on more costly fruits such as imported and exotic fresh fruits.

Consequently, our revenues were affected and we experienced a slight decline in revenues from RM51.28 million in FYE 2019 to RM47.84 million in FYE 2020.

Due to a resurgence in number of new COVID-19 cases, the Malaysian government imposed the second MCO starting from 13 January 2021 whilst third MCO starting from 12 May 2021. During the second MCO and the third MCO periods, most businesses are allowed to operate, albeit at limited capacity.

5. BUSINESS OVERVIEW *(CONT'D)*

Our Group's revenue increased by approximately RM15.09 million or 130.24% from RM11.59 million in the 4M FPE 2020 to RM26.67 million in the 4M FPE 2021 which was mainly attributed to higher sales of fresh fruits to our existing customers in distribution and retail segment, particularly due to higher demand during the Chinese New Year season in February 2021. Besides, as most businesses were allowed to operate, albeit at limited capacity, during the 4M FPE 2021 (despite the implementation of the second MCO from 13 January 2021), this led to slight recovery of consumer spending as consumers resumed purchasing fresh fruits from our customers which operate in wet markets and small retailers. During the 4M FPE 2021, we also increased sales of fresh fruits to our customers in retail chain store segment as well as in hotel and hospital industries.

A full MCO was later implemented on 1 June 2021 as COVID-19 cases continued to rise. The full MCO has restricted all businesses from operating, save for businesses deemed as essential services. As the full MCO is still on-going, the full length for the full MCO remains uncertain, as at the LPD.

As our Group's business is recognised as an essential service, we were still allowed to operate throughout the full MCO. We had implemented various standard operating procedures in our operational activities since 2020 in light of the COVID-19 pandemic and thus, our operations were not disrupted. During the full MCO, certain wet markets had to temporarily close which led to lower sales of fresh fruits generated from wholesalers and retailers in these markets. Meanwhile, sales from retail chain stores were not affected as they continued to operate. As our Group continued to grow our customer base in the retail chain store segment in 2021, the full MCO is expected to have less adverse impact on our Group's business in 2021.

5.16 Seasonality

Our business is subject to seasonal demand. The demand for our products is higher prior to the commencement and during festive seasons such as Chinese New Year, Hari Raya and Christmas. This trend was observed in the past 2 financial years.

5.17 Employees

A summary of our Group's total work force as at 31 December 2019, 31 December 2020 and the LPD is set out below:

	No. of employees		
Category / Department	**As at 31 December 2019**	**As at 31 December 2020**	**As at the LPD**
Directors and key management personnel	7	8	8
Finance, Human Resources and Administration, and Purchasing	7	7	9
Business Development, Sales and Marketing	12	7	2
Operations	28	29	33
Total	**54**	**51**	**52**

As at the LPD, all of our employees are local and our Group does not hire any foreigners, none of our employees belong to any trade union. As at the LPD, there has not been any labour and/or industrial dispute taken against our Group.

5. BUSINESS OVERVIEW *(CONT'D)*

5.18 Properties

As at the LPD, we do not own any property and are renting the following properties for our Group's operations:

Landlord	Tenant	Location	Details of the rented premises / Existing use	Built-up area (square feet)	Monthly rental	Tenure	Date of CCC
Yee Tuck Poh	Carzo Fruits	HS(D) PT 23986 Mukim Sungai Buloh, Daerah Petaling, Negeri Selangor. **Postal Address** No. 6, Jalan Persiaran Industri, Bandar Sri Damansara, 52200 Kuala Lumpur.	4-storey office cum factory / Present HQ	14,175.33	RM12,500	**Period of tenancy** 1 year from 16 July 2021 to 15 July 2022	20 January 2021
Lim Ching How	Carzo SB	HS(D) 86012 PT24052 Mukim Sungai Buloh, Daerah Petaling, Negeri Selangor. **Postal Address** No. 36, Jalan Gangsa SD 5/3C, Bandar Sri Damansara, 52200 Kuala Lumpur.	2-storey commercial lot / Cold room	3,017	RM5,500	**Period of tenancy** 2 years from 1 November 2020 to 31 October 2022 **Option to renew** 2 years from 1 November 2022 to 31 October 2024	7 January 1994
Loh Chooi Ngan	Carzo SB	HS(D) 86014 PT24054 Mukim Sungai Buloh, Daerah Petaling, Negeri Selangor. **Postal Address** No. 32, Jalan Gangsa SD 5/3C, Bandar Sri Damansara, 52200 Kuala Lumpur.	2-storey commercial lot / Cold room	1,200	RM2,000	**Period of tenancy** 3 years from 1 March 2021 to 29 February 2024 **Option to renew** 3 years from 1 March 2024 to 28 February 2027	7 January 1994

As at the LPD, our Board confirms that our Group has complied with all the relevant laws, rules and regulations imposed by relevant authorities in respect of the properties occupied by our Group.

5. BUSINESS OVERVIEW *(CONT'D)*

5.19 Major approvals, licences and permits

As at the LPD, our Group has obtained all the relevant major approvals, licences and permits required for our business and operations. Our Group holds the following major approvals, licences and permits in relation to our business and operations:

Licensee / Applicant	Type of major licences, permits, approvals and certificates and reference no.	Licensing authority/ Issuing authority	Description of licences, permits, approvals and certificates	Validity period & Issue date	Major condition imposed	Status of compliance
Carzo Fruits	Licence for Trade, Business and Industries Licence Account No.: L2780000603868	Petaling Jaya City Council	To license premises at No. 6, Persiaran Industri, Bandar Sri Damansara, 52200 Kuala Lumpur for the following: 1. Management office 2. Warehouse/ store 3. Advertisement board 4. Premises' sticker	Validity period 1 January 2021 – 31 December 2021 Date of issue 25 November 2020	This licence may be revoked at any time by the licensing officer if there is any non-compliance of breach of the terms and conditions by the licensee. Licensee shall not hire/employ any foreign employees without approval. Prior approval from the city council is required prior to any renovation is made to the premises.	Noted. Noted. Noted.
Carzo SB	Licence for Trade, Business and Industries Licence Account No.: L2780000607062	Petaling Jaya City Council	To license premises at No. 6, Persiaran Industri, Bandar Sri Damansara, 52200 Kuala Lumpur for the following: 1. Management office 2. Premises' sticker	Validity period 1 January 2021 – 31 December 2021 Date of issue 25 November 2020	This licence may be revoked at any time by the licensing officer if there is any non-compliance of breach of the terms and conditions by the licensee. Licensee shall not hire/employ any foreign employees without approval.	Noted. Noted.

5. BUSINESS OVERVIEW *(CONT'D)*

Licensee / Applicant	Type of major licences, permits, approvals and certificates and reference no.	Licensing authority/ Issuing authority	Description of licences, permits, approvals and certificates	Validity period & Issue date	Major condition imposed	Status of compliance
					Prior approval from the city council is required prior to any renovation is made to the premises.	Noted.
Carzo SB	Licence for Trade, Business and Industries Licence Account No.: L2780000607062	Petaling Jaya City Council	To license premises at No. 6, Persiaran Industri, Bandar Sri Damansara, 52200 Kuala Lumpur for the following: 1. Warehouse/ store 2. Wholesaler activities for fruits	Validity period 23 February 2021 – 31 December 2021 Date of issue 23 February 2021	This licence may be revoked at any time by the licensing officer if there is any non-compliance of breach of the terms and conditions by the licensee. Licensee shall not hire/employ any foreign employees without approval. Prior approval from the city council is required prior to any renovation is made to the premises.	Noted. Noted. Noted.
Carzo SB	Temporary Licence for Trade, Business and Industries[1] Licence Account No.: L2780000613922	Petaling Jaya City Council	To license premises at No. 36, Jalan Gangsa SD 5/3C, Bandar Sri Damansara, 52200 Kuala Lumpur for the following: 1. Warehouse and store	Validity period 10 June 2021 – 9 December 2021 Date of issue 11 June 2021	This licence may be revoked at any time by the licensing officer if there is any non-compliance of breach of the terms and conditions by the licensee. Licensee shall not hire/employ any foreign employees without approval.	Noted. Noted.

5. BUSINESS OVERVIEW *(CONT'D)*

Licensee / Applicant	Type of major licences, permits, approvals and certificates and reference no.	Licensing authority/ Issuing authority	Description of licences, permits, approvals and certificates	Validity period & Issue date	Major condition imposed	Status of compliance
					Prior approval from the city council is required prior to any renovation is made to the premises.	Noted.
Carzo Import	Licence for Trade, Business and Industries Licence Account No.: L2780000613920	Petaling Jaya City Council	To license premises at No. 36, Jalan Gangsa SD 5/3C, Bandar Sri Damansara, 52200 Kuala Lumpur for the following: 1. Management office	Validity period 5 May 2021 – 31 December 2021 Date of issue 1 June 2021	This licence may be revoked at any time by the licensing officer if there is any non-compliance of breach of the terms and conditions by the licensee. Licensee shall not hire/employ any foreign employees without approval. Prior approval from the city council is required prior to any renovation is made to the premises.	Noted. Noted. Noted.
Carzo SB	Temporary Licence for Trade, Business and Industries[1] Licence Account No.: L2780000621646	Petaling Jaya City Council	To license premises at No. 32, Jalan Gangsa SD 5/3C, Bandar Sri Damansara, 52200 Kuala Lumpur for the following: 1. Warehouse and store	Validity period 10 May 2021 – 9 November 2021 Date of issue 10 May 2021	This licence may be revoked at any time by the licensing officer if there is any non-compliance of breach of the terms and conditions by the licensee. Licensee shall not hire/employ any foreign employees without approval.	Noted. Noted.

5. BUSINESS OVERVIEW *(CONT'D)*

Licensee / Applicant	Type of major licences, permits, approvals and certificates and reference no.	Licensing authority/ Issuing authority	Description of licences, permits, approvals and certificates	Validity period & Issue date	Major condition imposed	Status of compliance
					Prior approval from the city council is required prior to any renovation is made to the premises.	Noted.
Carzo Fruits	HALAL Certificate of Authentication Ref. No.: JAKIM (S)/(22.00)/ 492/2/1 048-09/2019	JAKIM	To certify the following fruits and juices manufactured, distributed and managed by Carzo Fruits have complied with the Islamic law and Malaysian HALAL Standard and approved by HALAL Certification Panel of JAKIM: • Assorted fresh pre-cut fruit • Dragon fruit juice drink • Grape juice drink • Guava dried fruit • Kiwi dried fruit • Kiwi juice drink • Mango dried fruit • Mango juice drink • Orange juice drink • Papaya dried fruit • Pineapple dried fruit • Strawberry juice drink	Validity period 16 December 2019 – 15 December 2021 Date of issue 16 December 2019	None.	-
Carzo Fruits	HALAL Certificate of Authentication Ref. No.: JAKIM (S)/(22.00)/ 492/2/1 048-09/2019	JAKIM	To certify the following fruits and juices manufactured, distributed and managed by Carzo Fruits have complied with the Islamic law and Malaysian HALAL Standard and approved by HALAL Certification Panel of JAKIM:	Validity period 16 December 2020 – 15 December 2022 Date of issue 16 December 2019	None.	-

5. BUSINESS OVERVIEW *(CONT'D)*

Licensee / Applicant	Type of major licences, permits, approvals and certificates and reference no.	Licensing authority/ Issuing authority	Description of licences, permits, approvals and certificates	Validity period & Issue date	Major condition imposed	Status of compliance
			• Green guava juice drink • Honey lime drink • Honey wheatgrass drink • Lemongrass drink • Lime asam boi drink • Orange asam boi drink • Passion fruit tea • Peach tea • Sea coconut longan drink			
Carzo Fruits	HALAL Certificate of Authentication Ref. No.: JAKIM (S)/ (22.00)/ 492/2/1 048-09/2019	JAKIM	To certify the following fruits and juices manufactured, distributed and managed by Carzo Fruits have complied with the Islamic law and Malaysian HALAL Standard and approved by HALAL Certification Panel of JAKIM: • Mix berries juice drink • Pineapple juice drink	Validity period 16 December 2020 – 15 December 2022 Date of issue 16 December 2019	None.	-
Carzo Fruits	Exemption letter from obtaining manufacturing licence under the Industrial Coordination Act 1975 for the manufacturing of "fruits juices" Ref. No.: MCO-340/2020/ 00140	Malaysian Investment Development Authority	To exempt Carzo Fruits from applying for manufacturing licence for its "fruit juices" activities.	19 November 2020	Carzo Fruits is required to submit and obtain a manufacturing licence when Carzo Fruits meets the requirements of shareholders' funds of RM2.50 million and above or employing 75 or more full time paid employees.	Noted.

5. BUSINESS OVERVIEW *(CONT'D)*

Licensee / Applicant	Type of major licences, permits, approvals and certificates and reference no.	Licensing authority/ Issuing authority	Description of licences, permits, approvals and certificates	Validity period & Issue date	Major condition imposed	Status of compliance
Carzo Fruits	Certificate of Registration as food premises under the Food Act 1983 and Regulation 5 of Food Hygiene Regulations 2009 (Registration No. FSSM081900823-01)	Ministry of Health	To register Carzo Fruits premises located at No. 6, Persiaran Industri, Bandar Sri Damansara, 52200 Kuala Lumpur as food premises involved in food manufacturing (food factory).	Date of registration 14 August 2019 Validity period 14 August 2019 – 13 August 2022	This certificate is not transferable.	Noted.
Carzo SB	Quality Management System Certificate ISO 9001: 2015 Ref. No.: Q208786	Institute of Quality Malaysia in Promotion of Quality, VE International Certification Group of Companies	Carzo SB has voluntarily implemented Quality Management System (ISO 9001:2015) for the following activities: "Production of fruits and cut fruits"	Validity period 28 December 2019 – 28 December 2022 Date of issue 28 December 2019	None.	-
Carzo Fruits	HACCP Ref. No.: H192309	Institute of Quality Malaysia in Promotion of Quality, VE International Certification Group of Companies	Carzo Fruits has voluntarily implemented HACCP for the following activities: "Repacking of fruits, dried fruits, cut fruits and production of fruit juices"	Validity period 23 September 2019 – 23 September 2022 Date of issue 23 September 2019	None.	-
Carzo Fruits	GMP Ref. No.: G192309	Institute of Quality Malaysia in Promotion of Quality, VE International Certification Group of Companies	Carzo Fruits has voluntarily implemented GMP for the following activities: "Repacking of fruits, dried fruits, cut fruits and production of fruit juices"	Validity period 23 September 2019 – 23 September 2022 Date of issue 23 September 2019	None.	-

5. BUSINESS OVERVIEW *(CONT'D)*

Licensee / Applicant	Type of major licences, permits, approvals and certificates and reference no.	Licensing authority/ Issuing authority	Description of licences, permits, approvals and certificates	Validity period & Issue date	Major condition imposed	Status of compliance
Carzo Fruits	Approval to install machinery under Section 36 (1) of the Factory Machinery Act 1967	Department of Occupational Safety and Health	To permit Carzo Fruits to install machineries at No. 6, Bangunan Carzo, Persiaran Industri, Bandar Sri Damansara, 52200 Kuala Lumpur.	31 March 2021	None.	-

Note:

(1) Under By-law 16 of the Licensing of Trades, Businesses, and Industries (Petaling Jaya City Council) By-Laws 2007, it provides that a temporary licence is issued while pending consideration by the licensing authority on the application for a licence and such licence shall be valid for a term not exceeding 6 months from the date of the issuance. The validity of a temporary licence shall not exceed a term of 12 months from the date of the issuance. Should the licensing authority reject the application, the temporary licence shall be immediately become invalid. The word "licence" shall refer to licence to operate any activity of trade, business and industry or use any place or premise in the local area of the Petaling Jaya City Council for any activity of trade, business and industry.

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5. BUSINESS OVERVIEW *(CONT'D)*

5.20 Major brand names, patents, trademarks and other intellectual property rights

Save for the trademark below, as at the LPD, our Group does not hold or own any other brand names, patents, trademarks or other intellectual property rights which are active and in use in Malaysia:

Trademark details	Registered owner	Country of registration	Issuing authority	Class / Description	Registration no.	Registration date / Expiry date
CARZO • Stylized Word Mark	Carzo SB	Malaysia	MyIPO	**Class 31** Grains and agricultural, horticultural and forestry products, fresh fruits and vegetables; seeds	2015002453	Registration Date: 5 March 2015 Expiry Date: 5 March 2025
 • Word & figurative	Carzo SB	Malaysia	MyIPO	**Class 29** Arrangements of cut fruit; arrangements of processed fruit; berries, dried; berries, frozen; berries, processed; black currants, frozen; black currants, processed; blackberries, frozen; blackberries, processed; blackcurrants, frozen; blackcurrants, processed; blood oranges, processed; blueberries, dried; blueberries, frozen; blueberries, processed; bottled fruits; bottled sliced fruits; boysenberries, processed; candied fruit snacks; candied fruits; canned fruits; canned or bottled fruits; canned sliced fruits; cherries, dried; cherries, frozen; cherries, processed; cranberries, dried; cranberries, frozen; crystallized fruits; cut fruits; dates; dates, dried; dates, prepared; dried berries; dried blueberries; dried cherries; dried cranberries; dried dates; dried durians; dried fruit and vegetables; dried fruit mixes; dried fruit-based snacks; dried fruits; dried fruits and vegetables; dried lichee; dried lichees; dried longan; dried longans; dried mangoes; dried olives; dried papayas; dried pawpaws; dried pineapple; dried pineapples; dried strawberries; figs, dried; figs, prepared;	2020022931	Date of Gazette: 1 July 2021

5. BUSINESS OVERVIEW *(CONT'D)*

Trademark details	Registered owner	Country of registration	Issuing authority	Class / Description	Registration no.	Registration date / Expiry date
				flavored nuts; flavoured nuts; frosted fruits; frozen berries; frozen black currants; frozen blackberries; frozen blackcurrants; frozen blueberries; frozen cherries; frozen cranberries; frozen fruits; frozen fruits and vegetables; frozen raspberries; frozen red currants; frozen redcurrants; frozen strawberries; fruit and vegetable salads; fruit conserves; fruits, canned; fruits, cooked; fruits, dried; fruits, prepared; glazed fruits; grapes, prepared; nut-based snack foods; nuts prepared for human consumption; nuts, prepared; organic nut and seed-based snack bars; peeled raw fruit; prepared fruits; prepared uncooked fruit; preserved, dried and cooked fruit and vegetables; preserved, dried and cooked fruits and vegetables; preserved, frozen, dried and cooked fruits and vegetables; processed fruit; processed fruits; processed grapefruit; processed kiwi fruit; processed lychee fruit; processed noni fruit; processed passion fruit; processed star fruits; processed starfruits; processed goji berries; processed gooseberries; processed lemons; processed lichees; processed limes; processed loganberries; processed mangoes; processed mangos; processed melon; processed mulberries; processed oranges; processed papayas; processed peaches; processed pears; processed pineapple; processed plums; processed pomegranates; processed raspberries; processed red currants; processed redcurrants; processed strawberries; processed tangerines; processed watermelon; raspberries, processed; red currants, processed; redcurrants, processed; strawberries, processed; tangerines,		

5. BUSINESS OVERVIEW *(CONT'D)*

Trademark details	Registered owner	Country of registration	Issuing authority	Class / Description	Registration no.	Registration date / Expiry date
				processed; apples, processed; mandarin oranges, processed; mangoes, processed; mangos, processed; melon, processed; pineapple, processed; plums, processed; pomegranates, processed; processed apples; processed berries; processed black currants; processed blackberries; processed blackcurrants; processed blood oranges; processed blueberries; processed cranberries; quick frozen fruits; quick-frozen fruits; raw fruit, peeled; raw fruit, prepared; raw fruit, sliced; seasoned nuts; sliced fruit; sliced fruits; sliced fruits, canned; sliced fruits, tinned; sliced raw fruit; tinned sliced fruits; uncooked fruit, prepared; fruit purées; fruit purees; fruit, processed.		
 • Word & figurative	Carzo SB	Malaysia	MyIPO	**Class 31** Arrangements of fresh fruit; fresh and unprocessed fruits; fresh and unprocessed fruits, vegetables, nuts and seeds; fresh citrus fruit; fresh dragon fruits; fresh fruit; fresh fruits and vegetables; fresh fruits and vegetables, fresh herbs; fresh grapefruit; fresh hawthorn fruits; fresh jackfruits; fresh kiwi fruit; fresh noni fruit; fresh passion fruit; fresh star fruits; fresh starfruits; fresh tamarind fruit; fruit plants; grapefruit, fresh; organic fresh fruit; organic fresh fruit and vegetables; raw fruit, unprocessed; unprocessed raw fruit.	2020022932	Date of Gazette: 1 July 2021

5. BUSINESS OVERVIEW *(CONT'D)*

Trademark details	Registered owner	Country of registration	Issuing authority	Class / Description	Registration no.	Registration date / Expiry date
 • Word & figurative	Carzo SB	Malaysia	MyIPO	**Class 32** Aerated fruit juices; beverages consisting of a blend of fruit and vegetable juices; concentrated fruit juices; concentrates for making fruit beverages; concentrates for making fruit drinks; concentrates for making fruit juices; dried fruit beverages, non-alcoholic; dried fruit drinks, non-alcoholic; frozen fruit-based beverages; frozen fruit-based drinks; fruit beverages; fruit beverages and fruit juices; fruit concentrates and purees used for making beverages; fruit concentrates for making beverages; fruit drinks; fruit drinks and fruit juices; fruit juice bases; fruit juice beverages, non-alcoholic; fruit juice concentrates; fruit juice drinks, non-alcoholic; fruit juices; fruit juices and beverages; fruit punch, non-alcoholic; fruit smoothies; fruit squashes; fruit syrups for making beverages; fruit- based soft drinks flavoured with tea; fruit-flavored beverages; fruit-flavored carbonated beverages; fruit-flavored carbonated drinks; fruit-flavored drinks; grapefruit juice; iced fruit beverages; iced fruit drinks; mixed fruit juices; passion fruit juice; powders used in the preparation of fruit-based beverages; powders used in the preparation of fruit-based drinks; smoothies fruit beverages, fruit predominating; syrups for making fruit-flavoured drinks; tamarind fruit beverages.	2020022934	Date of Gazette: 1 July 2021

5. BUSINESS OVERVIEW *(CONT'D)*

Trademark details	Registered owner	Country of registration	Issuing authority	Class / Description	Registration no.	Registration date / Expiry date
 • Word & figurative	Carzo SB	Malaysia	MyIPO	**Class 32** Aerated fruit juice; aerated fruit juices; beverages consisting of a blend of fruit and vegetable juices; concentrated fruit juice; concentrated fruit juices; concentrates for making fruit beverages; concentrates for making fruit drinks; concentrates for making fruit juices; dried fruit beverages, non-alcoholic; dried fruit drinks, non-alcoholic; frozen fruit-based beverages; frozen fruit-based drinks; fruit beverages; fruit beverages and fruit juices; fruit beverages and juices; fruit concentrates and purees used for making beverages; fruit concentrates and purées used for making beverages; fruit concentrates for making beverages; fruit drinks; fruit drinks and fruit juices; fruit drinks and juices; fruit juice bases; fruit juice beverages, non-alcoholic; fruit-juice; fruit juice concentrates; fruit juice drinks, non-alcoholic; fruit juices; fruit juices and beverages; fruit punch, non-alcoholic; fruit smoothies; fruit squashes; fruit syrups for making beverages; fruit-based soft drinks flavored with tea; fruit-based soft drinks flavoured with tea; fruit-flavored beverages; fruit-flavored carbonated beverages; fruit-flavored carbonated drinks; fruit-flavoured drinks; grapefruit juice; iced fruit beverages; iced fruit drinks; mixed fruit juices; passion fruit juice; powders used in the preparation of fruit-based beverages; powders used in the preparation of fruit-based drinks; smoothies fruit beverages, fruit predominating; syrups for making fruit-flavored drinks; syrups for making fruit-flavoured drinks; tamarind fruit beverages.	2020021922	Date of Gazette: 1 July 2021

5. BUSINESS OVERVIEW *(CONT'D)*

5.21 Business strategies and future plans

Our future plans are as follows:

(i) We intend to cater for future expansion in Malaysia through expanding our delivery and warehousing capabilities

Due to the nature of our business, all of our products have to be delivered to our customers in refrigerated trucks swiftly in order to preserve the freshness and quality of our products. As at the LPD, we have a fleet of 8 refrigerated trucks, 1 normal truck and 5 vans to carry out our in-house delivery services.

As at the LPD, our fleet of trucks and vans are mainly used to supply to customers located in Klang Valley as majority of our customers' retail stores and warehouses are based in Klang Valley. We have been requested by existing customers, particularly retail chain stores, to supply our products to their retail chain stores located outside of Klang Valley. We also intend to expand our customer base to include more customers outside of Klang Valley.

We thus intend to increase our fleet of refrigerated trucks. These additional trucks will enable us to reduce the individual trucks' delivery radius, thereby allowing us to deliver our products to our customers promptly. We intend to acquire an additional 5 refrigerated trucks by the first quarter of 2022. We estimated that these 5 refrigerated trucks will cost approximately RM300,000 of which will be funded by the proceeds raised from the pre-listing investors.

In line with our local expansion, we plan to expand our Present HQ and cold room storage space. As at the LPD, our cold rooms can store a maximum of 180 pallets at any one point in time and we have utilised 88.89% of this storage capacity.

We thus intend to relocate our Present HQ to a New HQ in order to expand our cold room storage space which we are in the midst of identifying suitable premises or vacant land located in Klang Valley. We estimate that the acquisition of the premises or land will cost approximately RM10 million while the construction of the New HQ will cost approximately RM8 million, leading to a total cost of approximately RM18 million. We intend to use the proceeds raised from the pre-listing investors (up to RM1 million) and internally generated funds and/or bank borrowings to fund the purchase price of the premises or land and construction of our New HQ. We estimate that our New HQ will be operational by the first quarter of 2023.

While awaiting the completion of the New HQ, we have recently set up and commenced operation of another new cold room located adjacent to our Present HQ since 10 May 2021 to facilitate our ongoing expansion. Once the premises for the New HQ is ready, we will relocate the cold room facility to the New HQ.

(ii) We intend to increase the production efficiency of our fruit product processing activities

Presently, the process for the cutting of fruits for the processing of fruit products are carried out manually by over 20 employees. This is due to the various sizes and shapes of fruits. However, this is inefficient as it is both time consuming and labour intensive.

Moving forward, in line with our intention on strengthening our presence in Malaysia, we plan on acquiring new machineries to increase our efficiency by third quarter of 2021. We intend to acquire 2 fruit cutting machines, and 1 automated weighing, sorting and packaging machine. These machines are estimated to cost approximately RM1.25 million, which will be funded via proceeds raised from the pre-listing investors.

With the new machineries, we are able to set up separate production lines for different fruit products. The automated weighing, sorting and packaging machine will allow us to automate the weighing and re-packaging of fruits into netting bags. These new machineries will also require less manpower and are more hygienic for our operations.

5. BUSINESS OVERVIEW *(CONT'D)*

(iii) We plan to venture into the production of fruit waste compost

As fresh fruits are perishable products, there are occasions when the fruits are no longer safe for consumption purposes and have to be discarded as waste. Furthermore, at present, all the waste from our processing of fruit products such as fruit peels, rinds and scraps are also being discarded. These have produced an increased amount of municipal solid waste.

As such, our Group intends to reduce our waste production by recycling the fruit wastes through composting. This will not only allow our Group to be a zero-waste company but also allow us to generate income from a new revenue stream utilising waste from our production process.

Thus, we intend to invest in the acquisition of an industrial compost machine to convert our excess fruit waste into compost. This compost machine will be placed within Bandar Sri Damansara for convenience and cost-saving purposes. We plan to retail this compost to our suppliers who are fruit growers for use as fertilisers for the fruit trees.

We estimate that the industrial compost machine will cost RM200,000, which will be funded by the proceeds raised from the pre-listing investors. We intend to acquire this industrial compost machine by the second quarter of 2022.

Once we have acquired the industrial compost machine, we will be conducting a pilot test on fertilisers, by allowing identified fruit growers to test and review the effectiveness and efficacy of the product. This stage is expected to take up to 6 months, following which we will begin to market our fertiliser products to existing suppliers who have their own farms, or fruit growers in Malaysia.

5.22 Prospects of our Group

Our Board is of the view that we will continue to enjoy favourable prospects, supported by the on-going demand for fresh fruits and fruit products in Malaysia.

The market size for fresh fruits in Malaysia grew at a CAGR of 2.9% from RM10.7 billion in 2015 to RM12.0 billion in 2019. Meanwhile, the market size for fruit products in Malaysia hovered between RM767.3 million and RM812.7 million between 2015 and 2019.

The demand for fresh fruits and fruit products have been largely driven by the economic growth in Malaysia and changing lifestyles of the population, increased awareness on the importance of consuming fruits, favourable initiatives by various government agencies to promote consumption of fruits, use of processing, packaging, warehousing and transportation technologies leading to better quality fresh fruits and fruit products as well as growth in reach to consumers through online channels.

Moving forward, Providence estimates that the market for fresh fruits in Malaysia will grow from RM11.9 billion in 2020 to reach RM12.5 billion by 2022, registering a CAGR of 2.2% between 2020 and 2022. Providence also estimates that the market for fruit products in Malaysia will be approximately RM801.2 million in 2020, reaching RM817.2 million in 2022, at a CAGR of 1.0% between 2020 and 2022.

In 2020, the on-going COVID-19 pandemic is expected to affect the overall fruit market. The COVID-19 pandemic led to the implementation of national lockdown policies in many countries globally, including Malaysia. Although fruit distributors and retailers could still continue their business activities during the lockdown, we have to put in place various standard operating procedures which disrupted our operating capacities. In addition, the COVID-19 pandemic and the imposition of the various stages of MCOs have led to:

(i) restrictions in customer traffic and shortening of operating hours for retail chain stores which led to reduced footfall and consequently less sales generated from these stores;

(ii) wet markets such as Pasar Borong Selayang being restricted from operating, thus leading to lower sales generated from wholesalers and retailers based in these wet markets;

5. BUSINESS OVERVIEW *(CONT'D)*

(iii) lower number of workers tending to the farms which led to a decline in volume of fruits harvested, thus causing lower supply of fruits. The lower supply of fruits led to lower sales generated from fruits as consumers had fewer choices of fruits; and

(iv) overall economic slowdown, thereby resulting in lower disposable income amongst consumers and lower spending power. While consumers continued to spend on essential products such as fruits, the uncertainty caused by the overall slowdown resulted in consumers temporarily spending less on more costly fruits such as imported and exotic fresh fruits.

(Source: IMR report by Providence)

Consequently, our revenues were affected and we experienced a slight decline in revenues from RM51.28 million in FYE 2019 to RM47.84 million in FYE 2020.

Further, online channels have become an increasingly important sales channel since 2020 due to MCO and business operation restrictions imposed by the Malaysian government in an effort to contain the COVID-19 pandemic. Our Group launched our CARZO platform in 2019 and began retailing our products through third-party e-commerce marketplaces in 2020 benefited from the growing trend of purchasing fresh fruits and fruit products via online channels in 2020.

In 2021, due to a resurgence in the number of new COVID-19 cases, there were several re-implementations of national lockdowns in Malaysia. In particular, the second nationwide MCO was imposed from 13 January 2021 to 18 February 2021. Thereafter, the extension of second MCO was imposed on several states in the country. On 10 May 2021, the Prime Minister of Malaysia had announced that the third nationwide MCO will be implemented from 12 May 2021. Nevertheless, businesses are allowed to operate, albeit at limited capacity, throughout the entire second and third MCOs.

Our Group's revenue increased by approximately RM15.09 million or 130.24% from RM11.59 million in the 4M FPE 2020 to RM26.67 million in the 4M FPE 2021 which was mainly due to higher sales of fresh fruits to our existing customers in the distribution and retail segment, particularly because of higher demand during the Chinese New Year season in February 2021. Besides, as most businesses were allowed to operate, albeit at limited capacity, during the 4M FPE 2021 (despite the implementation of the second MCO from 13 January 2021), this led to slight recovery of consumer spending as consumers resumed purchasing fresh fruits from our customers which operate in wet markets and small retailers. During the 4M FPE 2021, we also increase sales of fresh fruits to our customers in retail chain store segment as well as in hotel and hospital industries.

As COVID-19 cases continued to rise in the country, a full MCO was implemented on 1 June 2021, which has restricted all businesses from operating, save for businesses deemed as essential services. As we are involved in fruit distribution, retail and processing activities, our business operations were permitted to operate as it was recognised as essential service. However, the full length of the full MCO remains uncertain as at the LPD as it is presently still on-going, and thus the full extent of the impact of the full MCO and any subsequent MCOs that might be implemented in 2021 have yet to be determined.

As mentioned above, our Group expects to receive increased orders from its existing customers to also serve the customers' retail chain stores located outside of Klang Valley. We thus intend to build our delivery capability and cold room storage space to facilitate the expansion of our operations. In addition, the automation of manual tasks such as cutting and packing is expected to reduce labour costs and is relatively more hygienic.

Further, in line with our efforts to be a zero-waste company, we intend to convert our waste into saleable products. At present, we are able to process fruits that are still fresh though not visually attractive and suitable for sale as fresh fruits to wholesalers and retailers. Our processing activities still produce fruit waste such as fruit peels, rinds and scraps, which are currently being discarded. By converting this fruit waste into compost that can be used as fertiliser, we are not only able to minimise waste but also generate income from a new revenue stream.

5. BUSINESS OVERVIEW *(CONT'D)*

The fertiliser industry in Malaysia has been growing from RM4.2 billion in 2017 to RM5.7 billion in 2019. The industry was adversely impacted by the COVID-19 pandemic in 2020 and consequently experienced a decline to RM4.4 billion in 2020. Moving forward, the fertiliser industry in Malaysia is expected to recover in 2021 to register an industry size of RM4.5 billion in the year. The fertiliser industry in Malaysia is forecast to grow at a CAGR of 5.4% between 2021 and 2022, reaching RM5.0 billion in 2023. The demand for fertilisers will be largely driven by the growing agriculture industry in Malaysia and awareness and concerns of the environment. *(Source: IMR report by Providence)*

Against this backdrop, we seek a listing on the LEAP Market of Bursa Securities to facilitate our future growth and strengthen our position in the fruit industry in Malaysia.

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6. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS INFORMATION MEMORANDUM, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE IN THIS INFORMATION MEMORANDUM.

6.1 Risks relating to our business and industry in which we operate in

6.1.1 We are subject to competition from other providers of fresh fruits and fruit products in our industry

We face competition from other local competitors which could offer similar fresh fruits and compete with us in terms of pricing and quality. If our competitors offer fresh fruits similar to ours at a more competitive price, we may be required to match their pricing, which could affect our profit margins to retain our customers. Hence, the competition we face from our competitors may adversely affect our business and financial performance.

6.1.2 Our Group's continuing success thrives on our Management

The continuing success of our Group's business is dependent on the efforts, commitment and abilities of our Management who play a significant role in our daily business operations as well as the development and implementation of our business strategies. As such, the loss of services from any of these individuals without any suitable and prompt replacement may adversely impact our business and financial performance.

We recognise the importance of attracting and retaining our Management as well as rewarding our performing personnel accordingly to retain their services with our Group. We train and groom the members of our senior management team to gradually take on more responsibilities.

We also believe that by enhancing our corporate profile as a listed issuer, we will be able to attract more qualified personnel to play an active role in the growth and success of our Group. However, no assurance can be given that these measures would result in the successful recruitment, retention and/or motivation of our personnel.

6.1.3 Our business is seasonal in nature and failure to plan appropriately or timely may adversely affect our financial performance

Many fruits are seasonal in nature, where different fruits are available during different seasons, particularly imported fruits. This seasonality in sales present a challenge as stock planning needs to be done months in advance to ensure there is a sufficient and uninterrupted supply. As fruits go out of season from a country or region, we are required to procure our supply of fresh fruits from other countries or regions to ensure we have an extensive yet uninterrupted supply of fresh fruits throughout the year. The inability to effectively manage stocks in line with market demand could result in the loss of revenue opportunity. Furthermore, during major festivals in the country, there is usually a higher demand for fruits.

Nonetheless, our Group will continue to monitor and appropriately estimate the market demand for fresh fruits to react swiftly to either capitalise or counter any increase or decrease in demand.

6.1.4 We are subject to disruptions in our supply chain for our purchases which may result in delays or interruptions of our operations

Our Group's business operations are dependent mainly on the consistent supply of fresh fruits that meet our quality requirements. The supply of fresh fruits may be affected by external factors which is beyond of our control such as drought, pests, occurrences of natural disasters and suppliers' shipment delay. Such unexpected occurrences may disrupt the supply chain for our purchases.

Without sufficient inventory on hand, this may affect our distribution and processing operations due to limited supplies of fresh fruits. If such disruptions persist, it may have an adverse impact on our business as it may lead to a loss in sales of fresh fruits and fruit products, and this may adversely affect our financial performance.

6. RISK FACTORS *(CONT'D)*

6.1.5 We may face credit risk if our customers default in payment

We grant our customers credit periods of 7 days, and up to 90 days for customers with better credit worthiness or customers whom we maintained a long term business relationship over the years. We are thus exposed to credit risks arising from our Group's trade receivables which may arise from unanticipated events or circumstances beyond our control, such as economic downturn or deterioration. There is no assurance that our customers will be able to fulfil their debt obligation or will not default in payment in the future. Any delay or default on payment by our customer may provide for impairment loss on trade receivable or write off trade receivables as bad debts, which may adversely affect our financial performance.

Our allowance for impairment loss and bad debts written off for the financial years/period under review are as follows:

	FYE 2019	FYE 2020	4M FPE 2021
	RM	RM	RM
Allowance for impairment loss	1,697,054	284,732	-
Reversal of impairment loss	-	(1,376,235)	(88,122)
Bad debt written off	-	1,251,507	-

The total trade receivables past due but not impaired as at FYE 2020 amounts to RM2.27 million.

6.1.6 We are subject to risks inherent to the fruit distribution, retailing and processing business

Our Group's business in fruits distribution, retailing and processing depends very much on our ability to procure optimal fruits at competitive costs and in a timely and satisfactory manner to meet our customers' demands. In case of delay or other problems in placing of orders or receiving supply of fruits from our suppliers, shortages or oversupply may occur. If we are unable to meet our customers' demands due to unavailability of certain types of fruits, we could potentially damage our relationship with our customers. However, in the case of overstocking of fruits, we may face shortage of inventory space and/or face adverse impact on our financials as fruits are perishable goods.

Our existing business operations is set up to enable us to respond in a timely manner to maintain optimal levels and range of fruits and to also minimise slow-moving fruits or fruit products. Nevertheless, despite our established network of suppliers and proactive management of our inventory, we are unable to guarantee that shortage in supply of fruits will not occur. In such a situation, our sales and financial performance may be materially and adversely affected.

Further, the fruits stored at our cold rooms are subject to risks of pilferages or theft. This can have an adverse effect on our financial performance in the event a substantial volume of fruits are lost. As such, we have installed a security system and put in place various preventive measures and operational procedures as well as insurance coverage to mitigate this risk. However, there can be assurance that such events will not occur or if they were to occur, that our insurance coverage is sufficient.

6.1.7 We are vulnerable to unforeseen and unexpected events that are beyond our control, which may cause interruptions to our business operations

Our revenue stream is reliant on the smooth and efficient running of our distribution and retailing of fresh fruits as well as the processing activities and retailing of fruit products. Our daily operations are susceptible to risks beyond our control, including but not limited to power cuts, water supply disruption, machineries and equipment failure, fire, flood, burglary, shipment disruption and other calamities. These unexpected events may lead to interruptions to or prolonged suspension of, all or any part of our business activities, which may lead to significant downtime, losses and/or damages to our processing facility, cold rooms, office and/or products, thereby disrupting and affecting our business operations.

Any prolonged interruptions to our operations will affect our schedules and timely delivery of our fresh fruits and fruit products to our customers which may cause delays or possible cancellation of purchase orders and may eventually impact our reputation and relationships with our customers. This could have a negative impact on our business operations as well as financial performance.

To minimise the impact of the unforeseen disruptions, we plan our fresh fruit supplies with the wide network of our suppliers from different countries and regions in advance to ensure that we will have uninterrupted supplies of variety of fresh fruits throughout the year. Besides, we constantly monitor and maintain adequate workforce to ensure that our workers are able to support our operations such as sorting, washing, cutting and packing fruits manually when required. We have not encountered any major operational disruptions for the past 2 FYEs and up to the LPD that have materially affected our business or financial performance.

However, there is no guarantee that such incidences will not occur in the future which may result in interruptions to our operations and business that may adversely affect our business operations and financial performance.

6.1.8 Implications of the COVID-19 pandemic on our Group's business operations

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a global pandemic. Following this, most countries have taken extreme measures by closing up borders, shutting down non-essential business activities and implementing national lockdown policies to limit movements in the country in attempt to contain the spread of COVID-19. This resulted in supply chains disruption globally and led to market uncertainties, thus, dampening global economic outlook. The Malaysian government implemented the first MCO in March 2020, which entailed the closure of all businesses, except for essential services and goods. Thereafter, to assist with the recovery of the country's economy, the first MCO was subsequently transitioned to more lenient MCOs, including conditional MCO, recovery MCO, the second MCO and the third MCO.

Since our Group's operations are deemed as essential services and goods, our Group's distribution, retail and processing activities remained operational throughout the MCO period, albeit slight disruptions to our operational activities due to the standard operation procedures in place in 2020. Our Group has also taken extensive precautionary measures and are monitoring the ongoing effects of the COVID-19 pandemic on the health and safety of its employees, suppliers and customers to ensure a safe and health-conscious environment within our Group.

Notwithstanding the above, the first MCO established locally due to the COVID-19 pandemic had adversely impacted our Group's customers such as wholesalers and retailers, retail chain stores as well as consumers (especially during the festive periods). Restrictions on customer traffic and shortening of operating hours for retailers led to reduced footfall in these stores and lower sales to these retailers. Temporary closure of certain wet markets also led to lower sales to wholesalers and retailers based in these wet markets. In addition, the economic slowdown resulted in lower disposable income amongst consumers, which led to lower spending power on more costly fruits such as imported and exotic fresh fruits. Consequently, our revenues were affected and we experienced a slight decline in revenues from RM51.28 million in FYE 2019 to RM47.84 million in FYE 2020.

Although there were temporary closures of certain wet markets during the full MCO that was implemented since 1 June 2021 and is still on-going, retail chain stores continued to operate during the period. As our Group continues to grow our customer base in the retail chain store segment in 2021, this is expected to have less adverse impact on our Group's business in 2021 in comparison to 2020. However, the full length of the full MCO remains uncertain as at the LPD as it is presently still on-going, and thus the full extent of the impact of the full MCO and any subsequent MCOs that might be implemented in 2021 have yet to be determined.

6. RISK FACTORS *(CONT'D)*

6.1.9 We are vulnerable to economic, political and regulatory risks as well as major epidemic and/or pandemic outbreak risks in Malaysia and the market we source our fresh fruits

Any changes in the economic, political and regulatory conditions in Malaysia and in overseas countries where we source our fresh fruits could adversely affect our financial performance. Changes in the economic, political and regulatory conditions could arise from, amongst others, changes in political leadership, risks of war or civil unrest, changes in export tariffs and related duties, borrowing interest rates, regulatory structures and outbreak of diseases.

Similarly, any global or regional economic downturn would also affect our business and our consumer's confidence and sentiments, which would subsequently affect the demand for our fresh fruits and fruit products. As such, there can be no assurance that any adverse economic, political and regulatory developments which are beyond our control, will not materially affect our financial performance or performance of the fruit market.

Our business operations and financial performance could also be materially and adversely affected by any major epidemic and/or pandemic outbreak. For example, the different level of MCOs established locally due to the COVID-19 pandemic had adversely impacted our Group's customers including wholesalers, retailers, retail chain stores, convenience stores and consumers, and this had consequently impacted our financial performance. Our business operations may also be affected if any of our employees or customers are suspected of having contracted COVID-19, as this would require quarantine of the affected personnel as well as sanitisation and temporary closure of our premises.

6.1.10 We are subject to foreign exchange risk

A portion of our purchases are from overseas suppliers that are denominated in foreign currency. In the event the RM depreciates against the foreign currency between the time the purchases were recorded and the payments made to the overseas customers, our Group may register a loss on foreign exchange.

Save for the 4M FPE 2020, we have not recorded net losses on foreign exchange during the financial years/period under review. However, there can be no assurance that there will not be any material fluctuation in foreign exchange in the future that could result in us recording a material loss on foreign exchange and adversely affect our financial performance.

6.1.11 We are subject to risks on renewal or maintenance of approvals, permits, licences and product certifications

For our business to operate, we are required to obtain and maintain valid approvals, permits, licences and product certifications from relevant authorities as shown in **Section 5.19** of this Information Memorandum. We must adhere to the rules and conditions imposed by the authorities in order to maintain the approvals, permits, licences and product certifications. Our approvals, permits, licences and product certifications may be revoked or cancelled if we fail to meet the standards or any conditions of the approvals, permits, licences and product certifications. The renewal of our approvals, permits, licences and product certifications upon their expiry may also experience delays and/or refusals.

We have obtained amongst others, certifications and accreditations such as HACCP, GMP, ISO and HALAL for our fresh fruits and fruit products. As such, failure to renew the required approvals, permits, licences and product certifications could lead to the restriction of our business operations and may negatively affect our financial performance.

6. RISK FACTORS *(CONT'D)*

6.1.12 Our business may be adversely affected by product liability claims

Like all other food processing companies, our Group is exposed to inherent risks from the liability laws in Malaysia and may face lawsuits arising from alleged food poisoning to consumers caused by alleged flaws in the fruit products processed by our Group. A product liability suit, whether or not meritorious, could result in cost and diversion of management's attention and our resources as well as product recalls, and this could adversely impact our Group's operations. In addition, a suit alleging on food poisoning, if successful, may also have an adverse effect on our Group's reputation and public perception regarding our products.

Apart from maintaining the freshness of fruits whereby our fruit products are processed at our Present HQ (the same building where we receive our fruit supplies), we have a QA/QC team to ensure the quality of the fresh fruits used in the processing of fruit products. Furthermore, our processing facility complies with food quality and safety standards, including GMP, HACCP and ISO 9001:2015. Our Group has not experienced any product liability claims and/or product recalls from the market in the past.

6.1.13 Our growth prospects may be limited if there is a delay in implementation of our business strategies and future plans

Our business strategies include expanding our delivery capability and cold room storage space, increasing production efficiency and venturing into the production of waste compost.

The implementation of our business strategies and future plans are dependent on, amongst others, our ability to implement and execute these strategies effectively and in a timely manner including ability to secure sufficient funds/bank borrowings, identifying suitable locations for our processing facility and cold room, as well as ability to train, retain and attract senior personnel.

Any failure to accurately assess these issues could affect our Group's business, financial condition and operating results.

6.2 Risks relating to investment in our Shares

6.2.1 We may not be able to proceed with or experience a delay for our Proposed Listing

Bursa Securities may not grant an approval-in-principle for our Proposed Listing or if granted, we may not be able to proceed with or may experience a delay in our Proposed Listing due to any unforeseen circumstances beyond our control before our Proposed Listing.

Nevertheless, we will endeavour to ensure compliance with the LEAP Market LR for our successful listing on the LEAP Market of Bursa Securities.

6.2.2 No prior trading for our Shares

There was no public trading market for our Shares prior to our Proposed Listing. The listing of and quotation for our Shares on the LEAP Market of Bursa Securities does not guarantee that an active market for the trading of our Shares will develop.

There can be no assurance that our Listing Reference Price will correspond to the price at which our Shares will be traded on the LEAP Market of Bursa Securities upon or subsequent to our Proposed Listing. Further, there can be no assurance that an active trading market for our Shares will develop or if such a market develops, that it will be sustained.

If an active trading market does not develop or is not maintained, the liquidity and trading price of our Shares could be adversely affected and investors may have difficulty in realising their investment in our Shares. Any investment in our Shares should be viewed as long-term investment.

6. RISK FACTORS *(CONT'D)*

6.2.3 Trading and performance of our Shares are subject to volatility

Upon completion of our Proposed Listing, the trading price of our Shares could be subject to significant fluctuation due to factors specific to our Group or the industry in which our Group is operating. These factors include, but not limited to, the variations in the results of our Group's operations due to changes in general market conditions and broad market fluctuations.

In addition, the performance of securities listed on the regional and global equity market could be affected by external factors such as the performance of the regional and world bourses, the investors' sentiments and the inflow or outflow of foreign funds, which in turn are highly driven by the regulatory, economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes and prices of securities on Bursa Securities, thus adding risks to the market price of our Shares.

Furthermore, the LEAP Market is limited to Sophisticated Investors only, which in turn limits the potential liquidity level in the market. It may be more difficult for our shareholders to realise their investment on the LEAP Market than to realise an investment in a company whose shares are quoted on the Main Market or ACE Market of Bursa Securities.

6.2.4 Our Promoters can exercise significant control over our Company

Upon listing, our Promoters will collectively hold approximately 72% of our issued share capital. As a result, these shareholders have voting control over our Company and are expected to have significant influence on the outcome of certain matters, unless they are required to abstain from voting by law and/or by the relevant authorities.

6.2.5 We are not able to disclose the name of our major customer

Our customers comprise wholesalers and retailers, retail chain stores, convenience stores, hotels, hospitals, airline food provider and consumers. As one of the names of our major customers is confidential, its name is not disclosed in **Section 5.13** of this Information Memorandum. Thus, we are not able to provide full disclosure to the Sophisticated Investors despite the fact that the customer contributes more than 10.0% to our Group's revenue. The lack of disclosure of information may affect the assessment of Sophisticated Investors when investing in our Shares. Nevertheless, certain background information on the customer is disclosed for Sophisticated Investors' information in this Information Memorandum.

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7. INDEPENDENT MARKET RESEARCH REPORT

PROVIDENCE STRATEGIC PARTNERS SDN BHD
(1238910-A)
67-1, Block D, Jaya One, Jalan Prof Diraja Ungku Aziz
46200 Petaling Jaya, Selangor, Malaysia.
T: +603 7625 1769

Date: 30 June 2021

The Board of Directors
CARZO HOLDINGS BERHAD
No. 6, Jalan Persiaran Industri, SD 5
Bandar Sri Damansara
52200 Kuala Lumpur
Wilayah Persekutuan, Malaysia

Dear Sirs,

Independent Market Research ("IMR") Report on the Fruit Market and Fertiliser Industry in Malaysia in conjunction with the listing of Carzo Holdings Berhad on the LEAP Market of Bursa Malaysia Securities Berhad

PROVIDENCE STRATEGIC PARTNERS SDN BHD ("**PROVIDENCE**") has prepared this IMR report on the Fruit Market and Fertiliser Industry in Malaysia for inclusion in the Information Memorandum of Carzo Holdings Berhad.

PROVIDENCE has taken prudent measures to ensure reporting accuracy and completeness by adopting an independent and objective view of these industries within the confines of secondary statistics, primary research and evolving industry dynamics. We believe that this IMR report presents a balanced view of the industries within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive.

For and on behalf of PROVIDENCE:

MELISSA LIM
EXECUTIVE DIRECTOR

About PROVIDENCE STRATEGIC PARTNERS SDN BHD:

PROVIDENCE is an independent research and consulting firm based in Petaling Jaya, Selangor, Malaysia. Since our inception in 2017, PROVIDENCE has been involved in the preparation of independent market research reports for capital market exercises. Our reports aim to provide an independent assessment of industry dynamics, encompassing aspects such as industry performance, demand and supply conditions and competitive landscape.

About MELISSA LIM:

Melissa Lim is the Executive Director of PROVIDENCE. She has more than 10 years of experience in market research for capital market exercises. Melissa Lim holds a Bachelor of Commerce (Double major in Marketing and Management) from Murdoch University, Australia.

PROVIDENCE
STRATEGIC PARTNERS

1 THE FRUIT MARKET IN MALAYSIA

DEFINITION AND SEGMENTATION

Fruits are a source of nutrition and an essential part of a balanced diet to maintain and boost health. The nutrients which can be obtained from consuming fruits vary depending on the type of fruit, such as dietary fibre, vitamins, magnesium, zinc, phosphorus, potassium and folic acid. Regular intake of fruits will help maintain weight, lower cholesterol and blood pressure, as well as reduce the risk of non-communicable diseases such as diabetes, stroke, heart disease, cancer and hypertension. The Ministry of Health also released Malaysian Dietary Guidelines which recommended 2 servings of fruit per day, which is approximately 160 grams.

The fruit market encompasses both fresh fruits and fruit products.

Fresh fruits refer to fruits that are harvested and sold without any processing. Fresh fruits that are available in Malaysia may be grown locally or imported. Malaysian local fresh fruits include tropical fruits such as banana, coconut, durian, guava, jackfruit, mango, mangosteen, papaya, pineapple, pomelo, rambutan and watermelon. Certain non-tropical fruits may also be grown in the highland areas such as grapes and strawberries. Imported fruits are grown in temperate climates, such as apples, blueberries, grapes, cherries, kiwifruit, oranges, peaches and pears. Imported fruits may also comprise tropical fruits grown in other countries, such as durians and mangos, to meet local demand.

Meanwhile, fruit products refer to fruits that have been processed into other forms. Processing of fruit products range from basic peeling and/or cutting of fresh fruits into bite-sized pieces, to pickling, dehydrating and freezing of cut fresh fruits into pickled fruits, dried fruits and frozen fruits; and blending, boiling and bottling these fruits into fruit drinks.

The value chain of the fruit industry in Malaysia begins with the sourcing of fruits from local fruit growers, overseas fruit growers or suppliers. Local and overseas fruit growers will farm, harvest and supply fruits while suppliers are exporters of imported fruits. These fruits are typically sourced by local distributors.

Distributors will typically sell in bulk to:

- other distributors for their onward sale to their customers which include retailers and businesses;
- retailers for their onward sale to their consumers. Retailers consist of small retailers, supermarkets, hypermarkets and convenience stores who have physical retail store(s), and typically sell fruits directly to consumers;
- fruit processors for their processing of fruit products. Fruit processors are involved in the processing of fruit products such as fruit drinks and concentrates, cut fruits, pickled fruits, dried fruits and frozen fruits; and/or
- businesses such as hotels, hospitals and airline food providers for their use as supplies in their food products.

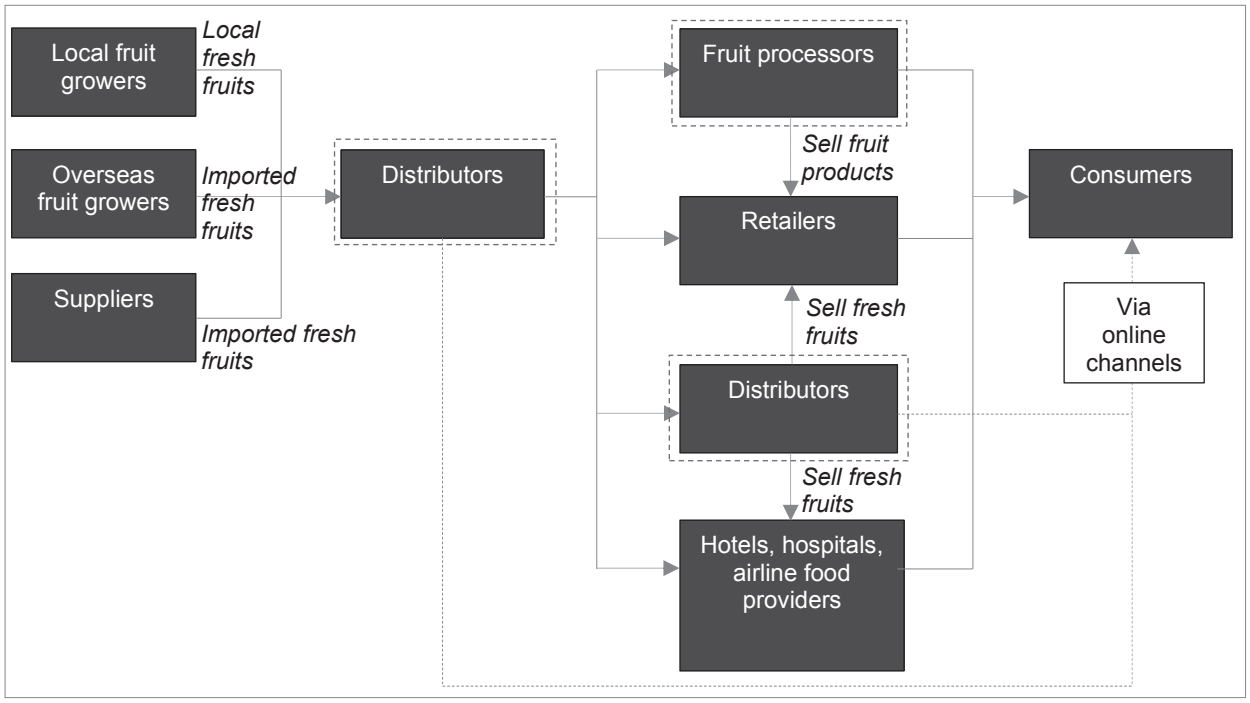
Distributors may sell to distributors based overseas as these distributors may not be able to source a particular fruit type from their country of origin or other suppliers. In addition, as there are typically minimum quantity requirements imposed by overseas suppliers, distributors who order a particular type of fruit in bulk from overseas suppliers may also sell these fruits to other local distributors who do not have sufficient orders from their customers to meet the minimum quantity requirements of the overseas suppliers.

7. INDEPENDENT MARKET RESEARCH REPORT *(CONT'D)*

PROVIDENCE STRATEGIC PARTNERS

Increasingly, distributors are also marketing their fresh fruits directly to end-customers, particularly consumers, via online channels. Many of these distributors have set up online platforms or sell their products via third-party electronic commerce ("**e-commerce**") marketplaces and/or social media platforms such as Facebook and Whatsapp.

The diagram below is an illustration of the fruit industry value chain:



Note:

Denotes the business segment Carzo Holdings Berhad and its subsidiaries (collectively referred to as "Carzo Group") are in.

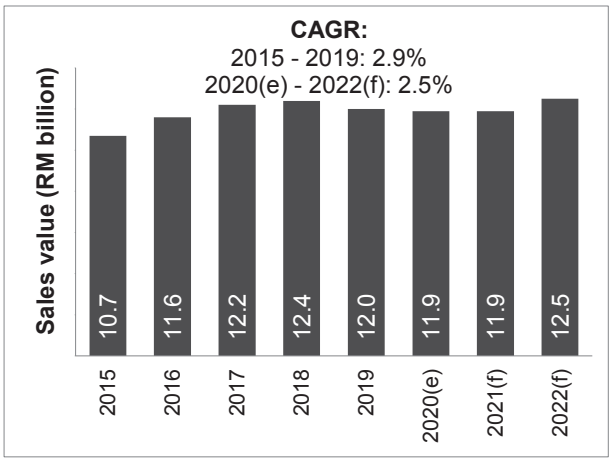
Carzo Group is primarily involved in the distribution of fresh fruits as well as processing of fruit products. Carzo Group also retails fresh fruits and its fruit products via its own platform and third-party e-commerce marketplaces.

INDUSTRY PERFORMANCE, SIZE AND GROWTH

The fruit market size in Malaysia can be indicated by the sales value of fresh fruits and fruit products in Malaysia. The market size for fresh fruits in Malaysia grew at a CAGR of 2.9% from RM10.7 billion in 2015 to RM12.0 billion in 2019. Meanwhile, the market size for fruit products in Malaysia has been generally stable, hovering between RM767.3 million and RM812.7 million between 2015 and 2019.

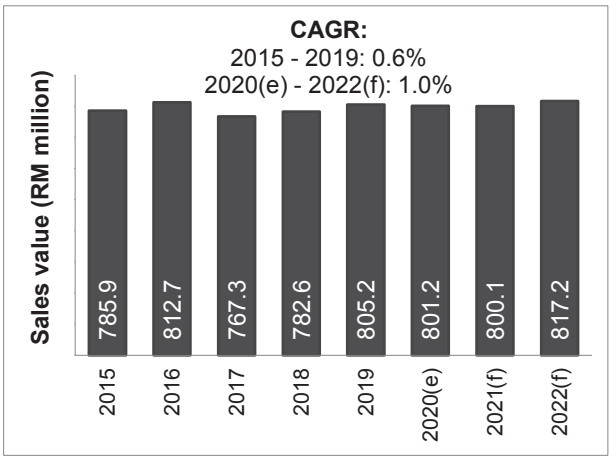
Moving forward, PROVIDENCE estimates that the market for fresh fruits in Malaysia will grow from RM11.9 billion in 2020 to reach RM12.5 billion by 2022, registering a CAGR of 2.5% between 2020 and 2022. PROVIDENCE also estimates that the market for fruit products in Malaysia will be approximately RM801.2 million in 2020, reaching RM817.2 in 2022, at a CAGR of 1.0% between 2020 and 2022.

Fresh fruit sales in Malaysia



Notes:
(e) – estimate
(f) – forecast
Source: Euromonitor

Fruit product sales in Malaysia



Notes:
(e) – estimate
(f) – forecast
Source: Euromonitor

DEMAND CONDITIONS: KEY GROWTH DRIVERS

Economic growth in Malaysia and changing lifestyles of the population are expected to contribute to growth in demand for fresh fruits and fruit products

The economic growth in Malaysia is measured by gross domestic product ("**GDP**"), which increased from RM1.2 trillion in 2015 to RM1.4 trillion in 2020, registering a CAGR of 3.1%.[1] The growth of the economy in Malaysia has led to an increase in disposable income. As the population have greater spending power, they become more affluent and have a higher likelihood of purchasing more premium and costly food products, including imported fresh fruits and organic fresh fruits.

The population in Malaysia is experiencing changing lifestyles, whereby fast-paced living and longer working hours have become the norm. This has led to increased demand for convenience and changing consumption patterns where consumers consume more fruit products, such as cut fruits, frozen fruits, pickled fruit and fruit drinks. In addition, the availability of fresh fruits and fruit products in convenience stores, supermarkets, hypermarkets, hotels, hospitals and through online platforms has led to greater accessibility to fresh fruits and fruit products, as well as increased convenience for consumers.

As Malaysia continues to experience economic growth and changing lifestyles of the population, this will continue to support the growth of the fruit market in Malaysia.

However, the COVID-19 pandemic led to the implementation of national lockdown policies in many countries, including Malaysia, and this restricted many businesses from operating causing an overall economic slowdown. The overall economic slowdown resulted in lower disposable income amongst consumers and lower spending power, leading to consumers temporarily spending less on more costly fruits such as imported and exotic fresh fruits.

[1] Source: Department of Statistics Malaysia ("**DOSM**"), Ministry of Finance Malaysia

7. INDEPENDENT MARKET RESEARCH REPORT *(CONT'D)*

Increased awareness on the importance of consuming fruits will create increased demand for fresh fruits and fruit products

Fruits are generally known to be a source of nutrition and have been an essential part of a balanced diet to maintain and boost health. Fruits generally help with maintaining weight, lowering cholesterol and blood pressure, as well as reducing the risk of non-communicable diseases such as diabetes, stroke, heart disease, cancer and hypertension.

Consumers with higher disposable income tend to seek foods and means to maintain and improve their health and well-being. Thus, as the disposable income of the population in Malaysia grows, it is expected that more consumers will be more inclined towards seeking means to maintain their health, and will be more exposed to the benefits of consuming fruits in their diet. In addition, the Ministry of Health also released Malaysian Dietary Guidelines which recommended 2 servings of fruit per day, which is approximately 160 grams.

According to the National Health and Morbidity Survey 2019, 95% of Malaysians do not eat the recommended daily amount of 160 grams per day. Thus, with increased awareness of the health benefits of fruits, there is high potential for growth of the fruit market in Malaysia.

Favourable initiatives by various government agencies to promote the consumption of fruits, indicates potential for growth of the fruit market in Malaysia

The Government of Malaysia is in the midst of drafting the National Agrofood Policy 2.0 2021-2030. In addition, the 12th Malaysia Plan 2021-2025 will be tabled when the Parliament reconvenes sometime in 2021. These policies are expected to include steps to develop the agriculture sector in Malaysia to further boost production of food for domestic consumption as well as export. The fruit agriculture sector contributed RM4.8 billion to the national GDP in 2019, increasing from RM4.2 billion in 2015. The fruit agriculture sector provides food security for local consumption, as well as generates high-value exports such as durians to meet high demand from other countries such as China. Further improvements and developments of the local fruit agriculture sector is expected to indirectly benefit the population with more fresh, nutritious and affordable produce.

The Federal Agricultural Marketing Authority ("**FAMA**") is an agency under the Ministry of Agriculture and Food Industries and is tasked with improving the marketing of agricultural food products such as fruits, vegetables and agro-based industry products at both state and national levels. Among the marketing activities that have been conducted by FAMA include:

- Organising the Fruit, Flower and Food Fiesta, an annual event which is held in several states to assist entrepreneurs in promoting their local produce;
- Building agrobazaars at highway rest areas to assist entrepreneurs in marketing and promoting agricultural produce, including local fruits;
- Managing the agrobazaar website, an e-commerce platform which connects entrepreneurs directly to consumers;
- Spearheading various projects to allow sales and promotion of agricultural produce such as fresh fruit stalls, agrobazaar outlets and farmers' markets; and
- Launching MyFarm Outlets which allow consumers to purchase agricultural produce directly from farms at prices which are 5% to 20% lower.

The United Nations General Assembly has designated 2021 as the International Year of Fruits and Vegetables. The Food and Agriculture Organisation of the United Nations (FAO) is the lead agency for celebrating the year. Among the objectives of the International Year of Fruits and Vegetables 2021 include:

7. INDEPENDENT MARKET RESEARCH REPORT *(CONT'D)*

- Advocating and raising awareness on the importance of fruits and vegetables in nutrition and health;
- Improving understanding of the contribution of fruit and vegetable food systems to society, economy and environmental sustainability;
- Promoting evidence-based policies, laws and regulations, and exchange of good practices relating to fruit and vegetables; and
- Supporting the implementation of educational programmes such as school feeding, school gardens, urban gardens, healthy workplaces, food literacy, as well as community food loss and waste education programmes.

Thus, these initiatives are expected to contribute to the long-term growth of the fruit market in Malaysia.

Use of processing, packaging, warehousing and transportation technologies, leading to better quality fresh fruits and fruit products to meet demand in Malaysia

As fruits are highly perishable and sensitive to time and environmental factors, cold room facilities and improved logistics networks with refrigerated vehicles have allowed fruits to be kept in a conducive environment and transported swiftly to maintain freshness. Packaging is typically used to protect fruits during storage, transportation and distribution. This is to prevent bruising, contamination and maintaining shelf life. Examples of fruit packaging are boxes, trays, nettings, liners, stretch film and bags.

In addition, dehydrating, freezing and pickling can help to preserve the quality of fruit and fruit products. These technologies assist in maintaining a quality product in terms of look, texture, taste and nutrition. It also extends shelf life and thus lessens spoilage and wastage.

The use of technologies in the processing, packaging, warehousing and transportation of fruits has given consumers better quality products and more choices. This is expected to contribute to growth of the fruit market in Malaysia.

Growth in reach to consumers through online channels, leading to higher sales of fruits

Fresh fruit and fruit product distributors and/or processors with no physical retail storefront rely on wholesalers and/or retailers to market their products to end-customers. Nevertheless, fresh fruit and fruit product distributors and/or processors have increasingly been expanding their reach through the sale of fresh fruits and fruit products via online channels. These online channels include their own online platforms/ applications, e-commerce platforms such as Lazada and Shopee, as well as social media platforms such as Facebook and Whatsapp.

Online channels act as an additional sales channel for these fresh fruit and fruit product distributors and/or processors, thus allowing them to be more accessible to end-customers. With increased accessibility, consumers are expected to increase their awareness of the available products and expenditure on fresh fruits and fruit products due to the convenience it provides. This would thus drive the growth of the fresh fruit and fruit product industries.

Due to mandatory movement controls and business operation restrictions imposed by various countries in an effort to contain the COVID-19 pandemic, online channels have become an increasingly important sales channel for the fruit distributors and processors since 2020. Thus, industry players in the fruit market in Malaysia stands to benefit from the growing sales of fresh fruits and fruit products via online channels.

7. INDEPENDENT MARKET RESEARCH REPORT *(CONT'D)*

PROVIDENCE STRATEGIC PARTNERS

COMPETITIVE OVERVIEW

Carzo Group is principally involved in the distribution of fresh fruits. In addition, Carzo Group is also involved in the processing of fruit products and retail of fresh fruits and fruit products via its online platform and third-party e-commerce marketplaces.

In order to be comparable to Carzo Group, the competitive landscape in this IMR report will focus on industry players involved in distribution of fresh fruits of more than 5 types of fruits, and excludes retailers who have 2 or more physical retail stores. Some of these distributors have online presence via online platforms and third-party e-commerce marketplaces or social media platforms, and are involved in the processing of fruit products.

The identified industry players include:

Industry players	Distribution of fresh fruits	Processing of fruit products	Online retail
A Plus Vegefruits Sdn Bhd	✓	-	✓
Asia Fruit Trading	✓	-	-
Ban Huat Fruits & Vegetables Sdn Bhd	✓	-	-
Benelux Flowers & Food Sdn Bhd	✓	-	-
Carzo Holdings Berhad	✓	✓	✓
Chop Tong Guan Sdn Bhd	✓	-	-
CS Fresh Produce Trading Sdn Bhd	✓	✓	✓
Euro-Atlantic Sdn Bhd	✓	-	-
Fruit X Asia Sdn Bhd	✓	-	-
Fruitable Fresh (M) Sdn Bhd	✓	-	-
Great Harvest Fruits	✓	-	✓
Guan Hing Sdn Bhd	✓	-	-
GWG Fresh Sdn Bhd	✓	-	-
HQ Premium Fruits	✓	-	✓
Kedai Buah-Buahan Kah Lim	✓	-	✓
Khaishen Trading Sdn Bhd	✓	-	-
Kino Fresh Sdn Bhd	✓	-	-
KL Fruits Sdn Bhd	✓	-	-
Leong Hock Seng Fresh Sdn Bhd	✓	-	-
Liew Peng Sdn Bhd	✓	-	-
LST Fresh Fruits M Sdn Bhd	✓	-	✓
Nature's Best Sdn Bhd	✓	-	-
New Passion Sdn Bhd	✓	-	-
Nutria Food Sdn Bhd	✓	✓	-
Poo Trading Import & Export Sdn Bhd	✓	-	-
Seng Heng 1978 Sdn Bhd	✓	-	✓
Seng Hup Industries Sdn Bhd	✓	-	✓
Sin Lee Fruits Enterprise	✓	-	-
Soon Huat Fruits Sdn Bhd	✓	-	✓
TAB Fruits & Vegetables Centre	✓	-	-
Tengine Sdn Bhd	✓	-	-
TOP East Asia Sdn Bhd	✓	-	-

Industry players	Distribution of fresh fruits	Processing of fruit products	Online retail
Top Fruits Sdn Bhd	✓	✓	-
TY Import & Export Sdn Bhd	✓	-	-
Yow Seng Sdn Bhd	✓	-	-
Yuk Mun Trading Sdn Bhd	✓	-	-
Zugar Sdn Bhd	✓	-	-

Source: PROVIDENCE analysis, company websites

OUTLOOK AND PROSPECTS OF THE FRUIT MARKET

The fruit market in Malaysia can be indicated by the sales value of fresh fruits and fruit products in Malaysia. As mentioned above, the market size for fresh fruits in Malaysia grew at a CAGR of 2.9% from RM10.7 billion in 2015 to RM12.0 billion in 2019. Meanwhile, the market size for fruit products in Malaysia have been stable, hovering between RM767.3 million and RM812.7 million between 2015 and 2019.

The growth of the fruit market in Malaysia has been, and will continue to be, driven by various factors, including:

- economic growth in Malaysia and changing lifestyles of the population;
- increased awareness on the importance of consuming fruits;
- favourable initiatives by various government agencies to promote the consumption of fruits;
- use of processing, packaging, warehousing and transportation technologies leading to better quality fresh fruits and fruit products; and
- growth in reach to consumers through online channels.

In 2020, the recent and on-going COVID-19 pandemic is expected to affect the overall fruit market. The COVID-19 pandemic led to the implementation of national lockdown policies in many countries globally, including Malaysia. In Malaysia, this led to the implementation of the MCO 1.0 which restricted many businesses from operating, save for those involved in the provision of essential products and services such as fruits. Although fruit distributors and retailers could still continue their business activities during the lockdown, the national lockdown policies led to:

(i) restrictions on customer traffic and shortening of operating hours for retailers, including retail chain stores, which led to reduced footfall in these stores and less sales generated from grocery products such as fruits;

(ii) wet markets in Malaysia such as Pasar Borong Selayang being restricted from operating, thus leading to lower sales generated from wholesalers and retailers based in these wet markets;

(iii) lower number of workers tending to the farms which led to a decline in volume of fruits harvested, thus causing lower supply of fruits. The lower supply of fruits led to lower sales generated from fruits as consumers had fewer choices of fruits; and

(iv) overall economic slowdown, thereby resulting in lower disposable income amongst consumers and lower spending power. While consumers continued to spend on essential products such as fruits, the uncertainty caused by the overall slowdown resulted in consumers temporarily spending less on more costly fruits such as imported and exotic fresh fruits.

In 2021 due to a resurgence in the number of new COVID-19 cases, there were several re-implementations of national lockdowns in Malaysia. In particular, the nation-wide Movement Control Order 2.0 was imposed from 13 January 2021 to 18 February 2021. Thereafter, the extension of Movement Control Order 2.0 was imposed on several states in the country. On 10 May 2021, the Prime Minister of Malaysia had announced that a nation-wide Movement Control Order 3.0 will be implemented from 12 May 2021 to 7 June 2021.

Nevertheless, businesses are allowed to operate, albeit at limited capacity, throughout the entire Movement Control Order 2.0 and Movement Control Order 3.0. Thus, these MCOs were expected to have minimal negative impact on the overall fruit market in 2021.

As COVID-19 cases continued to rise in the country, a full MCO was implemented on 1 June 2021, which restricted all businesses from operating, save for businesses recognised as essential services. As the fruits industry was recognised as an essential service, industry players in the fruits industry were permitted to operate. Although there were temporary closures of certain wet markets, fruits and fruit products could still be sold via retailers such as retail chain stores which continued to operate during the full MCO. Thus, the full MCO is expected to have less impact on the demand for fruits and fruit products in 2021 as compared to the MCOs implemented in 2020. However, the full length of the full MCO remains uncertain as at the LPD, and the full extent of the impact of the full MCO and any subsequent MCOs that might be implemented in 2021 have yet to be determined.

Further, online channels have become an increasingly important sales channel since 2020 due to mandatory movement controls and business operation restrictions imposed by various countries in an effort to contain the COVID-19 pandemic. Industry players in the fruit market in Malaysia benefited from the growing sales of fresh fruits and fruit products via online channels in 2020.

Moving forward, PROVIDENCE estimates that the market for fresh fruits in Malaysia will grow at a CAGR of 2.5% between 2020 and 2022, to reach RM12.5 billion by 2022. PROVIDENCE also estimates that the market for fruit products in Malaysia will grow at a CAGR of 1.0% between 2020 and 2022 to reach approximately RM817.2 in 2022.

2 OVERVIEW OF THE FERTILISER INDUSTRY IN MALAYSIA

Fertiliser is a material that is applied to soil or plant tissues with an aim to provide the plant with nutrients that are required for growth. As the plant grows and the crop is harvested, the nutrients in the soil decreases, thereby requiring additional replenishment for future plants or crops to ensure a healthy growth.

Fertilisers are available in both natural and synthetic forms. Natural fertilisers refer to fertilisers that are made from organic substances such as food waste, agricultural waste and livestock manure. Meanwhile, synthetic fertilisers are manufactured using chemicals and other inorganic substances, and may include a combination of various chemicals such as nitrogen, phosphorus, potassium and calcium.

The fertiliser industry size in Malaysia can be depicted by the sales value of fertilisers and associated nitrogen products.[2] Between 2015 and 2017, the fertiliser industry size in Malaysia fell from RM5.0 billion in 2015 to RM4.2 billion in 2017. Nevertheless, the fertiliser industry in Malaysia began to grow from RM4.2 billion in 2017 to RM5.7 billion in 2019.

[2] Source: DOSM

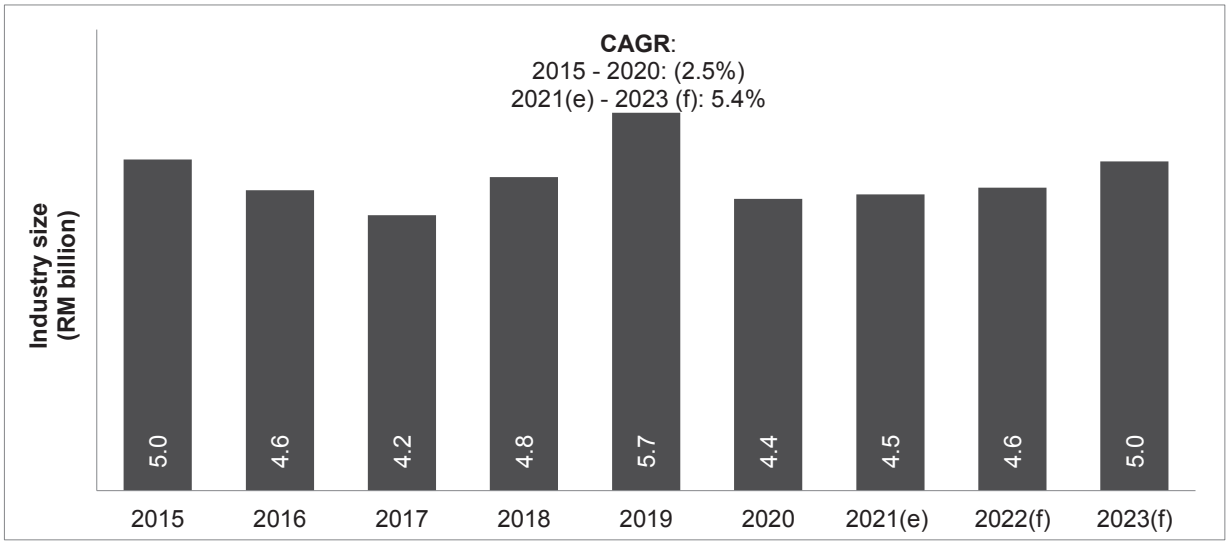
7. INDEPENDENT MARKET RESEARCH REPORT *(CONT'D)*

PROVIDENCE STRATEGIC PARTNERS

The industry was adversely impacted by the COVID-19 pandemic in 2020 and consequently experienced a decline to RM4.4 billion in 2020. The COVID-19 pandemic led to the implementation of the MCO which restricted the number of workers involved in fertiliser manufacturing activities, as well as a shortage in foreign workers. This led to lower volume of fertiliser manufactured in 2020, causing the fertiliser industry size in Malaysia to fall in 2020.

Nevertheless, as no restrictions were put in place in 2021 for most businesses, including the fertiliser industry, the fertiliser industry in Malaysia is expected to be less impacted by the COVID-19 pandemic in 2021. Moving forward, the fertiliser industry in Malaysia is expected to recover in 2021 to register an industry size of RM4.5 billion in the year. The fertiliser industry in Malaysia is forecast to grow at a CAGR of 5.4% between 2021 and 2022, reaching RM5.0 billion in 2023.

Fertiliser industry in Malaysia



Notes:
(e) – estimate
(f) – forecast
Source: DOSM, PROVIDENCE analysis

The growth of the fertiliser industry in Malaysia has been, and will continue to be, driven by the following factors:

(i) Growth of the agriculture industry in Malaysia

The agriculture industry in Malaysia is a key end-user industry for fertilisers. Fertilisers are crucial in the farming and growth of crops (i.e. fruits and vegetables) as fertilisers provide the plant with nutrients that are required for growth.

The growth in farming of fruits and vegetables can be depicted by the growth of the agriculture industry. The Malaysian agriculture industry has been growing as indicated by the increasing industry's contribution to the GDP of the country (in current prices) from RM97.5 billion in 2015 to an estimated RM116.1 billion in 2020.[3]

[3] Source: DOSM

The agriculture industry in Malaysia continues to be driven by improving living standards and disposable income of the population, especially for urban households. Malaysian GDP grew from RM1.2 trillion in 2015 to RM1.4 trillion in 2020, registering a CAGR of 3.1%.[4] The long-term growth of disposable income will support the population's growing demand for fruits and vegetables. As the population have higher spending power, they have greater spending power to purchase fruits and vegetables. In addition, demand for fruits and vegetables will increase alongside the growth of Malaysian population, which grew from 31.2 million in 2015 to 32.7 million in 2020.[5] The increase in demand for fruits and vegetables will contribute to the growth of the agriculture industry, and thus lead to a growth in the fertiliser industry.

Throughout the MCOs that were implemented in 2020 and 2021, the agriculture and supporting industries such as the fertiliser industry were allowed to operate, though at a limited capacity. However, the lower number of workers tending to the farms and shortage of foreign workers due to the restrictions put in place led to a decline in agricultural produce and this consequently adversely impacted the fertiliser industry in Malaysia in 2020. Nevertheless, as no restrictions to operate for both industries in 2021, the agriculture and fertiliser industries in Malaysia are expected to be less impacted by the COVID-19 pandemic in 2021.

(ii) Growing awareness and concerns for the environment leading to greater emphasis on sustainable farming practices

Furthermore, there are growing awareness and concerns for the environment, especially the adverse effects of synthetic fertilisers on soil productivity and environmental quality. Hence, agriculture companies are beginning to place greater emphasis on sustainable farming practices across the globe, including the use of organic fertilisers.

In Malaysia, the Malaysian Department of Agriculture introduced the *Sijil Organik Malaysia* (SOM) certification in 2002 to recognise farms that practice organic farming in accordance with the requirements as set out in Malaysian Standard MS 1529:2001. In 2015, SOM was rebranded to *myOrganic* with an updated MS 1529:2015. This certification ensures that the product is safe for consumption, environment is preserved, safety and welfare of the worker is protected, as well as sustainable agriculture is being maintained.

The growing awareness and support from the Government has paved the way toward sustainable farming practices in the country.

The growing agriculture industry and increasing awareness for sustainable farming practices are expected to support demand for fertilisers in Malaysia, and this is expected to bode well for the fertiliser industry in Malaysia.

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[4] Source: DOSM, Ministry of Finance Malaysia
[5] Source: DOSM

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

8.1 Promoters

The profiles of our Promoters are as follows:

(i) Dato' Sri Delon Lee, Malaysian, aged 42
Promoter, CEO / Executive Director, substantial shareholder, key management personnel

Dato' Sri Delon Lee is our CEO and Executive Director. He was appointed to our Board on 1 December 2020 and assumed his present position as CEO of our Group in December 2020. He is responsible for spearheading our Group's business direction and developing overall strategies and policies. He is also instrumental in expanding our Group's market coverage, business reach and clientele.

He graduated with a Bachelor in Arts from Trinity College London in 2002.

He began his career as Marketing Executive at Citibank Berhad in 1997, where he was involved in marketing of credit cards. In 1998, he left Citibank Berhad and decided to take a break before pursuing his study in Trinity College London in 2000. Upon his graduation in 2002, he joined Siemens Malaysia Sdn Bhd as Marketing Executive, where he was involved in the marketing of Siemens products. In 2003, he resigned from his position in Siemens Malaysia Sdn Bhd and joined Zugar Sdn Bhd as Branch Manager, where he was responsible for the distribution and retailing of fruits and overseeing the daily operations of 2 retail stores of the company which involved its procurement, warehouse management, marketing and sales, collection as well as staff management.

In 2011, he has amassed over 8 years of experience in the fruit distribution and retailing business, he left Zugar Sdn Bhd and co-founded Carzo SB with Datin Sri Peh. Initially, Carzo SB was principally involved in the trading of used cars and car spare parts. Having had 8 years of experience in the fruit and vegetable distribution and retailing business prior to 2011, Dato' Sri Delon Lee saw the potential growth of the fresh fruit market in Malaysia. He thus decided to leverage on his network of suppliers and customers as well as experience gained over the years to venture into the distribution of fresh fruits in 2013, and ceased operating in the used cars and car spare parts business in the same year. Todate, Dato' Sri Delon Lee has approximately 18 years of experience in the distribution, wholesale, trading and import of fresh fruits.

Dato' Sri Delon Lee is the spouse of Datin Sri Peh, brother of Lee Yen Ling and cousin of Cheong Wai Keh.

(ii) Datin Sri Peh, Malaysian, aged 42
Promoter, Executive Director, substantial shareholder, key management personnel

Datin Sri Peh is our Executive Director and she was appointed to our Board on 1 March 2021. She is responsible for overseeing our Group's research and development as well as human resources and administration activities.

She graduated with a Certificate in Marketing from Amset College in 1997.

She began her career as Sales Executive at EIS Sdn Bhd in 2000, where she was involved in the sales of the semiconductors and microchips. In 2003, she decided to take a break from her career and resigned from EIS Sdn Bhd to focus on her family.

In 2011, she co-founded Carzo SB with Dato' Sri Delon Lee. She resigned from her position in Carzo SB in August 2014. Subsequently, in January 2015, she joined Carzo SB as Research and Development Director where she was involved in new product development activities as well as overseeing the human resource department.

Datin Sri Peh is the spouse of Dato' Sri Delon Lee and sister in law of Lee Yen Ling.

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(CONT'D)*

(iii) Cheong Wai Keh, Malaysian, aged 45
Promoter, Executive Director, key management personnel

Cheong Wai Keh is our Executive Director and he was appointed to our Board on 1 December 2020. He is responsible for overseeing our Group's sales and marketing activities to retail chain stores.

He completed his studies at Methodist Boys' Secondary School Kuala Lumpur with Sijil Pelajaran Malaysia in 1992.

He began his career in 1996 when he joined Transfresh (M) Sdn Bhd as Sales Coordinator. He was later promoted to Sales Manager in 1997. During his tenure in Transfresh (M) Sdn Bhd, he was responsible for sales and marketing of fresh fruits. In 2005, he resigned from Transfresh (M) Sdn Bhd as Sales Director. In the same year, he joined Pacific Sun Sdn Bhd as Sales Director and resigned in 2006. He was a freelancer as food trader from 2006 to 2008. In 2008, he started up his own company, ACE Seasonal Sdn Bhd (now known as ACE Dynavic Sdn Bhd), which was principally involved in trading fruits and vegetables until 2013. He joined Carzo Motor (a partnership) as Sales Executive where he was in charge of managing the sales of automobiles in 2013. In the same year, he joined DL Resources (a partnership) as General Manager where he was in charge of operation. Both Carzo Motor and DL Resources expired on 10 September 2015 and 19 August 2014, respectively.

He joined Carzo Fruits in February 2014 and Carzo SB in August 2014 as Director. In June 2017, he joined Carzo Cold Chain as Director. He later assumed his present role as Executive Director of our Group in December 2020.

Cheong Wai Keh is the cousin of Dato' Sri Delon Lee and Lee Yen Ling.

8.2 Substantial shareholders

The profiles of our substantial shareholders are as follows:

(i) Dato' Sri Delon Lee

His profile is set out in **Section 8.1(i)** of this Information Memorandum.

(ii) Datin Sri Peh

Her profile is set out in **Section 8.1(ii)** of this Information Memorandum.

(iii) CRI
Substantial shareholder

CRI is a private limited company incorporated in Malaysia on 29 November 2011 under the Act.

As at the LPD, CRI has an issued share capital of RM13,500,000 comprising 13,500,000 ordinary shares. CRI is a wholly-owned subsidiary of CRG. The directors and shareholders of CRI as well as their respective shareholdings in CRI as at the LPD are as follows:

Name	Designation	Nationality/ Place of incorporation	Direct		Indirect	
			No. of shares	%	No. of shares	%
CRG	Shareholder	Malaysia	13,500,000	100.00	-	-
Dato' Sri Chiang Fong Yee	Director/ Shareholder	Malaysian	-	-	13,500,000[(1)]	100.00
Datin Sri Lo Kin Yee	Director	Hong Kong	-	-	-	-
Chiang Sang Sem	Shareholder	Malaysian	-	-	13,500,000[(1)]	100.00
Bonia Holdings Sdn Bhd	Shareholder	Malaysia	-	-	13,500,000[(1)]	100.00

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(CONT'D)*

Note:

(1) Deemed interested by virtue of his/its interest in CRG pursuant to Section 8 of the Act.

(iv) CRG
Substantial shareholder

CRG is a public company listed on the LEAP Market of Bursa Securities on 28 November 2018. CRG was incorporated in Malaysia as a private limited company under the Act on 23 November 2009 and was subsequently converted into public company on 13 August 2018.

As at the LPD, CRG has an issued share capital of RM68,000,000 comprising 805,651,400 ordinary shares. The directors and substantial shareholders of CRG as well as their respective shareholdings in CRG as at the LPD are as follows:

Name	Designation	Nationality/ Place of incorporation	Direct		Indirect	
			No. of shares	%	No. of shares	%
Dato' Sri Chiang Fong Yee	Managing Director/ Substantial Shareholder	Malaysia	174,234,540	21.63	73,639,400[(1)]	9.14
Datuk Ng Peng Hong @ Ng Peng Hay	Independent Non-Executive Director	Malaysian	-	-	-	-
Ong Boon Huat	Executive Director	Malaysian	-	-	-	-
Chiang Sang Sem	Substantial Shareholder	Malaysian	54,029,700	6.71	358,361,904[(2)]	44.48
Bonia Holdings Sdn Bhd	Substantial Shareholder	Malaysia	202,875,868	25.18	-	-
Freeway Team Sdn Bhd	Substantial Shareholder	Malaysia	111,041,200	13.78	-	-
Datin Sri Lo Kin Yee	Substantial Shareholder	Hong Kong	73,639,400	9.14	-	-

Notes:

(1) Deemed interested by virtue of his spouse's interest in CRG pursuant to Section 8 of the Act.

(2) *Deemed interested by virtue of his shareholdings in CRG pursuant to Section 8 of the Act via: (i) shares held through his substantial shareholdings in Bonia Holdings Sdn Bhd, Freeway Team Sdn Bhd and Kontrak Kosmomaz Sdn Bhd; (ii) shares held in trust by Able Wealth Assets Ltd (the shareholder of Able Wealth Assets Ltd is HSBC International Trustee Limited, the trustee of a trust where the beneficiaries are Chiang Sang Sem and his family members).*

(v) Dato' Sri Chiang Fong Yee, Malaysian, aged 44
Non-Independent Non-Executive Director, substantial shareholder

Dato' Sri Chiang Fong Yee is our Non-Independent Non-Executive Director. He was appointed to our Board on 29 January 2021.

He graduated with a Bachelor's Degree in Marketing and Statistic from Middlesex University, United Kingdom in 2001.

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(CONT'D)*

His past involvement in fashion industry spanned roles from hands-on support to senior executive positions in Bonia Corporation Berhad ("**Bonia**") and its subsidiaries (collectively, "**Bonia Group**"). Prior to his appointment as the Alternate Director to Chiang Sang Sem in Bonia in 2004, he was a Marketing Executive and later an Assistant Business Development Manager of CB Marketing Sdn Bhd from 2000 to 2004 primarily responsible for the marketing functions of the Bonia Group.

Presently, he is the Managing Director of CRG spearheading the business direction, overall strategies and policies of CRG and its subsidiaries (collectively, "**CRG Group**") to drive the growth and innovation of Carlo Rino products. He plays an integral role in developing CRG Group's business strategy with the rest of the management team and focuses on CRG Group's expansion and growth, market entry, sustainability, profitability and operational efficiency.

Apart from that, Dato' Sri Chiang Fong Yee also sits on the Board of Directors of Bonia as a Non-Independent Non-Executive Director.

Dato' Sri Chiang Fong Yee does not have any family relationship with any directors and/or substantial shareholders of our Group,

8.3 Directors

8.3.1 Profile

The profiles of our Directors are as follows:

(i) Dato' Mohd Ibrahim Bin Mohd Nor, Malaysian, aged 62
Independent Non-Executive Chairman

Dato' Mohd Ibrahim Bin Mohd Nor is our Independent Non-Executive Chairman. He was appointed to our Board on 1 March 2021. He is responsible for ensuring our Group's business dealings are at arm's length and compliant with regulations. He also reviews and provides an independent view on our business operations.

He graduated with a Degree in Mathematics from Knox College, Illinois, the USA in 1981. He then graduated with a Master in Business Administration from Drake University, Iowa, the USA in 1983.

Upon graduation in 1983, he joined Asian International Merchant Bank Berhad in the Corporate Banking department. In the following year, he left Asian International Merchant Bank Berhad and joined Utama Wardley Berhad in the Corporate Banking department. He subsequently left Utama Wardley Berhad in 1988 and joined The News Straits Times Press Group, where he held various senior management positions including General Manager in the Chief Executive Officer's Office and General Manager of the Circulation Department. In 1994, he left The News Straits Times Press Group and joined Malakoff Berhad as a Chief Operating Officer. He left Malakoff Berhad in 1995. In 1996, he was appointed as the Managing Director of Padiberas Nasional Berhad, and was later promoted to Vice Chairman in 2001 until his resignation in 2003.

He was also appointed as Director of Malaysian Resources Corporation Bhd from 1999 to 2000; the Executive Vice Chairman for Sistem Television Malaysia Berhad from 2000 to 2001; Director of Magazine World Sdn Bhd from 2003 to 2020; and the Chairman for Malay Mail Sdn Bhd from 2008 to 2012.

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(CONT'D)*

He was appointed as Director and Chairman for Super Enterprise Holdings Berhad (which was subsequently delisted from the Main Market of Bursa Securities and now known as MCC Labels Asia Sdn Bhd) from 2008 to 2011 and later he reappointed in 2014 as Director and redesignated as Chairman in the same year. He resigned from his position in December 2015. He was also appointed as Director for Protasco Berhad from 2009 to 2012, and later appointed as Deputy Chairman from June 2012 to December 2012. From 2014 to 2015, he was re-appointed again as a Director of Protasco Berhad. From August 2017 to August 2018, he was appointed as Chairman of Kumpulan Ikram Sdn Bhd.

Dato' Ibrahim is presently a Director in Kim Teck Cheong Consolidation Berhad since 2018 and Titijaya Land Berhad since 2019. He is also the Chairman of Blu Inc Holdings (Malaysia) Sdn Bhd, a magazine publication company in Malaysia since August 2004; the Chairman of Second Wind Sdn Bhd, a software solutions provider since May 2008; a Director of Ikram Education Sdn Bhd since July 2014; the Deputy Chairman of Rajawali Aerospace Sdn Bhd since April 2017; and the Chairman and Director of Protasco Development Sdn Bhd since September 2018.

Dato' Mohd Ibrahim Bin Mohd Nor does not have any family relationship with any directors and/or substantial shareholders of our Group.

(ii) Dato' Sri Delon Lee

His profile is set out in **Section 8.1(i)** of this Information Memorandum.

(iii) Datin Sri Peh

Her profile is set out in **Section 8.1(ii)** of this Information Memorandum.

(iv) Cheong Wai Keh

His profile is set out in **Section 8.1(iii)** of this Information Memorandum.

(v) Dato' Sri Chiang Fong Yee

His profile is set out in **Section 8.2(v)** of this Information Memorandum.

8.3.2 Further information on our Directors

None of our Directors:

(i) are undischarged bankrupts nor are they presently subject to any proceedings under bankruptcy laws;

(ii) have ever been charged with, convicted for or compounded for any offence under securities laws, corporation laws or any other laws involving fraud or dishonesty in a court of law;

(iii) have ever had any action taken against them for any breach of the listing requirements or rules issued by Bursa Securities, for the past 5 years; and

(iv) have been subjected to any inquiry or investigation by any government or regulatory authority or body for the past 5 years.

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(CONT'D)*

8.4 Key management personnel

The profiles of our Group's key management personnel are as follows:

(i) Dato' Sri Delon Lee

His profile is set out in **Section 8.1(i)** of this Information Memorandum.

(ii) Datin Sri Peh

Her profile is set out in **Section 8.1(ii)** of this Information Memorandum.

(iii) Cheong Wai Keh

His profile is set out in **Section 8.1(iii)** of this Information Memorandum.

(iv) Lee Yen Ling, Malaysian, aged 26
Supply Chain Director

Lee Yen Ling is our Supply Chain Director and is responsible for the overall supply chain operations, including fresh fruits procurement, supplier selection and product distribution of our Group.

She obtained her Unified Examination Certificate from Tsun Jin High School in 2013.

Upon completion of her education, she joined Carzo SB in 2014 as a part time employee, and was involved in the daily operating activities including wholesale and retail activities. In 2017, she joined Carzo SB as Finance Manager where she was responsible for our Group's overall financial activities. In 2018, she was promoted to Purchasing Manager where she was involved in the sourcing and managing of suppliers.

In January 2019, she was again promoted to her current position as Supply Chain Director of our Group.

Lee Yen Ling is a sister of Dato' Sri Delon Lee, sister in law of Datin Sri Peh and cousin of Cheong Wai Keh.

(v) Teng Ri Hong, Malaysian, aged 26
Business Development Director

Teng Ri Hong is our Business Development Director and is responsible for obtaining and managing new markets and customers for our Group.

He obtained his Unified Examination Certificate from Tsun Jin High School in 2013.

Upon completion of his education, he began his career with Chen Guan Air Conditioning & Engineering Sdn Bhd as Sales Executive in 2014, where he was involved in sales and marketing activities. In 2017, he was promoted to Sales Manager where he was tasked to lead and coordinate the sales team. In the same year, he resigned from his position in Chen Guan Air Conditioning & Engineering Sdn Bhd and joined Carzo SB as a part time employee where he was involved in sales and marketing activities. In January 2020, he joined Carzo SB as Marketing Manager, where he was responsible for managing new and existing customers.

In June 2020, he was promoted to his current position as Business Development Director of our Group.

Teng Ri Hong does not have any family relationship with any directors and/or substantial shareholders of our Group.

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(CONT'D)*

(vi) Wong Chour Yueh, Malaysian, aged 26
Marketing Director

Wong Chour Yueh is our Marketing Director and is responsible for our Group's marketing activities.

She graduated from University of Hertfordshire in Bachelor of Arts in Marketing in year 2019.

She worked as a Marketing Executive at Chen Guan Air Conditioning & Engineering Sdn Bhd in 2014, a company that operated by her family, where she was responsible for developing marketing strategies. She was promoted to Marketing Manager in 2017. Later in 2018, she left Chen Guan Air Conditioning & Engineering Sdn Bhd and worked at Carzo SB as a part time employee during which she was involved in sales and marketing activities until end of 2019. In January 2020, she officially joined as a full time employee at Carzo SB as Marketing Manager where she was responsible for managing new and existing customers.

In June 2020, she was promoted to her current position as Marketing Director of our Group.

Wong Chour Yueh does not have any family relationship with any directors and/or substantial shareholders of our Group.

(vii) Goh Piin Khang, Malaysian, aged 26
Finance Manager

Goh Piin Khang is our Finance Manager and is responsible for the finance and accounting activities of our Group.

He graduated from Universiti Tunku Abdul Rahman with a Bachelor of Accounting in 2017. He obtained his membership with the Association of Chartered Certified Accountants and was admitted as a Chartered Accountant with the Malaysian Institute of Accountants in 2020.

Upon graduation in 2017, he began his accounting and finance career with UHY in Malaysia (a member of Urbach Hacker Young International Limited) as an Audit Associate, where he was involved in various audit activities. He was later promoted to Audit Semi-Senior in 2018 and then to Audit Senior in January 2019. In November 2019, he was further promoted to Supervisor where he was responsible for overseeing one of the firm's audit team and manage clients. He left UHY in November 2020.

In December 2020, he joined Carzo SB as Finance Manager of our Group.

Goh Piin Khang does not have any family relationship with any directors and/or substantial shareholders of our Group.

(viii) Phoon Sin Qian, Malaysian, aged 26
Head of Production

Phoon Sin Qian is our Head of Production and is responsible for the processing activities and quality control activities of our Group.

She graduated from National University of Malaysia with a Bachelor of Science (Food Science and Nutritions) in 2019.

Upon graduation, she began her career in the same year at Lankaset Co Ltd as a trainee, where she was involved in the fruit product manufacturing activities. In 2019, she completed her internship programme in Lankaset Co Ltd, and joined Carzo SB as food technologist, where she was involved in various fruit product development activities. She was later promoted to Head of Research and Development in September 2019.

In August 2020, she was promoted to her current position as Head of Production of our Group.

Phoon Sin Qian does not have any family relationship with any directors and/or substantial shareholders of our Group.

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(CONT'D)*

8.5 Shareholdings of our Promoters, substantial shareholders, Directors and key management personnel

The shareholdings of the Promoters, substantial shareholders, Directors and key management personnel in our Company, are set out in the table below:

		Direct		Indirect	
Names	**Involvement**	**No. of Shares**	**%**	**No. of Shares**	**%**
Dato' Sri Delon Lee	Promoter, CEO / Executive Director, substantial shareholder and key management personnel	56,093,400	63.55	5,561,000[(1)]	6.30
Datin Sri Peh	Promoter, Executive Director, substantial shareholder and key management personnel	5,561,000	6.30	56,093,400[(2)]	63.55
Cheong Wai Keh	Promoter, Executive Director and key management personnel	1,900,000	2.15	-	-
Dato' Mohd Ibrahim Bin Mohd Nor	Independent Non-Executive Chairman	-	-	-	-
CRI	Substantial shareholder	15,888,600	18.00	-	-
CRG	Substantial shareholder	-	-	15,888,600[(3)]	18.00
Dato' Sri Chiang Fong Yee	Non-Independent Non-Executive Director and substantial shareholder	-	-	15,888,600[(4)]	18.00
Lee Yen Ling	Supply Chain Director	-	-	-	-
Teng Ri Hong	Business Development Director	-	-	-	-
Wong Chour Yueh	Marketing Director	-	-	-	-
Goh Piin Khang	Finance Manager	-	-	-	-
Phoon Sin Qian	Head of Production	-	-	-	-

Notes:

(1) Deemed interested by virtue of his spouse's direct interest in our Company pursuant to Section 8 of the Act.

(2) Deemed interested by virtue of her spouse's direct interest in our Company pursuant to Section 8 of the Act.

(3) Deemed interested by virtue of its interest in CRI pursuant to Section 8 of the Act.

(4) Deemed interested by virtue of his interest in CRI through CRG pursuant to Section 8 of the Act.

Bursa Securities had, vide its letter dated 17 June 2021, granted our Company a waiver from disclosure of the profile and details of the ultimate beneficial ownership of CRG (which is a public company listed on the LEAP Market of Bursa Securities), i.e. Chiang Sang Sem and Bonia Holdings Sdn Bhd, in this Information Memorandum in accordance with Appendix 3A, paragraph (l) of the LEAP LR. As at the LPD, both Chiang Sang Sem and Bonia Holdings Sdn Bhd have respectively confirmed that neither of them is involved in any business activities outside our Group which may give rise to a conflict of interest situation with our Group's operations.

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(CONT'D)*

8.6 Involvement of our Promoters, substantial shareholders, Directors and key management personnel in businesses/ corporations outside our Group

Save as disclosed below, our Promoters, substantial shareholders, Directors and key management personnel do not have any other directorships and/or interests in any businesses/ corporations outside our Group at present and for the past 3 years prior to the LPD:

8.6.1 Dato' Sri Delon Lee *(Promoter, CEO / Executive Director, substantial shareholder and key management personnel)*

Company name	Principal activities	Nature of involvement	Date appointed	Date resigned	Equity interest	
					Direct (%)	Indirect (%)
Past involvement						
DL Fruits Trading[(1)] *(Dissolution via expiration on 17 February 2019)*	Wholesale of fruits, vegetables and food products	Partner	18 February 2014	-	50.00	-

Note:

(1) DL Fruits Trading, a partnership, was dissolved on its business expiry date of 17 February 2019.

8.6.2 Cheong Wai Keh *(Promoter, Executive Director and key management personnel)*

Company name	Principal activities	Nature of involvement	Date appointed	Date resigned	Equity interest	
					Direct (%)	Indirect (%)
Past involvement						
Speed Cold Chain Sdn Bhd *(formerly known as Carzo Logistics (M) Sdn Bhd)*	To carry on activities of trading, import and export all kinds of fruits	Shareholder	-	-	1.00[(1)]	-
DL Fruits Trading[(2)] *(Dissolution via expiration on 17 February 2019)*	Wholesale of fruits, vegetables and food products	Partner	18 February 2014	-	50.00	-

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(CONT'D)*

Notes:

(1) The share was disposed off on 12 March 2021.

(2) DL Fruits Trading, a partnership, was dissolved on its business expiry date of 17 February 2019.

8.6.3 Dato' Mohd Ibrahim Bin Mohd Nor *(Independent Non-Executive Chairman)*

Company name	Principal activities	Nature of involvement	Date appointed	Date resigned	Equity interest	
					Direct (%)	Indirect (%)
Present involvement						
Kilang Padi Hai Sin Sdn Bhd	Operating a rice mill	Director	11 November 2020	-	-	-
BJ Properties Sdn Bhd	Dormant	Director	1 December 2020	-	-	-
Pin Hwa Properties Sdn Bhd	Investment holding and joint venture for property development	Director	19 October 2020	-	-	-
Titijaya Land Berhad	Investment holding	Director	28 November 2019	-	-	-
Simpletech Sdn Bhd	Investment holding company and general traders	Director and shareholder	8 December 1994	-	99.99	-
Blu Inc Holdings (Malaysia) Sdn Bhd	Investment holding and the provision of management support services to its subsidiary companies	Director and shareholder	5 August 2004	-	-	5.00[(1)]
Kim Teck Cheong Consolidated Berhad	Investment holding	Director	3 December 2018	-	-	-
Protasco Development Sdn Bhd	Investment holding and property development	Director	1 September 2018	-	-	-

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(CONT'D)*

Company name	Principal activities	Nature of involvement	Date appointed	Date resigned	Equity interest	
					Direct (%)	Indirect (%)
Rajawali Aerospace Sdn Bhd	Providing professional consultancy services, management services and specialist project works connected with the development of aerospace and defence technologies, including the marketing promotion and sales of related products and services	Director and shareholder	26 April 2017	-	33.33	-
Ikram Education Sdn Bhd	Provision of tertiary education and renting of hostel to students	Director	1 July 2014	-	-	-
Kumpulan Ikram (Sabah) Sdn Bhd	Soil data collection, laboratory testing and provision of related services	Director	1 July 2014	-	-	-
Dasarbina Konkrit Sdn Bhd	Investment holding	Director and shareholder	19 August 2013	-	34.00	-
Second Wind Sdn Bhd	Provision of mobile commerce services	Director and shareholder	8 May 2008	-	30.00	-
IT Hands Sdn Bhd	Providing information technology resources and services	Director and shareholder	17 October 2011	-	-	67.50[(2)]
OTR Publications Sdn Bhd	Publishers of dealers in magazines, journals and books of all kinds	Shareholder	-	-	45.00	-
Ivanex Sdn Bhd	Telecommunication software research development and e-commerce services	Shareholder	-	-	38.00	-
Eppiroi Sdn Bhd	Consultancy services in public relation and communications	Shareholder	-	-	20.00	-
Harapan Tropika Sdn Bhd	General Trading	Shareholder	-	-	25.00	-

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(CONT'D)*

Company name	Principal activities	Nature of involvement	Date appointed	Date resigned	Equity interest	
					Direct (%)	Indirect (%)
Enviro Clean Energy Sdn Bhd	• Activities of organic agriculture input locally and internationally which include bio-fertiliser, organic hormone growth and organic pesticides • To establish and carry on the business of agriculture processing and value added agent on its own. • To provide technology transfer services related for local and international	Shareholder	-	-	25.00	-
Hose & Hose Sdn Bhd	Manufacturer trader of industrial hoses	Shareholder	-	-	15.00	-
Mypay Capital Sdn Bhd	Studio rental, post production facility, programmed supply, consultancy, training and related services and dealing in shares	Shareholder	-	-	25.00	-
Tech Style International Sdn Bhd	Retail sale of articles of clothing, articles of fur and clothing accessories wholesale of a variety of goods without any particular specialization	Shareholder	-	-	50.00	-
Big Road Enterprise Sdn Bhd	Sale of magazines and act as commission agent for related product and services.	Director and shareholder	13 January 2015	7 August 2019	40.00	-
Big Road Media (Malaysia) Sdn Bhd	Commission agent	Director and shareholder	15 June 2012	7 August 2019	28.75	-
Big Cycle (M) Sdn Bhd	Publishing of newspapers, journals, magazines and periodicals in print or electronic form advertising	Director and shareholder	3 December 2015	8 August 2019	25.00	45.00[3]
Big Road Events (Malaysia) Sdn Bhd	Organization, promotions and/or management of event	Director and shareholder	23 January 2014	7 August 2019	30.00	-

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(CONT'D)*

Company name	Principal activities	Nature of involvement	Date appointed	Date resigned	Equity interest	
					Direct (%)	Indirect (%)
Past involvement						
Constellar Exhibitions Malaysia Sdn Bhd (*formerly known as Sphere Exhibits Malaysia Sdn Bhd*)	Management and promotion of events, exhibitions and meetings	Director	8 January 2013	7 July 2021	-	-
Bodle Capital Sdn Bhd *(formerly known as Ashok Leyland Sdn Bhd)*	• Activities of holding companies, to acquire, invest, deal and hold any shares, privileges, obligations and any other legitimate investment • Real estate activities, property agency, broker, buy, sell and deal in any asset, moveable and immoveable properties of all descriptions • Assets/portfolio management, to provide guarantee for any loans, leasing and other related activities	Director	3 September 2020	5 February 2021	-	-
Blu Inc Media Sdn Bhd *(Wound up on 1 August 2020)*	Publishing and distribution of magazines and books	Director	27 November 2001	8 July 2020	-	-
Magazine World Sdn Bhd *(Wound up on 1 August 2020)*	Publishing of newspapers, journals, magazines and periodicals in print or electronic form	Director	29 May 2003	8 July 2020	-	-
Kumpulan Ikram Sdn Bhd	Investment holding, training, geotechnical laboratory, structural and material testing, soil investigation, research and development, listing of building materials, engineering and technical related activities and services.	Director	1 September 2017	1 September 2018	-	-
Fikri Rice Sdn Bhd	Rice merchant, manufacturer, packager, supplier, distributors, wholesalers and retailers.	Director	28 October 2015	20 August 2018	-	-

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(CONT'D)*

Company name	Principal activities	Nature of involvement	Date appointed	Date resigned	Equity interest	
					Direct (%)	Indirect (%)
OTR Media Sdn Bhd *(Dissolved on 26 November 2019)*	Publishing and dealers in magazines	Director	26 December 2007	-	-	-
Dynahall (M) Sdn Bhd *(Dissolved on 9 February 2021)*	Investment holding	Director and shareholder	5 December 2007	-	100.00	-
MK Industries (Asia) Sdn Bhd	Activities of holding companies, real estate activities and assets/portfolio management	Director	24 August 2006	19 May 2020	-	-
Silk Road Ventures Sdn Bhd *(Dissolved on 7 October 2019)*	General trading	Director	3 March 2008	-	-	-

Notes:

(1) Deemed interested by virtue of his shareholding in Simpletech Sdn Bhd pursuant to Section 8 of the Act.

(2) Deemed interested by virtue of his shareholding in Second Wind Sdn Bhd pursuant to Section 8 of the Act.

(3) Deemed interested by virtue of his shareholding in Big Road Media (Malaysia) Sdn Bhd pursuant to Section 8 of the Act.

8.6.4 CRI *(Substantial shareholder)*

Company name	Principal activities	Nature of involvement	Date appointed	Date resigned	Equity interest	
					Direct (%)	Indirect (%)
Present involvement						
Shoppr Labs Sdn Bhd	Developer, consultant, internet service and solutions provider for all systems, website, and application software and general trader	Shareholder	-	-	4.07[(1)]	-

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(CONT'D)*

Note:

(1) Computed based on the issued ordinary shares in Shoppr Labs Sdn Bhd.

8.6.5 CRG *(Substantial shareholder)*

Company name	Principal activities	Nature of involvement	Date appointed	Date resigned	Equity interest	
					Direct (%)	Indirect (%)
Present involvement						
CRI	Investment holding	Shareholder	-	-	100.00	-
CRF Marketing Sdn Bhd	Designing, promoting and marketing of women footwear	Shareholder	-	-	100.00	-
CRV Sdn Bhd	Marketing and distribution of fashionable goods and accessories and provision of management services	Shareholder	-	-	100.00	-
CRL Marketing Sdn Bhd	Designing, promoting and marketing of women handbags and accessories	Shareholder	-	-	100.00	-
CR Boutique Sdn Bhd	Retailing of women footwear, handbags and accessories	Shareholder	-	-	100.00	-
PT CRI Mitra Sejati *(Incorporated in Indonesia) (Winding up proceedings commenced on 17 May 2021)*	Wholesale import of fashionable goods and accessories	Shareholder	-	-	100.00	-
CRR Vietnam Company Limited *(Incorporated in Vietnam)*	Management consultancy activities and to implement the right of import, distribution, wholesales of goods	Shareholder	-	-	100.00	-
Shoppr Labs Sdn Bhd	Developer, consultant, internet service and solutions provider for all systems, website, and application software and general trader	Shareholder	-	-	-	4.07[(1)]

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(CONT'D)*

Note:

(1) Deemed interested by virtue of its shareholding in CRI pursuant to Section 8 of the Act.

8.6.6 Dato' Sri Chiang Fong Yee *(Non-Independent Non-Executive Director and substantial shareholder)*

Company name	Principal activities	Nature of involvement	Date appointed	Date resigned	Equity interest	
					Direct (%)	Indirect (%)
Present involvement						
Bonia	Investment holding and management company	Non-Independent Non-Executive Director and shareholder[(1)]	1 September 2018	-	0.71	-
CRG	Investment holding and management company	Managing Director and shareholder	23 November 2009	-	21.63	9.14[(2)]
CRI	Investment holding	Director and shareholder	29 November 2011	-	-	100.00[(3)]
CRF Marketing Sdn Bhd	Designing, promoting and marketing of women footwear	Director and shareholder	1 July 2009	-	-	100.00[(3)]
CRV Sdn Bhd	Marketing and distribution of fashionable goods and accessories and provision of management services	Director and shareholder	26 August 2011	-	-	100.00[(3)]
CRL Marketing Sdn Bhd	Designing, promoting and marketing of women handbags and accessories	Director and shareholder	28 July 2006	-	-	100.00[(3)]
CR Boutique Sdn Bhd	Retailing of women footwear, handbags and accessories	Director and shareholder	28 July 2006	-	-	100.00[(3)]

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(CONT'D)*

Company name	Principal activities	Nature of involvement	Date appointed	Date resigned	Equity interest	
					Direct (%)	Indirect (%)
PT CRI Mitra Sejati *(Incorporated in Indonesia) (Winding up proceedings commenced on 17 May 2021)*	Wholesale import of fashionable goods and accessories	Director and shareholder	11 April 2016	-	-	100.00[3]
CRR Vietnam Company Limited *(Incorporated in Vietnam)*	Management consultancy activities and to implement the right of import, distribution, wholesales of goods	Director and shareholder	18 July 2016	-	-	100.00[3]
Freeway Team Sdn Bhd	Investment holding	Director and shareholder	9 July 2012	-	2.00	-
Potensi Maju Sdn Bhd	Investment holding	Director and shareholder	10 May 2004	-	5.00	-
Swee Holdings Sdn Bhd	Rubber tree cultivation, sales of natural rubber latex, land management and properties investment	Director and shareholder	9 October 2008	-	12.50	-
CB Ventures Sdn Bhd	Investment holding	Director and Shareholder	1 December 2000	-	0.10	-
Pirana Consulting Sdn Bhd	Other management consultancy activities and business management consultancy services	Director and shareholder	16 August 2019	-	100.00	-
Ayurvedium Sdn Bhd	Provision of medical spa services	Shareholder	-	-	10.00	-
A & S Distribution Sdn Bhd	Marketing of electrical and electronic appliance and household product	Shareholder	-	-	7.14	-
Hot Gadgets Distribution Sdn Bhd	Marketing of shoe material, marketing of sound system with accessories	Shareholder	-	-	10.00	-

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(CONT'D)*

Company name	Principal activities	Nature of involvement	Date appointed	Date resigned	Equity interest	
					Direct (%)	Indirect (%)
Shoppr Labs Sdn Bhd	Developer, consultant, internet service and solutions provider for all systems, website, and application software and general trader	Shareholder	-	-	-	4.07[(4)]
Past involvement						
Vista Assets Sdn Bhd	Intellectual property management	Director	25 August 2011	24 July 2018	-	-
Apex Marble Sdn Bhd	Retail sale of leather goods, accessories of leather and leather substitutes	Director	8 January 2010	24 July 2018	-	-
MCore Sdn Bhd	Retail sale of leather goods, accessories of leather and leather substitutes	Director	9 January 2003	24 July 2018	-	-
Ataly Industries Sdn Bhd	Property investment	Director	1 August 2001	24 July 2018	-	-
Future Classic Sdn Bhd *(Dissolved on 19 November 2020)*	Dormant	Director	4 December 2003	24 July 2018	-	-

Notes:

(1) Dato' Sri Chiang Fong Yee joined the Board of Directors of Bonia as the alternate director to Chiang Sang Sem on 18 February 2004. On 1 September 2018, he resigned as alternate director to Chiang Sang Sem and was appointed as a Non-Independent Non-Executive Director of Bonia.

(2) Deemed interested by virtue of his spouse's shareholding in CRG pursuant to Section 8 of the Act.

(3) Deemed interested by virtue of his and his spouse's shareholdings in CRG pursuant to Section 8 of the Act.

(4) Deemed interested by virtue of his shareholding in CRI through CRG pursuant to Section 8 of the Act.

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(CONT'D)*

8.6.7 Lee Yen Ling *(Supply Chain Director)*

Company name	Principal activities	Nature of involvement	Date appointed	Date resigned	Equity interest	
					Direct (%)	Indirect (%)
Past involvement						
DL Fruits Import (M) Sdn Bhd	Retail sale of fresh or preserved vegetables and fruits	Director and shareholder	28 September 2016	1 December 2020	50.00[(1)]	-

Note:

(1) The share was disposed off on 1 December 2020.

8.6.8 Teng Ri Hong *(Business Development Director)*

Company name	Principal activities	Nature of involvement	Date appointed	Date resigned	Equity interest	
					Direct (%)	Indirect (%)
Present involvement						
Teng Ri Hong (Business enterprise)	Selling of food and beverages[(1)]	Sole proprietor	15 March 2017	-	100.00	-
Past involvement						
Ecopint Sdn Bhd *(Striking off notice was published on 25 June 2021 under Section 551(2) of the Act)*	Restaurants	Director and shareholder	10 January 2018	-	50.00	-
Fat Girl BBQ (Business enterprise)	Food and beverage	Partner	26 March 2019	15 March 2021	33.33[(2)]	-
Melbuy Enterprise[(3)] *(Dissolution via expiration on 6 May 2019)*	Online advertising	Partner	14 April 2017	-	50.00	-

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(CONT'D)*

Notes:

(1) The company is dormant as at the LPD.

(2) Withdrew from Fat Girl BBQ, a partnership, on 15 March 2021.

(3) Melbuy Enterprise, a partnership, was dissolved on its business expiry date of 6 May 2019.

8.6.9 Wong Chour Yueh *(Marketing Director)*

Company name	Principal activities	Nature of involvement	Date appointed	Date resigned	Equity interest	
					Direct (%)	Indirect (%)
Past involvement						
Ecopint Sdn Bhd *(Striking off notice was published on 25 June 2021 under Section 551(2) of the Act)*	Restaurants	Director and shareholder	10 January 2018	-	50.00	-
Fat Girl BBQ (Business enterprise)	Food and beverage	Partner	26 March 2019	15 March 2021	33.33[(1)]	-
Melbuy Enterprise[(2)] *(Dissolution via expiration on 6 May 2019)*	Online advertising	Partner	14 April 2017	-	50.00	-

Notes:

(1) Withdrew from Fat Girl BBQ, a partnership, on 15 March 2021.

(2) Melbuy Enterprise, a partnership, was dissolved on its business expiry date of 6 May 2019.

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(CONT'D)*

Please note that the above disclosures exclude shares held by our Promoters, Substantial Shareholders, Directors and key management personnel in public listed companies which are solely for investment purpose.

The involvement of our Promoters, Substantial Shareholders, Directors and key management personnel in the abovementioned business activities outside our Group does not give rise to any conflict of interest situation with our Group's operations. Notwithstanding the abovementioned involvement in other businesses or corporations, our Executive Directors and key management personnel are of the view that they are able to devote sufficient time and attention to the affairs of our Group to carry out their respective duties.

8.7 Related party transactions

Under the LEAP LR, a 'related party transaction' is a transaction entered into by a listed corporation or its subsidiaries and a related party, other than a transaction of a revenue nature in the ordinary course of business. A 'related party' of a listed corporation is:

(i) a director having the meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director of the listed corporation, its subsidiary or holding company or a chief executive of the listed corporation, its subsidiary or holding company; or

(ii) a major shareholder, means a person who has an interest or interests in 1 or more voting shares in a corporation and the nominal amount of that shares or the aggregate of the nominal amounts of those shares is: 10% of the aggregate of the number of all the voting shares in the corporation; and includes any person who is or was within the preceding 6 months of the date on which terms of the transaction were agreed upon, a major shareholder of the listed corporation or any other corporation which is its subsidiary or holding company; or

(iii) a person connected with such director or major shareholder.

8.7.1 Existing related party transactions

Our Board confirms that there are no related party transactions entered into between our Group and our Directors, major shareholders and/or persons connected with them for FYE 2020 and subsequent period up to the LPD.

Post Proposed Listing, our Board will ensure that any related party transactions are transacted on normal commercial terms which are not more favourable to the related parties than those generally available to third parties dealing at arm's length and are not detrimental to our minority shareholders.

8.7.2 Interest in similar businesses and other conflict of interest

As at the LPD, none of our Promoters, substantial shareholders (including the controlling shareholders of CRG as at the LPD (i.e. Chiang Sang Sem and Bonia Holdings Sdn Bhd)), Directors and key management personnel has any interest, direct or indirect, in other businesses or corporations carrying on a trade similar to that of our Group, our customers and our suppliers.

8.7.3 Other transaction

There are no transactions that are unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which we were/are a party during FYE 2020 up to the LPD.

There are no outstanding loans, including guarantees of any kind made by our Group to or for the benefit of related parties during FYE 2020 up to the LPD.

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(CONT'D)*

Amount owing to/by related parties

For information purposes, there were advances from the related parties to our Group or amount owing to the related parties which were recorded as other/trade payables as well as amount owing by related parties to our Group which were recorded as other receivables from related parties as at 31 December 2019 as disclosed below:

	As at 31 December 2019 (RM)	As at 31 December 2020 (RM)	As at the LPD (RM)
Other receivables			
Amount due from Directors, i.e. Dato' Sri Delon Lee and Cheong Wai Keh	482,779[(1)]	-	-
Trade payables			
Amount due to a related party, i.e. Carzo Logistics (M) Sdn Bhd *(now known as Speed Cold Chain Sdn Bhd)*	36,163[(2)]	-	-
Other payables			
Amount due to a Director, i.e. Dato' Sri Delon Lee	1,297,137[(1)]	-	-
Amount due to a related party, i.e. DL Fruits Import (M) Sdn Bhd	41,274[(3)]	-	-

Notes:

(1) As at 31 December 2019, there were outstanding advances from Dato' Sri Delon Lee to Carzo SB of RM1,297,137. The advances from Dato' Sri Delon Lee in the past to Carzo SB were used by Carzo SB to acquire property, plant and equipment such as cold room equipment and motor vehicles, for payment to suppliers and administrative expenses.

For the purpose to reduce overall amount due to Dato' Sri Delon Lee by all the entities controlled by him, Carzo Fruits and Carzo Import had remitted a total amount of RM482,779 during the FYE 2019 to Dato' Sri Delon Lee and Cheong Wai Keh (as he had previously advanced RM69,000 to our Group through Dato' Sri Delon Lee) which resulted in an amount due from them of RM482,779 as at 31 December 2019.

Dato' Sri Delon Lee and Cheong Wai Keh had subsequently refunded the amount of RM482,779 due to Carzo Fruits and Carzo Import during the FYE 2020 whilst in respect of the outstanding amount of RM1,297,137 previously advanced by Dato' Sri Delon Lee to Carzo SB, part of it was capitalised by Carzo SB via an issuance of 900,000 new ordinary shares in Carzo SB to Dato' Sri Delon Lee and the remaining amount of RM397,137 was repaid by Carzo SB to Dato' Sri Delon Lee during the FYE 2020. As at 31 December 2020, there was no outstanding amount due to and from directors of each entity within our Group.

8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(CONT'D)*

(2) The outstanding amount of RM36,163 due to Carzo Logistics (M) Sdn Bhd (now known as Speed Cold Chain Sdn Bhd) as at 31 December 2019 was in relation to the purchases of fresh fruits by our Group in FYE 2017 from the company and the said amount has been settled in FYE 2020. Cheong Wai Keh previously held 1% of the total number of the issued ordinary shares in Carzo Logistics (M) Sdn Bhd and he has since disposed off his share in March 2021.

(3) The outstanding amount of RM41,274 due to DL Fruits Import (M) Sdn Bhd (a company previously controlled by Dato' Sri Delon Lee's father and sister (i.e. Lee Yen Ling)) as at 31 December 2019 was advances from the company to Carzo SB for payment to its suppliers for purchase of fruits during the FYE 2018 and the said amount had been fully settled in the FYE 2020.

8.8 Moratorium

In compliance with Rule 3.07 of the LEAP LR, a moratorium will be imposed on the sale, transfer or assignment of Shares held by our Promoters as follows:

(i) The moratorium applies to our Promoters' entire shareholdings for a period of 12 months from the date of our admission to the Official List; and

(ii) Upon expiry of the 12 months' period stated above, our Promoters' aggregate shareholdings amounting to at least 45% of the total number of issued Shares shall remain under moratorium for another 36 months.

Where the promoter is an unlisted corporation, all direct and indirect shareholders of the unlisted corporation (whether individuals or other unlisted corporations) up to the ultimate individual shareholders must give undertakings to Bursa Securities that they will not sell, transfer or assign their securities in the unlisted corporation for the period stipulated above.

In addition, one of our substantial shareholders namely, CRI, has agreed to place its 15,888,600 Carzo Shares (representing 18% of the total number of issued Carzo Shares) under moratorium for a period of 12 months from the date of our admission to the Official List of the LEAP Market of Bursa Securities. CRI and its holding company, CRG, have also provided written undertakings that they will not sell, transfer or assign their shareholdings in Carzo and CRI, respectively, during the abovesaid moratorium period.

Hence, the moratorium shall be imposed on the Promoters and CRI as follows:

	Shares under moratorium from the first 12 months upon Proposed Listing		**Shares under moratorium from the subsequent 36 months**	
	No. of Shares	**%**	**No. of Shares**	**%**
Promoters				
Dato' Sri Delon Lee	56,093,400	63.55	39,721,500	45.00
Datin Sri Peh	5,561,000	6.30	-	-
Cheong Wai Keh	1,900,000	2.15	-	-
Substantial shareholder				
CRI	15,888,600	18.00	-	-
Total	**79,443,000**	**90.00**	**39,721,500**	**45.00**

The moratorium, which is fully acknowledged by our Promoters and CRI, is specifically endorsed on our share certificates representing their shareholdings to ensure that share registrar will not register any sale, transfer or assignment that is not in compliance with the above moratorium.

9. FINANCIAL INFORMATION

9.1 Statements of comprehensive income

The following table sets out our combined statements of comprehensive income for the FYE 2019 and FYE 2020 as well as the 4M FPE 2020 and 4M FPE 2021:

	(Audited)		(Unaudited)	
	FYE		4M FPE	
	2019	2020	2020	2021
	RM	RM	RM	RM
Revenue	51,278,336	47,839,645	11,585,086	26,674,035
Cost of sales	(41,839,919)	(39,621,222)	(9,252,306)	(23,135,169)
GP	**9,438,417**	**8,218,423**	**2,332,780**	**3,538,866**
Other operating income	1,411,524	1,633,011	124,386	345,229
Operating and administrative expenses	(7,230,093)	(6,546,271)	(1,977,536)	(2,611,173)
Profit from operations	**3,619,848**	**3,305,163**	**479,630**	**1,272,922**
Finance costs	(158,724)	(246,656)	(77,008)	(127,136)
PBT	**3,461,124**	**3,058,507**	**402,622**	**1,145,786**
Taxation	(828,650)	(696,149)	(165,781)	(335,308)
PAT	**2,632,474**	**2,362,358**	**236,841**	**810,478**
Attributable to:				
Owners of our Company	2,632,474	2,362,358	236,841	810,478
Non-controlling interest	-	-	-	-
	2,632,474	**2,362,358**	**236,841**	**810,478**
EBITDA[(1)]	4,051,090	3,796,923	652,847	1,507,119
Basic EPS (sen)[(2)]	626.48	3.72	56.35	1.02
GP margin (%)[(3)]	18.41	17.18	20.14	13.27
PBT margin (%)[(4)]	6.75	6.39	3.48	4.30
PAT margin (%)[(5)]	5.13	4.94	2.04	3.04
Effective tax rate (%)[(6)]	23.94	22.76	41.18	29.26

Notes:

(1) EBITDA is computed as follows:

	(Audited)		*(Unaudited)*	
	FYE		*4M FPE*	
	2019	*2020*	*2020*	*2021*
	RM	*RM*	*RM*	*RM*
PBT	*3,461,124*	*3,058,507*	*402,622*	*1,145,786*
Add / (Less):				
Interest expense	*158,724*	*246,656*	*77,008*	*127,136*
Interest income	*(2,325)*	*(8,411)*	-	-
Depreciation of plant and equipment	*365,262*	*353,835*	*127,680*	*165,769*
Depreciation of right-of-use assets	*68,305*	*146,336*	*45,537*	*68,428*
Amortisation	-	-	-	-
EBITDA	***4,051,090***	***3,796,923***	***652,847***	***1,507,119***

9. FINANCIAL INFORMATION *(CONT'D)*

(2) Computed based on PAT divided by our number of Shares in issue of 420,200 Shares for the FYE 2019, 63,554,400 Shares for the FYE 2020, 420,300 Shares for the 4M FPE 2020 and 79,443,000 Shares for the 4M FPE 2021.

(3) Computed based on GP divided by revenue.

(4) Computed based on PBT divided by revenue.

(5) Computed based on PAT divided by revenue.

(6) Computed based on taxation divided by PBT.

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9. FINANCIAL INFORMATION *(CONT'D)*

9.2 Statements of financial position

The following table sets out our combined statements of financial positions as at 31 December 2019 and 31 December 2020 as well as the 4M FPE 2020 and 4M FPE 2021:

	(Audited)		(Unaudited)	
	As at 31 December 2019	As at 31 December 2020	As at 30 April 2020	As at 30 April 2021
	RM	RM	RM	RM
ASSETS				
Non-current assets				
Plant and equipment	1,385,706	1,162,894	1,255,895	1,762,934
Right-of-use assets	341,524	428,605	295,987	484,020
Total non-current assets	**1,727,230**	**1,591,499**	**1,551,882**	**2,246,954**
Current assets				
Inventories	1,164,864	951,363	256,829	1,012,293
Trade and other receivables	11,743,311	15,145,842	11,235,152	17,401,487
Fixed deposits with licensed banks	302,325	370,736	302,325	490,736
Cash and bank balances	503,143	1,621,244	616,854	5,261,186
Total current assets	**13,713,643**	**18,089,185**	**12,411,160**	**24,165,702**
TOTAL ASSETS	**15,440,873**	**19,680,684**	**13,963,042**	**26,412,656**
EQUITY AND LIABILITIES				
Share capital	420,200	3,177,730	420,300	7,178,479
Merger reserve	-	(1,857,406)	-	(1,857,406)
(Accumulated losses) / Retained earnings	(949,229)	1,413,129	(712,388)	2,223,607
(CAPITAL DEFICIENCY) / TOTAL EQUITY	**(529,029)**	**2,733,453**	**(292,088)**	**7,544,680**
Non-current liabilities				
Borrowings	1,232,269	1,968,349	1,779,148	1,820,912
Lease liabilities	463,283	401,869	407,792	767,310
Deferred tax liabilities	17,735	-	11,823	-
Total non-current liabilities	**1,713,287**	**2,370,218**	**2,198,763**	**2,588,222**
Current liabilities				
Trade and other payables	13,172,887	11,115,374	10,981,604	12,432,063
Borrowings	495,684	2,655,365	401,593	2,654,119
Lease liabilities	277,230	330,003	209,833	536,724
Provision for taxation	310,814	476,271	463,337	656,848
Total current liabilities	**14,256,615**	**14,577,013**	**12,056,367**	**16,279,754**
TOTAL LIABILITIES	**15,969,902**	**16,947,231**	**14,255,130**	**18,867,976**
TOTAL EQUITY AND LIABILITIES	**15,440,873**	**19,680,684**	**13,963,042**	**26,412,656**
No. of Shares in issue	420,200	63,554,400	420,300	79,443,000
(Net liabilities) / NA per Share (sen)	(125.90)	4.30	(69.50)	9.50

9. FINANCIAL INFORMATION *(CONT'D)*

9.3 Statements of cash flows

The following table sets out our combined statements of cash flows for the FYE 2019 and FYE 2020 as well as the 4M FPE 2020 and 4M FPE 2021:

	(Audited)		(Unaudited)	
	FYE		4M FPE	
	2019	2020	2020	2021
	RM	RM	RM	RM
Cash flows from operating activities				
PBT	3,461,124	3,058,507	402,622	1,145,786
Adjustments for:				
Allowance for impairment loss	1,697,054	-	-	-
Bad debts written off	-	1,251,507	-	-
Deposits written off	4,500	-	-	-
Depreciation of plant and equipment	365,262	353,835	127,680	165,769
Depreciation of right-of-use assets	68,305	146,336	45,537	68,428
Impairment of plant and equipment	45,640	-	-	125,664
Interest expense	158,724	246,656	77,008	127,136
Interest income	(2,325)	(8,411)	-	-
Plant and equipment written off	43,871	25,059	3,667	-
Reversal of allowance for impairment loss	-	(1,091,503)	-	(88,122)
Unrealised foreign exchange (gain)/ loss	(70,520)	(91,136)	119,663	140,211
Waiver of debts	(154,781)	-	-	-
Operating profit before working capital changes	**5,616,854**	**3,890,850**	**776,177**	**1,684,872**
Changes in working capital:				
Inventories	(62,596)	213,501	908,035	(60,930)
Trade and other receivables	(9,113,456)	(3,562,535)	472,683	(2,167,523)
Trade and other payables	3,581,998	(139,040)	(2,322,637)	(1,432,055)
Net cash generated from/ (used in) operations	**22,800**	**402,776**	**(165,742)**	**(1,975,636)**
Interest paid	(2,872)	(25,690)	(7,476)	(17,591)
Interest received	2,325	8,411	-	-
Income tax refunded	24,065	-	-	-
Income tax paid	(58,762)	(548,427)	(19,170)	(154,731)
Net cash used in operating activities	**(12,444)**	**(162,930)**	**(192,388)**	**(2,147,958)**
Cash flows from investing activities				
Proceeds from disposal of plant and equipment	658,833	-	-	-
Purchase of plant and equipment	(890,425)	(156,082)	(1,536)	(353,568)
Net cash used in investing activities	**(231,592)**	**(156,082)**	**(1,536)**	**(353,568)**

9. FINANCIAL INFORMATION *(CONT'D)*

Cash flows from financing activities				
Proceeds from pre-listing investors	-	-	-	2,515,695
Issuance of shares	300,000	900,124	100	4,000,749
Increase in fixed deposits pledged	(302,325)	(68,411)	-	(120,000)
Drawdown of term loan	700,000	1,000,000	500,000	-
Repayment of lease liabilities	(339,535)	(242,058)	(87,412)	(89,586)
Repayment of term loan	(118,462)	(52,488)	(55,285)	(128,862)
Lease interest paid	(51,178)	(40,362)	(13,874)	(29,522)
Term loan interest paid	(104,674)	(206,294)	(43,967)	(73,709)
Net cash generated from financing activities	**83,826**	**1,290,511**	**299,562**	**6,074,765**
Net (decrease) / increase in cash and cash equivalents	(160,210)	971,499	105,638	3,573,239
Cash and cash equivalents at the beginning of the financial year / period	383,233	223,023	223,023	1,194,522
Cash and cash equivalents at the end of the financial year / period	**223,023**	**1,194,522**	**328,661**	**4,767,761**

(a) Cash flows from operating activities

FYE 2019

Our operating profit before working capital changes was RM5.62 million. After adjusting for the following major items, our Group recorded a net cash flows used in operating activities of RM0.01 million:

(i) increase in inventories of RM0.06 million;

(ii) increase in trade receivables of RM9.72 million mainly due to higher year-end sales to distribution and retail segment during and prior to the festive seasons such as Christmas and New Year. This resulted in significant increase in trade receivables as most of the sales were generated towards year end;

(iii) increase in trade and other payables of RM3.58 million mainly due to the increase in purchases towards the year end;

(iv) income tax refund of RM0.02 million due to overpayment of tax in prior year; and

(v) tax paid of RM0.06 million.

FYE 2020

Our operating profit before working capital changes was RM3.89 million. After adjusting for the following major items, our Group recorded a net cash flows used in operating activities of RM0.16 million:

(i) tax paid of RM0.55 million which comprised the income tax amounting to RM0.32 million related to the year of assessment of 2019 paid in FYE 2020;

(ii) decrease in inventories of RM0.21 million mainly due to lesser orders from foreign suppliers in view of the congestions occurred in Port Klang near the year end;

(iii) increase in trade receivables of RM4.11 million mainly due to higher year-end sales to distribution and retail segment during and prior to the festive seasons such as Christmas and New Year which contributed to the increase in trade receivables towards year end as well as granting longer credit terms to several new customers; and

(iv) decrease in trade payables and other payables of RM0.14 million mainly due to payment of the trade payables and other payables during the year.

4M FPE 2021

Our operating profit before working capital changes was RM1.68 million. After adjusting for the following major items, our Group recorded a net cash used in operating activities of RM2.15 million:

(i) decrease in inventories of RM0.06 million;

(ii) increase in trade receivables of RM1.87 million mainly due to higher sales (particularly due to higher demand during the Chinese New Year season in February 2021) from distribution and retail segment and retail chain store segment as well as granting of longer credit term (up to 90 days) to our new customers led to the increase in our trade receivables;

(iii) decrease in trade payables and other payables of RM1.43 million mainly due to the prompt settlement of trade payables in particular to our overseas suppliers to secure the supplies of fresh fruits from them during the financial period under review; and

(iv) tax paid of RM0.15 million.

(b) Cash flows from investing activities

FYE 2019

Our Group recorded a net cash flows used in investing activities of RM0.23 million, mainly due to the purchases of plant and equipment (such as installation of cold rooms in the newly rented building during the financial year as well as purchases of machineries for the productions of fruit juices and plant based drinks) of RM0.89 million and proceeds received from disposal of motor vehicle of RM0.66 million.

FYE 2020

Our Group recorded a net cash flows used in investing activities of RM0.16 million, mainly due to the purchases of plant and equipment (such as re-purchase of vending machines from investors as disclosed in **Section 4.1** of this Information Memorandum) of RM0.16 million.

4M FPE 2021

Our Group recorded a net cash used in investing activities of RM0.35 million, mainly due to purchases of plant and equipment (such as renovation cost of cold room, repurchase of vending machines, purchases of computer related equipment, furniture and fittings and motor vehicles for delivery purposes).

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9. FINANCIAL INFORMATION *(CONT'D)*

(c) Cash flows from financing activities

FYE 2019

Our Group recorded a net cash flows generated from financing activities of RM0.08 million, mainly due to the following:

(i) issuance of new shares in Carzo Import of RM0.30 million for working capital purpose;

(ii) increase in fixed deposits pledged of RM0.30 million for securing the bank facilities granted to Carzo Import for working capital purpose;

(iii) a drawdown of term loan of RM0.70 million for working capital purpose;

(iv) repayment of term loans of RM0.12 million and lease liabilities of RM0.34 million during the financial year; and

(v) payment of interests (i.e. term loans and lease liabilities) of RM0.16 million during the financial year.

FYE 2020

Our Group recorded a net cash flows generated from financing activities of RM1.29 million, mainly due to the following:

(i) issuance of new shares in Carzo SB for RM0.90 million for working capital purpose;

(ii) increase in fixed deposits pledged of RM0.07 million for securing bank facilities granted to Carzo SB for working capital purpose;

(iii) a drawdown of term loan of RM1.00 million for working capital purpose;

(iv) repayment of term loans of RM0.05 million and lease liabilities of RM0.24 million during the financial year; and

(v) payment of interests (i.e. term loans and lease liabilities) of RM0.25 million during the financial year.

4M FPE 2021

Our Group recorded a net cash generated from financing activities of RM6.07 million, mainly due to the following:

(i) the proceeds received from the 41 pre-listing investors of RM2.52 million pending the allotment and issuance of 8,827,000 new Carzo Shares to them. The allotment to all the pre-listing investors was completed on 7 May 2021;

(ii) the proceeds received from the allotment and issuance of 15,888,600 new Carzo Shares to CRI for RM4.0 million which are intended to be utilised as set out in **Section 4.3** of this Information Memorandum;

(iii) increase in fixed deposits of RM0.12 million pledged for securing bank facilities granted to Carzo SB for working capital purpose;

(iv) repayment of term loans of RM0.13 million and lease liabilities of RM0.09 million during the financial period under review; and

(v) payment of interests for term loans and lease liabilities amounting to RM0.10 million during the financial period under review.

10. MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis of our Group's past financial condition and results of operations should be read in conjunction with the historical financial information as set out in **Section 9** and **Appendix I** of this Information Memorandum.

This discussion and analysis contains data from our audited financial statements as well as forward-looking statements that involve risks and uncertainties. Our Group's actual results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below or elsewhere in this Information Memorandum, particularly in the section entitled "Risk Factors" set out in **Section 6** of this Information Memorandum.

10.1 Overview

Our Company was incorporated on 8 September 2020 mainly as a listing vehicle to facilitate the Proposed Listing. Our Group is principally involved in the distribution and retail of fresh fruits and other food products as well as the processing and retail of fruit products. Refer to **Section 5.1** of this Information Memorandum for further details of our products.

10.2 Revenue

Our Group's revenue for the financial years/periods under review is analysed as follows:

(i) By business segment

	FYE				4M FPE			
	2019		2020		2020		2021	
	RM	%	RM	%	RM	%	RM	%
Distribution and retail	42,683,675	83.24	37,872,107	79.16	8,853,562	76.42	19,962,781	74.84
Retail chain stores	6,880,206	13.42	6,669,713	13.94	1,752,259	15.13	6,189,985	23.21
Convenience stores	86,543	0.17	496,697	1.04	179,781	1.55	157,650	0.59
E-commerce	84,771	0.17	1,314,829	2.75	676,916	5.84	128,165	0.48
Others*	1,543,141	3.00	1,486,299	3.11	122,568	1.06	235,454	0.88
Total	**51,278,336**	**100.00**	**47,839,645**	**100.00**	**11,585,086**	**100.00**	**26,674,035**	**100.00**

Note:

* *Comprising hotels, hospitals, airline food provider and consumers who purchased through vending machines and at our display store.*

(ii) By product group

	FYE				4M FPE			
	2019		2020		2020		2021	
	RM	%	RM	%	RM	%	RM	%
Fresh fruits	50,192,545	97.88	46,743,676	97.71	11,282,946	97.39	26,500,595	99.35
Fruit products[(1)]	911,982	1.78	514,210	1.07	164,741	1.42	134,998	0.51
Other food products[(2)]	173,809	0.34	581,759	1.22	137,399	1.19	38,442	0.14
Total	**51,278,336**	**100.00**	**47,839,645**	**100.00**	**11,585,086**	**100.00**	**26,674,035**	**100.00**

10. MANAGEMENT DISCUSSION AND ANALYSIS *(CONT'D)*

Notes:

(1) Comprising fruit juices, plant based drinks, pickled fruits, dried fruits, cut fruits, frozen fruits and ready-to-eat fruit products.

(2) Comprising frozen meat and seafood, nuts, vegetables, ready-to-eat food (e.g. soup, canned food, pre-mix sauces and pastes) and convenience food (e.g. instant noodles and snacks).

FYE 2020 as compared to FYE 2019

Our revenue decreased by RM3.44 million or 6.71% to RM47.84 million in FYE 2020 (FYE 2019: RM51.28 million) mainly due to:

(i) lower sales in the distribution and retail segment as a result of the outbreak of COVID-19 pandemic and enforcement of MCO which caused interruption to the fruit supply chain and slowdown of business activities of our Group in FYE 2020. Some wet markets such as the Pasar Borong Selayang were restricted from operating which disrupted the businesses of our customers who are wholesalers and retailers based in these wet markets;

(ii) lower sales to our customers in retail chain store segment as a result of various stages of MCO imposed by the Malaysian government whereby retail store operators faced challenges in compliance with the newly imposed COVID-19-related standard operating procedures and restrictions nationwide. The implementation of strict measures on public areas to prevent the spread of the pandemic such as restriction on customer traffic and shortening of operating hours have inevitably reduced the footfall in our customers' retail chain stores. However, our Group managed to further expand our customer base in retail chain store segment during FYE 2020 whereby we have started supplying our fresh fruits to new customers such as Qra, AEON, Tunas Manja Group and Lulu, and thus the revenue from new customers have cushioned the impact of the decrease in revenue from our existing customers; and

(iii) lower sales of fresh fruits and fruit products were in line with the decreased sales in distribution and retail segment and retail chain store segment mainly due to the impact of COVID-19 pandemic and imposition of strict standard operating procedures as a result of enforcement of nationwide MCO as mentioned above;

partially offset by:

(iv) increase in e-commerce sales which was in line with the surge in consumers' preference for online grocery shopping and thus we started to offer a wider range of other food products (e.g. vegetables, frozen meat and seafood, ready-to-eat food and convenience food) to provide greater convenience to our customers especially during the MCO period and resulted in our sales of other food products increased by RM0.41 million in FYE 2020; and

(v) increase in sales in convenience store segment due to the customers' preference to purchase fruits from convenience stores during the MCO period which were less crowded and located within their neighbourhood as compared to retail chain stores as well as due to the record of full-year sales from convenience store segment in FYE 2020 as compared to FYE 2019 which only recorded 3-month sales as the convenience store segment commenced in the last quarter of 2019.

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10. MANAGEMENT DISCUSSION AND ANALYSIS *(CONT'D)*

4M FPE 2021 as compared to 4M FPE 2020

Our revenue increased by approximately RM15.09 million or 130.24% to RM26.67 million in the 4M FPE 2021 (4M FPE 2020: RM11.59 million) mainly arising from:

(i) higher sales of fresh fruits to our existing customers in distribution and retail segment, particularly due to higher demand during the Chinese New Year season in February 2021. Besides, as most businesses were allowed to operate, albeit at limited capacity, during the 4M FPE 2021 (despite the implementation of the second MCO from 13 January 2021) which led to slight recovery of consumer spending, the consumers have resumed purchasing fresh fruits from our customers which operate in wet markets and small retailers;

(ii) higher sales volume of fresh fruits from our existing customers in retail chain store segment during the 4M FPE 2021; and

(iii) increased sales of fresh fruits to hotels and hospitals in the 4M FPE 2021 as compared to the 4M FPE 2020 when the sales to hospital was only commenced in the month of April 2020;

partially offset by:

(iv) lower sales of fruit products in line with the lower sales generated from customers in our convenience store segment during the 4M FPE 2021, whereby there were more work-from-home initiatives implemented by our government, limited outdoor recreational activities and minimal tourism activities, which had resulted in a slowdown of the demand for convenient ready-to-eat fruits and drinks; and

(v) lower e-commerce sales as we reduced our other food product offerings and focused on selling of fresh fruits which resulted in softened online customer demand and lower sales of other food products in the 4M FPE 2021.

10.3 Cost of sales

Our cost of sales consists of cost of fresh fruits and other food products, inward logistic cost, packaging cost and others.

The table below sets forth the breakdown of our cost of sales for the financial years/periods under review:

	FYE				4M FPE			
	2019		2020		2020		2021	
	RM	%	RM	%	RM	%	RM	%
Cost of fresh fruits and other food products	40,666,576	97.20	38,688,637	97.65	8,951,087	96.74	22,599,670	97.69
Inward logistic cost	937,894	2.24	709,742	1.79	228,976	2.48	352,014	1.52
Packaging cost	173,998	0.41	179,838	0.45	60,373	0.65	162,191	0.70
Others*	61,451	0.15	43,005	0.11	11,870	0.13	21,294	0.09
Total	**41,839,919**	**100.00**	**39,621,222**	**100.00**	**9,252,306**	**100.00**	**23,135,169**	**100.00**

Note:

* *Comprising cost of purchase of other raw materials and ingredients for processing of fruit products, and fruit waste disposal expenses.*

10. MANAGEMENT DISCUSSION AND ANALYSIS *(CONT'D)*

Our Group's overall cost of sales for the financial years/periods under review is analysed as follows:

(i) By business segment

	FYE				4M FPE			
	2019		2020		2020		2021	
	RM	%	RM	%	RM	%	RM	%
Distribution and retail	36,437,858	87.09	32,836,228	82.88	7,613,725	82.29	17,846,460	77.14
Retail chain stores	4,275,432	10.22	4,465,134	11.27	1,036,088	11.20	4,925,829	21.29
Convenience stores	46,336	0.11	303,643	0.77	95,185	1.03	88,152	0.38
E-commerce	36,711	0.09	928,651	2.34	434,835	4.70	100,903	0.44
Others*	1,043,582	2.49	1,087,566	2.74	72,473	0.78	173,825	0.75
Total	**41,839,919**	**100.00**	**39,621,222**	**100.00**	**9,252,306**	**100.00**	**23,135,169**	**100.00**

Note:

* *Comprising hotels, hospitals, airline food provider and consumers who purchased through vending machines and at our display store.*

(ii) By product group

	FYE				4M FPE			
	2019		2020		2020		2021	
	RM	%	RM	%	RM	%	RM	%
Fresh fruits	41,317,362	98.75	39,162,878	98.84	9,138,068	98.77	23,039,058	99.58
Fruit products	377,900	0.90	213,210	0.54	62,856	0.68	66,280	0.29
Other food products	144,657	0.35	245,134	0.62	51,382	0.55	29,831	0.13
Total	**41,839,919**	**100.00**	**39,621,222**	**100.00**	**9,252,306**	**100.00**	**23,135,169**	**100.00**

FYE 2020 as compared to FYE 2019

In line with the RM3.85 million decrease in revenue contribution from fresh fruits and fruit products in the FYE 2020, our cost for the purchases of fresh fruits as well as raw materials and ingredients for processing of fruit products, inward logistic cost and fruit waste disposal expenses have decreased, resulting in a decrease in our total cost of sales by RM2.22 million or 5.30% to RM39.62 million in the FYE 2020 (FYE 2019: RM41.84 million), particularly, the cost of sales for fresh fruits and fruit products decreased by RM2.32 million or 5.56% to RM39.38 million in the FYE 2020 (FYE 2019: RM41.70 million).

4M FPE 2021 as compared to 4M FPE 2020

In line with the increase in revenue from our customers in the distribution and retail segment and the retail chain store segment in the 4M FPE 2021, our total cost of sales increased by RM13.88 million or 150.05% to RM23.14 million in the 4M FPE 2021 (4M FPE 2020: RM9.25 million) mainly due to the increase in our cost for the purchases of fresh fruits, inward logistics cost and packaging cost which resulted in our cost of sales for fresh fruits rising by RM13.90 million or 152.12% to RM23.04 million in the 4M FPE 2021 (4M FPE 2020: RM9.14 million).

10. MANAGEMENT DISCUSSION AND ANALYSIS *(CONT'D)*

10.4 GP and GP margin

Our Group's overall GP and GP margin for the financial years/periods under review are analysed as follows:

(i) By business segment

	FYE				4M FPE			
	2019		2020		2020		2021	
GP	**RM**	**%**	**RM**	**%**	**RM**	**%**	**RM**	**%**
Distribution and retail	6,245,817	66.17	5,035,879	61.28	1,239,837	53.15	2,116,321	59.80
Retail chain stores	2,604,774	27.60	2,204,579	26.82	716,171	30.70	1,264,156	35.72
Convenience stores	40,207	0.43	193,054	2.35	84,596	3.62	69,498	1.96
E-commerce	48,060	0.51	386,178	4.70	242,081	10.38	27,262	0.77
Others*	499,559	5.29	398,733	4.85	50,095	2.15	61,629	1.75
Total	**9,438,417**	**100.00**	**8,218,423**	**100.00**	**2,332,780**	**100.00**	**3,538,866**	**100.00**

	FYE		4M FPE	
	2019	2020	2020	2021
GP margin	**%**	**%**	**%**	**%**
Distribution and retail	14.63	13.30	14.00	10.60
Retail chain stores	37.86	33.05	40.87	20.42
Convenience stores	46.46	38.87	47.06	44.08
E-commerce	56.69	29.37	35.76	21.27
Others*	32.37	26.83	40.87	26.17
Overall	**18.41**	**17.18**	**20.14**	**13.27**

Note:

* *Comprising hotels, hospitals, airline food provider and consumers who purchased through vending machines and at our display store.*

(ii) By product group

	FYE				4M FPE			
	2019		2020		2020		2021	
GP	**RM**	**%**	**RM**	**%**	**RM**	**%**	**RM**	**%**
Fresh fruits	8,875,182	94.03	7,580,798	92.24	2,144,878	91.95	3,461,537	97.82
Fruit products	534,083	5.66	301,000	3.66	101,885	4.36	68,718	1.94
Other food products	29,152	0.31	336,625	4.10	86,017	3.69	8,611	0.24
Total	**9,438,417**	**100.00**	**8,218,423**	**100.00**	**2,332,780**	**100.00**	**3,538,866**	**100.00**

	FYE		4M FPE	
	2019	2020	2020	2021
GP margin	**%**	**%**	**%**	**%**
Fresh fruits	17.68	16.22	19.01	13.06
Fruit products	58.56	58.54	61.85	50.90
Other food products	16.77	57.86	62.60	22.40
Overall	**18.41**	**17.18**	**20.14**	**13.27**

10. MANAGEMENT DISCUSSION AND ANALYSIS *(CONT'D)*

FYE 2020 as compared to FYE 2019

Our Group's GP decreased by RM1.22 million or 12.93% to RM8.22 million in the FYE 2020 (FYE 2019: RM9.44 million) mainly due to the decrease in our revenue as a result of negative impact of COVID-19 pandemic and the enforcement of MCO which caused interruption to the fruit supply chain and slowdown of business activities of our Group in FYE 2020. The weaker market conditions in Malaysia have thus resulted in weakened customer spending on fresh fruits and fruit products.

Accordingly, our GP margin decreased to 17.18% in the FYE 2020 (FYE 2019: 18.41%) mainly due to business strategy adopted by our Group including sales discounts given to new customers in retail chain store segment to penetrate into new retail chain stores and lowered the mark-up price for fruits sold on e-commerce platforms in order to increase our market shares on e-commerce platforms.

The GP margin of other food products increased from 16.77% to 57.86% mainly due to the sale of vegetables with higher margin attributed to high demand from customers during the MCO period.

4M FPE 2021 as compared to 4M FPE 2020

Our Group's GP increased by RM1.21 million or 51.70% to RM3.54 million in the 4M FPE 2021 (4M FPE 2020: RM2.33 million) mainly due to the increase in our revenue generated from our customers in the distribution and retail segment and the retail chain store segment, as most businesses were allowed to operate, albeit at limited capacity, during the 4M FPE 2021 (despite the implementation of the second MCO from 13 January 2021) which led to slight recovery of consumer spending, the consumers have resumed purchasing fresh fruits from our customers which operate in wet markets, small retailers and retail chain stores.

However, our GP margin decreased to 13.27% in the 4M FPE 2021 (4M FPE 2020: 20.14%) mainly due to:

(i) lower GP margin as we strived to increase our market share in the distribution and retail segment and the retail chain store segment by selling our fresh fruits at more competitive pricing;

(ii) less sales of other food products (especially vegetables which were sold at higher GP margin during the 4M FPE 2020) in the 4M FPE 2021 which was in line with our Group's strategy to focus on distribution and supply of fresh fruits;

(iii) the promotional activities undertaken coupled with competitive pricing strategy adopted by our Group to market our fruit products on our CARZO platform; and

(iv) more sales of fresh fruits at lower GP margin to our customers under other segment (especially hotels and hospitals) in the 4M FPE 2021 as compared to other customers in the 4M FPE 2020.

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10. MANAGEMENT DISCUSSION AND ANALYSIS *(CONT'D)*

10.5 Other operating income

The table below sets forth the breakdown of our Group's other income for the financial years/periods under review:

	FYE				4M FPE			
	2019		2020		2020		2021	
	RM	%	RM	%	RM	%	RM	%
Realised gain on foreign exchange	272,773	19.32	286,895	17.57	70,920	57.02	232,440	67.33
Unrealised gain on foreign exchange	70,520	5.00	91,136	5.58	-	-	-	-
Sales of vending machines	821,000	58.16	-	-	-	-	-	-
Transportation fees	85,719	6.07	34,373	2.10	29,270	23.53	-	-
Reversal of allowance for impairment losses	-	-	1,091,503	66.84	-	-	88,122	25.53
Fruit crate charges	-	-	95,548	5.85	-	-	24,612	7.13
Insurance reimbursement	-	-	24,888	1.52	24,000	19.29	-	-
Fixed deposit interest	2,325	0.17	8,411	0.52	-	-	-	-
Waiver of debt	154,781	10.97	-	-	-	-	-	-
Others*	4,406	0.31	257	0.02	196	0.16	55	0.01
Total	**1,411,524**	**100.00**	**1,633,011**	**100.00**	**124,386**	**100.00**	**345,229**	**100.00**

Note:

* *Comprising excess miscellaneous cash received from customers.*

FYE 2020 as compared to FYE 2019

Our other operating income increased by RM0.22 million or 15.69% to RM1.63 million in FYE 2020 (FYE 2019: RM1.41 million) mainly due to:

(i) realised and unrealised gains on foreign exchange arising from the strengthening of RM against US dollar-denominated payables which were in line with our increased imports of fruits from overseas;

(ii) reversal of allowance for impairment losses amounting to RM1.09 million (FYE 2019: Nil) as approximately RM1.38 million trade receivables which represented part of the past due trade receivables in FYE 2019 were recovered during FYE 2020 and after setting off the additional allowance for impairment losses for FYE 2020 amounting to RM284,732 (FYE 2019: RM1,697,054);

(iii) additional fruit crate charges of RM0.10 million to customers for using plastic crates/baskets to deliver fruits, e.g. mangoes from Thailand; and

(iv) insurance reimbursement of RM0.03 million over a stolen motor vehicle which was used for staff's business travelling;

partially offset by:

(v) sales of vending machines to investors under the sale and lease back arrangement in FYE 2019. Such arrangement allowed us to sell our fruit products and at the same time reduced the financial burden of our Group. Our Group ceased to sell the vending machines in FYE 2020 as our Group intended to manage the vending machines by our in-house team;

(vi) decrease in transportation fees charged to distributors which was in line with the decrease in our Group's revenue in FYE 2020; and

(vii) one-off waiver of debt in relation to a purchase of motor vehicle paid by our Director.

4M FPE 2021 as compared to 4M FPE 2020

Our other operating income increased by RM0.22 million or 177.55% to RM0.35 million in 4M FPE 2021 (4M FPE 2020: RM0.13 million) mainly due to:

(i) realised gains on foreign exchange arising from the strengthening of RM against US dollar-denominated payables in the 4M FPE 2021 as compared to the 4M FPE 2020 when RM was weaker against the US dollar during the initial outbreak of COVID-19 pandemic in Malaysia and the commencement of the first MCO implemented by the Malaysian government to curb the spread of COVID-19 in the country;

(ii) reversal of allowance for impairment losses in the 4M FPE 2021 due to collections from the wholesalers and retailers of RM86,628 as well as customers in convenience store segment of RM1,494 during the financial period under review; and

(iii) additional fruit crate charges of RM0.03 million to customers for using plastic crates/baskets to deliver fruits, e.g. mangoes from Thailand.

10.6 Operating and administrative expenses

The table below sets forth the breakdown of our Group's operating and administrative expenses for the financial years/periods under review:

	FYE				4M FPE			
	2019		2020		2020		2021	
	RM	%	RM	%	RM	%	RM	%
Delivery and transportation expenses	186,232	2.58	196,181	3.00	72,748	3.68	163,290	6.25
Travelling and accommodation	52,980	0.73	60,190	0.92	19,279	0.98	24,222	0.93
Utilities and telecommunication expenses	166,739	2.31	158,096	2.42	52,368	2.65	68,694	2.63
Advertising expenses	52,000	0.72	117,341	1.79	62,290	3.15	-	-
Upkeep of plant and equipment	395,319	5.47	243,326	3.72	50,266	2.54	95,955	3.67
Professional fees	155,669	2.15	326,595	4.99	18,212	0.92	50,814	1.95
Bank and payment gateway charges	22,234	0.31	54,372	0.83	19,426	0.98	9,744	0.37
Rental expenses	379,997	5.25	166,725	2.55	138,887	7.02	84,522	3.24
Directors' remuneration	869,421	12.02	711,769	10.87	215,383	10.89	261,381	10.01
Employee costs, benefits and welfare	1,785,148	24.69	1,945,539	29.72	789,864	39.94	1,067,515	40.88
Vending machine purchases	498,671	6.90	-	-	-	-	-	-
Payment to vending machine investors	64,000	0.89	444,300	6.79	133,900	6.77	42,700	1.64
Allowance for impairment loss	1,697,054	23.47	-	-	-	-	-	-
Plant and equipment written off and impairment	89,511	1.24	25,059	0.38	3,667	0.19	125,664	4.81

10. MANAGEMENT DISCUSSION AND ANALYSIS *(CONT'D)*

	FYE				4M FPE			
	2019		2020		2020		2021	
	RM	%	RM	%	RM	%	RM	%
Bad debts written off	-	-	1,251,507	19.12	-	-	-	-
Realised loss on foreign exchange	5,186	0.07	68,341	1.04	23,156	1.17	61,289	2.35
Unrealised loss on foreign exchange	-	-	-	-	119,663	6.05	140,211	5.37
Depreciation of plant and equipment	365,262	5.05	353,835	5.40	127,681	6.46	165,771	6.35
Depreciation of right-of-use assets	68,305	0.94	146,336	2.23	45,537	2.30	68,429	2.62
Printing, postage and stationery expenses	204,427	2.83	110,318	1.69	24,068	1.22	52,091	1.99
Other administrative and operational expenses	171,938	2.38	166,441	2.54	61,141	3.09	128,881	4.94
Total	**7,230,093**	**100.00**	**6,546,271**	**100.00**	**1,977,536**	**100.00**	**2,611,173**	**100.00**

FYE 2020 as compared to FYE 2019

Our Group's operating and administrative expenses decreased by RM0.68 million or 9.46% to RM6.55 million in FYE 2020 (FYE 2019: RM7.23 million), mainly due to:

(i) decrease in allowance for impairment losses on trade receivables which resulted in a reversal of allowance for impairment losses of RM1.09 million as disclosed in **Section 10.5(ii)** of the IM. The high allowance for impairment losses on trade receivables in FYE 2019 of approximately RM1.70 million was derived upon adoption of expected credit losses methodology of assessment of credit risk in accordance with the Malaysian Financial Reporting Standards (MFRS) 9 on outstanding trade receivables;

(ii) the cost for purchase of vending machines which were sold to investors under the sale and lease back arrangement in FYE 2019. Our Group ceased to sell vending machines in FYE 2020 as our Group intended to manage the vending machines by our in-house team;

(iii) decrease in rental expenses by RM0.21 million subsequent to the cessation of the rental of our previous premises in Selayang in FYE 2020;

(iv) decrease in upkeep of plant and equipment by RM0.15 million as most of the assets used in operations were acquired in FYE 2019 and are in good condition; and

(v) decrease in our Directors' remuneration by RM0.16 million as our Directors voluntarily took a pay cut in FYE 2020 during the MCO period;

partially offset by:

(i) one-off bad debts written off of RM1.25 million in FYE 2020 in relation to the trade receivables mainly related to the sales of durians to new customers which comprised distributors and retailers since the end of the FYE 2019 until early FYE 2020. Despite attempts to recover the outstanding amount through follow-ups and reminders, these customers faced difficulties in settlement of their outstanding debts due to the outbreak of COVID-19 pandemic during the FYE 2020. After taking into consideration the profit margin to be made by our Group for the sales, our Company decided to grant one-off rebate to the trade receivables owing by these customers of RM1.25 million to facilitate the settlement of the remaining outstanding trade receivables. As a result of which the amount of RM1.25 million was written off as bad debts;

(ii) increase in payment of guaranteed return to investors of vending machines by RM0.38 million subsequent to the sales of vending machines in FYE 2019;

(iii) increase in professional fees by RM0.17 million due to the increase in number of food safety tests conducted on our broadened range of fruit products, engagement of professional service providers to strengthen our compliances with laws and regulations as well as appointment of audit oversight board-registered auditors;

(iv) increase in employees' costs by RM0.16 million due to the increased allowance and overtime for employees who were in charge of our convenience store and e-commerce segments as well as upward adjustment to staff salaries; and

(v) increase in depreciation of right-of-use assets by RM0.08 million due to rental of a new building to expand our cold room storage space in the FYE 2020.

4M FPE 2021 as compared to 4M FPE 2020

Our Group's operating and administrative expenses increased by RM0.63 million or 32.04% to RM2.61 million in 4M FPE 2021 (4M FPE 2020: RM1.98 million), mainly due to:

(i) increase in employee cost, benefits and welfare by RM0.28 million due to recruitment of additional staff and cessation of staff pay cut in the 4M FPE 2021;

(ii) increase in plant and equipment impairment by RM0.12 million for dismantling part of our cold rooms which could not be reused;

(iii) increase in delivery and transportation expenses by RM0.09 million which was in line with the increase in our sales to our customers in the distribution and retail segment and the retail chain store segment;

(iv) increase in other administrative and operational expenses by RM0.07 million due to payment for product listing fees and registration fees to new customers in the retail chain store segment as well as compliance-related expenses incurred for the inspection of our premises by regulatory bodies such as the Fire and Rescue Department of Malaysia and the Department of Occupational Safety and Health;

(v) increase in upkeep of plant and equipment by RM0.05 million due to increase in maintenance cost for our cold rooms and motor vehicles during the financial period under review; and

(vi) increase in Directors' remuneration by RM0.05 million as we ceased the voluntary Directors' pay cuts during the recovery MCO when our Group's revenue had improved.

10.7 Finance costs

The table below sets forth the breakdown of our Group's finance costs for the financial years/periods under review:

	FYE				4M FPE			
	2019		2020		2020		2021	
	RM	%	RM	%	RM	%	RM	%
Bankers' acceptance fees	-	-	4,589	1.86	-	-	17,196	13.52
Bank overdrafts	2,872	1.81	21,101	8.56	7,476	9.71	6,710	5.28
Hire purchases	39,335	24.78	20,284	8.22	8,076	10.49	16,862	13.26
Lease liabilities	11,843	7.46	20,078	8.14	6,802	8.83	12,659	9.96
Term loans	104,674	65.95	180,604	73.22	54,654	70.97	73,709	57.98
Total	**158,724**	**100.00**	**246,656**	**100.00**	**77,008**	**100.00**	**127,136**	**100.00**

FYE 2020 as compared to FYE 2019

Our Group's finance costs increased by RM0.09 million or 55.40% to RM0.25 million in FYE 2020 (FYE 2019: RM0.16 million) which was in line with our utilisation of new banking facilities (i.e. bankers' acceptance, term loans and bank overdrafts) to finance our Group's working capital and business expansion purposes.

4M FPE 2021 as compared to 4M FPE 2020

Our Group's finance costs increased by RM0.05 million or 65.09% to RM0.13 million in 4M FPE 2021 (4M FPE 2020: RM0.08 million) due to higher utilisation of our banking facilities (i.e. bankers' acceptance, term loans and hire purchases) to finance our Group's working capital and business expansion purposes.

10.8 Taxation

The table below sets forth the effective tax rate for the financial years/periods under review:

	FYE		4M FPE	
	2019	**2020**	**2020**	**2021**
Income tax expense (RM)	828,650	696,149	165,781	335,308
Effective tax rate (%)[(1)]	23.94	22.76	41.18	29.26

Note:

(1) Computed based on income tax expense divided by PBT of respective financial years/periods under review.

The statutory tax rate for SME, which is applicable to our Group during the FYEs 2019 and 2020, is 17% for the first RM600,000 (year assessment of 2019: RM500,000) of chargeable income and the balance of chargeable income is taxable at the rate of 24%.

The effective tax rate of our Group is lower in the FYE 2020 compared to the FYE 2019 due to a reversal of allowance for impairment losses of RM1.09 million which was not taxable.

The effective tax rates of our Group for both 4M FPE 2020 and 4M FPE 2021 were higher than the statutory tax rate of 24% as the effective tax rates were computed based on the combined PBT of our Group after taking into consideration the loss before taxation recorded by some of our subsidiaries during the periods under review which led to higher overall tax rates. The effective tax rate of our Group for 4M FPE 2021 was lower compared to 4M FPE 2020 mainly due to higher combined PBT of our Group generated in 4M FPE 2021 compared to 4M FPE 2020.

In addition, the effective tax rate of our Group for 4M FPE 2021 was higher than the statutory tax rate of 24% as we ceased to enjoy lower statutory tax rate for SME of 17% on the first RM600,000 of chargeable income.

10.9 PAT and PAT margin

The table below sets forth our Group's PAT and PAT margin for the financial years/periods under review:

10. MANAGEMENT DISCUSSION AND ANALYSIS *(CONT'D)*

	FYE		4M FPE	
	2019	**2020**	**2020**	**2021**
PAT (RM)	2,632,474	2,362,358	236,841	810,478
PAT margin (%)	5.13	4.94	2.04	3.04

FYE 2020 as compared to FYE 2019

In line with the lower revenue and GP, our Group's PAT decreased by RM0.27 million or 10.26% to RM2.36 million in the FYE 2020 (FYE 2019: RM2.63 million).

4M FPE 2021 as compared to 4M FPE 2020

Our Group's PAT increased by approximately RM0.57 million or 242.20% to RM0.81 million in the 4M FPE 2021 (4M FPE 2020: RM0.24 million) which was in line with the higher revenue and GP of our Group. Our PAT margin increased to 3.04% in the 4M FPE 2021 (4M FPE 2020: 2.04%) mainly due to higher GP for the financial period under review.

10.10 Key financial ratios

The table below sets forth certain key financial ratios of our Group for the financial years/periods under review:

	FYE		4M FPE	
	2019	**2020**	**2020**	**2021**
Trade receivables turnover period (days)[(1)]	78	114	110	76
Trade payables turnover period (days)[(2)]	98	97	119	44
Inventory turnover period (days)[(3)]	10	9	3	5
Current ratio (times)[(4)]	0.96	1.24	1.03	1.48
Gearing ratio (times)[(5)]	N/A	1.96	N/A	0.77

Notes:

N/A *Not applicable as our Group was in net liability position of RM0.53 million for FYE 2019 and RM0.29 million for 4M FPE 2020 mainly due to accumulated losses of Carzo SB accrued from the FYE 2015 until the FYE 2017.*

(1) *Trade receivables turnover period* $= \frac{\text{(Closing trade receivables - allowance for impairment losses)}}{\text{Total revenue}} \times$ *number of days in the financial year/period*

(2) *Trade payables turnover period* $= \frac{\text{Closing trade payables}}{\text{Total cost of sales}} \times$ *number of days in the financial year/period*

(3) *Inventory turnover period* $= \frac{\text{Closing inventory}}{\text{Total cost of sales}} \times$ *number of days in the financial year/period*

(4) *Current ratio* $= \frac{\text{Total current assets}}{\text{Total current liabilities}}$

(5) *Gearing ratio* $= \frac{\text{Total borrowings}}{\text{Shareholders' equity}}$

10. MANAGEMENT DISCUSSION AND ANALYSIS *(CONT'D)*

(i) Trade receivables turnover period

Trade receivables are non-interest bearing and the normal credit terms offered by our Group during the financial years/periods under review ranges from 7 to 90 days from the date of invoices. Other credit terms are assessed and approved on a case-to-case basis by taking into consideration various factors, such as our business relationship with customers as well as customers' creditworthiness and transaction volume.

Our Group's trade receivables turnover period has increased from 78 days for FYE 2019 to 114 days for FYE 2020 and the turnover period for FYE 2020 exceeds the normal credit terms granted to our customers by our Group. This is primarily due to the substantial sales of our products were generated towards the end of the FYE 2020 along with the granting of longer credit terms (e.g. 90 days) to several new customers in FYE 2020 to drive our Group's sales growth. Our Group recorded a trade receivables turnover period of 76 days for the 4M FPE 2021 due to higher collection of trade receivables from our customers as well as higher revenue recorded during the financial period.

The ageing analysis of our Group's trade receivables as at 30 April 2021 is as follows:

		Exceeding credit period					
	Within credit period	**1-30 days**	**31-60 days**	**61-90 days**	**91-120 days**	**>120 days**	**Total**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Trade receivables	9,239,821	3,898,793	2,598,670	823,596	171,669	1,094,685[(1)]	17,827,234
Less: Subsequent collection up to the LPD	4,175,336	3,712,062	2,586,070	781,979	120,756	460,597	11,836,800
Outstanding balance as at the LPD	5,064,485	186,731	12,600	41,617	50,913	634,088	5,990,434
% of outstanding balance	84.54	3.12	0.21	0.69	0.85	10.59	100.00

Note:

(1) Trade receivables of RM445,100 were impaired as at 30 April 2021, out of which our Group subsequently recovered RM9,409.

As at the LPD, our Group has collected RM11.84 million representing 66.40% of the trade receivables of RM17.83 million as at 30 April 2021. The majority (approximately 84.54%) of the outstanding balance were within credit period and we are of the opinion that the remaining amount is generally recoverable considering our relationship with these customers and customers' payment track record. We will continue to review the collectability of our trade receivables and make relevant provisions for impairment for trade receivables that are in dispute or where recoveries are considered to be doubtful.

(ii) Trade payables turnover period

Trade payables are non-interest bearing and the normal credit term granted to our Group ranges from 21 to 60 days. Our Group's trade payables turnover period remained similar and consistent for both FYE 2019 and FYE 2020. However, the turnover periods are generally longer than the stipulated credit period granted by suppliers due to our Group's substantial purchases made towards the end of the financial years under review. Our Group recorded a trade payables turnover period of 44 days for 4M FPE 2021 which is within the normal credit term due to prompt payment to the trade payables during the financial period.

(iii) Inventory turnover period

Generally, our inventory turnover period remained largely similar and consistent with industry norm which is within 6-14 days. Our Group recorded an inventory turnover period of 5 days for 4M FPE 2021 mainly due to the increase in sales volume from wholesalers and retailers as well as our customers in retail chain store segment.

(iv) Current ratio

Our Group's current ratio has improved over the financial years/periods under review, from 0.96 times (FYE 2019) to 1.48 times (4M FPE 2021) mainly due to higher cash and bank balances as well as trade and other receivables. Subsequent to 4M FPE 2021 and as at LPD, we managed to collect outstanding trade receivables of approximately RM11.84 million. Our Board will endeavor to maintain a healthy level of current ratio for our Group while carrying out our expansion plans as set out in **Section 5.22** of this Information Memorandum.

(v) Gearing ratio

Our Group's gearing ratio has decreased from 1.96 times for FYE 2020 to 0.77 times for 4M FPE 2021 mainly due to the completion of the issuance of new Carzo Shares to CRI for the proceeds of RM4.0 million during 4M FPE 2021 as well as PAT of RM0.81 million recorded for the financial period which has increased our shareholders' funds from RM2.73 million as at 31 December 2020 to RM7.54 million as at 30 April 2021.

10.11 Working capital

Our business is financed by a combination of internal and external sources of funds. Our internal sources of funds comprise our share capital (including the proceeds received from the pre-listing investors) and internally generated funds, while our external funds are mainly credit facilities from financial institutions. There are deposits with licensed banks which are pledged as security for the credit facilities granted to our Group.

We have:

(i) cash and bank balances (excluding fixed deposits pledged with licensed banks of RM0.49 million) stood at RM5.26 million as at 30 April 2021;

(ii) proceeds raised from our pre-listing investors of RM6.52 million as at the LPD;

(iii) working capital of approximately RM7.89 million, being the difference between current assets of approximately RM24.17 million and current liabilities of approximately RM16.28 million as at 30 April 2021; and

(iv) bank borrowings and lease liabilities stood at RM5.78 million and un-utilised overdraft facilities as well as trade lines granted to our Group for our working capital purpose stood at RM1.31 million as at 30 April 2021.

10. MANAGEMENT DISCUSSION AND ANALYSIS *(CONT'D)*

Based on our past financial performance and future prospect, and after taking into consideration our cash and bank balances; the proceeds raised from our pre-listing investors; the un-utilised credit facilities; our capacity to obtain further financing from financial institutions; our Group's continued profitability, improved current ratio, our Board is of the view that we will have sufficient working capital to meet our existing business requirements for a period of 12 months from the date of this Information Memorandum.

10.12 Significant factors affecting our financial position and results of operations

The "Risk Factors" in **Section 6** of this Information Memorandum set out several risk factors relating to our business and the industry in which we operate in. Some of these risk factors have an impact on our financial position and results of operations. You should consider carefully the risk factors set out therein before making a decision on whether an investment in our Shares is suitable for you in light of your circumstances, risk appetite and financial resources.

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11. OTHER INFORMATION

11.1 Material contracts

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered by our Group within the 2 years immediately preceding the date of this Information Memorandum:

(i) Sale and purchase of shares agreement dated 2 November 2020 and supplementary agreement dated 30 November 2020 made between our Company, Dato' Sri Delon Lee and Cheong Wai Keh (both as vendors of Carzo Fruits) for the acquisition of the entire equity interest in Carzo Fruits for a total purchase consideration of RM185,497 which was satisfied entirely via the issuance of 3,709,940 new Carzo Shares at the issue price of RM0.05 per Carzo Share. The acquisition was completed on 2 November 2020;

(ii) Sale and purchase of shares agreement dated 2 November 2020 and supplementary agreement dated 30 November 2020 made between our Company and Dato' Sri Delon Lee (as vendor of Carzo Import) for the acquisition of the entire equity interest in Carzo Import for a total purchase consideration of RM790,755 which was satisfied entirely via the issuance of 15,815,100 new Carzo Shares at the issue price of RM0.05 per Carzo Share. The acquisition was completed on 2 November 2020;

(iii) Sale and purchase of shares agreement dated 2 November 2020 and supplementary agreement dated 30 November 2020 made between our Company and Dato' Sri Delon Lee and Cheong Wai Keh (both as vendors of Carzo SB) for the acquisition of the entire equity interest in Carzo SB for a total purchase consideration of RM2,201,254 which was satisfied entirely via the issuance of 44,025,080 new Carzo Shares at the issue price of RM0.05 per Carzo Share. The acquisition was completed on 2 November 2020; and

(iv) Subscription agreement dated 29 December 2020 made between our Company and CRI (as the subscriber) to subscribe for 15,888,600 new Carzo Shares at the issue price of RM0.2518 per Carzo Share for a total subscription amount of RM4,000,749.48 which was satisfied entirely via cash payment. The subscription was completed on 20 January 2021.

11.2 Material litigation

As at the LPD, we are not engaged in any material litigation, claims or arbitration either as plaintiff or defendant and our Board does not know of any proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially or adversely affect our position or business.

11.3 Contingent liabilities

As at the LPD, there is no contingent liability which, upon becoming enforceable, may have a material impact on our financial position and business.

11.4 Declaration by advisers

(i) TA Securities confirms that there is no existing or potential conflict of interest in its capacity as the Approved Adviser and Continuing Adviser.

(ii) Nexia SSY PLT confirms that there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants for our Proposed Listing.

(iii) Olivia Lim & Co confirms that there is no existing or potential conflict of interest in its capacity as the Legal Due Diligence Solicitors for our Proposed Listing.

(iv) Providence confirms that there is no existing or potential conflict of interest in its capacity as the Independent Market Researcher for our Proposed Listing.

11. OTHER INFORMATION *(CONT'D)*

11.5 Responsibility statements

Our Directors and our Promoters have seen and approved this Information Memorandum. They collectively and individually accept full responsibility for the accuracy of the information contained in this Information Memorandum. Having made all reasonable enquiries and to the best of their knowledge and belief, they confirm that there are no false or misleading statements or other facts which if omitted, would make any statement in this Information Memorandum false or misleading.

TA Securities, being the Approved Adviser and Continuing Adviser, acknowledge that, based on all available information and to the best of their knowledge and belief, this Information Memorandum constitutes a full and true disclosure of all material facts concerning our Proposed Listing.

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APPENDIX I

COMPILATION OF PRO FORMA FINANCIAL INFORMATION
FOR THE FYES 2019 AND 2020

Nexia SSY

Carzo Holdings Sdn. Bhd.

Company No: 202001026908 (1383228-K)
(Incorporated in Malaysia)

Compilation of Pro Forma Financial Information Included in the Information Memorandum for the years ended 31 December 2020 and 31 December 2019

Company No: 202001026908 (1383228-K)

Carzo Holdings Sdn. Bhd.
(Incorporated in Malaysia)

Pro Forma Financial Information for the years ended 31 December 2020 and 31 December 2019

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Carzo Holdings Sdn. Bhd.
(Incorporated in Malaysia)

Pro Forma Financial Information
Statement of Financial Position
as at 31 December 2020 and 31 December 2019

	Note	2020 RM	2019 RM
ASSETS			
Non-current assets			
Plant and equipment	6	**1,162,894**	1,385,706
Right-of-use assets	7	**428,605**	341,524
		1,591,499	1,727,230
Current assets			
Inventories	8	**951,363**	1,164,864
Trade and other receivables	9	**15,145,842**	11,743,311
Fixed deposits with licensed banks	10	**370,736**	302,325
Cash and bank balances	10	**1,621,244**	503,143
		18,089,185	13,713,643
TOTAL ASSETS		**19,680,684**	15,440,873
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	11	**3,177,730**	420,200
Merger reserve	12	**(1,857,406)**	-
Retained earnings/(accumulated losses)		**1,413,129**	(949,229)
TOTAL EQUITY/(CAPITAL DEFICIENCY)		**2,733,453**	(529,029)
Non-current liabilities			
Borrowings	13	**1,968,349**	1,232,269
Lease liabilities	14	**401,869**	463,283
Deferred tax liabilities	15	**-**	17,735
		2,370,218	1,713,287
Current liabilities			
Trade and other payables	16	**11,115,374**	13,172,887
Borrowings	13	**2,655,365**	495,684
Lease liabilities	14	**330,003**	277,230
Provision for taxation		**476,271**	310,814
		14,577,013	14,256,615
TOTAL LIABILITIES		**16,947,231**	15,969,902
TOTAL EQUITY AND LIABILITIES		**19,680,684**	15,440,873

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

Carzo Holdings Sdn. Bhd.
(Incorporated in Malaysia)

Pro Forma Financial Information
Statement of Comprehensive Income
for the years ended 31 December 2020 and 31 December 2019

	Note	2020 RM	2019 RM
Revenue	17	**47,839,645**	51,278,336
Cost of sales		**(39,621,222)**	(41,839,919)
Gross profit		**8,218,423**	9,438,417
Other operating income		**1,633,011**	1,411,524
Operating and administrative expenses		**(6,546,271)**	(7,230,093)
Profit from operations		**3,305,163**	3,619,848
Finance costs	18	**(246,656)**	(158,724)
Profit before taxation	19	**3,058,507**	3,461,124
Taxation	21	**(696,149)**	(828,650)
Profit for the year		**2,362,358**	2,632,474
Attributable to:			
Owners of the Company		**2,362,358**	2,632,474
Non-controlling interest		**-**	-
		2,362,358	2,632,474
Earnings per share attributable to equity holders of the Company (sen)	22	**3.72**	626.48

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

Carzo Holdings Sdn. Bhd.
(Incorporated in Malaysia)

Pro Forma Financial Information
Statement of Changes in Equity
for the years ended 31 December 2020 and 31 December 2019

	Note	Share capital RM	Merger reserve RM	(Accumulated losses)/retained earnings RM	Total RM
At 1 January 2020		**420,200**	**-**	**(949,229)**	**(529,029)**
Issuance of shares	11	**4,077,830**	**-**	**-**	**4,077,830**
Acquisition of interests in common controlled entities		**(1,320,300)**	**(1,857,406)**	**-**	**(3,177,706)**
Profit for the year		**-**	**-**	**2,362,358**	**2,362,358**
At 31 December 2020		**3,177,730**	**(1,857,406)**	**1,413,129**	**2,733,453**
At 31 December 2018		120,200	-	(3,591,928)	(3,471,728)
Prior year adjustments		-	-	10,225	10,225
Restated as at 1 January 2019		120,200	-	(3,581,703)	(3,461,503)
Issuance of shares	11	300,000	-	-	300,000
Profit for the year		-	-	2,632,474	2,632,474
At 31 December 2019		420,200	-	(949,229)	(529,029)

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

Carzo Holdings Sdn. Bhd.
(Incorporated in Malaysia)

Pro Forma Financial Information
Statement of Cash Flows
for the years ended 31 December 2020 and 31 December 2019

	Note	2020 RM	2019 RM
Cash flows from operating activities			
Profit before taxation		**3,058,507**	3,461,124
Adjustments for:			
Allowance for impairment loss		**-**	1,697,054
Bad debts written off		**1,251,507**	-
Deposits written off		**-**	4,500
Depreciation of plant and equipment		**353,835**	365,262
Depreciation of right-of-use assets		**146,336**	68,305
Impairment of plant and equipment		**-**	45,640
Interest expense		**246,656**	158,724
Interest income		**(8,411)**	(2,325)
Plant and equipment written off		**25,059**	43,871
Reversal of allowance for impairment loss		**(1,091,503)**	-
Unrealised foreign exchange gain		**(91,136)**	(70,520)
Waiver of debts		**-**	(154,781)
Operating profit before working capital changes		**3,890,850**	5,616,854
Decrease/(increase) in inventories		**213,501**	(62,596)
Increase in trade and other receivables		**(3,562,535)**	(9,113,456)
(Decrease)/increase in trade and other payables		**(139,040)**	3,581,998
Cash generated from operations		**402,776**	22,800
Interest paid		**(25,690)**	(2,872)
Interest received		**8,411**	2,325
Income tax refunded		**-**	24,065
Income tax paid		**(548,427)**	(58,762)
Net cash used in operating activities		**(162,930)**	(12,444)
Cash flows from investing activities			
Proceeds from disposal of plant and equipment		**-**	658,833
Purchase of plant and equipment	6(c)	**(156,082)**	(890,425)
Net cash used in investing activities		**(156,082)**	(231,592)
Cash flows from financing activities			
Issuance of shares	11	**900,124**	300,000
Increase in fixed deposits pledged		**(68,411)**	(302,325)
Drawdown of term loan		**1,000,000**	700,000
Repayment of lease liabilities		**(242,058)**	(339,535)
Repayment of term loan		**(52,488)**	(118,462)
Lease interest paid		**(40,362)**	(51,178)
Term loan interest paid		**(206,294)**	(104,674)
Net cash generated from financing activities		**1,290,511**	83,826
Net increase/(decrease) in cash and cash equivalents		**971,499**	(160,210)
Cash and cash equivalents at beginning of the year		**223,023**	383,233
Cash and cash equivalents at end of the year	10	**1,194,522**	223,023

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

Carzo Holdings Sdn. Bhd.
(Incorporated in Malaysia)

Notes to the Pro Forma Financial Information for the years ended 31 December 2020 and 31 December 2019

1. General information

Carzo Holdings Sdn. Bhd. ("the Company") was incorporated on 8 September 2020 as a private limited company under its present name and is domiciled in Malaysia.

The principal activity of the Company is wholesale of fruits, provision of management services and activities of investment holding companies. The principal activities of the other entities where their financial information were included in this pro forma financial information are disclosed in Note 2. There have been no significant changes in the nature of these activities during the financial year under review.

The registered office of the Company is located at No. 5-1, Jalan Radin Bagus 9, Bandar Baru Sri Petaling, 57000 Kuala Lumpur, Wilayah Persekutuan.

The principal place of business of the Company is located at No. 6, Jalan Persiaran Industri, SD5, Bandar Sri Damansara, 52200 Kuala Lumpur.

The number of employees in the Company and its subsidiaries ("the Group") at the end of the financial year was 51 (2019: 54).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 23 April 2021.

2. Basis of the compilation of pro forma financial information

Pursuant to the Bursa Malaysia Securities Berhad ("Bursa Securities") LEAP Market Listing Requirements, the Company has prepared the pro forma financial information based on the audited reports and financial statements of the following entities to illustrate the impact as if a common control has occurred and the financial information has been compiled as a combined financial information, herein referred to as the Pro Forma Financial Information.

The details of the operating entities are as follows:

Operating entities	Principal place of business/country of incorporation	Principal activities
Carzo Holdings Sdn. Bhd.	Malaysia	Wholesale of fruits, provision of management services and activities of investment holding companies.
Carzo Sdn. Bhd. ("CSB")	Malaysia	(i) Distributing, wholesale and trading in all types of fruits, vegetables and related products; and (ii) Manufacturing and processing all types of fruits, vegetables, nuts and food products.
Carzo Import (M) Sdn. Bhd. ("CISB")	Malaysia	Trading, in all types of fruits, vegetables and related products.

2. Basis of the compilation of pro forma financial information (continued)

The details of the operating entities are as follows (continued):

Operating entities	Principal place of business/country of incorporation	Principal activities
Carzo Fruits (M) Sdn. Bhd. ("CFSB")	Malaysia	(i) Distributing, wholesale and trading in all types of fruits, vegetables and related products; and (ii) Manufacturing and processing all types of fruits, vegetables, nuts and food products.
Carzo Cold Chain Sdn. Bhd. [formerly known as ESH Global Import (M) Sdn. Bhd.] ("CCCSB")	Malaysia	Provision of cold chain lorry transport, logistics and provision of warehouse storage for frozen products. The Company did not carry out business operations in the year under review.
Carzo Digital Media Sdn. Bhd. ("CDMSB")	Malaysia	Advertising. The Company did not carry out business operations in the year under review.

The pro forma financial information deals solely with the audited reports and financial statements of the above entities for the financial years ended 31 December 2020 and 31 December 2019 (restated). The financial information of the Company and CDMSB have not been presented in the 2019 pro forma financial information because they were only incorporated on 8 September 2020 and 26 February 2020 respectively. The Company was incorporated to facilitate the proposed listing of the entire issued share capital of the Company on the LEAP Market of Bursa Securities ("Proposed Listing").

The compilation of pro forma financial information has been prepared by the Directors of the Company using financial information obtained from the records of the entities during the reporting periods.

Details of the deemed occurrence of common control are as follows:

Entities under common control	Financial year/period ended 31 December 2020	2019
Carzo Holdings Sdn. Bhd.	Yes	Not applicable*
Carzo Sdn. Bhd.	Yes	Yes
Carzo Import (M) Sdn. Bhd.	Yes	Yes
Carzo Fruits (M) Sdn. Bhd.	Yes	Yes
Carzo Cold Chain Sdn. Bhd. [formerly known as ESH Global Import (M) Sdn. Bhd.]	Yes	Yes
Carzo Digital Media Sdn. Bhd.	Yes	Not applicable*

* No financial statements were available for Carzo Holdings Sdn. Bhd. and Carzo Digital Media Sdn. Bhd. as they were only incorporated on 8 September 2020 and 26 February 2020 respectively.

2. Basis of the compilation of pro forma financial information (continued)

The pro forma financial information for the relevant periods were prepared in a manner as if the entities under common control were operating as a single economic enterprise from 1 January 2019. In the compilation, the Company, CSB, CISB, CFSB, CCCSB and CDMSB are referred to as the Group.

The pro forma financial information of the Group have been prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies (Note 3).

The preparation of the pro forma financial information from the compilation of the six operating entities in conformity with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial information and the reported amounts of revenue and expenses during the reported year. Actual results could differ from those estimates.

The pro forma financial information are presented in Ringgit Malaysia (RM), which is the Group's functional currency.

3. Significant accounting policies

All significant accounting policies set out below are consistent with those applied in the previous financial year, except as disclosed in Note 4.

(a) Plant and equipment and depreciation

All items of plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance are charged to profit or loss as incurred.

Subsequent to recognition, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Air conditioner	10%
Computer	10% - 20%
Furniture and fittings	20%
Kitchen equipment/machineries	10% - 20%
Motor vehicles	20%
Office equipment	20%
Renovations	10% - 20%

3. Significant accounting policies (continued)

(a) Plant and equipment and depreciation (continued)

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful lives and depreciation methods are reviewed at each financial year end, and adjusted prospectively, if appropriate to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss in the year the plant and equipment is derecognised, and any unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

(b) Inventories

Inventories are stated at the lower of cost (determined on the first-in, first-out basis) and net realisable value. Cost of finished goods and work-in-progress include cost of raw materials, direct labour, other direct costs and appropriate production overheads (based on normal operating capacity).

Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank balances, short-term bank deposits, fixed deposits with licensed banks (not pledged), short term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in fair value, and net of bank overdrafts.

(d) Equity instruments

Ordinary shares are classified as equity instruments. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(e) Provision for liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

3. Significant accounting policies (continued)

(e) Provision for liabilities (continued)

Provisions are reviewed at each financial year end and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(f) Interest bearing loans and borrowings

Borrowings are recognised initially at fair value net of transaction cost incurred. Subsequently, borrowings are stated at amortised cost using the effective interest method. Any difference between the amount recorded as borrowings and the associated redemption value is recognised in the profit or loss over the period of the borrowings. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan and are capitalised and amortised over the period of the facility to which it relates. All other borrowing costs are charged to profit or loss. Borrowings are derecognised from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the borrowings that have been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred and liabilities assumed, is recognised in profit or loss. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

(g) Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture, photocopiers and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

3. Significant accounting policies (continued)

(g) Leases (continued)

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest methods and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the financial year.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under MFRS 137 – Provisions, Contingent Liabilities and Contingent Assets. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies MFRS 136 – Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Plant and Equipment' policy.

3. Significant accounting policies (continued)

(h) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the financial year end.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax is provided for, using the liability method on temporary differences at the financial year end between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, affects neither accounting profit or loss nor taxable profit or loss.

The carrying amount of deferred tax assets are reviewed at each financial year end and reduced to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

Unrecognised deferred tax assets are reassessed at each financial year end and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the financial year end.

Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3. Significant accounting policies (continued)

(i) Employee benefits

i Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

ii Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or construction obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

As required by law, the Group makes contributions to the statutory provident scheme, the Employees Provident Fund ("EPF") in Malaysia. Such contributions are recognised as an expense in profit or loss in the period as incurred.

iii Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as a liability and an expense when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits failing due more than twelve months after the financial year end are discounted to present value.

3. Significant accounting policies (continued)

(j) Revenue recognition

The Group recognises revenue from contracts with customers based on the five-step model as set out below:

i Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

ii Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

iii Determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

iv Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

v Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognise revenue over time if the Group's performance:

i Does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to-date; or

ii Creates or enhances an asset that the customer controls as the asset is created or enhanced; or

iii Provides benefits that the customer simultaneously receives and consumes as the Group performs.

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

3. Significant accounting policies (continued)

(j) Revenue recognition (continued)

Revenue is measured at the fair value of consideration received or receivable. The following describes the performance obligations in contracts with customers:

i Revenue from contracts with customers

a. Sale of goods/services

Revenue from contracts with customers is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group transfers controls of the goods or services promised in a contract and the customer obtains control of the goods and services. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of indirect taxes, returns, rebates and discounts. The transaction price is allocated to each distinct good or service promised in the contract. Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

ii Other income

a. Interest income

Interest income is recognised on an accrual basis (taking into account the effective yield on the asset) unless its collectability is in doubt.

(k) Foreign currencies transactions

In preparing the financial statements of the Group, transactions in currencies other than the Group's reporting currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the date of the transactions. At each financial year end, monetary items denominated in foreign currencies are translated at the rates prevailing at financial period end. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the profit or loss for the period.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

3. Significant accounting policies (continued)

(k) Foreign currencies transactions (continued)

The principal closing rates used in translation of foreign currency amounts are as follows:

	2020 **RM**	2019 RM
1 United States Dollar ("USD")	**4.0170**	4.0930
1 Australian Dollar ("AUD")	**3.0965**	2.8674
1 Euro ("EUR")	**4.9413**	4.5907
100 Thai Baht ("THB")	**13.4124**	Not applicable

(l) Impairment of non-financial assets

The Group assesses at each financial year end whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

For goodwill, the recoverable amount is estimated at each financial year end or more frequently when indicators of impairment are identified.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows [i.e. cash-generating units ("CGUs")]. In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that were previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment loss is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each financial year end as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss for an asset, other than goodwill, is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised, in which case, the carrying amount of the asset is increased to its revised recoverable amount. The increase cannot exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

3. Significant accounting policies (continued)

(m) Financial instruments

Financial instruments carried on the statement of financial position include cash and bank balances, deposits with financial institutions, receivables, payables and borrowings. The recognition methods adopted are disclosed in the respective accounting policy statements.

Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends and gains and losses relating to a financial instrument classified as assets or liabilities, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs.

The Group determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below:

i Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process and when the financial assets are impaired or derecognised.

ii Financial assets measured subsequently at fair value

Financial assets that are debt instruments are measured at fair value through other comprehensive income ("FVTOCI") if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. Significant accounting policies (continued)

(m) Financial instruments (continued)

Financial assets (continued)

ii Financial assets measured subsequently at fair value (continued)

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income, except for impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL.

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Equity instruments are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives).

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income and are not subsequently transferred to profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the settlement date, i.e. the date that the asset is delivered to or by the Group.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability.

Financial liabilities are recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

3. Significant accounting policies (continued)

(m) Financial instruments (continued)

Financial liabilities (continued)

i Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Group that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

ii Other financial liabilities

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished.

When an existing financial liability is replaced by another instrument from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

(n) Impairment of financial assets

At each financial year end, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring as at the financial year end with the risk of default since initial recognition.

In determining whether credit risk on a financial asset has increased significantly since initial recognition, the Group uses external credit rating and other supportive information to assess deterioration in credit quality of a financial asset. The Group assesses whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For collective basis evaluation, financial assets are grouped on the basis of similar risk characteristics.

The Group considers past loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

3. Significant accounting policies (continued)

(n) Impairment of financial assets (continued)

The amount of impairment loss is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cashflows that are due to the Group and all the cash flows that the Group expects to receive.

The Group measures the allowance for impairment loss on trade and other receivables, if any and cash and bank balances based on the two-step approach as follows:

i 12-months expected credit loss

For a financial asset for which there is no significant increase in credit risk since initial recognition, the Group measures the allowance for impairment loss for that financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

ii Lifetime expected credit loss

For a financial asset for which there is a significant increase in credit risk since initial recognition, a lifetime expected credit loss for that financial asset is recognised as the allowance for impairment loss by the Group. If, in a subsequent period the significant increase in credit risk since initial recognition is no longer evident, the Group reverts the allowance for impairment loss measurement from lifetime expected credit loss to 12-months expected credit loss.

For trade and other receivables which are financial assets, the Group applies the simplified approach in accordance with MFRS 9 Financial Instruments and measures the allowance for impairment loss based on a 12-months expected credit loss from initial recognition.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

(o) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants act in their economic best interest when pricing the asset or liability.

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.

3. Significant accounting policies (continued)

(o) Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole.

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 the fair value measurement as a whole) at the financial year end.

(p) Contingencies

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation.

A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably.

The Group does not recognise a contingent liability but discloses its existence in the financial statements, if any.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(q) Related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individual or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

3. Significant accounting policies (continued)

(r) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly reviews the segments results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 25, including the factors used to identify the reportable segments and measurement basis of segment information.

(s) Earnings per share

i Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

ii Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

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4. Adoption of new and revised Malaysian Financial Reporting Standards ("MFRS") and interpretations

(a) MFRSs that have been issued and effective

The following new and revised MFRSs issued by MASB, have been adopted, and the adoptions do not have any or significant impact to the financial statements:

Title		Effective Date
Amendments to MFRS 3:	Business Combinations	1 January 2020
Amendments to MFRS 7:	Financial Instruments: Disclosures	1 January 2020
Amendments to MFRS 9:	Financial Instruments	1 January 2020
Amendments to MFRS 101:	Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108:	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 139:	Financial Instruments: Recognition and Measurement	1 January 2020
Amendments to MFRS 4:	Insurance Contracts	17 August 2020
Amendments to MFRS 101:	Presentation of Financial Statements	17 August 2020

(b) MFRSs that have been issued but only effective for financial period beginning on 1 January 2021 and onwards

The following new and revised MFRSs issued by MASB, have not been adopted, and the adoptions are not expected to have any or significant impact to the financial statements:

Title		Effective Date
Amendments to MFRS 16:	Leases	1 June 2020
Amendments to MFRS 4:	Insurance Contracts	1 January 2021
Amendments to MFRS 7:	Financial Instruments: Disclosures	1 January 2021
Amendments to MFRS 9:	Financial Instruments	1 January 2021
Amendments to MFRS 16:	Leases	1 January 2021
Amendments to MFRS 139:	Financial Instruments: Recognition and	1 January 2021
Amendments to MFRS 16:	Leases	1 April 2021
Amendments to MFRS 1:	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022
Amendments to MFRS 3:	Business Combinations	1 January 2022
Amendments to MFRS 9:	Financial Instruments	1 January 2022
Amendments to MFRS 116:	Property, Plant and Equipment	1 January 2022
Amendments to MFRS 137:	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022
Amendments to MFRS 141:	Agriculture	1 January 2022
MFRS 17:	Insurance Contracts	1 January 2023
Amendments to MFRS 101:	Presentation of Financial Statements	1 January 2023
Amendments to MFRS 108:	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
Amendments to MFRS 10:	Consolidated Financial Statements	Deferred
Amendments to MFRS 128:	Investments in Associates and Joint Ventures	Deferred

5. Significant accounting judgement and estimates

Key sources of estimation uncertainty

The preparation of financial statements in accordance with MFRSs requires the use of certain accounting estimates and exercise of judgement. Estimates and judgements are continually evaluated and are based on past experience, reasonable expectations of future events and other factors.

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial year end that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Depreciation of plant and equipment

The Group depreciates the plant and equipment over their estimated useful lives and after taking into account their estimated residual values, using the straight-line method. The estimated useful lives applied by the Group as disclosed in Note 3(a) reflect the Directors' estimates of the periods that the Group expects to derive future economic benefits from the use of the Group's plant and equipment. Technological advancements could impact the useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Impairment of plant and equipment

The Group carries out the impairment test based on a variety of estimation including the value-in-use of the CGU to which the plant and equipment are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(c) Loss allowances for financial assets

The Group recognises impairment losses for receivables under the expected credit loss model. Individually significant trade receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowance made and this may affect the Group's financial position and result.

(d) Income tax

Significant judgement 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. 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.

5. Significant accounting judgement and estimates (continued)

Key sources of estimation uncertainty (continued)

(e) Deferred tax assets

Deferred tax assets are recognised for all unabsorbed tax losses and unutilised capital allowances to the extent that it is probable that taxable profit will be available against which the losses and 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.

(f) Contingent liabilities

A contingent liability is not recognised but is disclosed in the notes to the financial statements and when a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision. If the outflow is not probable, the item is treated as a contingent liability.

The Director is of the opinion that a contingent liability is not disclosed in the notes to the financial statements as the possibility of an outflow of economic resources is remote.

(g) Fair value estimates of certain financial instruments

The Group carries certain financial assets and liabilities at fair value, which required extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value will differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit or loss/equity.

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6. Plant and equipment

	Air conditioner RM	Computer RM	Furniture and fittings RM	Kitchen equipment/ machineries RM	Motor vehicles RM	Office equipment RM	Renovations RM	Total RM
Cost								
At 1 January 2020	**50,496**	**35,953**	**21,944**	**504,941**	**1,100,373**	**53,663**	**589,244**	**2,356,614**
Additions	**-**	**15,945**	**-**	**80,250**	**45,438**	**2,949**	**11,500**	**156,082**
Write-offs	**-**	**-**	**-**	**-**	**(80,764)**	**-**	**(16,170)**	**(96,934)**
At 31 December 2020	**50,496**	**51,898**	**21,944**	**585,191**	**1,065,047**	**56,612**	**584,574**	**2,415,762**
Accumulated depreciation								
At 1 January 2020	**(23,492)**	**(24,153)**	**(21,031)**	**(167,839)**	**(588,274)**	**(45,572)**	**(54,907)**	**(925,268)**
Depreciation charged	**(5,050)**	**(3,878)**	**(409)**	**(61,749)**	**(189,152)**	**(5,162)**	**(88,435)**	**(353,835)**
Write-offs	**-**	**-**	**-**	**-**	**68,102**	**-**	**3,773**	**71,875**
At 31 December 2020	**(28,542)**	**(28,031)**	**(21,440)**	**(229,588)**	**(709,324)**	**(50,734)**	**(139,569)**	**(1,207,228)**
Accumulated impairment losses								
At 1 January 2020/31 December 2020	**-**	**-**	**-**	**(45,640)**	**-**	**-**	**-**	**(45,640)**
Carrying amount								
At 31 December 2020	**21,954**	**23,867**	**504**	**309,963**	**355,723**	**5,878**	**445,005**	**1,162,894**

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6. Plant and equipment (continued)

	Air conditioner RM	Computers and software RM	Furniture and fittings RM	Kitchen equipment/ machineries RM	Motor vehicles RM	Office equipment RM	Renovations RM	Total RM
Restated								
Cost								
At 1 January 2019	50,496	27,993	21,944	174,147	1,740,573	53,663	137,163	2,205,979
Additions	-	7,960	-	341,430	150,400	-	487,635	987,425
Disposal	-	-	-	-	(790,600)	-	-	(790,600)
Write-offs	-	-	-	(10,636)	-	-	(35,554)	(46,190)
At 31 December 2019	50,496	35,953	21,944	504,941	1,100,373	53,663	589,244	2,356,614
Accumulated depreciation								
At 1 January 2019	(18,443)	(19,346)	(20,779)	(110,156)	(472,980)	(36,521)	(15,867)	(694,092)
Depreciation charged	(5,049)	(4,807)	(252)	(57,683)	(247,061)	(9,051)	(41,359)	(365,262)
Disposal	-	-	-	-	131,767	-	-	131,767
Write-offs	-	-	-	-	-	-	2,319	2,319
At 31 December 2019	(23,492)	(24,153)	(21,031)	(167,839)	(588,274)	(45,572)	(54,907)	(925,268)
Accumulated impairment losses								
At 1 January 2019	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	(45,640)	-	-	-	(45,640)
At 31 December 2019	-	-	-	(45,640)	-	-	-	(45,640)
Carrying amount								
At 31 December 2019	27,004	11,800	913	291,462	512,099	8,091	534,337	1,385,706

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6. Plant and equipment (continued)

(a) The carrying amount of right-of-use assets included in plant and equipment held under hire purchase arrangements, as disclosed in Note 14 as at the financial year end is as follows:

	2020 **RM**	2019 RM
Motor vehicles	**268,118**	440,966

(b) The cost of plant and equipment acquired during the year under hire purchase arrangements is as follows:

	2020 **RM**	2019 RM
Motor vehicles	**-**	130,000

(c) During the financial year, the Group acquired plant and equipment which were satisfied as follows:

	2020 **RM**	2019 RM
Cash payments	**156,082**	890,425
Hire purchase arrangements	**-**	97,000
	156,082	987,425

7. Right-of-use assets

	Buildings **RM**	**Total** **RM**
Cost		
At 1 January 2020	**409,829**	**409,829**
Additions	**233,417**	**233,417**
At 31 December 2020	**643,246**	**643,246**
At 1 January 2019	-	-
Additions	409,829	409,829
At 31 December 2019	409,829	409,829

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7. Right-of-use assets (continued)

	Buildings RM	Total RM
Accumulated depreciation		
At 1 January 2020	**(68,305)**	**(68,305)**
Depreciation charged	**(146,336)**	**(146,336)**
At 31 December 2020	**(214,641)**	**(214,641)**
At 1 January 2019	-	-
Depreciation charged	(68,305)	(68,305)
At 31 December 2019	(68,305)	(68,305)
Carrying amount		
At 31 December 2020	**428,605**	**428,605**
At 31 December 2019	341,524	341,524

8. Inventories

	2020 RM	2019 RM
At lower of cost and net realisable value:		
Fresh fruits	**951,363**	1,164,864

9. Trade and other receivables

	2020 RM	2019 RM
Trade		
Third parties	**15,514,475**	12,656,283
Less: Allowance for impairment loss	**(605,551)**	(1,697,054)
	14,908,924	10,959,229
Non-trade		
Deposits	**117,804**	203,476
Other receivables	**14,922**	44,737
Prepayments	**104,192**	53,090
Amount due from Directors	**-**	482,779
	236,918	784,082
Total trade and other receivables	**15,145,842**	11,743,311
Less: Prepayments	**(104,192)**	(53,090)
Total financial assets carried at amortised costs	**15,041,650**	11,690,221

The non-trade amount due from Directors is unsecured, interest free and is repayable on demand.

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10. Fixed deposits with licensed banks, cash and bank balances

As at the financial year end, the fixed deposits with licensed banks, cash and bank balances, together with the presentation of cash and cash equivalents are as follows:

	2020 **RM**	2019 RM
Fixed deposits with licensed banks	**370,736**	302,325
Cash and bank balances	**1,621,244**	503,143
	1,991,980	805,468
Less:		
Bank overdraft (Note 13)	**(426,722)**	(280,120)
Fixed deposits pledged to licensed banks	**(370,736)**	(302,325)
	(797,458)	(582,445)
Cash and cash equivalents	**1,194,522**	223,023

Fixed deposits with licensed banks amounting to RM370,736 (2019: RM302,325) have been charged for banking facilities granted to the Group, as disclosed in Note 13.

11. Share capital

	2020 **Unit**	2019 Unit	**2020** **RM**	2019 RM
Issued and fully paid				
At beginning of the year	**420,200**	120,200	**420,200**	120,200
Incorporated during the year – Company and CDMSB	**300**	-	**120**	-
Issuance of shares – CSB (2019: CISB)	**900,000**	300,000	**900,000**	300,000
	1,320,500	420,200	**1,320,320**	420,200
New allotments through share swap exercise	**63,554,120**	-	**3,177,706**	-
Eliminations	**(1,320,300)**	-	**(1,320,300)**	-
	63,554,320	420,200	**3,177,726**	420,200
Issuance of shares – Company	**80**	-	**4**	-
At end of the year	**63,554,400**	420,200	**3,177,730**	420,200

On 2 November 2020, 63,554,120 new ordinary shares were issued by the Company as consideration amounting to RM3,177,706 for the acquisition of subsidiaries, as disclosed in Note 30(a).

On 16 December 2020, the Company increased its paid up ordinary share capital from RM3,177,726 to RM3,177,730 through an issuance of 80 new ordinary shares at RM0.05 per share by way of cash.

These new shares issued rank pari passu in all respects with the existing shares of the Company.

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12. Merger reserve

This arose from the merger of the Company with CSB, CISB, CFSB, CCCSB and CDMSB, and is based on the difference between the amounts recorded as cost of merger, which comprised the share capitals issued by the Company and the nominal value of CSB's, CISB's, CFSB's, CCCSB's and CDMSB's share capitals that were merged under the accounting's pooling of interest method.

13. Borrowings

	2020	2019
	RM	RM
Current		
Bank overdrafts (secured)	**426,722**	280,120
Bills payable (secured)	**1,827,337**	-
Term loans (partially secured)	**401,306**	215,564
	2,655,365	495,684
Non-current		
Term loans (partially secured)	**1,968,349**	1,232,269
	1,968,349	1,232,269
	4,623,714	1,727,953
Total borrowings		
Bank overdrafts (secured)	**426,722**	280,120
Bills payable (secured)	**1,827,337**	-
Term loans (partially secured)	**2,369,655**	1,447,833
	4,623,714	1,727,953

The bank overdrafts and bills payable are secured by the following:
(a) Master facilities agreement;
(b) Asset sale agreement over Shariah compliant commodities determined by the Bank as per e-certificate or such other evidence of ownership maintained by the Bank for this facility;
(c) Guarantee by Syarikat Jaminan Pembiayaan Berhad;
(d) Letter of subordination of advances from Directors of the Company;
(e) Joint and several guarantees by the Directors of the Company;
(f) Memorandum of deposits; and
(g) Fixed deposits placed with licensed banks, as disclosed in Note 10.

The bank overdrafts bear interest rates between 1.25% and 4.00% per annum above the Banks' base lending rate ("BLR") with daily rests.

The term loans are not secured, except for an amount of RM1,883,110 (2019: RM1,447,833) which is secured by the following:
(a) Master facilities agreement;
(b) Asset sale agreement over Shariah compliant commodities determined by the Bank as per e-certificate or such other evidence of ownership maintained by the Bank for this facility;
(c) Credit Guarantee Corporation (M) Berhad Guarantee under Flexi Guarantee Scheme and Portfolio Guarantee; and
(d) Joint and several guarantees by the Directors of the Company.

13. Borrowings (continued)

Term loans are repayable within 84 and 60 monthly instalments commencing on the first month from the date of first drawdown. Term loans bear interest rates between 5.00% and 9.00% per annum above the Banks' BLR.

The effective interest rates charged during the financial year for borrowings were as follows:

	2020 **Per annum**	2019 Per annum
Bank overdrafts (secured)	**6.62% - 10.45%**	8.53%
Bills payable (secured)	**2.01% - 2.20%**	Not applicable
Term loans (partially secured)	**5.68% - 12.20%**	5.90% - 12.13%

	2020 **RM**	2019 RM
Term loan		
Repayment terms		
- not later than 1 year	**401,306**	215,564
- later than 1 year and not later than 5 years	**1,807,657**	1,232,269
- later than 5 years	**160,692**	-
	2,369,655	1,447,833

14. Lease liabilities

	2020 **RM**	2019 RM
Lease liabilities		
Current	**330,003**	277,230
Non-current	**401,869**	463,283
	731,872	740,513

The repayment terms of lease liabilities is as follows:

	2020 **RM**	2019 RM
Lease liabilities		
Minimum lease payments		
- not later than 1 year	**364,166**	316,959
- later than 1 year and not later than 5 years	**425,573**	491,160
Total minimum lease payments	**789,739**	808,119
Less: Future finance charges on lease liabilities	**(57,867)**	(67,606)
Present value of lease liabilities	**731,872**	740,513
Present value of lease liabilities		
- not later than 1 year	**330,003**	277,230
- later than 1 year and not later than 5 years	**401,869**	463,283
	731,872	740,513

14. Lease liabilities (continued)

The movement of lease liabilities during the financial year is as follows:

	2020 **RM**	2019 RM
At beginning of the year	**740,513**	-
Reclassified from hire purchase liabilities	**-**	573,219
Additions during the year	**233,417**	506,829
Interest expense recognised in the statement of comprehensive income:		
- Lease liabilities interest under hire purchase arrangements	**20,284**	39,335
- Lease liabilities interest	**20,078**	11,843
Repayment of principal	**(242,058)**	(339,535)
Repayment of interest expense	**(40,362)**	(51,178)
At end of the year	**731,872**	740,513

Included in lease liabilities is an amount of RM292,708 (2019: RM393,841) which is secured against the motor vehicles under hire purchase arrangements, as disclosed in Note 6(a) and bear effective interest rates ranging from 5.01% to 9.97% (2019: 5.01% to 13.50%) per annum.

15. Deferred tax liabilities

	2020 **RM**	2019 RM
At beginning of the year	**17,735**	(483,152)
Recognised in the statement of comprehensive income (Note 21)	**(17,735)**	500,887
At end of the year	**-**	17,735
Presented after appropriate offsetting as follows:		
Deferred tax assets	**-**	-
Deferred tax liabilities	**-**	17,735
	-	17,735

The components and movements of deferred tax liabilities during the financial year prior to offsetting are as follows:

	Excess of capital allowances over depreciation	
	2020 **RM**	2019 RM
Deferred tax liabilities		
At beginning of the year	**17,735**	11,066
Recognised in the statement of comprehensive income	**(17,735)**	6,669
At end of the year	**-**	17,735

15. Deferred tax liabilities (continued)

The components and movements of deferred tax assets during the financial year prior to offsetting are as follows:

	Unabsorbed tax losses	
	2020	2019
	RM	RM
Deferred tax assets		
At beginning of the year	**-**	(494,218)
Recognised in the statement of comprehensive income	**-**	494,218
At end of the year	**-**	-

16. Trade and other payables

	2020	2019
	RM	RM
Trade		
Third parties	**10,555,154**	11,198,572
Related party	**-**	36,163
	10,555,154	11,234,735
Non-trade		
Accruals	**302,310**	254,782
Other payables	**257,910**	344,959
Amount due to a Director	**-**	1,297,137
Amount due to a related party	**-**	41,274
	560,220	1,938,152
Total trade and other payables	**11,115,374**	13,172,887

The normal trade credit terms granted to the Group ranged from 21 to 60 days (2019: from 21 to 60 days).

The amount due to a related party is as follows:

	2020	2019
	RM	RM
Trade		
Carzo Logistics (M) Sdn. Bhd.	**-**	36,163
Non-trade		
DL Fruits Import (M) Sdn. Bhd.	**-**	41,274

The non-trade amount due to a Director and related party are unsecured, interest free and are repayable on demand.

The currency exposure profile of trade and other payables is as follows:

	2020	2019
	RM	RM
RM	**7,676,420**	10,601,689
USD	**3,068,944**	2,053,867
AUD	**220,904**	508,655
THB	**139,767**	-
EUR	**9,339**	8,676
	11,115,374	13,172,887

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17. Revenue

	2020 RM	2019 RM
Sale of goods	**47,839,645**	51,278,336

18. Finance costs

	2020 RM	2019 RM
Lease liabilities interest under hire purchase arrangements	**20,284**	39,335
Bank overdraft interest	**21,101**	2,872
Bills payable interest	**4,589**	-
Lease liabilities interest	**20,078**	11,843
Term loan interest	**180,604**	104,674
	246,656	158,724

19. Profit before taxation

	2020 RM	2019 RM
Profit before taxation is arrived at after charging:		
Allowance for impairment loss	**-**	1,697,054
Auditors' remuneration	**78,500**	41,200
Bad debts written off	**1,251,507**	-
Deposits written off	**-**	4,500
Depreciation of plant and equipment	**353,835**	365,262
Depreciation of right-of-use assets	**146,336**	68,305
Impairment of plant and equipment	**-**	45,640
Inventory expensed	**39,621,222**	41,839,919
Plant and equipment written off	**25,059**	43,871
Rental of premises		
- short-term lease	**132,522**	358,000
- lease of low value assets	**41,199**	21,997
Staff costs (Note 20)	**2,016,548**	2,064,316
Wages	**651,839**	631,696
and crediting:		
Interest income	**8,411**	2,325
Realised foreign exchange gain - net	**218,554**	267,587
Rental income	**-**	180
Reversal of allowance for impairment loss	**1,091,503**	-
Unrealised foreign exchange gain	**91,136**	70,520
Waiver of debts	**-**	154,781

20. Staff costs

	2020 RM	2019 RM
Salaries, allowance, overtime and bonus	**1,966,269**	1,847,214
EPF	**237,501**	199,010
Social security contributions	**22,283**	16,409
Employment Insurance Scheme	**2,295**	1,683
Total staff cost	**2,228,348**	2,064,316
SOCSO's COVID-19 Aid Relief	**(211,800)**	-
Net staff cost	**2,016,548**	2,064,316

Included in staff costs are the remuneration of the Directors and key management personnel as follows:

	2020 RM	2019 RM
Directors		
Salaries, allowance, overtime and bonus	**627,600**	784,000
EPF	**81,588**	84,040
Social security contributions	**1,658**	1,381
	710,846	869,421
Key management personnel		
Salaries, allowance, overtime and bonus	**223,954**	120,000
EPF	**28,861**	15,600
Social security contributions	**3,348**	1,658
Employment Insurance Scheme	**384**	190
	256,547	137,448

21. Taxation

	2020 RM	2019 RM
Malaysian income tax		
- current year	**705,428**	329,140
- under/(over) provision in prior years	**8,456**	(1,377)
	713,884	327,763
Deferred tax (Note 15)		
- relating to origination and reversal of temporary differences	**(29,180)**	494,346
- underprovision in prior years	**11,445**	6,541
	(17,735)	500,887
	696,149	828,650

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21. Taxation (continued)

The reconciliation of income tax expense applicable to the profit before taxation of the Group at the statutory income tax rate to income tax expense at the effective income tax rate of the Group is as follows:

	2020 **RM**	2019 RM
Profit before taxation	**3,058,507**	3,461,124
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	**734,041**	830,670
Tax effects of:		
- expenses not deductible for tax purposes	**431,628**	(568)
- income not subject to income tax	**(51,574)**	(37,147)
- taxable income not included in the statement of comprehensive income	**-**	8,124
- utilisation of deferred tax assets arising from unabsorbed tax losses and timing differences not recognised previously	**(368,511)**	(373,624)
- deferred tax assets arising from timing differences not recognised	**-**	467,463
- tax savings under qualified SME incentives, at 17% (2019: 17%) for the first RM600,000 (2019: RM500,000) on chargeable income for each entity	**(69,336)**	(71,432)
Under/(over) provision of income tax in prior years	**8,456**	(1,377)
Underprovision of deferred tax liabilities in prior years	**11,445**	6,541
Tax expense for the year	**696,149**	828,650

Subject to agreement with the Inland Revenue Board, the Company has timing differences amounting to approximately RM454,750 (2019: RM1,697,050) for set off against future chargeable income.

Deferred tax assets arising from the timing differences amounting to approximately RM109,140 (2019: RM407,290) have not been recognised in the financial statements as the Directors are uncertain whether future taxable profits from the Company will be available for set off against the timing differences.

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22. Earnings per share

Basic earnings per share is calculated by dividing the profit for the financial year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares in issue during the financial year.

	2020 RM	2019 RM
Profit for the year attributable to the owners of the Company	**2,362,358**	2,632,474
Weighted average number of shares	**63,554,400**	420,200
Basic earnings per share (sen)	**3.72**	626.48

There is no diluted earnings per share as the Group does not have any convertible financial instruments as at the end of the financial year.

23. Significant related party transactions

(a) Compensation of Directors and key management personnel

The total remuneration of Directors and key management personnel during the financial year are as follows:

	2020 RM	2019 RM
Salaries and allowances	**851,554**	904,000
EPF	**110,449**	99,640
Social security contributions	**5,006**	3,039
Employment Insurance Scheme	**384**	190
	967,393	1,006,869

Included in total remuneration of key management personnel and Directors are the Directors' remuneration of the Group amounting to RM710,846 (2019: RM869,421).

The detailed remuneration of each named Director at Group level during the current financial year was as follows:

	Salaries and allowances RM	**Employees Provident Fund RM**	**Social security contributions RM**	**Total RM**
Dato' Sri Delon Lee Kean Yip	**540,000**	**70,200**	**1,658**	**611,858**
Cheong Wai Keh	**87,600**	**11,388**	**-**	**98,988**
	627,600	**81,588**	**1,658**	**710,846**

24. Financial risk management policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the period under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:

(a) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets except for fixed deposits in bank where the interest is insignificant, the Group's income in operating cash flows are substantially independent of changes in market interest rates.

The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits or occasionally, in short term commercial papers.

The Group's interest rate risk arises primarily from interest-bearing borrowings. The Group's policy is to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

Interest rate sensitivity analysis

i Fair value sensitivity analysis for fixed rate instrument

The Group does not account for any fixed rate financial liabilities at FVTPL and do not designate derivatives as hedging instrument under fair value hedge accounting method. Therefore, a change in interest rate at the end of the reporting period would not affect profit or loss.

ii Interest rate risk sensitivity analysis

If the interest rates have been higher or lower and all other variables were held constant, the Group's results would decrease or increase accordingly. This is mainly attributable to the Group's exposure to interest rates on its floating rate borrowings which are not hedged. The Group's floating rate borrowings in RM are exposed to variability in future interest payments. If the BLR was to increase/decrease by 1%, it would impact the Group's profit by approximately RM46,300 (2019: RM17,300).

The fixed deposits with licensed banks as at 31 December 2020 have maturity periods of 12 (2019: 12) months, and bear interest at rates ranging from 1.85% to 3.10% (2019: 3.10%) per annum.

24. Financial risk management policies (continued)

(b) Foreign currency risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily USD, AUD, THB and EUR.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts.

The following table shows the accumulated amount of financial liabilities in foreign currency:

	Note	USD RM	AUD RM	THB RM	EUR RM	Total RM
2020						
Financial liabilities						
Trade and other payables	16	**3,068,944**	**220,904**	**139,767**	**9,339**	**3,438,954**
2019						
Financial liabilities						
Trade and other payables	16	2,053,867	508,655	-	8,676	2,571,198

24. Financial risk management policies (continued)

(b) Foreign currency risk (continued)

Foreign currency risk sensitivity analysis

The sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period with all other variables held constant is as follows:

	(Increase)/ decrease in the Group's results 2020 RM	(Increase)/ decrease in the Group's results 2019 RM
Effects on profit before taxation:		
USD		
- strengthened by 5% (2019: 5%)	**(153,447)**	(102,693)
- weakened by 5% (2019: 5%)	**153,447**	102,693
AUD		
- strengthened by 5% (2019: 5%)	**(11,045)**	(25,433)
- weakened by 5% (2019: 5%)	**11,045**	25,433
THB		
- strengthened by 5% (2019: 5%)	**(6,988)**	-
- weakened by 5% (2019: 5%)	**6,988**	-
EUR		
- strengthened by 5% (2019: 5%)	**(467)**	(434)
- weakened by 5% (2019: 5%)	**467**	434

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group is exposed to credit risk primarily from their trade receivables, other receivables which are financial assets, fixed deposits, short term funds and cash and bank balances.

As at the current and previous financial year end, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial asset recognised in the statement of financial position.

24. Financial risk management policies (continued)

(c) Credit risk (continued)

For fixed deposits with licensed banks, cash and bank balances, the Group minimises credit risk by adopting an investment policy which allows dealing with counterparties with good credit ratings only. The Group closely monitors the credit worthiness of their counterparties by reviewing their credit ratings and credit profiles on a regular basis. Receivables are monitored to ensure that exposure to bad debts is minimised.

For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval from the Chief Executive Officer. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

Fixed deposits with licensed banks, cash and bank balances

The Group's fixed deposits with licensed banks, cash and bank balances at the financial year end are as follows:

	Note	Total RM
2020		
Fixed deposits with licensed banks	10	**370,736**
Cash and bank balances	10	**1,621,244**
		1,991,980
2019		
Fixed deposits with licensed banks	10	302,325
Cash and bank balances	10	503,143
		805,468

No expected credit loss on the Group's balances were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.

24. Financial risk management policies (continued)

(c) Credit risk (continued)

Receivables

The ageing analysis of the Group's gross receivables and after credit impaired (but before deducting allowance for impairment loss) are as follows:

	Note	Total RM	Credit impaired RM	Not credit impaired						
					Past due					
				Not past due RM	1-30 days RM	31-60 days RM	61-90 days RM	91-120 days RM	>120 days RM	Total past due RM
2020										
Trade receivables	9	**15,514,475**	**533,222**	**12,624,482**	**1,669,270**	**351,511**	**179,350**	**37,656**	**118,984**	**2,356,771**
Other receivables which are financial assets	9	**132,726**	**-**	**129,254**	**-**	**-**	**-**	**-**	**3,472**	**3,472**
		15,647,201	**533,222**	**12,753,736**	**1,669,270**	**351,511**	**179,350**	**37,656**	**122,456**	**2,360,243**
2019										
Trade receivables	9	12,656,283	248,490	3,442,615	6,870,417	1,454,440	399,644	5,300	235,377	8,965,178
Other receivables which are financial assets	9	730,992	-	727,520	-	-	-	-	3,472	3,472
		13,387,275	248,490	4,170,135	6,870,417	1,454,440	399,644	5,300	238,849	8,968,650

24. Financial risk management policies (continued)

(c) Credit risk (continued)

Receivables (continued)

Receivables that are neither past due nor credit impaired are creditworthy debtors with good payment records with the Group. The Group's trade receivables credit terms ranges from 7 days to 90 days (2019: 7 days to 90 days). Certain receivables' credit terms are assessed and approved on a case by case basis.

Other receivables which are financial assets include deposits, sundry receivables and amount due from Directors.

None of the Group's receivables that are neither past due nor credit impaired have been renegotiated during the current and previous financial years. Receivables are not secured by any collaterals or credit enhancements.

The Group's concentration of credit risk relates to the amounts owing by two (2019: Nil) major customers which constituted 63% (2019: Nil%) of its trade receivables at the end of the reporting period.

Carzo Holdings Sdn. Bhd.
(Incorporated in Malaysia)

24. Financial risk management policies (continued)

(c) Credit risk (continued)

Receivables (continued)

Impairment on receivables

The Group applies the simplified approach whereby allowance for impairment are measured at 12-months ECL. The movement of the allowance for impairment loss on receivables is as follows:

	Trade receivables			Other receivables which are financial assets		
	Credit impaired (Note i) RM	12-months ECL allowance RM	Total allowance RM	Credit impaired (Note i) RM	12-months ECL allowance RM	Total allowance RM
As at 1 January 2020	**248,490**	**1,448,564**	**1,697,054**	**-**	**-**	**-**
Charge/(reversal) for the year (Note ii)	**284,732**	**(1,376,235)**	**(1,091,503)**	**-**	**-**	**-**
As at 31 December 2020	**533,222**	**72,329**	**605,551**	**-**	**-**	**-**
As at 1 January 2019	-	-	-	-	-	-
Charge for the year (Note ii)	248,490	1,448,564	1,697,054	-	-	-
As at 31 December 2019	248,490	1,448,564	1,697,054	-	-	-

i Receivables that are individually determined to be credit impaired at the financial year end relate to debtors who are in significant financial difficulties and have defaulted on payments.

ii The Group's allowance for impairment loss on trade and other receivables during the current financial year decreased by RM1,091,503 mainly due to the provision for lower impaired trade and other receivables. In the previous financial year, the Group's allowance for impairment loss on trade and other receivables increased by RM1,697,054 mainly due to the provision for higher impaired trade and other receivables.

24. Financial risk management policies (continued)

(d) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.

The table below summarises the maturity profile of the Group's liabilities at the financial year end based on contractual undiscounted repayment obligations.

	Note	Carrying amount RM	Contractual undiscounted cash flow RM	Maturity: Less than 1 year RM	Maturity: Between 1 and 5 years RM	Maturity: More than 5 years RM
2020						
Trade and other payables	16	**11,115,374**	**11,115,374**	**11,115,374**	**-**	**-**
Borrowings	13	**4,623,714**	**5,234,725**	**2,861,774**	**2,198,419**	**174,532**
Lease liabilities	14	**731,872**	**789,739**	**364,166**	**425,573**	**-**
		16,470,960	**17,139,838**	**14,341,314**	**2,623,992**	**174,532**
2019						
Trade and other payables	16	13,172,887	13,172,887	13,172,887	-	-
Borrowings	13	1,727,953	2,521,126	1,111,521	1,409,605	-
Lease liabilities	14	740,513	808,119	316,959	491,160	-
		15,641,353	16,502,132	14,601,367	1,900,765	-

24. Financial risk management policies (continued)

(e) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The debt-to-equity ratio at the end of reporting period is as follows:

	2020 **RM**	2019 RM
Total borrowings and lease liabilities	**5,355,586**	2,468,466
Total equity/(capital deficiency)	**2,733,453**	(529,029)
Debt-to-equity ratio	**1.96**	Not applicable

25. Segment reporting

For management purposes, the Group is organised into the following operating divisions, all of which are conducted predominantly in Malaysia:

(i) Distribution and retail
(ii) Retail chain stores
(iii) Convenience stores
(iv) E-commerce
(v) Others

The Group presents its segment information based on local market segments, which is the basis of presenting its monthly management reports. For each of the market segments, the Chief Executive Officer reviews internal management reports on a regular basis for performance and resource allocation decisions.

Carzo Holdings Sdn. Bhd.
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25. Segment reporting (continued)

For the financial year ended 31 December 2020, the Group's financial information is analysed by operating segments as follows:

	Distribution and retail RM	Retail chain stores RM	Convenience stores RM	E-commerce RM	Others RM	Total RM	Elimination RM	Total RM
2020								
Revenue								
Local	50,794,964	6,669,713	496,697	1,314,829	1,486,299	60,762,502	(12,922,857)	47,839,645
Results								
Segment results	529,284	1,694,064	155,036	285,539	284,968	2,948,891	356,272	3,305,163
Finance costs	(195,265)	(34,388)	(2,561)	(6,779)	(7,663)	(246,656)	-	(246,656)
Profit before taxation	334,019	1,659,676	152,475	278,760	277,305	2,702,235	356,272	3,058,507
Taxation	(551,104)	(97,056)	(7,228)	(19,133)	(21,628)	(696,149)	-	(696,149)
(Loss)/profit after taxation	(217,085)	1,562,620	145,247	259,627	255,677	2,006,086	356,272	2,362,358
Segment assets	21,829,696	3,844,460	286,299	757,875	856,711	22,575,041	(7,894,357)	19,680,684
Segment liabilities	(17,686,488)	(3,114,794)	(231,960)	(614,033)	(694,110)	(22,341,385)	5,394,154	(16,947,231)
	4,143,208	729,666	54,339	143,842	162,601	5,223,656	(2,500,203)	2,733,453
Other information								
Bad debts written off	1,251,507	-	-	-	-	1,251,507	-	1,251,507
Depreciation of plant and equipment	280,112	49,331	3,674	9,725	10,993	353,835	-	353,835
Depreciation of right-of-use assets	115,846	20,402	1,519	4,022	4,546	146,336	-	146,336
Realised foreign exchange gain - net	(173,018)	(30,470)	(2,269)	(6,007)	(6,790)	(218,554)	-	(218,554)
Reversal of allowance for impairment loss - net	(510,901)	(152,175)	(11,333)	(29,999)	(33,911)	(738,319)	(353,184)	(1,091,503)
Unrealised foreign exchange gain	(72,148)	(12,706)	(946)	(2,505)	(2,831)	(91,136)	-	(91,136)

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25. Segment reporting (continued)

	Distribution and retail RM	Retail chain stores RM	Convenience stores RM	E-commerce RM	Others RM	Total RM	Elimination RM	Total RM
2019								
Revenue								
Local	51,906,615	6,880,206	86,543	84,771	1,543,141	60,501,276	(9,222,940)	51,278,336
Results								
Segment results	1,081,259	1,824,075	30,387	38,441	324,455	3,298,617	321,231	3,619,848
Finance costs	(132,121)	(21,297)	(268)	(262)	(4,776)	(158,724)	-	(158,724)
Profit before taxation	949,138	1,802,778	30,119	38,179	319,679	3,139,893	321,231	3,461,124
Taxation	(689,762)	(111,183)	(1,398)	(1,370)	(24,937)	(828,650)	-	(828,650)
Profit after taxation	259,376	1,691,595	28,721	36,809	294,742	2,311,243	321,231	2,632,474
Segment assets	15,870,756	2,558,216	32,178	31,520	573,775	19,066,445	(3,625,572)	15,440,873
Segment liabilities	(16,578,505)	(2,672,299)	(33,614)	(32,925)	(599,362)	(19,916,705)	3,946,803	(15,969,902)
	(707,749)	(114,083)	(1,436)	(1,405)	(25,587)	(850,260)	321,231	(529,029)
Other information								
Allowance for impairment loss	1,733,845	227,700	2,864	2,806	51,070	2,018,285	(321,231)	1,697,054
Depreciation of plant and equipment	304,041	49,009	616	604	10,992	365,262	-	365,262
Depreciation of right-of-use assets	56,857	9,165	115	113	2,055	68,305	-	68,305
Realised foreign exchange gain - net	(222,737)	(35,903)	(452)	(442)	(8,053)	(267,587)	-	(267,587)
Unrealised foreign exchange gain	(58,700)	(9,462)	(119)	(117)	(2,122)	(70,520)	-	(70,520)
Waiver of debts	-	(154,781)	-	-	-	(154,781)	-	(154,781)

26. Fair values

(a) Financial instruments that are measured at fair value

The Group does not have any financial instruments measured at fair value in the current and previous financial years.

(b) Financial instruments that are not measured at fair value

The carrying amount of the financial instruments measured at amortised cost are reasonable approximation of their fair values due to their short term nature.

	Note
Trade and other receivables	9
Fixed deposits with licensed banks	10
Cash and bank balances	10
Borrowings	13
Lease liabilities	14
Trade and other payables	16

27. Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:
(a) Amortised cost ("AC")
(b) Fair value through profit or loss ("FVTPL")

	Carrying amount RM	AC RM	FVTPL RM
2020			
Non-derivative financial assets			
Trade and other receivables	**15,041,650**	**15,041,650**	**-**
Fixed deposits with licensed banks	**370,736**	**370,736**	**-**
Cash and bank balances	**1,621,244**	**1,621,244**	**-**
	17,033,630	**17,033,630**	**-**
Non-derivative financial liabilities			
Trade and other payables	**11,115,374**	**11,115,374**	**-**
Borrowings	**4,623,714**	**4,623,714**	**-**
Lease liabilities	**731,872**	**731,872**	**-**
	16,470,960	**16,470,960**	**-**

27. Categories of financial instruments (continued)

	Carrying amount RM	AC RM	FVTPL RM
2019			
Non-derivative financial assets			
Trade and other receivables	11,690,221	11,690,221	-
Fixed deposits with licensed banks	302,325	302,325	-
Cash and bank balances	503,143	503,143	-
	12,495,689	12,495,689	-
Non-derivative financial liabilities			
Trade and other payables	13,172,887	13,172,887	-
Borrowings	1,727,953	1,727,953	-
Lease liabilities	740,513	740,513	-
	15,641,353	15,641,353	-

28. Non-cancellable contracts

The Group have identified certain leases with lease terms of 12 months or less and leases that have been determined to be of low value. The Group applies the 'short-term lease' and 'lease of low value assets' recognition exemptions for these leases.

The Group applies the 'short term lease' recognition exemptions for certain leases with lease terms of more than 12 months as the tenancy agreements were terminated by mutual consent in May 2020.

	2020 RM	2019 RM
As lessee		
Future minimum lease payments		
- not later than 1 year	-	129,826
- later than 1 year and not later than 5 years	-	-
	-	129,826

29. Capital commitments

	2020 RM	2019 RM
Approved and contracted for:		
Plant and equipment	**260,000**	-

30. Significant and subsequent events

(a) Immediate and ultimate holding company

On 2 November 2020, Dato' Sri Delon Lee Kean Yip and Cheong Wai Keh agreed to sell and the Company agreed to purchase all the shares in CSB, CISB, CFSB, CCCSB and CDMSB through five (5) separate sale and purchase of share agreements for a total consideration of RM3,177,706 which was satisfied through the issuance of 63,554,120 ordinary shares of the Company, as disclosed in Note 11. On the same date, the transfers of shares were completed, as such the Company became the immediate and ultimate holding company to CSB, CISB, CFSB, CCCSB and CDMSB.

(b) Issuance of new ordinary shares

On 29 December 2020, the Company entered into the Subscription Agreement with CRI Sdn. Bhd. which is a subsidiary of CRG Incorporated Berhad, a company incorporated and domiciled in Malaysia, and is listed on the LEAP Market of Bursa Securities, for the subscription of 15,888,600 new ordinary shares in the share capital of the Company, at RM0.2518 per subscription share by way of cash subscription of RM4,000,749. Upon completion of the subscription, CRI Sdn. Bhd. will hold 20% of the resultant issued and paid up share capital of the Company. The transaction was completed on 20 January 2021.

(c) The 2019 Novel Coronavirus Infection ('COVID-19')

The coronavirus (COVID-19) outbreak in early 2020 has reached a pandemic level affecting all businesses and economic activities globally. The Malaysian Government has enforced various measures to curb with the spreading of the virus including travel restrictions, reduced business operating capacity and total prohibition for certain businesses to operate.

The Group is unable to reasonably estimate the financial impact of COVID-19 for the financial year ending 31 December 2021 to be disclosed in the financial statements as the situation is still evolving and the uncertainty of the outcome of the current events. The Group will continuously monitor the impact of COVID-19 on its operations and its financial performance and will also be taking appropriate and timely measures to minimise the impact of the outbreak on the Group's operations.

Company No: 202001026908 (1383228-K)

Carzo Holdings Sdn. Bhd.

(Incorporated in Malaysia)

Statement by Directors
Pursuant to Section 251(2) of the Companies Act 2016

We, Dato' Sri Delon Lee Kean Yip and Cheong Wai Keh, being the Directors of Carzo Holdings Sdn. Bhd., do hereby state that in the opinion of the Directors, the accompanying financial statements set out on pages 1 to 51 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group as at 31 December 2020 and 31 December 2019 and of its financial performance and cash flows for the financial year then ended.

Signed by the Board in accordance with a resolution of the Directors dated 23 April 2021

Dato' Sri Delon Lee Kean Yip
Director

Cheong Wai Keh
Director

Shah Alam

Statutory Declaration
Pursuant to Section 251(1) of the Companies Act 2016

I, Dato' Sri Delon Lee Kean Yip, being the Director primarily responsible for the financial management of Carzo Holdings Sdn. Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 1 to 51 are, in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
the abovenamed Dato' Sri Delon Lee Kean Yip
at Puchong in the state of Selangor
on 23 April 2021

Dato' Sri Delon Lee Kean Yip
Director

Before me,

PESURUHJAYA SUMPAH MALAYSIA
No. B195
Nama: NG SAY JIN
1 Jan 2019 - 31 Dis 2021

No. C-2-45, IOI Boulevard
Jalan Kenari 5
Bandar Puchong Jaya
47170 Puchong, Selangor

Nexia SSY PLT
(LLP0019490-LCA & AF 002009)
Chartered Accountants
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Independent Practitioner's Assurance Report on the Compilation of Pro Forma Financial Information Included in the Information Memorandum of Carzo Holdings Sdn. Bhd.

Company No: 202001026908 (1383228-K)
(Incorporated in Malaysia)

Report on the Compilation of Pro Forma Financial Information Included in the Information Memorandum

We have completed our assurance engagement to report on the compilation of pro forma financial information of Carzo Holdings Sdn. Bhd. by the Directors of the Company. The pro forma financial information consists of the pro forma statement of financial position as at 31 December 2020 and 31 December 2019, the pro forma statement of comprehensive income for the year ended 31 December 2020 and 31 December 2019, the pro forma statement of changes in equity for the year ended 31 December 2020 and 31 December 2019, the pro forma statement of cash flows for the year ended 31 December 2020 and 31 December 2019, and notes to the pro forma financial information, including significant accounting policies, as set out on pages 1 to 51. The applicable criteria on the basis of which the Directors of the Company has compiled the pro forma financial information are specified in Bursa Malaysia Securities Berhad ("Bursa Securities") LEAP Market Listing Requirements and as described in Note 2 *Basis of the Compilation of Pro Forma Financial Information*.

As described in detail in Note 2, the pro forma financial information has been compiled by the Directors of the Company to illustrate the impact as if a common control and combined financial information has occurred and the entities deemed under common control were operating as a single economic enterprise from 1 January 2019 and the financial information were for operations carried out for the 12-month period ended 31 December 2020 and 31 December 2019. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors of the Company from its subsidiaries' financial statements for the year ended 31 December 2020 and 31 December 2019, for which audit reports have been issued.

The Directors' Responsibility for the Pro Forma Financial Information

The Directors of the Company are responsible for compiling the pro forma financial information on the basis specified in Bursa Securities LEAP Market Listing Requirements and as described in Note 2 to the pro forma financial information.

Practitioner's Responsibilities

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by the Directors of the Company on the basis specified in Bursa Securities LEAP Market Requirements and as described in Note 2 to the pro forma financial information.

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Nexia SSY

Independent Practitioner's Assurance Report on the Compilation of Pro Forma Financial Information Included in the Information Memorandum of Carzo Holdings Sdn. Bhd. (continued)

Company No: 202001026908 (1383228-K)
(Incorporated in Malaysia)

Practitioner's Responsibilities (continued)

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. This standard requires that the practitioner 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 specified in Bursa Securities LEAP Market Listing Requirements and as described in Note 2 to the pro forma financial information.

For purposes 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.

The purpose of pro forma financial information to be included in the Company's Information Memorandum is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the events or transactions at the dates selected for purposes of compilation would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has 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 of the Company in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give 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 the practitioner's judgment, having regard to the practitioner's understanding of the nature of the company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

Nexia SSY

Independent Practitioner's Assurance Report on the Compilation of Pro Forma Financial Information Included in the Information Memorandum of Carzo Holdings Sdn. Bhd. (continued)

Company No: 202001026908 (1383228-K)
(Incorporated in Malaysia)

Practitioner's Responsibilities (continued)

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma financial information has been properly compiled on the basis described in Paragraph 2 above of our Report.

Nexia SSY PLT

Nexia SSY PLT
LLP0019490-LCA & AF002009
Chartered Accountants

Michelle Yong Voon Sze
No. 02864/07/2022 J
Chartered Accountant

Shah Alam
23 April 2021

APPENDIX II

UNAUDITED INTERIM COMBINED FINANCIAL STATEMENTS
FOR 4M FPE 2021

CARZO HOLDINGS BERHAD

(REGISTRATION NO.: 202001026908 (1383228-K))
NO 6, JALAN PERSIARAN INDUSTRI, SD5,
BANDAR SRI DAMANSARA, 52200 KUALA LUMPUR,
WILAYAH PERSEKUTUAN, MALAYSIA
(Incorporated in Malaysia under the Companies Act 2016)

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2021

	Unaudited	
	As at 30 April 2020 RM	As at 30 April 2021 RM
ASSETS		
Non-Current Assets		
Plant and equipment	1,255,895	1,762,934
Right-of-use assets	295,987	484,020
Total non-current assets	**1,551,882**	**2,246,954**
Current Assets		
Inventories	256,829	1,012,293
Trade and other receivables	11,235,152	17,401,487
Fixed deposits with licensed banks	302,325	490,736
Cash and bank balances	616,854	5,261,186
Total current assets	**12,411,160**	**24,165,702**
TOTAL ASSETS	**13,963,042**	**26,412,656**
EQUITY		
Share capital	420,300	7,178,479
Merger reserve	-	(1,857,406)
(Accumulated losses)/Retained earnings	(712,388)	2,223,607
(CAPITAL DEFICIENCY) / TOTAL EQUITY	**(292,088)**	**7,544,680**
LIABILITIES		
Non-Current Liabilities		
Borrowings	1,779,148	1,820,912
Lease liabilities	407,792	767,310
Deferred tax liabilities	11,823	-
Total non-current liabilities	**2,198,763**	**2,588,222**
Current Liabilities		
Trade and other payables	10,981,604	12,432,063
Borrowings	401,593	2,654,119
Lease liabilities	209,833	536,724
Provision for taxation	463,337	656,848
Total current liabilities	**12,056,367**	**16,279,754**
TOTAL LIABILITIES	**14,255,130**	**18,867,976**
TOTAL EQUITY AND LIABILITIES	**13,963,042**	**26,412,656**

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 APRIL 2021

	Unaudited 4-month financial period ended 30 April ("4M FPE")	
	2020	**2021**
	RM	**RM**
Revenue	11,585,086	26,674,035
Cost of sales	(9,252,306)	(23,135,169)
Gross profit	**2,332,780**	**3,538,866**
Other operating income	124,386	345,229
Operating and administrative expenses	(1,977,536)	(2,611,173)
Profit from operations	**479,630**	**1,272,922**
Finance costs	(77,008)	(127,136)
Profit before taxation	**402,622**	**1,145,786**
Taxation	(165,781)	(335,308)
Profit for the period	**236,841**	**810,478**
Profit attributable to:-		
- Owners of the Company	236,841	810,478
- Non-controlling interest	-	-
	236,841	**810,478**

UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 APRIL 2021

	Share capital RM	Merger deficits RM	(Accumulated losses)/ Retained earnings RM	Total equity RM
As at 1 January 2020	420,200	-	(949,229)	(529,029)
Profit for the financial period	-	-	236,841	236,841
Issuance of new shares	100	-	-	100
As at 30 April 2020	**420,300**	**-**	**(712,388)**	**(292,088)**
As at 1 January 2021	3,177,730	(1,857,406)	1,413,129	2,733,453
Profit for the financial period	-	-	810,478	810,478
Issuance of new shares	4,000,749	-	-	4,000,749
As at 30 April 2021	**7,178,479**	**(1,857,406)**	**2,223,607**	**7,544,680**

UNAUDITED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 APRIL 2021

	Unaudited 4M FPE	
	2020	**2021**
	RM	**RM**
Cash flows from operating activities		
Profit before taxation	402,622	1,145,786
Adjustments for:		
Depreciation of plant and equipment	127,680	165,769
Depreciation of right-of-use assets	45,537	68,428
Impairment of plant and equipment	-	125,664
Interest expenses	77,008	127,136
Plant and equipment written off	3,667	-
Reversal of allowance for impairment loss	-	(88,122)
Unrealised foreign exchange loss	119,663	140,211
Operating profit before working capital changes	**776,177**	**1,684,872**
Changes in working capital		
Inventories	908,035	(60,930)
Trade and other receivables	472,683	(2,167,523)
Trade and other payables	(2,322,637)	(1,432,055)
	(941,919)	(3,660,508)
Cash used in operations	**(165,742)**	**(1,975,636)**
Interest paid	(7,476)	(17,591)
Income tax paid	(19,170)	(154,731)
	(26,646)	(172,322)
Net cash used in operating activities	**(192,388)**	**(2,147,958)**
Cash flows from investing activities		
Purchases of plant and equipment, representing net cash used in investing activities	**(1,536)**	**(353,568)**

UNAUDITED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 APRIL 2021 (CONT'D)

	Unaudited 4M FPE	
	2020 RM	2021 RM
Cash flows from financing activities		
Proceeds from pre-listing investors pending allotment	-	2,515,695
Issuance of shares	100	4,000,749
Increased in fixed deposits pledged	-	(120,000)
Drawdown of term loan	500,000	-
Repayment of lease liabilities	(87,412)	(89,586)
Repayment of term loan	(55,285)	(128,862)
Lease interest paid	(13,874)	(29,522)
Term loan interests paid	(43,967)	(73,709)
Net cash generated from financing activities	**299,562**	**6,074,765**
Net increase in cash and cash equivalents	105,638	3,573,239
Cash and cash equivalents at the beginning of the financial period	223,023	1,194,522
Cash and cash equivalents at the end of the financial period	**328,661**	**4,767,761**
Cash and cash equivalents at the end of the financial period comprises:		
Cash and bank balances	616,854	5,261,186
Bank overdrafts	(288,193)	(493,425)
Fixed deposits with licensed banks	302,325	490,736
	630,986	5,258,497
Less: Fixed deposits pledged with licensed banks	(302,325)	(490,736)
	328,661	**4,767,761**

EXPLANATORY NOTES TO THE INTERIM COMBINED FINANCIAL STATEMENTS FOR 4M FPE 2021

1. BASIS OF PREPARATION

1.1 The unaudited interim combined financial statements of Carzo Holdings Berhad (the "**Company**") and its subsidiaries (the "**Group**") for 4M FPE 2021 have been prepared in accordance with the Malaysian Financial Reporting Standards ("**MFRS**") 134: Interim Financial Reporting issued by the Malaysian Accounting Standard Board ("**MASB**") and in compliance with Rule 6.12 and Appendix 6A of the LEAP Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). The unaudited interim combined financial statements should be read in conjunction with the audited combined financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.

1.2 The accounting standards and/or interpretations adopted by the Group in these unaudited interim combined financial statements for 4M FPE 2021 are consistent with those adopted in the most recent audited combined financial statements for the financial year ended 31 December 2020.

1.3 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the MASB but are not yet effective for the current financial period:-

		Effective dates for financial periods beginning on or after
Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022
Amendments to MFRS 3	Business Combinations	1 January 2022
Amendments to MFRS 9	Financial Instruments	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment	1 January 2022
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022
Amendments to MFRS 141	Agriculture	1 January 2022
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Presentation of Financial Statements	1 January 2023

EXPLANATORY NOTES (CONT'D)

1. BASIS OF PREPARATION (CONT'D)

1.3 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the MASB but are not yet effective for the current financial period:- (cont'd)

		Effective dates for financial periods beginning on or after
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Errors	1 January 2023
Amendments to MFRS 112	Income Taxes	1 January 2023
Amendments to MFRS 10	Consolidated Financial Statement	Deferred
Amendments to MFRS 128	Investments in Associate and Joint Venture	Deferred

2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the Group's most recent annual audited combined financial statements for the financial year ended 31 December 2020 were not subject to any qualification.

3. SEASONAL OR CYCLICAL FACTORS

The Group's business is subject to seasonal demand. The demand for the Group's products is higher prior to the commencement and during festive seasons such as Chinese New Year, Hari Raya and Christmas.

4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity or cash flows during the 4M FPE 2021.

EXPLANATORY NOTES (CONT'D)

5. CHANGES IN MATERIAL ACCOUNTING ESTIMATES AND JUDGMENTS

There were no material changes in accounting estimates and judgments during the 4M FPE 2021.

6. DIVIDENDS PAID

There were no dividends paid during the 4M FPE 2021.

7. SEGMENTAL INFORMATION

7.1 Analysis of revenue by business segment

The Group's revenue based on its business segment is presented as follows:

	4M FPE			
	2020		2021	
Revenue by business segment	**RM**	**%**	**RM**	**%**
Distribution and retail	8,853,562	76.42	19,962,781	74.84
Retail chain stores	1,752,259	15.13	6,189,985	23.21
Convenience stores	179,781	1.55	157,650	0.59
E-commerce	676,916	5.84	128,165	0.48
Others*	122,568	1.06	235,454	0.88
	11,585,086	**100.00**	**26,674,035**	**100.00**

Note:
* *Comprising hotels, hospitals, airline food provider and consumers who purchased through vending machines and at the Company's display store.*

7.2 Analysis of revenue by product group

The Group's revenue based on its product group is presented as follows:

	4M FPE			
	2020		2021	
Revenue by product group	**RM**	**%**	**RM**	**%**
Fresh fruits	11,282,946	97.39	26,500,595	99.35
Fruit products[(1)]	164,741	1.42	134,998	0.51
Other food products[(2)]	137,399	1.19	38,442	0.14
	11,585,086	**100.00**	**26,674,035**	**100.00**

EXPLANATORY NOTES (CONT'D)

7. SEGMENTAL INFORMATION (CONT'D)

7.2 Analysis of revenue by product group (CONT'D)

Notes:

(1) Comprising fruit juices, plant based drinks, pickled fruits, dried fruits, cut fruits, frozen fruits and ready-to-eat fruit products.

(2) Comprising frozen meat and seafood, nuts, vegetables, ready-to-eat food (e.g. soup, canned food, pre-mix sauces and pastes) and convenience food (e.g. instant noodles and snacks).

8. INCOME TAX EXPENSE

	Unaudited 4M FPE	
	2020	**2021**
	RM	**RM**
Tax expense for the period	165,781	335,308

9. ACQUISITION AND DISPOSAL OF PLANT AND EQUIPMENT

Save for the acquisition of motor vehicle and renovation of cold room amounting to RM0.43 million and RM0.38 million, respectively, there were no other material acquisitions or disposals of plant and equipment during the financial period under review.

10. OTHER INVESTMENTS

There were no other investments during 4M FPE 2021.

11. DEBT AND EQUITY SECURITIES

Save for the allotment and issuance of 15,888,600 new ordinary shares in the Company ("**Carzo Shares**") at an issue price of RM0.2518 each to an investor, CRI Sdn. Bhd. (a wholly-owned subsidiary of CRG Incorporation Berhad) for total gross proceeds of RM4,000,749, there was no other issuance of debt and equity securities during the 4M FPE 2021.

EXPLANATORY NOTES (CONT'D)

12. CAPITAL COMMITMENTS

The capital commitments as at 30 April 2021 are as per below:

	30 April 2021 RM
Approved but not contracted for:	
Purchase of plant and equipment	353,949

13. CONTINGENT LIABILITIES

There were no material contingent liabilities during the 4M FPE 2021.

14. SIGNIFICANT EVENTS OCCURING AFTER THE FINANCIAL PERIOD

Save for the following events, there were no material events after the financial period:

(i) the proposed listing exercise as stated in the Information Memorandum dated 29 July 2021; and

(ii) the allotment and issuance of 8,827,000 new Carzo Shares at an issue price of RM0.2850 each to 41 pre-listing investors for total gross proceeds of RM2,515,695 which was completed on 7 May 2021.

15. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the 4M FPE 2021.

EXPLANATORY NOTES (CONT'D)

16. REVIEW OF PERFORMANCE AND COMPARISON WITH CORRESPONDING 4 MONTHS PERIOD IN PREVIOUS FINANCIAL YEAR

The Group's revenue increased by approximately RM15.09 million or 130.24% to RM26.67 million in the 4M FPE 2021 (4M FPE 2020: RM11.59 million) mainly due to higher sales of fresh fruits to our existing customers in distribution and retail segment in particular during festive season such as Chinese New Year in February 2021. Besides, as most businesses were allowed to operate, albeit at limited capacity, during the 4M FPE 2021 (despite the implementation of the second movement control order ("**MCO**") from 13 January 2021) which led to slight recovery of consumer spending, the consumers have resumed purchasing fresh fruits from our customers which operate in wet markets and small retailers. Further, the Group increased the sales volume of fresh fruits to its existing and new customers in retail chain store segment as well as to hotels and hospitals during the 4M FPE 2021.

The Group's cost of sales increased by RM13.88 million or 150.05% to RM23.14 million in the 4M FPE 2021 (4M FPE 2020: RM9.25 million) mainly due to the increase in its cost for the purchases of fresh fruits, inward logistics cost and packaging cost which was in line with the increase in the Group's revenue contribution from its customers in the distribution and retail segment as well as retail chain store segment.

The Group's profit for the period increased by approximately RM0.57 million or 242.20% to RM0.81 million in the 4M FPE 2021 (4M FPE 2020: RM0.24 million) mainly due to higher revenue as explained above.

EXPLANATORY NOTES (CONT'D)

17. PROSPECTS AND FACTORS LIKELY TO INFLUENCE THE GROUP'S PROSPECTS

The demand for fresh fruits and fruit products have been largely driven by the economic growth in Malaysia and changing lifestyles of the population, increased awareness on the importance of consuming fruits, favourable initiatives by various government agencies to promote consumption of fruits, use of processing, packaging, warehousing and transportation technologies leading to better quality fresh fruits and fruit products as well as growth in reach to consumers through online channels.

In line with the Group's overall strategy, the Group intends to expand its delivery and warehousing capabilities to cater for growth in demand from customers located outside of Klang Valley, particularly from retail chain stores.

As Coronavirus disease ("**COVID-19**") cases continued to rise in the country, a full MCO was implemented on 1 June 2021, which has restricted all businesses from operating, save for businesses deemed as essential services. As the Group is involved in fruit distribution, retail and processing activities, its business operations were permitted to operate as it was recognised as essential service. Although there were temporary closures of certain wet markets during the full MCO, retail chain stores continued to operate during the period.

As the Group continued to grow its customer base in the retail chain store segment in 2021, the MCOs that have been implemented in 2021 are expected to have less adverse impact on the Group's business in 2021 in comparison to 2020.

However, the full length of the full MCO remains uncertain as at 5 July 2021 as it is presently still on-going, and thus the full extent of the impact of the full MCO and any subsequent MCOs that might be implemented in 2021 have yet to be determined. The Group will closely monitor and assess the impact of COVID-19.

With the information above, barring any unforeseen circumstances, the Group is optimistic about the business performance moving forward.

CARZO

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