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FARM FRESH BERHAD

Registration No. 201001010221 (894851-U)

(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

- (I) **PROPOSED ACQUISITION BY FARM FRESH BERHAD ("FFB" OR "COMPANY") OF 462,739 EXISTING ORDINARY SHARES IN THE INSIDE SCOOP SDN BHD ("TISSB") ("TISSB SHARES"), REPRESENTING 53.0% OF THE ENLARGED ISSUED TISSB SHARES AFTER THE COMPLETION OF THE PROPOSALS (AS DEFINED BELOW), FOR A TOTAL PURCHASE CONSIDERATION OF APPROXIMATELY RM68.4 MILLION, SUBJECT TO ADJUSTMENTS, TO BE SATISFIED VIA A COMBINATION OF 13,158,000 NEW ORDINARY SHARES IN FFB ("CONSIDERATION SHARES") AT AN ISSUE PRICE OF RM1.52 PER CONSIDERATION SHARE AND APPROXIMATELY RM48.4 MILLION IN CASH, TOGETHER WITH THE GRANT OF A PUT OPTION BY FFB IN FAVOUR OF EDMUND TAN JUN HUA OVER THE REMAINING TISSB SHARES HELD BY HIM AT ANY POINT IN TIME AFTER THE COMPLETION OF THE PROPOSALS; AND**
- (II) **PROPOSED SUBSCRIPTION BY FFB OF 104,771 NEW TISSB SHARES ("SUBSCRIPTION SHARES"), REPRESENTING 12.0% OF THE ENLARGED ISSUED TISSB SHARES AFTER THE COMPLETION OF THE PROPOSALS (AS DEFINED BELOW), FOR A TOTAL SUBSCRIPTION CONSIDERATION OF APPROXIMATELY RM15.5 MILLION AT A SUBSCRIPTION PRICE OF RM147.86 PER SUBSCRIPTION SHARE TO BE SATISFIED ENTIRELY IN CASH**

(COLLECTIVELY REFERRED TO AS "PROPOSALS")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



Investment Bank

Company No. 197301002412

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of Extraordinary General Meeting ("**EGM**") of FFB and the Proxy Form are enclosed in this Circular. This Circular together with the Administrative Guide for the EGM is available at the Company's corporate website at www.farmfresh.com.my and Bursa Securities' website at www.bursamalaysia.com under the Company's announcements. The EGM is to be held on a virtual basis and conducted entirely through live streaming via remote participation and voting facilities provided by Tricor Investor & Issuing House Services Sdn Bhd ("**Tricor**") in Malaysia on Wednesday, 10 May 2023 at 4.30 p.m. or at any adjournment thereof whereby shareholders are to attend, speak (including posing questions to the Board of Directors of FFB via real time submission of typed text(s)) and vote (collectively, "**Participate**") remotely at the EGM via Remote Participation and Voting ("**RPV**") facilities provided by Tricor. Please follow the procedures of RPV as stated in the Administrative Guide for the EGM.

The Proxy Form should be completed and deposited at the office of FFB's share registrar, Tricor, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or by fax at 03-2783 9222 or email to is.enquiry@my.tricorglobal.com. As the voting at the EGM will be conducted by poll, the Proxy Form must be lodged on or before the following date and time:

Last date and time for deposit of the Proxy Form : Monday, 8 May 2023 at 4.30 p.m.

The proxy appointment may also be lodged electronically via Tricor's TIH Online website at <https://tiih.online> no later than Monday, 8 May 2023 at 4.30 p.m. For further information on the electronic lodgement of the Proxy Form, kindly refer to the Administrative Guide for the EGM.

This Circular is dated 25 April 2023

DEFINITIONS

The following definitions shall apply throughout this Circular unless the context requires otherwise:

2 nd Triggering Event	:	3 rd anniversary of the Completion Date
5% Multiple	:	Multiple of 5% of the total issued TISSB Shares
Act	:	Companies Act, 2016
Agreed EV	:	The agreed EV of the TISSB Group of RM102.2 million
Agreed EV/EBITDA Multiple	:	The agreed EV/EBITDA multiple of 9.5 times, which was arrived at on a willing buyer willing seller basis following negotiations between our Company and the Vendors
Announcement	:	The announcement in relation to the Proposals dated 15 February 2023 which was made by Maybank IB on behalf of our Company
Associate Companies	:	Collectively, TISSG Pte Ltd (Unique Entity Number. 202032692Z), Aftermeal Café Sdn Bhd (Registration No. 201901005317 (1314644-P)) and MyPizzaLab Sdn Bhd (Registration No. 201601036383 (1207324-T))
Audited FY2022 EBITDA	:	EBITDA of the TISSB Group for the FYE 31 December 2022 based on TISSB's audited consolidated financial statements for the FYE 31 December 2022
Board	:	Board of Directors
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
By-laws	:	By-laws governing the ESOS
Cash Consideration	:	RM48.4 million to be paid to the Vendors as part settlement of the Purchase Consideration
Circular	:	This circular to the shareholders of our Company in relation to the Proposals dated 25 April 2023
Comparable Companies	:	Companies comparable to the TISSB Group
Completion Date	:	The date of completion of the Proposals
Completion WC	:	Actual net working capital of the TISSB Group as at the Completion Date
Consideration Shares	:	13,158,000 new FFB Shares
CPG Ice Cream	:	Consumer Package Goods Ice Cream
DCF	:	Discounted cash flow
Derrick Wu	:	Wu Chuang Yang, Derrick

DEFINITIONS *(Cont'd)*

Director	: Shall have the meaning given in Section 2(1) of the Capital Markets and Services Act, 2007 and includes any person who is or was within the preceding 6 months of the date on which the terms of the Proposals were agreed upon: (i) a director of our Company, our subsidiaries or holding company; or (ii) a chief executive of our Company, our subsidiaries or holding company
EBITDA	: Earnings before interest, tax, depreciation and amortisation
Edmund Tan	: Edmund Tan Jun Hua
EGM	: Extraordinary general meeting of our Company
EPS	: Earnings per FFB Share
ESOS	: Subsisting employees' share option scheme of our Company which was established on 21 March 2022
ESOS Option	: Right of an eligible director(s) or eligible employee(s) of our Group who has(ve) accepted the offer made to him pursuant to the ESOS in accordance with the terms and conditions of the offer and the By-laws to subscribe for new FFB Shares under the contract constituted by the acceptance of an offer made to him pursuant to the ESOS in accordance with the terms and conditions of the offer and the By-laws
EV	: Enterprise value
EV/EBITDA	: EV-to-EBITDA
F&B	: Food and beverage
FFB or Company	: Farm Fresh Berhad (Registration No. 201001010221 (894851-U))
FFB Group or Group	: Collectively, our Company and our subsidiaries
FFB Shares	: Ordinary shares in FFB
FYE	: Financial year ending or ended, as the case may be
Issue Price	: RM1.52 per Consideration Share
LPD	: 31 March 2023, being the latest practicable date prior to the printing of this Circular
LTD	: 8 February 2023, being the latest practicable date prior to the date of the Announcement

DEFINITIONS (Cont'd)

Major Shareholder	:	A person who has an interest or interests in 1 or more voting shares in our Company and the number or the aggregate number of those shares, is: (i) 10% or more of the total number of voting shares in our Company; or (ii) 5% or more of the total number of voting shares in our Company where such person is the largest shareholder of our Company. Major shareholder also includes any person who is or was within the preceding 6 months of the date on which the terms of the Proposals were agreed upon, a major shareholder of our Company, our subsidiaries or holding company. For the purpose of this definition, "interest" shall have the meaning of "interest in shares" given in Section 8 of the Act.
Maybank IB	:	Maybank Investment Bank Berhad (Company No. 197301002412), being the Principal Adviser to our Company for the Proposals
MMLR	:	Main Market Listing Requirements of Bursa Securities
NA	:	Net assets
PBT	:	Profit before tax
Proposals	:	Collectively, the Proposed Acquisition and the Proposed Subscription
Proposed Acquisition	:	Proposed acquisition by our Company of the Sale Shares, representing 53.0% of the enlarged issued TISSB Shares after the completion of the Proposals, for the Purchase Consideration
Proposed Subscription	:	Proposed subscription by our Company of the Subscription Shares, representing 12.0% of the enlarged issued TISSB Shares after the completion of the Proposals, for the Subscription Consideration
Purchase Consideration	:	Total purchase consideration of approximately RM68.4 million, subject to adjustments, based on the terms and conditions of the SPA, to be satisfied via the Consideration Shares to be issued at the Issue Price and the Cash Consideration
Put Option	:	The right granted to Edmund Tan to require our Company to purchase from Edmund Tan the Put Option Shares, upon the occurrence of any of the Triggering Events at any time during the relevant Put Option Period
Put Option Financial Statements	:	TISSB's audited consolidated financial statements for the immediate preceding financial year at the time of exercise of the Put Option
Put Option Period	:	The relevant periods during which Edmund Tan can exercise the Put Option commencing from the date of the SHA until Edmund Tan ceases to be a shareholder of TISSB, as described in Section 2.5 of this Circular
Put Option Shares	:	The remaining TISSB Shares held by Edmund Tan at any point in time after the completion of the Proposals
Sale Shares	:	462,739 existing TISSB Shares

DEFINITIONS (Cont'd)

SHA	:	The shareholders' agreement to be entered into between our Company and Edmund Tan upon completion of the Proposals to regulate the relationship of both parties as shareholders of TISSB
SPA	:	Conditional share purchase agreement dated 15 February 2023 between our Company and the Vendors in relation to the Proposed Acquisition
Specified Price	:	The exercise price calculated based on the agreed formula as set out in Section 2.5 of this Circular
SSA	:	Conditional share subscription agreement dated 15 February 2023 between our Company and TISSB in relation to the Proposed Subscription
Subscription Consideration	:	Approximately RM15.5 million based on the terms and conditions of the SSA to be satisfied entirely in cash
Subscription Shares	:	104,771 new TISSB Shares
TICB	:	The Ice Cream Bar (Sri Hartamas) Sdn Bhd (Registration No. 201901036889 (1346219-M))
TICB Group	:	Collectively, TICB and its subsidiaries
TIS Jonker Street	:	The Inside Scoop (Jonker Street) Sdn Bhd (Registration No. 201501032029 (1157353-U))
TIS Vietnam	:	The Inside Scoop Vietnam Company Limited (Business Code: 0317150621)
TISSB	:	The Inside Scoop Sdn Bhd (Registration No. 201301039381 (1069204-T))
TISSB Group	:	Collectively, TISSB and its subsidiaries
TISSB Shares	:	Ordinary shares in TISSB
Total Consideration	:	Collectively, the Purchase Consideration and the Subscription Consideration
Transaction Documents	:	Collectively, the SPA and the SSA
Triggering Events	:	The triggering events as described in Section 2.5 of this Circular
Unaudited FY2022 EBITDA	:	Unaudited EBITDA of the TISSB Group for the FYE 31 December 2022 of approximately RM10.8 million
Vendors	:	Collectively, the existing shareholders of TISSB, namely Edmund Tan, Derrick Wu and Harsh Rajpal
WC Peg	:	The amount of RM13.747 million, which was the amount agreed by our Company and the Vendors after taking into consideration the working capital requirements of the TISSB Group and the historical net working capital of the TISSB Group

CURRENCIES

RM and sen	:	Ringgit Malaysia and sen
AUD	:	Australian Dollar

DEFINITIONS *(Cont'd)*

SGD : Singapore Dollar

VND : Vietnamese Dong

All references to “**we**”, “**us**”, “**our**” and “**ourselves**” are to our Company, and where the context requires otherwise, shall include our Group.

All references to “**you**” and “**your**” in this Circular are to our shareholders.

Words denoting the singular shall, where applicable, include the plural and vice versa, and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders, and vice versa. References to persons shall include corporations, unless otherwise specified.

Any reference to any act, rules, written law, ordinance, enactment or guideline in this Circular is a reference to that act, rules, written law, ordinance, enactment or guideline as amended or re-enacted from time to time.

Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

Any discrepancy in the figures included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding.

This Circular includes forward-looking statements. All statements other than statements of historical facts included in this Circular including, without limitation, those regarding our Group’s financial position, business strategies, prospects, plans and objectives of our Company for future operations, are forward-looking statements. There can be no assurance that such forward-looking statements will materialise, be fulfilled or be achieved.

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EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY SETS OUT THE SALIENT INFORMATION OF THE PROPOSALS. YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR WITHOUT RELYING SOLELY ON THIS EXECUTIVE SUMMARY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSALS TO BE TABLED AT OUR FORTHCOMING EGM.

Key Information	Summary	Reference to Circular
Details of the Proposals	<p>The Proposals entail the following:</p> <ul style="list-style-type: none">(i) acquisition of the Sale Shares, representing 53.0% of the enlarged issued TISSB Shares after the completion of the Proposals by our Company, from the Vendors for the Purchase Consideration, subject to adjustments based on the terms and conditions of the SPA, to be satisfied via the issuance of the Consideration Shares at the Issue Price and the Cash Consideration, together with the grant of the Put Option by our Company in favour of Edmund Tan over the Put Option Shares; and(ii) subscription of the Subscription Shares, representing 12.0% of the enlarged issued TISSB Shares after the completion of the Proposals by our Company, for the Subscription Consideration based on the terms and conditions of the SSA, to be satisfied entirely in cash.	Section 2.1
Rationale and benefits of the Proposals	<ul style="list-style-type: none">(i) The Proposals will pave the way for our entry and ownership in one of the fastest growing local artisanal ice creameries and the largest home-grown ice cream chain in Malaysia.(ii) The Proposals will allow our Group to expand our revenue base and income stream, and are expected to enhance our Group's future earnings and profitability.(iii) The Proposals, together with the establishment of manufacturing line(s) and a central kitchen as part of our Group's development of a new manufacturing hub in Bandar Enstek, Seremban, will enable our Group to overcome market entry barriers into the CPG Ice Cream market.(iv) Our Group's diversification into the artisanal ice cream chain business would serve as an opportunity to mitigate our concentration risk on our core business of rearing dairy cows and the production as well as marketing and sale of dairy milk products.(v) The TISSB Group's business ethos where emphasis is placed on using pure and premium ingredients in creating premium, fresh and natural ice cream with no added preservatives or artificial flavourings resonates with our Group's ethos of producing dairy products made with pure dairy and premium ingredients, free of preservatives and artificial flavouring.	Section 3

EXECUTIVE SUMMARY (Cont'd)

Key Information	Summary	Reference to Circular
Risks of the Proposals	<p>Both our Group and the TISSB Group are involved in the F&B industry. Accordingly, our Board does not foresee any material change to the risk profile of our Group arising from the Proposals as our Group is already exposed to inherent risks in the F&B industry. However, there are additional risks that may arise from or associated with the Proposals which are as follows:</p> <ul style="list-style-type: none">(a) non-completion risk of the Proposals;(b) investment risk;(c) dependence on key personnel of the TISSB Group; and(d) goodwill and impairment risk.	Section 5
Directors' statement and recommendation	<p>Our Board, having considered all aspects of the Proposals, including basis and justification for the Total Consideration, rationale and benefits of the Proposals, prospects of the TISSB Group as well as the effects of the Proposals, is of the opinion that the Proposals are in the best interest of our Company and accordingly, recommends that you vote in favour of the resolution pertaining to the Proposals to be tabled at our forthcoming EGM.</p>	Section 12



Registration No. 201001010221 (894851-U)
(Incorporated in Malaysia)

Registered Office
Suite 1301, 13th Floor
City Plaza
Jalan Tebrau
80300 Johor Bahru
Johor

25 April 2023

Board of Directors

Tan Sri Dato' Seri Haji Megat Najmuddin Bin Datuk Seri Dr. Haji Megat Khas (*Chairman, Independent Non-Executive Director*)

Loi Tuan Ee (*Group Managing Director & Group Chief Executive Officer, Non-Independent Executive Director*)

Loi Foon Kion (*Non-Independent Non-Executive Director*)

Effizal Faiz Bin Zulkifly (*Non-Independent Non-Executive Director*)

Sukanta Kumar Dutt (*Independent Non-Executive Director*)

Dato' Dr. Quaza Nizamuddin Bin A. Hassan Nizam (*Independent Non-Executive Director*)

Jocelyn Ng Lai Leng (*Independent Non-Executive Director*)

To: Our shareholders

Dear Sir/Madam,

THE PROPOSALS

1. INTRODUCTION

On 15 February 2023, Maybank IB had, on behalf of our Board, announced that our Company had on even date entered into the SPA and the SSA for the Proposals.

On 5 April 2023, Maybank IB had, on behalf of our Board, announced that Bursa Securities had vide its letter dated 4 April 2023, granted its approval for the listing and quotation of the Consideration Shares to be issued pursuant to the Proposed Acquisition on the Main Market of Bursa Securities, subject to the conditions set out in Section 8 of this Circular.

Upon completion of the Proposals, TISSB will become a 65.0%-owned subsidiary of our Company while the remaining 35.0% equity interest in TISSB will be held by Edmund Tan. Our Company and Edmund Tan will, upon the completion of the Proposals, enter into the SHA. Pursuant to the terms of the SHA, our Company will grant the Put Option to Edmund Tan.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSALS TO BE TABLED AT OUR FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSALS TO BE TABLED AT OUR FORTHCOMING EGM.

PURSUANT TO CLAUSE 12(4) OF OUR CONSTITUTION READ TOGETHER WITH SUBSECTION 85(1) OF THE ACT, YOU HAVE PRE-EMPTIVE RIGHTS OVER ALL UNISSUED AND NEW FFB SHARES WHICH SHALL FIRST BE OFFERED TO YOU UNLESS OTHERWISE DETERMINED BY OUR COMPANY IN GENERAL MEETING.

BY VOTING IN FAVOUR OF THE RESOLUTION ON THE PROPOSALS, YOU WILL IN EFFECT BE DETERMINING IN GENERAL MEETING TO WAIVE YOUR PRE-EMPTIVE RIGHTS WHICH YOU ARE ENTITLED TO PURSUANT TO OUR CONSTITUTION, READ TOGETHER WITH SUBSECTION 85(1) OF THE ACT AND AGREEING TO OUR ISSUE OF THE CONSIDERATION SHARES TO EDMUND TAN AND DERRICK WU IN ACCORDANCE WITH THE SPA. PLEASE REFER TO SECTION 2.12 OF THIS CIRCULAR FOR FURTHER DETAILS ON THE PRE-EMPTIVE RIGHTS PURSUANT TO OUR CONSTITUTION AND SUBSECTION 85(1) OF THE ACT.

2. DETAILS OF THE PROPOSALS

2.1 Background information on the Proposals

The Proposals entail the following:

(i) Proposed Acquisition

The Proposed Acquisition involves the acquisition of the Sale Shares, representing 53.0% of the enlarged issued TISSB Shares after the completion of the Proposals by our Company, from the Vendors for the Purchase Consideration to be satisfied in the following manner:

- (a) RM20.0 million to be satisfied via the issuance of the Consideration Shares at the Issue Price; and
- (b) RM48.4 million to be satisfied in cash.

The breakdown of the Purchase Consideration payable to the respective Vendors is as follows:

Vendor	No. of Sale Shares to be acquired by our Company	Equity interest in TISSB ⁽¹⁾	Mode of Settlement		
			Consideration Shares	Cash	Total
		%	RM	RM	RM
Edmund Tan	150,528	17.2	10,000,080	12,256,920	22,257,000
Derrick Wu	296,420	34.0	10,000,080	33,828,920	43,829,000
Harsh Rajpal	15,791	1.8	-	2,335,000	2,335,000
Total	462,739	53.0	20,000,160	48,420,840	68,421,000

Note:

- (1) Based on the enlarged number of issued TISSB Shares of 873,092 after the completion of the Proposals.

Prior to the completion of the Proposals, a shareholders' loan of RM840,000 granted by the Vendors to TISSB in July 2019 ("**Settlement Sum**"), is to be settled via the capitalisation of the Settlement Sum into 18,008 new TISSB Shares to be issued to the Vendors ("**Settlement Shares**"), which represent 2.1% of the enlarged number of issued TISSB Shares after the completion of the Proposals and will form part of the Sale Shares.

As at the LPD, the said shareholders' loan has been fully utilised for capital expenditure relating to the purchase of additional equipment and new store expansion, as well as general working capital purposes. The price per Settlement Share of approximately RM46.65 was arrived at, prior to the granting of the shareholders' loan in July 2019, based on a valuation of the TISSB Group of approximately RM35.8 million, as agreed between the Vendors based on a price-to-earning multiple of 20.0 times multiplied by the estimated consolidated profit after tax of TISSB for the FYE 31 December 2019 of approximately RM1.8 million.

(ii) Proposed Subscription

The Proposed Subscription involves the subscription of the Subscription Shares, representing 12.0% of the enlarged issued TISSB Shares after the completion of the Proposals, by our Company for the Subscription Consideration to be satisfied entirely in cash.

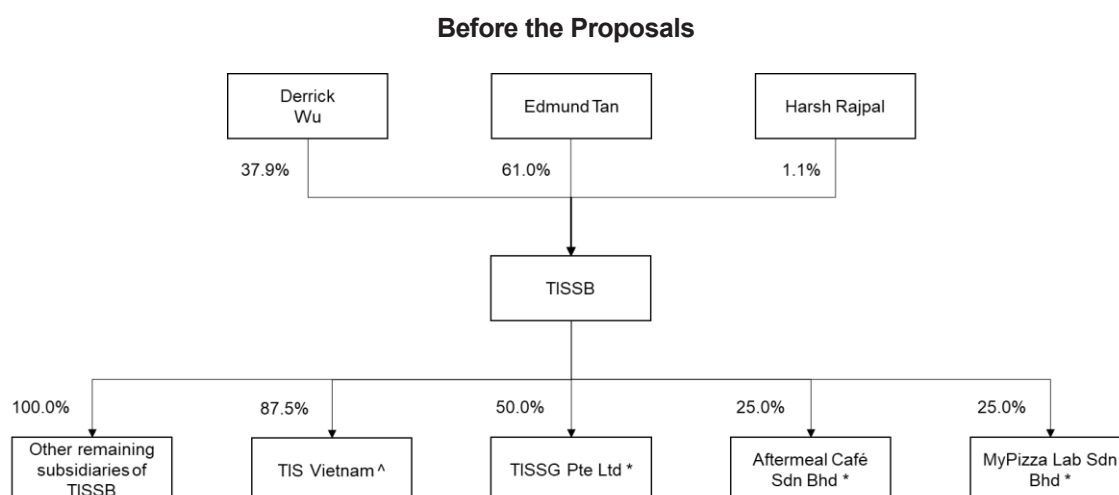
The Sale Shares will be acquired free from all encumbrances and together with all rights, including all dividends and distributions declared made or paid on or after the date of completion of the Proposals.

The Subscription Shares shall rank equally with, and carry the same rights and privileges as, in all respects, all other issued TISSB Shares except for any entitlements prior to the date of allotment and issuance of the Subscription Shares.

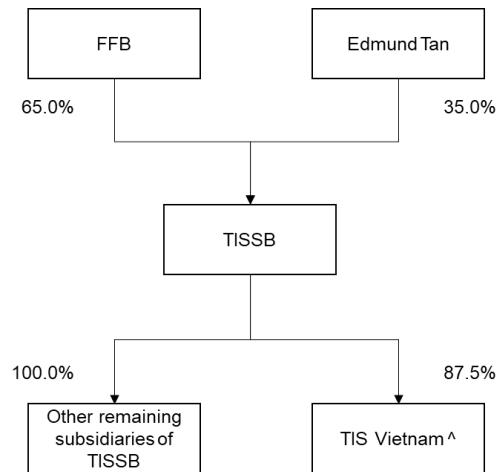
Upon completion of the Proposals, TISSB will become a 65.0%-owned subsidiary of our Company.

The salient terms of the SPA and the SSA are set out in **Appendices I** and **II** of this Circular respectively while the salient terms of the SHA are set out in **Appendix III** of this Circular.

The shareholding structure of TISSB before and after the Proposals are as follows:



After the Proposals



Notes:

* *TISSB will dispose of its entire shareholding in the Associate Companies on or prior to the Completion Date.*

^ *The remaining 12.5% equity interest in TIS Vietnam is held by Dinh Phuong Mai. TIS Vietnam is in the process of winding up which is expected to be completed after the Completion Date.*

2.2 Background information on TISSB

TISSB was incorporated in Malaysia on 7 November 2013 as a private limited liability company under the Companies Act, 1965 and is deemed registered under the Act. As at the LPD, TISSB's issued share capital is RM2,425,233 comprising 750,313 ordinary shares.

The TISSB Group is principally engaged in café business and trading of ice cream in Malaysia.

Further information on TISSB is set out in **Appendix IV** of this Circular.

2.3 Basis and justification for the Total Consideration

The Total Consideration was arrived at on a willing-buyer willing-seller basis based on the equity value of TISSB which was derived from the Agreed EV as follows:

	RM million
Agreed EV ⁽¹⁾	102.2
Add : Net cash of the TISSB Group as at 31 December 2022 ⁽²⁾	6.9
Add : Incremental cash arising from the repayment of net balances ⁽³⁾	4.5
Add : Subscription Consideration ⁽⁴⁾	15.5
Equity value	129.1

Equity value represented by 65.0% of the enlarged issued TISSB Shares comprises the following: **83.9**

- Purchase Consideration	68.4
- Subscription Consideration	15.5

Notes:

- (1) Computed based on the Unaudited FY2022 EBITDA multiplied by the Agreed EV/EBITDA Multiple.
- (2) Based on the TISSB Group's management accounts for the FYE 31 December 2022, the net cash of the TISSB Group as at 31 December 2022 was arrived at as follows:

	RM million
Cash and cash equivalents	8.0
Less : Debt and other debt-like items	(1.1)
Net cash	6.9

- (3) Assumed maximum incremental cash of the TISSB Group (over and above the net cash of the TISSB Group as at 31 December 2022) that may arise from the repayment of net outstanding intercompany balances arising from trade and non-trade transactions, by the Associate Companies, TIS Jonker Street and the TICB Group, subsequent to 31 December 2022 up to and including 30 April 2023 of RM4.5 million.
- (4) The Subscription Consideration represents 12.0% of the post-money equity value of TISSB, which is the equity value of TISSB after taking into account the cash raised by TISSB from the Subscription Consideration.

In arriving at the Agreed EV and the Agreed EV/EBITDA Multiple, we took into consideration the following:

- (i) internal assessment by our management based on common valuation methodologies such as comparable trading multiple analysis and comparable transaction analysis.

Comparable trading multiple analysis

The Agreed EV/EBITDA Multiple falls within the range of EV/EBITDA multiples of the Comparable Companies of between 8.4 times and 16.8 times and is also below the average EV/EBITDA multiples of the Comparable Companies of 12.7 times as shown below:

Comparable Companies ⁽¹⁾	Country	Currency	Market capitalisation ⁽²⁾	EV ⁽³⁾	EBITDA ⁽⁴⁾	EV/EBITDA
			million	million	million	times
Gourmet Master Co., Ltd	Taiwan	New Taiwan Dollar	27,900.0	27,239.3	1,795.5	15.2
Komeda Holdings Co., Ltd	Japan	Japanese Yen	109,312.0	146,226.0	8,700.0	16.8
Berjaya Food Berhad	Malaysia	RM	1,842.0	2,386.8	283.0	8.4
HotLand Co., Ltd	Japan	Japanese Yen	30,624.1	32,333.1	3,141.8	10.3
Average						12.7
Range						8.4 to 16.8

(Source: Capital IQ and company filings)

Notes:

- (1) The Comparable Companies were selected based on their respective principal activities in the F&B industry with specialised product lines such as coffee and/or tea ("**Specialised F&B Business**") which are broadly comparable to the TISSB Group as there are no local/regional listed companies involved solely in the ice cream industry, and have been identified on a best effort basis based on publicly available information and are selected for illustrative purposes only. It should be noted that the Comparable Companies are not exhaustive and may not be directly comparable to the TISSB Group due to various factors which include, among others, scale and composition of products, business activities, capital and shareholding structure, geographical coverage of business activities, operating history, profit track record, financial strength, risk profile, prospects and marketability and liquidity of the Comparable Companies' securities.

The comparable trading multiple analysis reflects the market trades of the securities of the Comparable Companies and as such, may not reflect the premium associated with an acquisition of controlling interest.

- (2) Computed by multiplying the total number of shares in issue with the closing market price of the respective securities of the Comparable Companies as at the LTD.
- (3) EV is the sum of market capitalisation (based on the closing market price of the securities of the Comparable Companies as at the LTD), total borrowings, minority interest and other debt-like adjustments less cash and cash equivalents and associates (based on the latest available trailing 12-months financial results prior to the LTD).
- (4) EBITDA is based on the latest available trailing 12-months financial results prior to the LTD.

Our Board takes cognisance of the lack of marketability of the TISSB Shares as TISSB is unlisted as compared to the publicly traded companies in the comparable trading multiple analysis disclosed above, which is reflected in the Agreed EV/EBITDA Multiple of 9.5 times being below the average EV/EBITDA multiples of the Comparable Companies of 12.7 times.

Comparable transaction analysis

The Agreed EV/EBITDA Multiple falls within the range of EV/EBITDA multiples of comparable transactions of between 8.2 times and 14.2 times and is also below the average EV/EBITDA multiples of comparable transactions of 10.4 times as shown below:

Target ⁽¹⁾	Acquirer	Year of transaction ⁽²⁾	Country of target	EV/EBITDA ⁽³⁾
				times
A Twosome Place Co., Ltd	The Carlyle Group Inc.	2021	South Korea	14.2
Starbucks Korea Co., Ltd	Coffee E-MART Inc.	2021	South Korea	8.2
Starbucks Korea Co., Ltd	Coffee Apfin Investment Pte Ltd	2021	South Korea	8.2
GongCha Korea Co., Ltd	TA Associates Management, L.P.	2019	South Korea	12.0
A Twosome Place Co., Ltd	Anchor Equity Partners (Asia) Ltd.	2019	South Korea	9.4
Average				10.4
Range				8.2 to 14.2

(Source: Capital IQ, company filings and news articles)

Notes:

- (1) Acquisition of companies involved in the Specialised F&B Business in Asia Pacific for the past 5 years up to and including the LTD were selected as there are no local/regional transactions involving companies solely in the ice cream industry. These transactions have been identified on a best effort basis based on publicly available information and are selected for illustrative purposes only. It should be noted that these comparable transactions are not exhaustive and these targets may not be directly comparable to the TISSB Group due to various factors which include, among others, scale and composition of products, business activities, capital and shareholding structure, geographical coverage of business activities, operating history, profit track record, financial strength, risk profile and prospects.
- (2) Based on the date of announcement of the respective transactions.
- (3) Computed by dividing EV with EBITDA based on the latest available trailing 12-months financial results prior to the date of announcement of the respective transaction.

- (ii) rationale and benefits of the Proposals as set out in Section 3 of this Circular; and
- (iii) prospects of the TISSB Group as set out in Section 4.4 of this Circular.

Our Board had taken into consideration the following in determining the proportion of the Total Consideration to be satisfied in cash and via the issuance of the Consideration Shares:

- (i) the availability of unutilised proceeds from our initial public offering that can be used by our Company to satisfy the cash portion of the Purchase Consideration of approximately RM48.4 million to be paid to the Vendors and the Subscription Consideration of approximately RM15.5 million, which will be utilised to fund the expansion of the TISSB Group's business as set out in Section 4.4 of this Circular; and
- (ii) the remaining RM20.0 million of the Total Consideration to be satisfied via the issuance of the Consideration Shares which translates to 0.7% equity interest in FFB to align the interest of Edmund Tan and Derrick Wu through equity participation in our Company.

2.4 Adjustments to the Purchase Consideration and working capital

(i) Adjustments to the Purchase Consideration

Upon TISSB's audited consolidated financial statements for the FYE 31 December 2022 being made available, the Purchase Consideration will be adjusted ("**Adjusted Purchase Consideration**") using the following formula:

$$\text{Adjusted Purchase Consideration} = [(A \times B) + C + D] + E \times 53\%$$

where:

A = Agreed EV/EBITDA Multiple of 9.5 times

B = The Audited FY2022 EBITDA or the Unaudited FY2022 EBITDA

If the Audited FY2022 EBITDA exceeds or is less than the Unaudited FY2022 EBITDA, and the amount of such difference exceeds 10% of the Audited FY2022 EBITDA, the Audited FY2022 EBITDA figure will be used in lieu of the Unaudited FY2022 EBITDA for purposes of calculating the Adjusted Purchase Consideration. The 10% threshold was mutually agreed by our Company and the Vendors after taking into consideration the materiality of such adjustment.

For the avoidance of doubt, the Audited FY2022 EBITDA or Unaudited FY2022 EBITDA shall exclude any profits or losses from the Associate Companies and TIS Vietnam.

C = Net cash/(debt) of the TISSB Group as at 31 December 2022 based on TISSB's audited consolidated financial statements for the FYE 31 December 2022

D = Actual incremental cash balance of the TISSB Group (over and above C) based on TISSB's management accounts as at 30 April 2023 arising from the repayment of aggregated net balances by the Associate Companies, TIS Jonker Street and the TICB Group subsequent to 31 December 2022 up to and including 30 April 2023, subject to a maximum amount of RM4.5 million

E = Subscription Consideration

Any adjustment required to be made to the Purchase Consideration will be made to the Cash Consideration. Further details on the adjustments to the Purchase Consideration are set out in Section 2.2 of **Appendix I** of this Circular.

(ii) Working capital adjustment

If the Completion WC is higher than the WC Peg, and the amount of such difference exceeds 10% of the WC Peg, our Company shall pay to the Vendors an amount equivalent to such difference. If the WC Peg is higher than the Completion WC and the amount of such difference exceeds 10% of the WC Peg, the Vendors shall pay to our Company an amount equivalent to such difference. The 10% threshold was mutually agreed by our Company and the Vendors after taking into consideration the materiality of such adjustment.

The WC Peg was computed based on TISSB's unaudited consolidated net current assets as at 31 December 2022, excluding the Settlement Sum and tax recoverable amount.

Our Company will make the necessary announcements upon determination of the final Total Consideration, being the aggregate of the Adjusted Purchase Consideration and the Subscription Consideration, as well as details of any adjustments made.

2.5 Put Option

Pursuant to the SHA, our Company will grant the Put Option to Edmund Tan which would require our Company to purchase from Edmund Tan in respect of all (or any part) of the Put Option Shares. Where the exercise of the Put Option is in respect of part of the Put Option Shares, such exercise must be in 5% Multiple, unless the remaining Put Option Shares are less than 5% of the total TISSB Shares, in which case the exercise may be in respect of all of such remaining Put Option Shares. For the avoidance of doubt, any exercise of the Put Option by Edmund Tan in respect of all the Put Option Shares (at the relevant time) shall not be subject to the 5% Multiple requirement. The Put Option may be exercised upon the occurrence of any of the Triggering Events and during the relevant Put Option Period at the Specified Price as summarised below:

No.	Triggering Event	Put Option Period
(1)	Upon the occurrence of certain events specified under the SHA (" Specified Event "). Further details of the Specified Event is set out in Section 5.2 of Appendix III of this Circular.	Within 60 business days from the occurrence of any Specified Event.
(2)	2 nd Triggering Event	Within 6 months from the 3 rd anniversary of the Completion Date.
(3)	Every financial year after the 2 nd Triggering Event	Within 60 business days from the date the audited consolidated financial statements of our Company is announced on Bursa Securities. In the event our Company is not listed on Bursa Securities, within 60 business days from the date the audited consolidated financial statements of TISSB is issued.
(4)	When a transfer notice is issued by our Company to Edmund Tan in respect of a proposed transfer of TISSB Shares by our Company to a third party transferee	Within 30 business days from Edmund Tan's receipt of such transfer notice from our Company.

The Put Option may be exercised by Edmund Tan in respect of all (or any part) of the Put Option Shares by serving a notice on our Company within the Put Option Period at the Specified Price calculated using the following formula:

$$\text{Specified Price} = [(A \times B) + E] \times \frac{C}{D}$$

where:

- A = EBITDA of TISSB based on the Put Option Financial Statements
- B = The Put Option EV/EBITDA Multiple which is dependent on the compound annual growth rate (“CAGR”) of the TISSB Group’s EBITDA⁽¹⁾ (“**Applicable EBITDA CAGR**”) (“**Put Option EV/EBITDA Multiple**”) as set out below:

Applicable EBITDA CAGR (Z) (%)	Put Option EV/EBITDA Multiple (times)
Z ≤ 25.0	9.5
25.0 < Z < 35.0	10.0
Z ≥ 35.0	11.0

- C = The number of Put Option Shares
- D = The total number of issued TISSB Shares as at the date of the formal exercise notice served by Edmund Tan in respect of his intention to exercise the Put Option
- E = Net cash/(debt) of TISSB based on the Put Option Financial Statements

Note:

- (1) Subject to the change in the financial year end of TISSB to 31 March, the Applicable EBITDA CAGR shall be calculated using the following formula:

$$\text{Applicable EBITDA CAGR} = \left[\left(\frac{A}{B} \right)^{\frac{1}{X}} - 1 \right] \times 100$$

where:

- A = EBITDA of TISSB based on the Put Option Financial Statements
- B = EBITDA of TISSB based on its audited financial statements for the FYE 31 December 2022
- X = The number of completed financial year(s) of TISSB calculated from the Completion Date up to the time the Put Option is exercised, provided always that X shall never be less than 1 and shall be a whole number (that is, without decimals)

The range of the Put Option EV/EBITDA Multiples of between 9.5 times to 11.0 times was arrived at on a willing buyer-willing seller basis after taking into consideration the Agreed EV/EBITDA Multiple used to arrive at the Total Consideration of 9.5 times, the prospects of the TISSB Group as well as to incentivise Edmund Tan to further grow the business of the TISSB Group.

The range of the Put Option EV/EBITDA Multiples falls within the range of EV/EBITDA multiples of:

- (i) the Comparable Companies of between 8.4 times and 16.8 times; and
- (ii) comparable transactions of between 8.2 times and 14.2 times,

as set out in Section 2.3 of this Circular.

As the triggering event(s) which will allow the Put Option to be exercised are intended to enable Edmund Tan to realise his investment in TISSB, the Put Option will be satisfied entirely in cash.

2.6 Basis and justification for the Issue Price

The Issue Price, which represents a discount of approximately 5.0% to the 5-day volume weighted average market price of FFB Shares up to and including 14 February 2023, being the last trading day immediately preceding the date of the Transaction Documents, of RM1.60.

In arriving at the Issue Price, our Company had taken into consideration the following:

- (i) issuance of the Consideration Shares as part settlement of the Total Consideration allows our Group to conserve cash which can be used to fund our working capital requirements for existing businesses instead;
- (ii) the discount of approximately 5% is lower than the maximum discount of 10% if our Company were to undertake a private placement exercise to raise equity funding to fund the Proposals under a general mandate for the issue of securities pursuant to Paragraph 6.03 of the MMLR; and
- (iii) Edmund Tan and Derrick Wu will be able to participate in the equity of our Company through the Consideration Shares, which will align their interests with those of our other shareholders.

2.7 Ranking of the Consideration Shares

The Consideration Shares will, upon allotment and issue, rank *pari passu* in all respects with the then existing FFB Shares save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid, on the entitlement date of which is prior to the date of allotment and issuance of the Consideration Shares.

2.8 Listing and quotation of the Consideration Shares

The approval of Bursa Securities for the listing and quotation of the Consideration Shares on the Main Market of Bursa Securities has been obtained vide its letter dated 4 April 2023.

2.9 Source of funds

The cash portion of the Total Consideration amounting to approximately RM63.9 million will be funded using the unutilised proceeds raised from our Company's initial public offering pursuant to our announcement on the variation of proceeds dated 15 February 2023.

2.10 Additional financial commitment

Barring any unforeseen circumstances, our Company is not expected to incur any additional financial commitment in putting the TISSB Group on-stream as the TISSB Group is already in operations and is a going-concern.

2.11 Liabilities to be assumed

Save for the liabilities of the TISSB Group which will be consolidated as a consequence of TISSB becoming our subsidiary following the completion of the Proposals, there are no other liabilities, including contingent liabilities and guarantees, to be assumed by our Group.

2.12 Pre-emptive rights pursuant to our constitution and subsection 85(1) of the Act

Subsection 85(1) of the Act which is subject to our constitution, provides as follows:

“85. Pre-emptive rights to new shares

- (1) *Subject to the constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders.”*

Pursuant to Clause 12(4) of our constitution read together with subsection 85(1) of the Act, you have pre-emptive rights over all unissued and new FFB Shares which shall first be offered to you unless otherwise determined by our Company in general meeting.

By voting in favour of the resolution on the Proposals, you will in effect be determining in a general meeting (in accordance with Clause 12(4) of our constitution, read together with subsection 85(1) of the Act):

- (i) to waive your pre-emptive rights (Clause 12(4) of our constitution read together with subsection 85(1) of the Act) to be first offered the new FFB Shares comprised in the Consideration Shares, in proportion, as nearly as may be, to the number of FFB Shares held by you; and
- (ii) that the Consideration Shares are not required to be offered or issued proportionately to you first before our Company issues the same to the Edmund Tan and Derrick Wu as described in Section 2.1(i) of this Circular.

In summary, by voting in favour of the resolution on the Proposals, you will be effectively waiving your pre-emptive rights which you are entitled to pursuant to our constitution, read together with subsection 85(1) of the Act.

3. RATIONALE AND BENEFITS OF THE PROPOSALS

3.1 Largest home-grown ice cream chain in Malaysia with great growth potential

The Proposals will pave the way for our entry and ownership in one of the fastest growing artisanal local ice creameries and the largest home-grown ice-cream chain in Malaysia. Between the FYE 31 December 2017 to FYE 31 December 2021, the TISSB Group's revenue grew from RM10.0 million to RM36.7 million, representing a CAGR of 38.4%. The TISSB Group was able to grow its revenue at a rate of 63.1% from RM22.5 million for the FYE 31 December 2020 to RM36.7 million for the FYE 31 December 2021, mainly attributable to relatively higher revenue from takeaway services and resumption of in-store dining activities. Its outlets also grew significantly from its first outlet in 2013 to 19 outlets in 2017 and has increased further to 36 outlets as at the LPD.

3.2 Accretive to the financial performance of our Group

The Proposals will allow our Group to expand our revenue base and income stream through the acquisition of the TISSB Group. As set out in **Appendix IV** of this Circular, the TISSB Group has a proven financial track record as exhibited by its financial results recorded for the past 3 financial years up to the FYE 31 December 2021, where the TISSB Group was able to grow its revenue and profit year-on-year during the said financial years. Accordingly, the Proposals are expected to enhance our Group's future earnings and profitability. For illustrative purposes only, the price-to-earnings multiple of FFB Shares will decrease from 34.89 times to 34.01 times (as illustrated in Section 6.4 of this Circular).

3.3 Experienced management team to support our entry into the CPG Ice Cream market

The founders of TISSB, namely Edmund Tan and Lim Shiew Li, have more than 10 years of experience and expertise in running and growing the ice cream business, as well as the research and development of ice cream products. Through constant innovation and experimentation, the TISSB Group has developed various well received ice cream flavours and extended its product range to include ice cream cakes.

The profiles of Edmund Tan and Lim Shiew Li are as follows:

(a) Edmund Tan

Edmund Tan, a Malaysian aged 39, is the co-founder and Chief Executive Officer of TISSB. He leads the day-to-day operations of the TISSB Group's business and is primarily responsible for business direction, people development and the overall operations and management of the TISSB Group.

After his graduation from The University of Melbourne in 2004 with a degree in Bachelor of Commerce, majoring in Accounting and Finance, Edmund Tan joined Macquarie Capital where he was involved in mergers and acquisitions as well as capital raising in the natural resources sector. In 2010, he was transferred to Macquarie Capital's Southeast Asian Equity Capital Markets team, where he was responsible for leading the day-to-day execution for various initial public offering and capital fund raisings in the region. He co-founded TISSB together with Lim Shiew Li in 2013 and subsequently left Macquarie Capital in 2015 to manage TISSB on a full-time basis.

(b) Lim Shiew Li

Lim Shiew Li, a Malaysian aged 41, is the co-founder and a director of TISSB. She is primarily involved in the research and development of new products, new store openings and customer experience in relation to the TISSB Group's business.

Lim Shiew Li graduated from The University of Melbourne in 2004 with a degree in Bachelor of Commerce, majoring in Actuarial Science. After her graduation, she joined The Great Eastern Life Assurance Company Limited in Singapore to fulfil her scholarship bond, where she began her career in the Actuarial department and subsequently moved to the Bancassurance department where she focused on product development of insurance products. She did a 6-month secondment in Oversea-Chinese Banking Corporation, Limited in Singapore. She left Oversea-Chinese Banking Corporation, Limited in 2013 to attend a course in Bologna, Italy to study ice cream making and subsequently co-founded TISSB in the same year together with Edmund Tan.

Post completion of the Proposals, our Company intends to leverage on the competency and experience of Edmund Tan and Lim Shiew Li to drive the TISSB Group's existing ice cream business, which will form part of our Group's ice cream division ("**FFB Ice Cream Division**"). Edmund Tan and Lim Shiew Li will continue to drive the TISSB Group's expansion of its ice cream business as well as spearhead the FFB Ice Cream Division and lead the FFB Ice Cream Division's foray into the CPG Ice Cream market, whereas Lim Shiew Li will be involved in the research and development of new ice cream flavours, product development as well as store design. For the avoidance of doubt, Derrick Wu will not be involved in managing the FFB Ice Cream Division and the TISSB Group's business.

Notwithstanding that Edmund Tan and Lim Shiew Li will continue to hold interests, direct or indirect, in the Excluded Assets upon completion of the Proposals, Edmund Tan and Lim Shiew Li's interests will be aligned with that of our Company in further growing the TISSB Group's business in view that the Put Option EV/EBITDA Multiple is dependent on the future financial performance of the TISSB Group vis-à-vis the TISSB Group's EBITDA at the time of exercise of the Put Option. In addition, upon completion of the Proposals, Edmund Tan is also required to observe non-compete restrictions as set out in Section 7.1 of **Appendix III** of this Circular.

By leveraging on the TISSB Group's strong brand recognition and its reputation as a reputable ice cream chain player with comprehensive range of ice cream products as well as its diverse customer base, the Proposals, together with the establishment of our Group's manufacturing line(s) and a central kitchen as part of our Group's development of a new manufacturing hub in Bandar Enstek, Seremban, will enable our Group to overcome market entry barriers into the CPG Ice Cream market.

3.4 Diversification of product offering and cross-selling opportunities

Our Group's diversification into the artisanal ice cream chain business would serve as an opportunity to mitigate our concentration risk on our core business of rearing dairy cows and the production and marketing and sale of dairy milk products. Further, our Company envisages that the Proposals will be able to enhance our Group's earnings capability by embarking on cross-selling opportunities through our Group's well-established network comprising large-format retailers, modern trade outlets, distributor agents and home dealers as well as the TISSB Group's chain of outlets in Malaysia.

3.5 Maintain ethos of products

Beyond numbers and business strategy, there are many similarities between the business ethos of our Group and the TISSB Group. TISSB, under the leadership of Edmund Tan, has sought to change the ice cream market's landscape in Malaysia with premium, fresh and natural ice cream with no added preservatives or artificial flavourings where emphasis is placed on using pure and premium ingredients such as milk, cream, chocolate couvertures and fresh fruit purees. This resonates with our Group's ethos of producing dairy products made with pure dairy and premium ingredients, free of preservatives and artificial flavouring.

4. INDUSTRY OVERVIEW, OUTLOOK AND PROSPECTS OF THE TISSB GROUP

4.1 Overview and outlook of the Malaysian economy

The Malaysian economy registered a growth of 7.0% in the fourth quarter of 2022 (3Q 2022: 2%), as support from the stimulus measures and low base effect waned. At 7.0%, the fourth quarter growth was still above the long-term average of 5.1%. On a quarter-to-quarter seasonally adjusted basis, the economy registered a decline of 2.6% (3Q 2022: 1.9%). For 2022 as a whole, the economy expanded by 8.7% (2021: 3.1%).

Domestic demand grew by 6.8% (3Q 2022: 13.1%), mainly supported by private sector expenditure. Private consumption expanded by 7.4% (3Q 2022: 15.1%), supported by improving labour market conditions and policy measures. Spending was driven by consumption of necessities, particularly for transport as well as housing and utilities, and selected discretionary components such as recreational services and culture. Public consumption grew by 2.4% (3Q 2022: 4.5%), reflecting continued support from government spending on emolument and supplies and services.

Headline inflation, as measured by the annual percentage change in the Consumer Price Index ("CPI") moderated to 3.9% during the quarter (3Q 2022: 4.5%). As expected, the lower headline inflation was largely due to the lapse in the base effect of electricity inflation. The moderation was also amid the easing of key global commodity prices which partly led to lower inflation in some CPI items, including fuel. Inflation for some key staple food items, such as fresh meat and eggs, also moderated during the quarter. However, the downward impact was partly offset by higher core inflation, which rose to 4.2% (3Q 2022: 3.7%). The increase reflected the continued strength in domestic demand. By components, the increase was driven mostly by core services and several discretionary spending categories. Correspondingly, price pressures remained pervasive during the quarter, although it has moderated. The share of CPI items recording monthly price increases remained above historical average (4Q 2022: 51.2%; 3Q 2022: 58.1%; 2011-2019 average: 45.6%).

(Source: Quarterly Bulletin, Fourth Quarter 2022, Bank Negara Malaysia)

4.2 Overview and outlook of the F&B industry

The services sector rose by 9.2% in the first half of 2022, driven by the wholesale and retail trade; transportation and storage; F&B and accommodation; real estate and business services; as well as information and communication subsectors. The performance is attributed to the improvement in tourism-related activities due to the reopening of international borders, increase in consumers' spending supported by the one-off special withdrawals from the Employees Provident Fund and special Hari Raya Aidilfitri cash assistance to civil servants including the pensioners, and increase in online transactions resulting from fast-paced adoption in digitalisation across all sectors. The services sector is estimated to grow by 7.4% in the second half of the year, supported by strong growth in momentum of broad-based economic activities. Overall, the sector is projected to increase by 8.2% in 2022 with almost all subsectors recording positive growth.

The wholesale and retail trade subsector rose by 10.4% in the first half of 2022, supported by strong performance in all segments. The robust performance of the subsector was buoyed by an increase in household spending following improvement in the labour market and consumers' confidence.

The F&B and accommodation subsector is projected to turn around significantly by 29.5% in 2022 following the expansion in all segments. The subsector rebounded by 29.6% in the first half of 2022 due to substantial recovery in hotel occupancy rate and patronage at eateries, mainly attributed to the increase of tourist arrivals to 2.1 million. The subsector is expected to further increase by 29.5% in the second half of the year attributed to the continuous expansion in tourism-related activities. The favourable outlook is in line with the revised projection of 9.2 million tourist arrivals and RM26.8 billion tourist receipts in 2022 by the Ministry of Tourism, Arts and Culture. The popularity of the nation as a Muslim travel destination is reflected in the Global Muslim Travel Index 2022 of which Malaysia continues to maintain in the top position for four consecutive years (CrescentRating (2022)).

(Source: Economic Outlook 2023, Ministry of Finance Malaysia)

4.3 Overview and outlook of the ice cream industry

The retail sales of the ice cream industry rose by 5% in current terms in 2022 to RM1.2 billion and are set to grow at a current value CAGR of 6% (2022 constant value CAGR of 3%) over the next 5 years to RM1.6 billion.

Despite the Coronavirus Disease 2019 ("COVID-19") pandemic restrictions having been lifted in September 2021, at-home consumption for bulk and multi-pack dairy ice cream continues to grow in 2022 as consumers still enjoy at-home indulgences which offer value-for-money. The trend for take-home bulk ice cream emerged strongly during the COVID-19 pandemic, with home seclusion and the closures and/or restrictions on foodservice outlets responsible for this switch in consumer behaviour. With consumers continuing to crave ice cream in the hot weather, they turned to take-home ice cream which comes in larger portions and at lower prices than impulse ice cream. Moreover, consumers looked to reduce the frequency of trips to physical stores due to concerns about exposure to COVID-19 and were, therefore inclined to stock up on take-home ice cream. This has led to strong growth in bulk dairy ice cream. Despite still following the pandemic-inspired demand to a degree, take-home ice cream is expected to become less desirable to consumers over the forecast period 2022-2027. As consumers are returning to workplaces and young children are back to school, this change in lifestyle is likely to reduce demand for take-home ice cream as consumers can easily visit foodservice channels or grocery retailers for impulse or unpackaged ice cream. In addition, a further challenge to bulk ice cream comes with the trend for consumers to control their portion sizes as part of the overall health and wellness trends, thus smaller servings of impulse ice cream are likely to become more attractive than large bulk formats.

In 2022, plant-based ice cream is the best performing category with retail value sales growing by 22% in current terms to RM2.6 million. Whilst the launch of plant-based ice cream in Malaysia in 2017 was initially via foodservice, such products subsequently became available via selected grocery retailers and e-commerce, thus heightening the profile of these variants and resulting in plant-based ice cream showing the strongest growth in 2022. Plant-based ice cream is treated as a healthier alternative to traditional ice cream, as it is dairy-free, low in calories and available in sugar-free ranges. Consumers are shifting gradually to plant-based diets to practice healthier lifestyles in order to avoid health problems and diseases attributed to high sugar and high fat diets. It is expected that plant-based ice cream will continue to gain traction over the forecast period 2022-2027, in line with the growing health and wellness trends as well as with consumers paying increasing attention to their diets.

Despite the competition from bulk ice cream and plant-based ice cream, impulse ice cream remains popular and demand has been boosted by the innovation of new ice cream flavours in 2022. The expansion of convenience store outlets is also helping to bolster demand for impulse ice cream, mainly supported by consumers' reticence to visit large shopping malls during the COVID-19 pandemic, where they preferred to stay close to their own locations hence visiting convenience stores and local grocery stores. Within this environment and with the growth of e-commerce, it is expected that the grocery space will become more competitive and success will depend on the long-term sustainability of retailers. The reopening of borders after the COVID-19 pandemic is also likely to accelerate demand for impulse and unpackaged ice cream, as both foreign and domestic tourists are increasingly visiting foodservice outlets and grocery retailers for ice cream. The increasing new variants of unpackaged ice cream being launched in convenience stores have stimulated demand among young consumers seeking to try the new flavours and, as a result, convenience stores are expected to continuously launch new flavours over the forecast period 2022-2027.

(Source: Euromonitor International Limited 2022 © All rights reserved)

4.4 Prospects of the TISSB Group

The TISSB Group is expected to continue its expansion in Malaysia with an aim to double its outlets count with an expansion plan of one new outlet a month for the next 3 years as well as to evaluate the potential expansion of its business into neighbouring countries with large populations such as the Philippines and Indonesia. As the artisanal and premium ice cream industry in both of these countries is still at a nascent stage which will offer much potential for growth, the expansion is expected to help secure a long-term market presence in the Southeast Asia region. The expansion will be funded through internally generated funds and/or external financing.

With the support of our Group's capital contribution and distribution network, the TISSB Group is expected to foray into the CPG Ice Cream market by launching its CPG Ice Cream products approximately 1 year from the Completion Date with an aim to capture 5% to 10% market share in the Malaysian CPG Ice Cream market in the medium term, as well as to export the CPG Ice Cream products to neighbouring countries within Southeast Asia.

Premised on the prospects of the TISSB Group, our Board is of the opinion that the Proposals are expected to contribute positively to the future earnings of our Group and support our long-term strategies and objectives, hence enhancing value for our shareholders.

5. RISKS OF THE PROPOSALS

Given that the TISSB Group is operating in the F&B industry in which our Group is already involved in, our Group will continue to be exposed to risks inherent in the F&B industry such as competition from existing and new entrants both locally and internationally, rapid changes in consumers' trends and preferences, as well as changes in political, economic and regulatory conditions.

In addition to the common risks as set out above, the risks specifically associated with the Proposals, which are by no means exhaustive, are set out below:

5.1 Non-completion risk of the Proposals

The completion of the Proposals is conditional upon the conditions precedent of the Proposals being fulfilled and/or waived, within the timeframe stipulated in the Transaction Documents. Failure to fulfil and/or obtain a waiver for any conditions precedent within the stipulated timeframe may result in the Transaction Documents being terminated and the Proposals will not be completed. Our Board endeavours to take reasonable steps to ensure that all the conditions precedent in the Transaction Documents are met within the stipulated timeframe in order to complete the Proposals in a timely manner.

5.2 Investment risk

There can be no assurance that the anticipated benefits of the Proposals will be realised or that our Group will be able to generate sufficient returns from this investment to offset the costs of this investment, or whether the expected financial performance of the TISSB Group will be achieved post-completion of the Proposals. Our Company has sought to mitigate this risk by adopting prudent investment criteria in evaluating the Proposals including discussions with the management of TISSB and engagement of external advisers to undertake due diligence on the business operations of TISSB Group.

5.3 Dependence on key personnel of the TISSB Group

The continuing success of the TISSB Group's business is to a certain extent dependent on the experience and competencies of its founders who are responsible for the company's strategic directions as well as the day-to-day operational and business activities. Any unexpected departure of the founders without a suitable and timely replacement could adversely affect TISSB's business operations and financial performance.

Recognising the importance of the founders of TISSB for our Group's business, our Company will continuously adopt appropriate approaches, among others, putting in place a human resource programme which offers competitive remuneration packages and include a learning and development plan and career advancement plan to retain them. In addition, our Group also plans to put in place a succession plan and continue to develop and retain the talent pool as well as attract qualified and experienced personnel to ensure continuity and competency of our Group's management team in the Specialised F&B Business.

5.4 Goodwill and impairment risk

Our Company expects to recognise goodwill arising from the Proposals, the amount of which depends on the fair value of the TISSB Group upon completion of the Proposals. The identifiable assets and liabilities of the TISSB Group will initially be recorded in our books at their provisional fair values as at the acquisition date pending the conclusion of the purchase price allocation exercise as required by Malaysian Financial Reporting Standards ("MFRS") or International Financial Reporting Standards 3 – Business Combinations. MFRS 136 - Impairment of Assets also requires goodwill to be subjected to annual impairment reviews. In the event the goodwill is impaired, this will have an adverse effect on the financial performance of our enlarged Group.

For the avoidance of doubt, goodwill, if any, will be measured upon completion of the Proposals and hence, there can be no assurance that the annual review of any goodwill arising from the Proposals will not result in any adverse financial impact to our Company.

Our Group will monitor the financial performance of the TISSB Group and work with the management of TISSB to drive the committed business plan towards the achievement of the financial targets of the TISSB Group.

6. EFFECTS OF THE PROPOSALS

The Put Option, if exercised, will not have any effect on the issued share capital and shareholding of the substantial shareholders of our Company as the Put Option does not involve the issuance of new FFB Shares.

The pro forma effect of the Put Option on the NA and gearing of our Group as well as on the earnings of our Group and earnings per FFB Share cannot be determined at this juncture as it is dependent on the future financial performance of the TISSB Group at the time when the Put Option is exercised and there is no certainty as to the timing of the exercise of the Put Option (if at all) or the number of Put Option Shares which will be exercised.

6.1 Issued share capital

The effect of the Proposals on the issued share capital of our Company is as follows:

	No. of FFB Shares	RM
As at the LPD	1,858,239,237	380,991,383
Consideration Shares to be issued to the Vendors	13,158,000	20,000,160
Enlarged issued FFB Shares and share capital	1,871,397,237	400,991,543

6.2 Substantial shareholders' shareholding

The effect of the Proposals on the substantial shareholders' shareholding in our Company is as follows:

	As at the LPD			After the Proposals		
	Direct	Indirect		Direct	Indirect	
	No. of FFB Shares	%	No. of FFB Shares	No. of FFB Shares	%	No. of FFB Shares
Rainforest Capital Sdn Bhd	571,011,515	30.73	-	571,011,515	30.51	-
Farmchoice Foods Sdn Bhd	232,664,120	12.52	-	232,664,120	12.43	-
Agrifood Resources Holdings Sdn Bhd	219,238,600	11.80	-	219,238,600	11.72	-
Khazanah Nasional Berhad	-	-	219,238,600	-	-	219,238,600
Employees Provident Fund Board	118,025,100	6.35	-	118,025,100	6.31	-
Loi Tuan Ee	-	-	803,675,635	-	-	803,675,635
Loi Foon Kion	-	-	571,011,515	-	-	571,011,515

Notes:

- (1) Deemed interested through Agrifood Resources Holdings Sdn Bhd pursuant to Section 8 of the Act.
- (2) Deemed interested through Rainforest Capital Sdn Bhd and Farmchoice Foods Sdn Bhd pursuant to Section 8 of the Act.
- (3) Deemed interested through Rainforest Capital Sdn Bhd pursuant to Section 8 of the Act.

6.3 NA per FFB Share and gearing

For illustrative purposes only, based on the latest audited consolidated statements of financial position of our Company as at 31 March 2022 and assuming that the Proposals had been effected on that date, the pro forma effect of the Proposals on the NA per FFB Share and gearing of our Group is as follows:

	Audited as at 31 March 2022	After the Proposals
	RM	RM
Share capital	380,607,443	400,607,603
Reserves	225,335,994	⁽¹⁾ 224,035,994
NA attributable to owners of our Company	605,943,437	624,643,597
Non-controlling interests	5,019,430	5,019,430
Total equity	610,962,867	629,663,027
Number of issued FFB Shares	1,857,954,837	1,871,112,837
NA per FFB Share (RM)	0.33	0.33
Total interest-bearing borrowings (including lease liabilities)	291,497,067	291,497,067
Gearing (times) ⁽²⁾	0.48	0.46

Notes:

- (1) Includes estimated gross transaction costs relating to the Proposals of approximately RM1.3 million based on the information available as at the LPD.

	RM
Professional fees	949,000
Fees payable to the relevant authorities	32,000
Stamp duty	206,000
Cost of convening our forthcoming EGM (including printing) and miscellaneous expenses	113,000
	1,300,000

- (2) Computed based on total interest-bearing borrowings (including lease liabilities) divided by total equity.

6.4 Earnings and EPS

For illustrative purposes only, based on the latest audited consolidated financial statements of our Company for the FYE 31 March 2022 and assuming that the Proposals had been effected on 1 April 2021, being the beginning of the FYE 31 March 2022, the pro forma effect of the Proposals on earnings of our Group and EPS is set out below:

	<u>RM</u>
Audited consolidated profit after tax and non-controlling interests (" PATANCI ") of our Company for the FYE 31 March 2022	79,886,892
Add: Audited consolidated PATANCI of TISSB for the FYE 31 December 2021 (based on our Company's 65% equity interest in TISSB upon completion of the Proposals)	3,946,040
Less: Estimated gross transaction costs relating to the Proposals ⁽¹⁾	<u>(1,300,000)</u>
Consolidated PATANCI of our Company after the Proposals	<u>82,532,932</u>
Number of FFB Shares in issue before the Proposals	1,857,954,837
Number of FFB Shares in issue after the Proposals	1,871,112,837
Basic EPS (sen)	
• Based on the audited consolidated PATANCI of our Company for the FYE 31 March 2022	⁽²⁾ 4.30
• Based on the consolidated PATANCI of our Company after the Proposals	⁽³⁾ 4.41
Price-to-earnings multiple of FFB Shares (times) ⁽⁴⁾	
• Based on the audited consolidated PATANCI of our Company for the FYE 31 March 2022	34.89
• Based on the consolidated PATANCI of our Company after the Proposals	34.01

Notes:

- (1) Includes estimated gross transaction costs relating to the Proposals of approximately RM1.3 million based on information available as at the LPD.
- (2) Computed based on the audited consolidated PATANCI of our Company for the FYE 31 March 2022 divided by the number of FFB Shares in issue before the Proposals.
- (3) Computed based on the consolidated PATANCI of our Company after the Proposals divided by the number of FFB Shares in issue after the Proposals.
- (4) Based on the closing price of FFB Shares as at the LPD of RM1.50.

6.5 Convertible securities

As at the LPD, save for 22,033,600 outstanding ESOS Options, we do not have any outstanding convertible securities.

In accordance with the provisions of the By-laws, the Proposals will not give rise to any adjustment to the number of outstanding ESOS Options.

7. HISTORICAL SHARE PRICES

The monthly high and low market prices of FFB Shares as traded on the Main Market of Bursa Securities for the past 12 months from April 2022 to March 2023 are as follows:

	High	Low
	RM	RM
<u>2022</u>		
April	1.82	1.64
May	1.74	1.60
June	1.67	1.50
July	1.71	1.53
August	1.75	1.58
September	1.68	1.50
October	1.67	1.56
November	1.66	1.49
December	1.64	1.55
<u>2023</u>		
January	1.65	1.58
February	1.62	1.51
March	1.59	1.48
Closing price as at the LTD (RM)		1.61
Closing price as at the LPD (RM)		1.50

(Source: Bloomberg)

8. APPROVALS / CONSENTS REQUIRED

The Proposals are subject to the following being obtained:

- (i) approval of Bursa Securities for the listing and quotation of the Consideration Shares to be issued pursuant to Proposed Acquisition on the Main Market of Bursa Securities, which was obtained vide its letter dated 4 April 2023, subject to the following conditions:

No.	Condition	Status of compliance
1.	FFB and Maybank IB must fully comply with the relevant provisions under the MMLR pertaining to the implementation of the Proposed Acquisition;	To be complied
2.	FFB is required to provide a certified true copy of the resolution passed by the shareholders in the EGM approving the Proposals prior to the listing and quotation of the Consideration Shares;	To be complied
3.	FFB and Maybank IB are required to inform Bursa Securities upon completion of the Proposed Acquisition; and	To be complied

No.	Condition	Status of compliance
4.	FFB and Maybank IB are required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Acquisition is completed.	To be complied
(ii)	approval of our shareholders for the Proposals including the issuance of the Consideration Shares and granting of the Put Option at our forthcoming EGM; and	
(iii)	the consent of any other relevant authority and/or parties, if required.	

9. CONDITIONALITY OF THE PROPOSALS

The Proposed Acquisition and the Proposed Subscription are inter-conditional. The Proposals are not conditional upon any other corporate proposal/scheme of our Company.

10. OUTSTANDING CORPORATE EXERCISE/SCHEME ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals, there are no other corporate exercises/schemes which have been announced by our Company that are pending completion as at the LPD.

11. INTEREST OF THE DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

None of our Directors, Major Shareholders, chief executive of our Company and/or persons connected with them has any interest, direct or indirect, in the Proposals.

12. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board having considered all aspects of the Proposals, including basis and justification for the Total Consideration, rationale and benefits of the Proposals, prospects of the TISSB Group as well as the effects of the Proposals, is of the opinion that the Proposals are in the best interest of our Company and accordingly, recommends that you vote in favour of the resolution pertaining to the Proposals to be tabled at our forthcoming EGM.

13. PERCENTAGE RATIO

Pursuant to Paragraph 10.02(g) of the MMLR, the highest percentage ratio applicable to the Proposals is 13.85% computed based on the Total Consideration compared with the NA attributable to owners of our Company as at 31 March 2022.

As set out in Sections 1 and 2.5 of this Circular, the SHA includes the granting of the Put Option. However, there is no certainty as to the timing of the exercise of the Put Option (if at all) or the number of Put Option Shares which will be exercised. In addition, the Specified Price cannot be determined at this juncture in view that the Specified Price will depend on, among others, the Applicable EBITDA CAGR which is determined by the EBITDA of TISSB based on the Put Option Financial Statements at the time of exercise. An estimated Specified Price of approximately RM101.9 million is used for the purpose of calculating the percentage ratios, and is computed using the formula set out in Section 2.5 of this Circular assuming the Put Option is exercised in respect of all the Put Option Shares upon occurrence of the 2nd Triggering Event, the Applicable EBITDA CAGR of 35% and the corresponding Put Option EV/EBITDA Multiple of 11 times.

In this regard, pursuant to Paragraph 10.02(g) of the MMLR, the highest percentage ratio applicable to the Put Option is 16.82% computed based on the estimated Specified Price of RM101.9 million compared with the NA attributable to owners of our Company as at 31 March 2022.

The highest aggregated percentage ratio for the Proposals is 30.67%.

14. ESTIMATED TIME FRAME FOR COMPLETION

Barring unforeseen circumstances and subject to all the required approvals being obtained, the Proposals are expected to be completed by the second quarter of 2023.

The tentative timetable for the implementation of the Proposals is as follows:

Key event	Tentative timeline
EGM	10 May 2023
Completion of the Proposals	By second quarter of 2023

15. EGM

The resolution in respect of the Proposals will be tabled at our forthcoming EGM. The notice convening the EGM and the Proxy Form are enclosed in this Circular. This Circular together with the Administrative Guide for the EGM is available at our Company's corporate website at www.farmfresh.com.my and Bursa Securities' website at www.bursamalaysia.com under our Company's announcements.

The EGM will be held on a virtual basis and conducted entirely through live streaming via remote participation and voting facilities provided by Tricor via its TIH Online website at <https://tiah.online> (Domain registration number D1A282781) on Wednesday, 10 May 2023 at 4.30 p.m. or at any adjournment thereof for purpose of considering, and, if thought fit, passing the resolution to give effect to the Proposals.

The voting of the EGM will be conducted by poll. If you are unable to attend and vote by yourself at the EGM, please complete, execute and deposit the Proxy Form, in accordance with the instructions therein, to our share registrar, Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia no later than Monday, 8 May 2023 at 4.30 p.m. The proxy appointment may also be lodged electronically via Tricor's TIH Online website at <https://tiah.online> no later than Monday, 8 May 2023 at 4.30 p.m. For further information on the electronic lodgement of Proxy Form, please refer to the Administrative Guide for the EGM.

You may attend and vote by yourself at our forthcoming EGM if you wish to do so even after you have completed and returned the Proxy Form so long as you revoke the appointment of your proxy prior to the EGM.

16. FURTHER INFORMATION

Please refer to the appendices of this Circular for further information.

Yours faithfully
For and on behalf of the Board of
FARM FRESH BERHAD

Tan Sri Dato' Seri Haji Megat Najmuddin Bin Datuk Seri Dr. Haji Megat Khas
Chairman, Independent Non-Executive Director

SALIENT TERMS OF THE SPA

1. SALE AND PURCHASE OF THE SALE SHARES

- 1.1 Subject to the terms and conditions of the SPA, the Vendors (each as to the number of Sale Shares specified against their name in the table below) agree to sell to our Company and our Company agrees to purchase from the Vendors the Sale Shares based on the proportions as set out in the table below:

Vendor	Number of Sale Shares⁽¹⁾
Edmund Tan	150,528
Derrick Wu	296,420
Harsh Rajpal	15,791
Total	462,739

Note:

(1) Based on the enlarged number of issued TISSB Shares of 873,092 upon completion of the Proposals.

2. PURCHASE CONSIDERATION

- 2.1 The Purchase Consideration shall be satisfied partly in cash and partly in shares on the Completion Date in the following manner:

- (a) by the payment of the Cash Consideration by our Company to the Vendors; and
- (b) the issuance and allotment of the Consideration Shares at the Issue Price by our Company to Edmund Tan and Derrick Wu.

- 2.2 The Purchase Consideration shall be subject to adjustments in accordance with the formula set out below. Any adjustment to the Purchase Consideration shall be effected to the Cash Consideration only. There will be no adjustment effected to the Consideration Shares.

(a) Adjustments to Purchase Consideration

$$\text{Adjusted Purchase Consideration} = [((A \times B) + C + D) + E] \times 53\%$$

where:

A = Agreed EV/EBITDA Multiple of 9.5 times

B = Audited FY2022 EBITDA or the Unaudited FY2022 EBITDA

If the Audited FY2022 EBITDA exceeds or is less than the Unaudited FY2022 EBITDA, and the amount of such difference exceeds 10% of the Audited FY2022 EBITDA, the Audited FY2022 EBITDA figure will be used in lieu of the Unaudited FY2022 EBITDA for purposes of calculating the Adjusted Purchase Consideration

For the avoidance of doubt, the Audited FY2022 EBITDA or Unaudited FY2022 EBITDA shall exclude any profits or losses from the Associate Companies and TIS Vietnam

SALIENT TERMS OF THE SPA (Cont'd)

C = Net cash/(debt) of the TISSB Group as at 31 December 2022 based on TISSB's audited consolidated financial statements for the FYE 31 December 2022

D = Actual incremental cash balance of the TISSB Group (over and above C) based on the TISSB Group's management accounts as at 30 April 2023 arising from the repayment of aggregated net balances by the Associate Companies, TIS Jonker and the TICB Group subsequent to 31 December 2022 and up to and including 30 April 2023, subject to a maximum amount of RM4.5 million

E = Subscription Consideration

(b) Working capital adjustment

If the Completion WC is higher than the WC Peg and the amount of such difference exceeds 10% of the WC Peg, our Company shall pay to the Vendors an amount equivalent to such difference. If the WC Peg is higher than the Completion WC and the amount of such difference exceeds 10% of the WC Peg, the Vendors shall pay to our Company an amount equivalent to such difference.

3. **CONDITIONS PRECEDENT**

Completion is conditional upon the satisfaction or waiver of each of the following conditions (each, a "**Condition**"):

- (a) the conditions precedent under the SSA having been fulfilled or waived (in accordance with the terms of the SSA), other than the SPA becoming unconditional;
- (b) the provision of TISSB's unqualified audited consolidated accounts for the FYE 31 December 2022 ("**FY2022 Audited Accounts**");
- (c) the written statement setting out the calculation of the Adjusted Purchase Consideration having been finalised and agreed upon between the parties;
- (d) the receipt by TISSB of the executed business transfer agreements between TISSB and its subsidiaries (collectively, the "**Target Companies**" and each a "**Target Company**"), pursuant to the internal restructuring exercise undertaken by TISSB to transfer the business operations of its subsidiaries to TISSB;
- (e) the receipt by our Company of the written confirmation from certain third parties consenting to the change in ownership, shareholding, shareholders or directors of the TISSB Group (where applicable);
- (f) the approval of our Company's shareholders at our forthcoming EGM for the Proposals (including the Put Option); and
- (g) the approval of Bursa Securities for the listing and quotation of the Consideration Shares on the Main Market of Bursa Securities.

SALIENT TERMS OF THE SPA (Cont'd)

4. EXCLUDED ASSETS

- 4.1 The parties agree that the Associate Companies and TIS Jonker Street ("**Excluded Assets**") shall not form part of TISSB's underlying assets for the purposes of determining the Purchase Consideration and the sale and purchase of the Sale Shares.
- 4.2 The Excluded Assets will be disposed of and/or transferred by TISSB to such purchasers/transferees of the Excluded Assets in accordance with the terms of the sale and purchase agreement(s) and/or instrument(s) of transfer to be entered into by TISSB with the relevant purchasers/transferees on terms acceptable to the parties prior to the Completion Date. These transfers shall be completed on or prior to the Completion Date.
- 4.3 The Ice Cream Bar

TICB is the holding company of the TICB Group operating under the brand of the "The Ice Cream Bar" and has outlets in Malaysia. The parties have agreed that TICB will be owned by Derrick Wu or his nominee from the Completion Date and the TICB Group shall not open any new outlets in Malaysia for a period of 3 years from the Completion Date or until TICB is sold/transferred to a bona fide third party, whichever is earlier. However, the TICB Group is not prohibited from opening any new outlets outside Malaysia.

5. COMPLETION

Completion shall take place on the date falling 10 business days from the day upon which all the Conditions have been satisfied or waived or at such other date as the parties may agree in writing.

6. TERMINATION

The SPA may be terminated at any time prior to the Completion:

- (a) if either party fails to perform any material obligations under the SPA and does not remedy such material breach within 30 days from the date a written notice is given by the other party;
- (b) if our Company fails to pay the Purchase Consideration to the Vendors;
- (c) if our Group is involved in health and safety issues (including contamination) or a breach of applicable laws which results in the price per FFB Share traded on Bursa Securities falling 40% or more from the price per FFB Share on the date of the SPA and does not recover within 5 consecutive business days from the date of such fall;
- (d) save for TIS Vietnam, if a petition for winding up is presented against any of the Target Companies and such petition has not been set aside prior to the Completion Date;
- (e) a Material Adverse Event; or
- (f) if the Vendors commit a material breach of any of the representations, warranties, covenants and undertakings given by the Vendors under the SPA and such material breach has not been remedied within 30 days from the date a written notice is given by our Company to the Vendors to remedy such default.

SALIENT TERMS OF THE SPA (Cont'd)

In the event the SPA is terminated by either party:

- (a) the parties shall each return to the other all information, documents and other materials that have been delivered under the SPA; and
- (b) our Company shall deliver to the Vendors the completion documents set out under Clause 7.2 of the SPA (if any), with the ownership of the Vendors over the Sale Shares intact and the existing directors of each Target Company remaining or re-appointed (as the case may be) as directors; and
- (c) Edmund Tan and Derrick Wu shall return and surrender for cancellation any Consideration Shares received by them or deemed received by them towards account of the Purchase Consideration.

For reference, “**Material Adverse Event**” means any event which materially and adversely affected, or can most probably be expected to materially adversely affect, the TISSB Group's assets, liabilities, results of operation or financial condition, taken as a whole, and the TISSB Group's NA is reduced by 15% of the NA in the TISSB Group's management accounts as at 31 December 2022 but excluding:

- (a) epidemics, pandemics, earthquakes, floods, hurricanes, tornadoes or other natural disasters, acts of God, force majeure events or other comparable events;
- (b) any action taken by any Target Company that is required by the SPA, the SSA, the SHA or at our Company's request or with our Company's consent, or is required by law; or
- (c) change in economic or regulatory conditions in Malaysia or change which results from or arising from any outbreak or acts of war, terrorism, invasion, civil unrest or sabotage; and
- (d) any matter which has been disclosed or provided for in the SPA.

SALIENT TERMS OF THE SSA

1. SUBSCRIPTION OF THE SUBSCRIPTION SHARES

Our Company has agreed to subscribe for, and TISSB has agreed to issue and allot to our Company the Subscription Shares at a price of approximately RM147.86 per Subscription Share ("**Subscription Price**").

2. SUBSCRIPTION CONSIDERATION

Our Company shall subscribe for the Subscription Shares at the Subscription Price and pay the Subscription Consideration to TISSB on the Completion Date ("**Subscription Completion Date**").

3. CONDITIONS PRECEDENT

3.1 The completion of the issue of the Subscription Shares and the completion of the subscription of the Subscription Shares ("**Completion**") is subject to the fulfilment of each of the following conditions (each, a "**Condition**") by the date falling 6 months from the date of the SSA with an automatic extension of a further 3 months or such other date as the parties may agree in writing:

- (a) the approval of TISSB's shareholders for the execution, delivery and performance of the SSA and the allotment and issuance of the Subscription Shares;
- (b) the conditions precedent under the SPA having been fulfilled or waived other than the SSA becoming unconditional;
- (c) the approval of our Company's shareholders at our forthcoming EGM for the Proposals (including the Put Option); and
- (d) the approval of Bursa Securities for the listing and quotation of the Consideration Shares on the Main Market of Bursa Securities.

4. COMPLETION

Completion shall take place on the Subscription Completion Date.

5. TERMINATION

- (a) if an SSA Event of Default has occurred (as defined below) and has not been remedied by TISSB to our Company's satisfaction within 30 days from the date of receipt by TISSB of a written notice from our Company of the occurrence of such an SSA Event of Default or breach by TISSB, our Company shall be entitled to terminate the SSA.
- (b) if our Company:
 - (i) fails to comply with the terms of the SSA; or
 - (ii) any of the representations or warranties made by our Company is untrue or incorrect in any material respect; or

SALIENT TERMS OF THE SSA (Cont'd)

- (iii) an SSA Event of Default (as defined below) occurs and has not been remedied by our Company to TISSB's satisfaction within 30 days from the date of receipt by our Company of a written notice from TISSB of the occurrence of such an Event of Default or breach,

then TISSB shall be entitled to terminate the SSA.
- (c) An event of default is deemed to have occurred in any of the events or circumstances set out below ("**SSA Event of Default**"), save for manifest error:
 - (i) The SPA is terminated on or prior to the Subscription Completion Date by either party;
 - (ii) A representation, warranty or statement made by or on behalf of either party proves to have been incorrect or misleading in any material respect when made or repeated;
 - (iii) Save and except for TIS Vietnam, an application or order is made, proceedings are commenced, a resolution is passed or proposed in a notice of meeting, an application to a court or other steps are taken for:
 - (1) the appointment of a liquidator, receiver or other similar office in respect of the TISSB Group or any of its assets;
 - (2) the winding up, judicial management, dissolution, administration or reorganisation of the TISSB Group;
 - (3) the amalgamation, reconstruction, merger or consolidation of the TISSB Group; or
 - (4) the TISSB Group entering into an arrangement, compromise or composition with or assignment for the benefit of their creditors or a class of them,

or any analogous procedure or step is taken in any jurisdiction;
 - (iv) The TISSB Group ceases, suspends or threatens to cease or suspend the conduct of all or a substantial part of their business or disposes of or threatens to dispose of a substantial part of their assets other than the Excluded Assets, TIS Vietnam or unless otherwise permitted under the SPA;
 - (v) The TISSB Group:
 - (1) admits its inability to or is unable to pay its debts as they fall due, suspends making payments on any of its debts or commences negotiations with one or more of its creditors; or
 - (2) stops or suspends or threatens to stop or suspend payment of all or a class of its debts;
 - (vi) Enforcement against assets
 - (1) A security interest is enforced in respect of all or a material part of the TISSB Group's assets and is not set aside on or prior to the Subscription Completion Date; or
 - (2) Any expropriation, attachment, sequestration, distress or execution affects any material asset or any material asset to the TISSB Group and is not discharged within 10 business days;

SALIENT TERMS OF THE SSA (Cont'd)

(vii) Compulsory acquisition

- (1) All or any substantial part of the TISSB Group's assets is compulsorily acquired by or by order of a government agency or under law; or
- (2) A government agency orders the sale, vesting or divesting of all or any substantial part of the TISSB Group's assets; and

(viii) Illegality

It is or becomes unlawful for a party to perform any obligation or to comply with any material term of the SSA.

SALIENT TERMS OF THE SHA

1. SHARE CAPITAL

The initial shareholdings of the parties will be in the following proportion:

Name of shareholder	Number of TISSB Shares	Shareholding percentage
FFB	567,510	65.0%
Edmund Tan	305,582	35.0%
Total	873,092	100.0%

Any increase in the share capital of TISSB shall be in accordance with the terms of the SHA.

2. MANAGEMENT AND SUPERVISION OF TISSB

2.1 Directors and Chairman

- (i) Unless otherwise unanimously agreed upon by our Company, Edmund Tan and any other person holding TISSB Shares (collectively, the “**Shareholders**” and each a “**Shareholder**”) in writing:
 - (a) the board of directors of TISSB (“**TISSB Board**”) shall consist of up to 3 directors; and
 - (b) none of the directors shall be entitled to receive any emoluments, including but not limited to salary, fees and benefits.
- (ii) Our Company shall be entitled to nominate up to 2 persons to be appointed as directors (“**Farm Fresh Director**”) (including one director to act as the Chairman) and Edmund Tan shall be entitled to nominate up to 1 person to be appointed as a director (“**ET Director**”), subject to Edmund Tan maintaining a minimum shareholding percentage of 10%.
- (iii) Unless otherwise approved under a shareholders’ reserved matter and notwithstanding that Edmund Tan does not maintain a minimum shareholding percentage of 10%, Edmund Tan shall continue to be the managing director of TISSB (“**Managing Director**”) and shall be actively involved in the management and lead the operations of the TISSB Group for as long as Edmund Tan remains a Shareholder.

2.2 Quorum and proceeding of the TISSB Board

The quorum at a TISSB Board meeting, adjourned meeting and next adjourned meeting shall be 1 Farm Fresh Director and 1 ET Director present at the time when the relevant business is transacted. Where no quorum is present within half an hour of the time appointed for the TISSB Board meeting or adjourned TISSB Board meeting, or ceases to be present, as the case may be, the director(s) of TISSB present shall adjourn such meeting to a specified place and time 3 business days after the original date. Notwithstanding any other provision of the SHA and where no quorum is present within one hour of the time of the next adjourned meeting, such meeting shall be dissolved.

SALIENT TERMS OF THE SHA (Cont'd)

3. RESERVED MATTERS

TISSB may not take any action in respect of the following matters ("**Shareholders' Reserved Matter**") without a unanimous resolution having been passed by the Shareholders with the affirmative vote of our Company and Edmund Tan:

- (i) any change to the constitution or the name of TISSB;
- (ii) judicial management, the passing of any resolution or presentation of any petition for winding-up, dissolution, striking-off (or other analogous proceeding) or the commencement or settlement of any material litigation, arbitration or other proceedings involving any company within the TISSB Group ("**TISSB Group Company**") (whether as plaintiff or defendant), other than debt collection initiated or settlement both in the ordinary course of business;
- (iii) any corporate proposal involving (a) a merger or amalgamation with any other company or (b) any reconstruction, reorganisation or other restructuring arrangement of TISSB;
- (iv) the entry into any transaction which may or will result in the liquidation or dissolution of any TISSB Group Company;
- (v) any resolution considered or passed by way of a circular resolution at a TISSB Board or shareholders' meeting of any subsidiaries, associated companies or jointly controlled companies of any of the TISSB Group Companies in relation to the matters listed under items (i) to (iv) above;
- (vi) any change (including reduction and reclassification) in the share capital or allotment or issuance of any shares or of any other security or the grant of any option or rights to subscribe for or to convert any instrument into such shares or securities or variation of the rights attaching to any class of shares or any redemption, purchase or other acquisition of any its own shares or other securities;
- (vii) the sale, transfer, lease, license or disposal of all or a substantial part (exceeding RM1,000,000) of any business, undertaking, assets or property (including intellectual property) whether by a single transaction or series of transactions, related or not;
- (viii) the payment or declaration of any dividend or other distribution on account of TISSB Shares in its capital;
- (ix) any transaction with a Shareholder or any of its related corporations and/or related party and/or director and the amendment or termination of any such transactions if it is not already approved in the business plan or a relevant annual budget;
- (x) the giving of any guarantee or indemnity or the making of any loan or advance to any person, firm, body corporate or other business, other than in the normal course of business and on an arms' length basis or the granting of any power of attorney or other delegation of directors' powers;
- (xi) the adoption of the audited accounts or any change to the accounting reference date or accounting policies, other than as required by applicable accounting standards;
- (xii) the incorporation or acquisition any subsidiary or permit the disposal or dilution of the TISSB's or any TISSB Group Company's interest, directly or indirectly, in any subsidiary or acquiring shares in any company or disposing of any shares in any company;
- (xiii) cessation or material change of the business or the undertaking by TISSB or any TISSB Group Company of any business or activity other than the business;

SALIENT TERMS OF THE SHA (Cont'd)

- (xiv) the acquisition of any real property or the sale of any real property of a substantial value (as defined in the Act) in respect of TISSB, save and except as provided in the approved budget and/or business plan or for tenancy and/or leases for premises required in the ordinary course of business;
- (xv) the implementation of any proposal for the status to be changed from a private limited company to a public company and/or for its listing on a stock exchange;
- (xvi) matters requiring special resolution under the Act;
- (xvii) any matter proposed by the TISSB Board but unable to be approved by the TISSB Board for any reason whatsoever;
- (xviii) approval and/or any amendments to the budget and/or business plan;
- (xix) any amendment to the authority, roles and responsibilities of ET Director and/or the Managing Director stipulated in his or her letter of appointment and/or management contract;
- (xx) appointment and removal of any key management personnel and any amendment or change to the authority, roles and responsibilities of any of the key management personnel save and except as provided under the SHA; and
- (xxi) entry into any contracts or agreements (whether in respect of capital expenditure, business expansion, acquisition of opportunity, or otherwise, and in a single transaction involving the contract sum exceeding RM1,000,000 or in a series of transactions involving the contract sum exceeding RM2,000,000) or outside the ordinary course of the business, and any amendment, renewal, or termination of such contracts or agreements, save and except as provided in the approved budget and/or business plan.

4. TRANSFER OF TISSB SHARES**4.1 General prohibition against share transfers**

Subject to the terms of the SHA, no Shareholder shall or agree to do, any of the following within 3 years from the Completion Date without the prior written consent of the other Shareholder:

- (i) pledge, mortgage, charge or otherwise encumber any of its TISSB Shares or any interest in any of its TISSB Shares;
- (ii) sell, transfer or otherwise dispose of, or grant any option over, any of its TISSB Shares or any interest in its TISSB Shares; or
- (iii) enter into any agreement in respect of the votes attached to any of its TISSB Shares.

Notwithstanding the above:

- (a) our Company may transfer of all of its TISSB Shares to our wholly-owned subsidiary ("**Related Corporation Transferee**"). However, if the Related Corporation Transferee subsequently ceases to be a wholly-owned subsidiary, the Related Corporation Transferee must promptly transfer all TISSB Shares held by the Related Corporation Transferee back to our Company or to another entity which is a wholly-owned subsidiary of our Company; and

SALIENT TERMS OF THE SHA (Cont'd)

- (b) Edmund Tan shall be entitled to transfer of all of his TISSB Shares to a company wholly-owned by him, **or** by him and any of his family members (i.e. spouse and child) and such company shall be controlled by him ("**ET Controlled Entity**"). However, if the ET Controlled Entity subsequently ceases to be wholly owned by Edmund Tan, or Edmund Tan and any of his family members, the ET Controlled Entity must promptly transfer all TISSB Shares held by the ET Controlled Entity back to Edmund Tan or another entity wholly owned by Edmund Tan, or Edmund Tan and any of his family members.

4.2 Right of first refusal

Subject to the terms of the SHA:

- (i) In the event of a proposed transfer by any Shareholder being the transferring shareholder of all (and not part) of its/his TISSB Shares ("**Transferring Shareholder**") to any person (the "**Third Party Transferee**"), other than a transfer to a Related Corporation Transferee or ET Controlled Entity, as the case may be, the other Shareholder being the non-transferring Shareholder ("**Non-Transferring Shareholder**") shall be entitled to a right of first refusal (the "**ROFR**") with respect to such transfer as provided in the SHA.
- (ii) The Non-Transferring Shareholder shall be given the option to require the Third Party Transferee to purchase all of its/his TISSB Shares, at the same terms and pricing to those offered to the Transferring Shareholder. In the event that the Third Party Transferee refuses to purchase the TISSB Shares from the Non-Transferring Shareholder who exercises its/his rights in the manner as set out above, the Transferring Shareholder shall not be entitled to proceed with the said disposal of its/his shareholdings or part thereof without the consent of the Non-Transferring Shareholder. In the event our Company is the Transferring Shareholder, the offer price shall be higher than the Specified Price.
- (iii) In the event:
 - (a) our Company has become entitled to transfer its TISSB Shares and intends to transfer such Shares to the Third Party Transferee and the offer price is higher than the Specified Price;
 - (b) Edmund Tan has not exercised its tag-along rights; and
 - (c) Edmund Tan has not exercised the Put Option,

Our Company may require Edmund Tan to transfer all his TISSB Shares with full title guarantee to the Third Party Transferee by giving notice to that effect to Edmund Tan provided that the sale by Farm Fresh to the Third Party Transferee complies with the terms of the SHA and Edmund Tan does not exercise the Put Option.

5. PUT OPTION

- 5.1 Our Company irrevocably grants the Put Option to Edmund Tan to require our Company to purchase from Edmund Tan the Put Option Shares, upon the occurrence of any of the Triggering Events during the Put Option Period, at the Specified Price and on the terms and subject to the conditions of the SHA. For the avoidance of doubt, the Put Option shall not be exercised in the event (i) a Deadlock Matter (as defined below) has arisen and not resolved in accordance with the terms of the SHA or (ii) an Event of Default (as defined below) by Edmund Tan has occurred.

SALIENT TERMS OF THE SHA (Cont'd)

- 5.2 The Put Option may be exercised by Edmund Tan in respect of all (or any part) of the Put Option Shares within the period specified under Column (ii) below by serving a notice in writing on Farm Fresh. Where the exercise of the Put Option by Edmund Tan is in respect of part of the Put Option Shares (and not all), such exercise shall be in respect of such number of Put Option Shares representing the 5% Multiple provided always that if the remaining Put Option Shares available for exercise is less than 5%, the exercise may be in respect of all such remaining Put Option Shares. For the avoidance of doubt, the 5% Multiple requirement is not applicable to any exercise of the Put Option by Edmund Tan in respect of all the Put Option Shares (at the relevant time).

No.	Column (i) Triggering Event	Column (ii) Put Option Period
1.	<p>Upon the occurrence of any one of the Specified Event as follows:</p> <ul style="list-style-type: none"> (i) any attempt to remove Edmund Tan as Managing Director for any reason whatsoever (including termination of Edmund Tan's employment agreement by TISSB) save for wilful misconduct, fraud or gross negligence; (ii) Mr Loi Tuan Ee's shareholding, direct or indirect, in our Company is less than 33%, or he ceases to be a director of our Company, or a member of the key management of our Company; (iii) any attempt by our Company to remove the ET Director and/or Edmund Tan as a Shareholder not in compliance with the SHA, save as mutually agreed by the parties in writing; or (iv) the Fair Value per Share (as defined below), in the event our Company commits an Event of Default, is less than the price per TISSB Share determined based on the Specified Price. 	<p>Within 60 business days from the occurrence of any Specified Event.</p>
2.	2 nd Triggering Event	<p>Within 6 months from the 3rd anniversary of the Completion Date.</p>
3.	<p>Every financial year after the 3rd anniversary of the Completion Date</p>	<p>Within 60 business days from the date the audited consolidated accounts of our Company is announced on Bursa Securities.</p> <p>In the event our Company is not listed on Bursa Securities, within 60 business days from the date the audited consolidated accounts of TISSB is issued.</p>
4.	<p>When a transfer notice is issued by our Company to Edmund Tan in respect of a proposed transfer of TISSB Shares by our Company to a third party transferee</p>	<p>Within 30 business days from Edmund Tan's receipt of such transfer notice from our Company.</p>

SALIENT TERMS OF THE SHA (Cont'd)

- 5.3 The Put Option may be exercised by Edmund Tan's heirs, personal representative or successors in title in the event Edmund Tan dies or becomes mentally or legally incapacitated.

6. TERMINATION**6.1 Deadlock****(i) Deadlock Resolution**

- (a) If the TISSB Board cannot reach an agreement on any resolution in respect of a Shareholders' Reserved Matter ("**Deadlock Matter**") within 30 days of such resolution first being tabled at the TISSB Board meeting or 3 or more consecutive TISSB Board meetings have been dissolved because a quorum is not present, the subject of any such resolution before them shall be referred immediately to the Shareholders; and
- (b) (aa) if the Shareholders cannot reach an agreement on any matter including any matter referred to them within 45 days of that matter being first tabled at a Shareholder's meeting or otherwise referred to them; or (bb) 3 or more consecutive Shareholders' meetings (including adjourned meetings) are unable to resolve the matter referred to them or any Shareholders' Reserved Matter (whether due to lack of quorum or otherwise), whichever later,

the Shareholders shall as soon as practicable thereafter enter into a discussion in good faith with the aim of reaching an agreement for either Shareholder to purchase all of the TISSB Shares of the other Shareholder on mutually agreeable terms, subject always to the fulfilment of the permitted conditions (if any).

- (ii) If the Shareholders shall fail to reach such an agreement within 30 days from the time when the Shareholders shall first enter into such discussion, subject always to the fulfilment of the permitted conditions (if any):
- (a) our Company shall be entitled to give written notice (a "**Deadlock Notice**") to Edmund Tan within 60 days from the expiry of the time frame set out above to require Edmund Tan to sell all of the TISSB Shares held by Edmund Tan to our Company at a price per TISSB Share equal to Fair Value (as defined below); and
- (b) in the event our Company does not issue a Deadlock Notice, Edmund Tan shall be entitled to issue a Deadlock Notice to our Company within 60 days from the expiry of the time period stipulated under item (a) above to require (aa) our Company to purchase all of the TISSB Shares held by Edmund Tan or (bb) our Company to sell of the TISSB Shares to Edmund Tan and/or persons nominated by Edmund Tan, at a price per Share equal to Fair Value.
- (iii) In the event that no Deadlock Notice is issued by either our Company or Edmund Tan within the period specified under the SHA, the Shareholders shall identify a third party purchaser to purchase all the TISSB Shares of our Company and Edmund Tan at a price per TISSB Share not less than the Specified Price. In the event that more than one third party purchaser is interested, the parties agree that the TISSB Shares shall be sold to the third party offering the highest price. Upon such third party purchaser being identified, the Shareholders shall negotiate and complete the sale and purchase of all TISSB Shares as soon as reasonable practicable provided always that no Shareholder shall be obliged to complete such sale and purchase unless the sale and purchase of all the other Shareholder's TISSB Shares is completed simultaneously.

SALIENT TERMS OF THE SHA (Cont'd)

6.2 Event of default

- (i) A Shareholder (the “**Defaulting Shareholder**”) commits an event of default (“**Event of Default**”) other than due to a breach by the other Shareholder of any of the terms and conditions under the SHA, where:
 - (a) it commits a material breach of the SHA and either (i) such material breach is not capable of being remedied; or (ii) if such material breach is capable of being remedied, the Defaulting Shareholder does not remedy that breach within 30 business days of the other Shareholder sending it written notice requiring it to remedy that breach;
 - (b) a moratorium is declared in respect of any of its indebtedness unless such a moratorium is permitted under applicable laws or policies that may be implemented by the Malaysian Government;
 - (c) any corporate action, legal proceedings or other procedure or step is taken (or any analogous procedure or step is taken in any jurisdiction) in relation to the Defaulting Shareholder which is not set aside within a period of 30 business days after first being initiated involving:
 - (i) bankruptcy;
 - (ii) a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) other than a solvent liquidation or reorganisation of any of its related corporations;
 - (iii) a composition, assignment or arrangement with any creditor;
 - (iv) the appointment of a liquidator (other than in respect of a solvent liquidation of any of its related corporations), receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of any of its assets; or
 - (v) enforcement of any security over any of its assets due to an event of default under credit facilities taken up by the Defaulting Shareholder having arisen; or
 - (d) any governmental or other authority expropriates or threatens to expropriate all of its/his business or assets and being a corporation, ceases or threatens to cease to carry on its business or disposes of or threatens to dispose of.
- (ii) If an Event of Default occurs, the Defaulting Shareholder shall notify the other Shareholder in writing as soon as reasonably practicable but in any event, no later than 5 business days upon the occurrence of an Event of Default.
- (iii) Following an Event of Default, the non-defaulting Shareholder may give written notice (a “**Default Notice**”) to the Defaulting Shareholder (i) within 2 months of receiving notification of the Event of Default from the Defaulting Shareholder or (ii) at any time after becoming aware of the Event of Default requiring the Defaulting Shareholder either:
 - (a) to sell all of the TISSB Shares held by the Defaulting Shareholder to the non-defaulting Shareholder at a price per TISSB Share equal to 90 per cent of the Fair Value; or
 - (b) to purchase all of the TISSB Shares held by the non-defaulting Shareholder at a price equal to 100 per cent of the Fair Value.

SALIENT TERMS OF THE SHA (Cont'd)

6.3 Fair Value

- (i) The “Fair Value” of the TISSB Shares shall be determined and confirmed to the Shareholders by an independent accounting firm from the Big 4 accounting firms in Malaysia excluding the auditor of any Shareholder (“**Reporting Accountant**”) appointed by the Shareholders as valuer within 45 days of the date of receipt by the Defaulting Shareholder of the Default Notice or by the relevant Shareholder of a Deadlock Notice (as the case may be). If the Shareholders do not agree on the Reporting Accountant, any Shareholder may request the Director of the Asian International Arbitration Centre to make the appointment.
- (ii) The Reporting Accountant must determine the Fair Value within 60 days of its appointment and shall notify the Shareholders of its determination.
- (iii) If any Shareholder is dissatisfied with determination of the Fair Value by the first Reporting Accountant appointed by the Shareholders, it may within 14 days of the date on which it receives notice of the first valuation notify the other Shareholder(s) of its dissatisfaction and that it wishes for a second valuation of the Fair Value of the Relevant Shares to be conducted. Thereafter, the Shareholders will appoint a second Reporting Accountant to act as valuer within 30 days of the date of issuance of the notification. If the Shareholders do not agree on the second Reporting Accountant, any Shareholder may request the Director of the Asian International Arbitration Centre to make the appointment.
- (iv) In the event two valuations are made, the Fair Value of the Relevant Shares will be equal to the arithmetic mean of the two valuations.

7. NON-COMPETE

- 7.1 Edmund Tan agrees not to, directly or indirectly, in any relevant capacity, own or hold any interest in a business which is competing with and the same or substantially the same as the businesses of the TISSB Group in Malaysia for so long as he remains a Shareholder and for a period of 3 years after he ceases to be a Shareholder, without the prior written consent of our Company. Edmund Tan also agrees not to solicit any employee, customer or vendor of the TISSB Group during the abovementioned period in respect of any such businesses of the TISSB Group.
- 7.2 The above restrictions shall however not apply to:
 - (i) the holding (whether directly or indirectly) by Edmund Tan or persons connected to him of an investment of not more than 5% equity interests in a company or group of companies whose shares are listed on a recognised stock exchange;
 - (ii) the interest of persons connected to Edmund Tan (other than Edmund Tan and Lim Shiew Li) attributable in the ordinary course of his/her respective employment;
 - (iii) Edmund Tan’s interest in shares in the Excluded Assets (as defined in the SPA); and

SALIENT TERMS OF THE SHA (Cont'd)

- (iv) Edmund Tan and Lim Shiew Li who may continue to be involved in the business and operations of the “The Ice Cream Bar” chain of eateries for a period of 6 months from the Completion Date ¹;
- (v) the interest or involvement of Edmund Tan or any persons connected in any existing business, company, venture, undertaking or investment as at the date of the SHA including the following ²;
 - (a) “Aftermeal Desserts” chain of eateries;
 - (b) “MyPizzaLab” chain of eateries;
 - (c) “The Butcher’s Table” chain of eateries; and
- (vi) the interest of Edmund Tan or any persons connected in food related business (whether distribution, retail or otherwise) where ice cream is an ancillary offering. For the avoidance of doubt, food related business in general is not a prohibited / competing business.

¹ *Edmund Tan was previously overseeing the business and operations of the TICB Group together with Lim Shiew Li and Derrick Wu. Edmund Tan will dispose of his entire equity interest in TICB to Derrick Wu or his nominee upon completion of the Proposals in order to devote his time and effort in managing the TISSB Group. Edmund Tan and Lim Shiew Li will be allowed to be involved in the business and operations of the TICB Group on an as-needed basis to facilitate the transition and handover process to the TICB Group’s management team. For avoidance of doubt, Edmund Tan and Lim Shiew Li will cease to be involved in the business operations of the TICB Group after this transition period of 6 months from the Completion Date.*

² *Edmund Tan is not involved in the operations of these companies.*

INFORMATION ON TISSB

1. HISTORY

TISSB was incorporated in Malaysia on 7 November 2013 as a private limited liability company under the Companies Act, 1965 and is deemed registered under the Act. The TISSB Group is principally engaged in café business and trading of ice cream in Malaysia.

Since its inception in 2013, the TISSB Group has introduced various ice cream flavours made using premium, natural ingredients with no added preservatives or artificial flavouring. It has since diversified its product offering beyond ice cream by launching ice cream cakes and mooncakes.

The number of outlets of the TISSB Group for the past 3 FYEs 31 December 2019, 31 December 2020 and 31 December 2021 are as follows:

	FYE 31 December		
	2019	2020	2021
Number of outlets	24	27	30

Based on TISSB's audited consolidated financial statements for the FYE 31 December 2021, the TISSB Group's material assets comprise the following:

Type of asset	Description and existing use	Audited net book value as at 31 December 2021 RM
Equipment ⁽¹⁾	Manufacturing	3,124,362
Renovation ⁽²⁾	Selling and distribution	1,325,685
Furniture and fittings	Selling and distribution / Administrative	1,320,211
Electrical and fittings	Selling and distribution	415,061
Motor vehicles	Selling and distribution	371,119

Notes:

- (1) Consists of commercial kitchen equipment used in outlets for day-to-day business operation (eg, freezer and coffee machine) as well as plant and machineries used for the manufacturing of ice cream (eg, pasteurizer and ice cream machine).
- (2) Being the cost of renovation works carried out during the setting-up of factory and outlets to turn each rented space into functional places of work.

As at the LPD, TISSB owns all the trademarks used in relation to its business operations in Malaysia.

INFORMATION ON TISSB (Cont'd)

As at the LPD, the TISSB Group operates the following central kitchen:

Location	Description	Land area / Built-up area (square feet)	Principal products manufactured
No.7 and No. 9, Jalan PJU 1A/8, Taman Perindustrian Jaya, 47301 Petaling Jaya, Selangor ⁽¹⁾	Central kitchen	22,000	Ice cream and cakes

Note:

(1) The central kitchen is operated on property rented by TISSB.

The annual production capacity and output of the TISSB Group's central kitchen for the past 3 FYEs 31 December 2019, 31 December 2020 and 31 December 2021 are as follows:

	FYE 31 December		
	2019	2020	2021
Production capacity (tonnes) ⁽¹⁾	250	315	500
Production output (tonnes) ⁽¹⁾	220	230	365

Note:

(1) The annual production capacity and output are best estimates based on TISSB's management assumptions in respect of the availability of machinery and manpower.

2. DIRECTORS

As at the LPD, the directors of TISSB are as follows:

Name	Nationality	Designation
Lee Guat Ooi	Malaysia	Director
Lim Shiew Li	Malaysia	Director

As at the LPD, Lee Guat Ooi and Lim Shiew Li are deemed interested in 61.0% of Edmund Tan's direct interest in the issued TISSB Shares by virtue of being the mother and spouse of Edmund Tan, respectively pursuant to Section 59(11)(c) of the Act.

3. SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholders of TISSB are as follows:

Name	Nationality	Direct		Indirect	
		No. of TISSB Shares	%	No. of TISSB Shares	%
Edmund Tan	Malaysian	457,917	61.0	-	-
Derrick Wu	Singaporean	284,375	37.9	-	-

INFORMATION ON TISSB (Cont'd)

4. SUBSIDIARIES AND ASSOCIATED COMPANIES

4.1 The particulars of the subsidiaries of TISSB as at the LPD are as follows:

<u>Name of company</u>	<u>Country/ Date of incorporation</u>	<u>Total issued and paid-up capital</u>	<u>Effective equity interest</u>	<u>Date commenced operations</u>	<u>Principal activities</u>
		RM (unless otherwise stated)			
<u>Subsidiaries of TISSB</u>					
The Inside Scoop (Northern Region) Sdn Bhd	Malaysia / 27 July 2015	100,000	100.0%	21 October 2018	Engaged in selling of ice cream and waffles
The Inside Scoop (Kuantan) Sdn Bhd	Malaysia / 21 December 2018	100,000	100.0%	26 January 2019	Engaged in ice cream café and restaurant business
The Inside Scoop (Taman Tun) Sdn Bhd	Malaysia / 7 January 2019	2	100.0%	11 May 2019	Engaged in café business and trading of ice cream
The Inside Scoop (IOI) Sdn Bhd	Malaysia / 3 April 2019	2	100.0%	3 April 2019	Engaged in ice cream truck vendors and parlour business
The Inside Scoop (Sri Petaling) Sdn. Bhd.	Malaysia / 16 May 2019	2	100.0%	1 June 2019	Engaged in ice cream truck vendors and parlour and restaurant business
The Inside Scoop (Setapak) Sdn Bhd	Malaysia / 29 March 2019	2	100.0%	9 January 2020	Engaged in ice cream truck vendors and parlours and restaurant business
The Inside Scoop (Kiara 163) Sdn Bhd (formerly known as The Inside Scoop (Kepong) Sdn Bhd)	Malaysia / 24 September 2019	2	100.0%	23 June 2022	Engaged in ice cream truck vendors and parlour and restaurant business
The Inside Scoop (KL East) Sdn Bhd	Malaysia / 6 August 2020	2	100.0%	25 November 2020	Engaged in ice cream truck vendors and parlour and restaurant business
The Inside Scoop (Bukit Jalil) Sdn Bhd	Malaysia / 19 August 2020	2	100.0%	3 December 2021	Engaged in ice cream vendors and parlours and restaurant business
The Inside Scoop (Bukit Jelutong) Sdn Bhd	Malaysia / 26 July 2021	2	100.0%	24 September 2021	Engaged in ice cream vendors and parlours and restaurant business
The Inside Scoop (Klang) Sdn Bhd	Malaysia / 16 March 2020	1	100.0%	22 February 2021	Engaged in café, ice cream parlour and restaurant business
The Inside Scoop (Kiara Bay) Sdn Bhd	Malaysia / 10 December 2021	2	100.0%	18 June 2022	Engaged in ice cream truck vendors and parlours and restaurant business

INFORMATION ON TISSB (Cont'd)

Name of company	Country/ Date of incorporation	Total issued and paid-up capital	Effective equity interest	Date commenced operations	Principal activities
		RM (unless otherwise stated)			
The Inside Scoop (Eco Majestic) Sdn Bhd (<i>formerly known as The Inside Scoop (Sunway Putra) Sdn Bhd</i>)	Malaysia / 25 January 2022	2	100.0%	12 June 2022	Engaged in ice cream truck vendors and parlours and restaurant business
The Inside Scoop (Sunway Carnival) Sdn Bhd	Malaysia / 25 January 2022	2	100.0%	10 June 2022	Engaged in ice cream truck vendors and parlours and restaurant business
TIS Vietnam	Vietnam / 15 February 2022	VND 2,500,000,000	87.5%	15 February 2022	Investment in Vietnam

4.2 The particulars of the associated companies of TISSB as at the LPD are as follows:

Name of company	Country/ Date of incorporation	Total issued and paid-up capital	Effective equity interest	Principal activities
		RM (unless otherwise stated)		
MyPizza Lab Sdn Bhd (<i>formerly known as Truecode Sdn Bhd</i>)	Malaysia / 1 November 2016	50,000	25.0%	Engaged in business of hospitality consulting, import and export services relating to the food and beverage industry, producing, dealing and stocking, trading, distributing, storing and preserving of ice candy, ice cream, manufacture, fabricate, treat and preparation of all confectionery items
Aftermeal Café Sdn Bhd	Malaysia / 18 February 2019	1,000	25.0%	Engaged in restaurant business
TISSG Pte Ltd	Singapore / 15 October 2020	SGD300,000	50.0%	Engaged in ice cream café for dine in and takeaway

INFORMATION ON TISSB (Cont'd)

5. SUMMARY FINANCIAL INFORMATION

The summary financial information of the TISSB Group based on TISSB's audited consolidated financial statements for the past 3 FYEs 31 December 2019, 31 December 2020 and 31 December 2021 and its unaudited consolidated financial statements for the FYE 31 December 2022 is as follows:

	Audited			Unaudited
	FYE 31 December 2019	FYE 31 December 2020	FYE 31 December 2021	FYE 31 December 2022
	RM	RM	RM	RM
Revenue	19,542,232	22,512,522	36,726,667	41,917,441
PBT	2,621,450	3,216,929	8,267,858	10,594,229
Profit after tax	1,862,183	2,323,419	6,070,831	⁽¹⁾ 7,839,729
Issued share capital	2,425,233	2,425,233	2,425,233	2,425,233
NA attributable to owners of TISSB	7,442,550	9,665,969	14,763,613	22,044,543
Total equity	7,442,550	9,665,969	14,763,613	22,044,543
Total interest-bearing borrowings (including lease liabilities)	144,543	1,237,469	1,009,057	1,172,483
Number of issued TISSB Shares	750,313	750,313	750,313	750,313
Earnings per TISSB Share	2.48	3.10	8.09	10.45
NA per TISSB Share	9.92	12.88	19.68	29.38
Current ratio (times) ⁽²⁾	2.90	3.42	2.79	⁽³⁾ 3.12
Gearing ratio (times) ⁽⁴⁾	0.02	0.13	0.07	0.05

Notes:

- (1) Effective tax rate is assumed to be 26.0%. The estimated taxation expense is derived by dividing profit after tax by 74.0% (i.e. 100.0% minus assumed effective tax rate).
- (2) Computed based on total current assets divided by total current liabilities.
- (3) Current ratio for the FYE 31 December 2022 includes the estimated provision for tax computed based on the assumed effective tax rate of 26.0% as detailed in Note (1).
- (4) Computed based on total interest-bearing borrowings (including lease liabilities) divided by NA attributable to owners of TISSB.

INFORMATION ON TISSB (Cont'd)

Accounting policies and audit qualification

Based on TISSB's audited consolidated financial statements for the past 3 FYEs 31 December 2019, 31 December 2020 and 31 December 2021:

- (i) there were no exceptional or extraordinary items;
- (ii) there were no accounting policies adopted by the TISSB Group which are peculiar to the TISSB Group due to the nature of its business of the industry it operates in; and
- (iii) there were no audit qualifications for the financial statements of the TISSB Group.

Commentaries on financial performance**FYE 31 December 2022 vs FYE 31 December 2021**

The TISSB Group's revenue increased by RM5.2 million or 14.1% from RM36.7 million for the FYE 31 December 2021 to RM41.9 million for the FYE 31 December 2022. This was mainly driven by growth in sales of the TISSB Group's outlets as well as the opening of 4 new outlets.

The TISSB Group's PBT increased by RM2.3 million or 28.1% from RM8.3 million for the FYE 31 December 2021 to RM10.6 million for the FYE 31 December 2022. This was mainly due to higher gross profit as the TISSB Group was able to improve its gross profit margin with better sales mix, higher in-store revenue for ice cream scoop and waffles which commanded higher margins, which is in line with the resumption of dine-in activities.

FYE 31 December 2021 vs FYE 31 December 2020

The TISSB Group's revenue increased by RM14.2 million or 63.1% from RM22.5 million for the FYE 31 December 2020 to RM36.7 million for the FYE 31 December 2021. This was mainly driven by growth in sales of the TISSB Group's outlets, which was mainly attributable to:

- (i) recovery of in-store revenue with the resumption of dine-in activities from September 2021 onwards as well as the increased use of takeaway/delivery services (i.e. Grabfood); and
- (ii) larger customer base as the TISSB Group managed to secure its Halal certification towards the end of the FYE 31 December 2020.

The TISSB Group's PBT increased by RM5.1 million or 157.0% from RM3.2 million for the FYE 31 December 2020 to RM8.3 million for the FYE 31 December 2021. This was mainly due to higher gross profit as a result of the increase in revenue as mentioned above.

FYE 31 December 2020 vs FYE 31 December 2019

The TISSB Group's revenue increased by RM3.0 million or 15.2% from RM19.5 million for the FYE 31 December 2019 to RM22.5 million for the FYE 31 December 2020. This was mainly driven by new product offerings, the increased use of takeaway/delivery services (i.e. Grabfood) during the Coronavirus Disease 2019 pandemic and opening of 3 new outlets.

The TISSB Group's PBT increased by RM0.6 million or 22.7% from RM2.6 million for the FYE 31 December 2019 to RM3.2 million for the FYE 31 December 2020. This was mainly due to higher gross profit as a result of the increase in revenue as mentioned above.

INFORMATION ON TISSB (Cont'd)

6. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**6.1 Material commitments**

As at the LPD, there are no material commitments incurred or known to be incurred by the TISSB Group which may have a material impact on the profits or NA of the TISSB Group.

6.2 Contingent liabilities

As at the LPD, there are no contingent liabilities which, upon becoming enforceable, may have a material impact on the profits or NA of the TISSB Group.

7. MATERIAL CONTRACTS

The TISSB Group has not entered into any material contracts (not being a contract entered into in the ordinary course of business) within the 2 years immediately preceding the date of this Circular.

8. MATERIAL LITIGATION

As at the LPD, the TISSB Group is not involved in any material litigation, claims and/or arbitration, either as plaintiff or defendant, and the TISSB Board is not aware of any proceedings, pending or threatened, against the TISSB Group or any facts which are likely to give rise to any proceedings which may materially and adversely affect the business or financial position of the TISSB Group.

MaryTan&Partners

The Inside Scoop Sdn. Bhd.
Registration No. 201301039381 (1069204-T)
(Incorporated in Malaysia)

Financial Report
31 December 2021

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TISSB FOR THE FYE 31 DECEMBER 2021 (Cont'd)

The Inside Scoop Sdn. Bhd.

Registration No. 201301039381 (1069204-T)
(Incorporated in Malaysia)

**Financial Report
31 December 2021**

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AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TISSB FOR THE FYE 31 DECEMBER 2021 (Cont'd)

Registration No. 201301039381 (1069204-T)

The Inside Scoop Sdn. Bhd.

(Incorporated in Malaysia)

**Directors' Report
For the Financial Year Ended 31 December 2021**

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

Principal Activities

The Company is principally engaged in café business, trading of ice cream, investment holding, providing licensing of café outlets and other related services.

The principal activities of the subsidiary companies and associated companies are disclosed in Notes 5 and 6 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

Financial Results

	Group RM	Company RM
Net profit for the financial year	<u>6,070,831</u>	<u>6,382,621</u>

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the Group and of the Company for the current financial year.

Dividends

The dividends paid by the Company since the end of the previous financial year were as follows:

- (a) First interim single tier dividend of 4.33% on 750,313 ordinary shares in respect of the current financial year amounting to a total dividend of RM32,518 was paid on 14 June 2021; and
- (b) Second interim single tier dividend of 125.35% on 750,313 ordinary shares in respect of the current financial year amounting to a total dividend of RM940,669 was paid on 16 December 2021.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TISSB FOR THE FYE 31 DECEMBER 2021 (Cont'd)

Registration No. 201301039381 (1069204-T)

The Board of Directors does not recommend any final dividend to be paid for the financial year under review.

Reserves and Provisions

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in the financial statements.

Issue of Shares and Debentures

There were no issues of shares or debentures during the financial year under review.

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year under review.

Directors

The Directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Lee Guat Ooi
Lim Shiew Li

The name of a director of a Company's subsidiary company in office during the financial year and during the period from the end of the financial year to the date of this report, not including those Directors mentioned above, is:

Tan Boon Wee

Directors' Interests

Details of interest of the Directors in office at the end of the financial year in shares in the Company or its related corporations, according to the register required to be kept under Section 59 of the Companies Act 2016, were as follows:

	No. of ordinary shares		
	At 1.1.2021	Bought Sold	At 31.12.2021
The Inside Scoop Sdn. Bhd.			
Indirect interest			
Lee Guat Ooi ¹	424,375	33,542 -	457,917
Lim Shiew Li ¹	424,375	33,542 -	457,917

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TISSB FOR THE FYE 31 DECEMBER 2021 (Cont'd)

Registration No. 201301039381 (1069204-T)

Note:

- ¹ *Deemed interests pursuant to Section 59(11)(c) of the Companies Act 2016 by virtue of their spouse or child's direct interests in the Company.*

By virtue of their indirect interests in the shares of the Company, the Directors are also deemed to have interests in the shares of all its subsidiary companies to the extent the Company has an interest.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by a Director or the fixed salary of a full-time employee of the Company as disclosed in Note 24 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except as disclosed in Note 30 to the financial statements.

During and at the end of the financial year, there are no arrangements that subsisted to which the Company is a party, being arrangements with the objects of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Indemnity and Insurance for Directors and Officers

There was no indemnity given to or insurance effected for any Director or officer of the Company during the financial year.

Other Statutory Information

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TISSB FOR THE FYE 31 DECEMBER 2021 (Cont'd)

Registration No. 201301039381 (1069204-T)

- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
 - (i) the amount written off for bad debts or the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading;
 - (iii) any amount stated in the financial statements of the Group and of the Company misleading; and
 - (iv) adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) No contingent or other liabilities have become enforceable, or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company or its subsidiary companies to meet their obligations as and when they fall due.
- (d) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Company and its subsidiary companies which has arisen since the end of the financial year which secures the liabilities of any other person; and
 - (ii) any contingent liability in respect of the Company and its subsidiary companies which has arisen since the end of the financial year.

Subsidiary Companies

The details of the Company's subsidiary companies are disclosed in Note 5 to the financial statements.

Significant Events

The significant events are disclosed in Note 32 to the financial statements.

Subsequent Events

The subsequent events are disclosed in Note 33 to the financial statements.

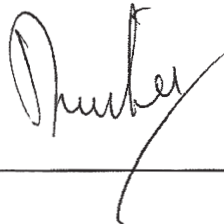
AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TISSB FOR THE FYE 31 DECEMBER 2021 (Cont'd)

Registration No. 201301039381 (1069204-T)

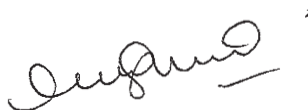
Auditors

The auditors, Messrs Mary Tan & Partners, have expressed their willingness to continue in office. Details of auditors' remuneration are set out in Note 24 to the financial statements. There was no indemnity given to or insurance effected for the auditors of the Company during the financial year.

Signed on behalf of the Board, as approved by the Board in accordance with a resolution of the Directors,



LEE GUAT OOI



LIM SHIEW LI

Kuala Lumpur
10 June 2022

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TISSB FOR THE FYE 31 DECEMBER 2021 (Cont'd)

Registration No. 201301039381 (1069204-T)

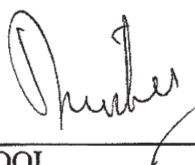
The Inside Scoop Sdn. Bhd.

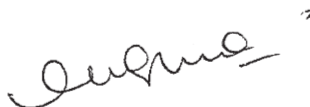
(Incorporated in Malaysia)

Statement by Directors**Pursuant to Section 251(2) of the Companies Act 2016**

We, LEE GUAT OOI and LIM SHIEW LI, being the Directors of THE INSIDE SCOOP SDN. BHD., do hereby state that, in the opinion of the Directors, the financial statements set out on pages 12 to 49 are drawn up in accordance with the Malaysian Private Entities Reporting Standard 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 and of the Company as at 31 December 2021 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board, as approved by the Board in accordance with a resolution of the Directors,



LEE GUAT OOI

LIM SHIEW LI

Kuala Lumpur
10 June 2022

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TISSB FOR THE FYE 31 DECEMBER 2021 (Cont'd)

Registration No. 201301039381 (1069204-T)

The Inside Scoop Sdn. Bhd.

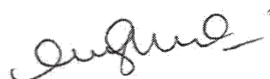
(Incorporated in Malaysia)

Statutory Declaration

Pursuant to Section 251(1) of the Companies Act 2016

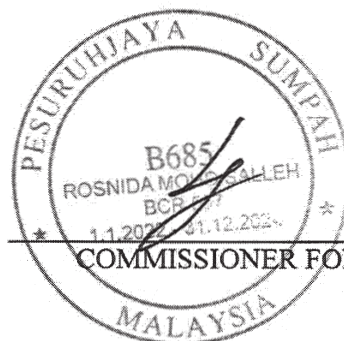
I, LIM SHIEW LI, being the Director primarily responsible for the financial management of THE INSIDE SCOOP SDN. BHD., do solemnly and sincerely declare that the financial statements set out on pages 12 to 49 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously 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 LIM SHIEW LI at Shah Alam)
in the state of Selangor Darul Ehsan on 10)
June 2022)



LIM SHIEW LI

Before me,



COMMISSIONER FOR OATHS

NO. 33A, JALAN PEREPAT 27/95
SEKSYEN 27, 40400 SHAH ALAM
SELANGOR DARUL EHSAN

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TISSB FOR THE FYE 31 DECEMBER 2021 (Cont'd)

MaryTan&Partners (AF001960)
Chartered Accountants

Suite L9-10, Wangsa 118, No. 8, Jalan Wangsa Delima
Wangsa Maju, 53300 Kuala Lumpur
Tel : +603-2856 7282 / 2856 7382
Fax : +603-2856 8248
Email : contact@marytan.com.my

**Independent Auditors' Report
to the Members of The Inside Scoop Sdn. Bhd.**

(Incorporated in Malaysia)

Registration No. 201301039381 (1069204-T)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Inside Scoop Sdn. Bhd., which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 12 to 49.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TISSB FOR THE FYE 31 DECEMBER 2021 (Cont'd)

Registration No. 201301039381 (1069204-T)

*MaryTan&Partners***Information Other than the Financial Statements and Auditors' Report Thereon**

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TISSB FOR THE FYE 31 DECEMBER 2021 (Cont'd)

Registration No. 201301039381 (1069204-T)

MaryTan&Partners

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TISSB FOR THE FYE 31 DECEMBER 2021 (Cont'd)

Registration No. 201301039381 (1069204-T)

MaryTan&Partners

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



MARY TAN & PARTNERS
Firm Number: AF001960
Chartered Accountants

Kuala Lumpur
10 June 2022



TAN SIOK LEE
Approved Number: 02373/08/2022 J
Chartered Accountant

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TISSB FOR THE FYE 31 DECEMBER 2021 (Cont'd)

Registration No. 201301039381 (1069204-T)

The Inside Scoop Sdn. Bhd.

(Incorporated in Malaysia)

**Statements of Financial Position
As at 31 December 2021**

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Assets					
Non-Current Assets					
Property, plant and equipment	4	7,021,428	5,597,204	5,475,663	3,951,042
Investment in subsidiary companies	5	-	-	170,020	170,015
Investment in associated companies	6	527,632	69,944	770,969	12,750
Goodwill arising on consolidation	7	3,096	-	-	-
		<u>7,552,156</u>	<u>5,667,148</u>	<u>6,416,652</u>	<u>4,133,807</u>
Current Assets					
Inventories	8	999,050	893,458	959,756	813,447
Trade receivables	9	798,003	737,026	798,003	737,026
Other receivables	10	2,433,444	1,337,472	2,402,930	1,303,978
Deposits and prepayments	11	1,457,849	1,161,844	1,227,652	860,949
Amount owing by subsidiary companies	12	-	-	2,808,015	3,208,531
Amount owing by associated companies	13	1,041,137	283,487	1,041,137	283,487
Tax recoverable		23,000	6,400	-	-
Fixed deposits with a licensed bank		1,227,899	1,209,630	1,227,899	1,209,630
Cash and bank balances		<u>5,077,441</u>	<u>2,962,726</u>	<u>4,717,785</u>	<u>2,343,418</u>
		<u>13,057,823</u>	<u>8,592,043</u>	<u>15,183,177</u>	<u>10,760,466</u>
Total Assets		<u>20,609,979</u>	<u>14,259,191</u>	<u>21,599,829</u>	<u>14,894,273</u>
Equity and Liabilities					
Equity					
Share capital	14	2,425,233	2,425,233	2,425,233	2,425,233
Retained profits	15	<u>12,338,380</u>	<u>7,240,736</u>	<u>13,355,604</u>	<u>7,946,170</u>
Total Equity		<u>14,763,613</u>	<u>9,665,969</u>	<u>15,780,837</u>	<u>10,371,403</u>
Non-Current Liabilities					
Finance lease liabilities	16	103,281	158,819	103,281	158,819
Term loan	17	651,169	846,186	651,169	846,186
Loan from shareholders		-	840,000	-	840,000
Deferred tax liabilities	18	<u>407,522</u>	<u>235,138</u>	<u>405,399</u>	<u>217,365</u>
		<u>1,161,972</u>	<u>2,080,143</u>	<u>1,159,849</u>	<u>2,062,370</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TISSB FOR THE FYE 31 DECEMBER 2021 (Cont'd)

Registration No. 201301039381 (1069204-T)

The Inside Scoop Sdn. Bhd.

(Incorporated in Malaysia)

**Statements of Financial Position
As at 31 December 2021 (Cont'd)**

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Current Liabilities					
Trade payables		941,914	385,594	940,070	384,034
Other payables	19	2,241,692	1,558,051	1,942,939	1,507,032
Deposits received		18,020	11,650	18,020	11,650
Amount owing to a director	20	44,046	123,214	44,046	123,214
Amount owing to a shareholder	21	9,159	8,000	9,159	8,000
Amount owing to subsidiary companies	12	-	-	307,446	-
Loan from shareholders	22	840,000	-	840,000	-
Finance lease liabilities	16	56,473	58,979	56,473	58,979
Term loan	17	198,134	173,485	198,134	173,485
Provision for taxation		334,956	194,106	302,856	194,106
		<u>4,684,394</u>	<u>2,513,079</u>	<u>4,659,143</u>	<u>2,460,500</u>
Total Liabilities		<u>5,846,366</u>	<u>4,593,222</u>	<u>5,818,992</u>	<u>4,522,870</u>
Total Equity and Liabilities		<u>20,609,979</u>	<u>14,259,191</u>	<u>21,599,829</u>	<u>14,894,273</u>

The accompanying notes form an integral part of the financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TISSB FOR THE FYE 31 DECEMBER 2021 (Cont'd)

Registration No. 201301039381 (1069204-T)

The Inside Scoop Sdn. Bhd.

(Incorporated in Malaysia)

**Statements of Comprehensive Income
For the Financial Year Ended 31 December 2021**

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Revenue	23	36,726,667	22,512,522	33,476,364	20,824,277
Cost of sales		(10,480,794)	(6,273,516)	(11,217,909)	(6,582,563)
Gross profit		<u>26,245,873</u>	<u>16,239,006</u>	<u>22,258,455</u>	<u>14,241,714</u>
Other operating income		411,737	619,158	1,250,031	1,275,920
Administration expenses		(18,059,620)	(13,663,050)	(14,949,887)	(11,926,291)
Profit from operations	24	<u>8,597,990</u>	<u>3,195,114</u>	<u>8,558,599</u>	<u>3,591,343</u>
Finance costs	25	(44,011)	(28,328)	(44,011)	(28,328)
Share of results of associated companies		(286,121)	50,143	-	-
Profit before taxation		<u>8,267,858</u>	<u>3,216,929</u>	<u>8,514,588</u>	<u>3,563,015</u>
Tax expense	26	(2,197,027)	(893,510)	(2,131,967)	(875,145)
Net profit for the financial year/Total comprehensive income for the financial year		<u>6,070,831</u>	<u>2,323,419</u>	<u>6,382,621</u>	<u>2,687,870</u>

The accompanying notes form an integral part of the financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TISSB FOR THE FYE 31 DECEMBER 2021 (Cont'd)

Registration No. 201301039381 (1069204-T)

The Inside Scoop Sdn. Bhd.

(Incorporated in Malaysia)

**Statements of Changes in Equity
For the Financial Year Ended 31 December 2021**

	Note	Share Capital RM	Retained Profits RM	Total RM
Group				
At 1 January 2020		2,425,233	5,017,317	7,442,550
Total comprehensive income for the financial year		-	2,323,419	2,323,419
Dividends	27	-	(100,000)	(100,000)
At 31 December 2020		<u>2,425,233</u>	<u>7,240,736</u>	<u>9,665,969</u>
At 1 January 2021		2,425,233	7,240,736	9,665,969
Total comprehensive income for the financial year		-	6,070,831	6,070,831
Dividends	27	-	(973,187)	(973,187)
At 31 December 2021		<u>2,425,233</u>	<u>12,338,380</u>	<u>14,763,613</u>
Company				
At 1 January 2020		2,425,233	5,358,300	7,783,533
Total comprehensive income for the financial year		-	2,687,870	2,687,870
Dividends	27	-	(100,000)	(100,000)
At 31 December 2020		<u>2,425,233</u>	<u>7,946,170</u>	<u>10,371,403</u>
At 1 January 2021		2,425,233	7,946,170	10,371,403
Total comprehensive income for the financial year		-	6,382,621	6,382,621
Dividends	27	-	(973,187)	(973,187)
At 31 December 2021		<u>2,425,233</u>	<u>13,355,604</u>	<u>15,780,837</u>

The accompanying notes form an integral part of the financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TISB FOR THE FYE 31 DECEMBER 2021 (Cont'd)

Registration No. 201301039381 (1069204-T)

The Inside Scoop Sdn. Bhd.

(Incorporated in Malaysia)

**Statements of Cash Flows
For the Financial Year Ended 31 December 2021**

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash Flows From Operating Activities				
Profit before taxation	8,267,858	3,216,929	8,514,588	3,563,015
Adjustment for:				
Amortisation of goodwill	344	-	-	-
Depreciation of property, plant and equipment	1,635,575	1,343,917	1,234,733	1,037,396
Deposit written off	-	3,260	-	3,260
Interest expense	44,011	28,328	44,011	28,328
Interest income	(52,117)	(12,050)	(52,117)	(12,050)
Share of results of associated companies	286,121	(50,143)	-	-
Operating profit before working capital changes	10,181,792	4,530,241	9,741,215	4,619,949
(Increase)/Decrease in working capital				
Inventories	(105,592)	(270,661)	(146,309)	(233,190)
Trade receivables	(60,977)	52,149	(60,977)	52,149
Other receivables	(1,095,972)	(912,690)	(1,098,952)	(890,787)
Deposits and prepayments	(296,005)	162,130	(366,703)	167,994
Amount owing by associated companies	(757,650)	(112,494)	(757,650)	(112,494)
Trade payables	556,320	63,055	556,036	62,590
Other payables	680,201	466,367	435,907	457,404
Deposits received	6,370	3,300	6,370	3,300
Amount owing by/to subsidiary companies	-	-	707,962	(1,258,209)
Amount owing to a director	(79,168)	57,235	(79,168)	57,235
Amount owing to a shareholder	1,159	693	1,159	693
	(1,151,314)	(490,916)	(802,325)	(1,693,315)
Cash generated from operations	9,030,478	4,039,325	8,938,890	2,926,634
Interest received	52,117	12,050	52,117	12,050
Interest paid	(44,011)	(8,657)	(44,011)	(8,657)
Tax paid	(1,885,983)	(725,692)	(1,835,183)	(702,324)
	(1,877,877)	(722,299)	(1,827,077)	(698,931)
Net cash from operating activities	7,152,601	3,317,026	7,111,813	2,227,703

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TISSB FOR THE FYE 31 DECEMBER 2021 (Cont'd)

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The Inside Scoop Sdn. Bhd.

(Incorporated in Malaysia)

Statements of Cash Flows
For the Financial Year Ended 31 December 2021 (Cont'd)

	Note	2021 RM	Group 2020 RM	2021 RM	Company 2020 RM
Cash Flows From Investing Activities					
Purchase of property, plant and equipment	28	(3,059,799)	(1,211,644)	(2,759,354)	(598,159)
Proceeds from disposal of property, plant and equipment		-	130,542	-	180,858
Acquisition of subsidiary companies	5(b)	-	-	(5)	(4)
Acquisition of an associated company		(758,219)	-	(758,219)	-
Net cash used in investing activities		<u>(3,818,018)</u>	<u>(1,081,102)</u>	<u>(3,517,578)</u>	<u>(417,305)</u>
Cash Flows From Financing Activities					
Repayment of finance lease liabilities		(58,044)	(43,745)	(58,044)	(43,745)
Repayment of term loan		(170,368)	-	(170,368)	-
Drawdown of term loan		-	1,000,000	-	1,000,000
Repayment of loan from shareholders		-	(250,000)	-	(250,000)
Dividends paid		(973,187)	(100,000)	(973,187)	(100,000)
Net cash (used in)/from financing activities		<u>(1,201,599)</u>	<u>606,255</u>	<u>(1,201,599)</u>	<u>606,255</u>
Net increase in cash and cash equivalents		2,132,984	2,842,179	2,392,636	2,416,653
Cash and cash equivalents at beginning of the financial year		<u>4,172,356</u>	<u>1,330,177</u>	<u>3,553,048</u>	<u>1,136,395</u>
Cash and cash equivalents at end of the financial year		<u>6,305,340</u>	<u>4,172,356</u>	<u>5,945,684</u>	<u>3,553,048</u>
Cash and cash equivalents at end of the financial year comprise:					
Fixed deposits with a licensed bank		1,227,899	1,209,630	1,227,899	1,209,630
Cash and bank balances		<u>5,077,441</u>	<u>2,962,726</u>	<u>4,717,785</u>	<u>2,343,418</u>
		<u>6,305,340</u>	<u>4,172,356</u>	<u>5,945,684</u>	<u>3,553,048</u>

The accompanying notes form an integral part of the financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TISSB FOR THE FYE 31 DECEMBER 2021 (Cont'd)

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The Inside Scoop Sdn. Bhd.

(Incorporated in Malaysia)

Notes to the financial statements**1. Corporate Information**

The Company is a private limited liability company, incorporated and domiciled in Malaysia.

The registered office of the Company is located at No. 43, Jalan SS15/2A, 47500 Subang Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at No. 9, Jalan PJU 1A/8, Taman Perindustrian Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan.

The Company is principally engaged in café business, trading of ice cream, investment holding, providing licensing of café outlets and other related services.

The principal activities of the subsidiary companies and associated companies are disclosed in Notes 5 and 6 to the financial statements.

The consolidated financial statements of the Group and the separate financial statements of the Company are presented in Ringgit Malaysia (RM).

2. Basis of Preparation

The consolidated financial statements of the Group and the separate financial statements of the Company have been prepared in accordance with the Malaysian Private Entities Reporting Standard ("MPERS") and the requirements of the Companies Act 2016 in Malaysia.

The consolidated financial statements of the Group and the separate financial statements of the Company have been prepared under the historical cost basis, except as disclosed in the accounting policies below.

3. Significant Accounting Policies**(a) Critical judgements and estimation uncertainty**

The preparation of the financial statements in conformity with the MPERS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TISSB FOR THE FYE 31 DECEMBER 2021 (Cont'd)

Registration No. 201301039381 (1069204-T)

There are no significant areas of critical judgements and estimation uncertainty in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those set out below:

(i) Classification of finance and operating leases

The Group classifies a lease as a finance lease or an operating lease based on the criterion of the extent to which significant risks and rewards incidental to ownership of the underlying asset lie. As a lessee, the Group recognises a lease as a finance lease if it is exposed to significant risks and rewards incidental to ownership of the underlying asset. In applying judgements, the Group considers whether there is significant economic incentive to exercise a purchase option and any optional renewal periods. All other leases that do not result in a significant transfer of risks and rewards are classified as operating leases.

(ii) Determining the functional currency

The Group conducts sales, purchases and other transactions in multiple currencies. Judgement is applied in determining the functional currency wherever the indications are mixed. The Group uses, in a hierarchy, sale indicators as the primary basis, followed by purchase and operating expense indicators, and in the event that those indicators are not conclusive, the currency in which borrowings and other funds are raised for financing the operations.

(iii) Depreciation of property, plant and equipment

The costs of property, plant and equipment of the Group and of the Company are depreciated on a straight-line basis over the useful lives of the assets. Management estimates the useful lives of the property, plant and equipment to be within 3 to 10 years as stated in Note 3(d) to the financial statements. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could have impact on the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amounts of the Group's and of the Company's property, plant and equipment as at 31 December 2021 are disclosed in Note 4 to the financial statements.

(iv) Amortisation of goodwill

The goodwill of the Group is amortised on a straight-line basis over the expected useful life. Management estimates the useful life of the goodwill to be 10 years as stated in Note 3(c) to the financial statements. Changes in the pattern in which the Group expects to consume the asset's future economic benefits could have impact on the economic useful life, therefore future amortisation charges could be revised. The carrying amount of goodwill as at 31 December 2021 is disclosed in Note 7 to the financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TISSB FOR THE FYE 31 DECEMBER 2021 (Cont'd)

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(v) Impairment of non-financial assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(vi) Impairment or write down of slow moving and obsolete inventories

The Group writes down its slow moving and obsolete inventories based on assessment of their fair value less costs to sell. Inventories are written down when events and circumstances indicate that the carrying amount may not be recoverable. Management uses its judgement to analyse past sales trend and current economic trends to evaluate the adequacy of the impairment loss for slow moving and obsolete inventories. The actual impairment loss can only be confirmed in any subsequent sales of those inventories and this may differ from the estimates made earlier. This may affect the Group's and the Company's financial position and results.

(vii) Impairment of loans and receivables

The Group recognises impairment losses for loans and receivables using the incurred loss model. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All other loans and receivables are categorised into credit risk classes and tested for impairment collectively, using the Group's past experiences of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowances made and these may affect the financial position and results of the Group and of the Company.

(viii) Deferred tax assets

Deferred tax assets are recognised for all unused 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.

(ix) Income taxes

There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is involved especially in determining tax base allowances and deductibility of certain expenses in determining the provision for income taxes. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the financial year in which such determination is made.

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(b) Basis of consolidation
(i) Subsidiary companies

Subsidiary companies are entities, including special purposes entity, controlled by the Company. Control is obtained when the Group has the power to govern the financial and operating policy decisions of the investee so as to obtain benefits from its activities. In circumstances when the voting rights are not more than half or when voting rights are not the dominant determinant of control, the Group uses judgements to assess whether it has de facto control, control by other arrangements or by holding substantive potential voting rights. The financial statements of the subsidiary companies are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Business combinations

Business combinations are accounted for by applying the purchase method from the acquisition date, which is the date on which the Group obtains control of the acquiree. The cost of a business combination is the aggregate of:

- The fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquire, plus
- Any costs directly attributable to the business combination.

When the cost of the business combination is in excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised, the excess is recognised as goodwill. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The non-controlling interest in the acquiree is measured at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

(iii) Acquisition of non-controlling interests

The Group accounts all changes in its ownership interest in a subsidiary company that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

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(iv) Loss of control

Upon the loss of control of a subsidiary company, the difference between the proceeds from the disposal of the subsidiary company and its carrying amount as of the date of disposal is recognised in profit or loss in the statement of comprehensive income as a gain or loss on disposal of the subsidiary company. If the Group retains an equity interest in the former subsidiary company, it is accounted for as a financial asset, provided that it does not become an associate or a joint venture. The carrying amount of the investment retained at the date that the entity ceases to be a subsidiary company is regarded as the cost on initial measurement of the financial asset.

(v) Associated companies

Associated companies are entities in which the Group has significant influence, but not control, over the financial and operating policies.

Investment in associated companies is accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associated companies, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

In applying the equity method, the Group uses the financial statements of its associated companies as of the same date as the financial statements of the Group, except for an associated company, TISSG Pte. Ltd. who has year end date of 30 September 2021. It is impracticable for TISSG Pte. Ltd. to prepare financial statements as of the same year end date of the Group and its financial statements ended 30 September 2021 are the most recent available financial statements.

When the Group's share of losses exceeds its interest in an associated company, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associated company.

(vi) Transactions eliminated on consolidation

All intra-group balances and transactions are eliminated in full in preparing the consolidated financial statements. Unrealised profits or losses arising from intra-group transactions are also eliminated in full on consolidation, except when an unrealised loss is an impairment loss.

(c) Goodwill arising on consolidation

Goodwill arising on consolidation is stated at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised through the profit or loss over 10 years or expected useful lives whichever is shorter.

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(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment are depreciated on a straight-line basis to write off the costs of the assets to their residual values over the estimated useful lives at the following annual rates:

Furniture and fittings	10%
Equipment	20%
Motor vehicles	10%
Renovation	10% - 20%
Computers and software	33 $\frac{1}{3}$ %
Alarm and security system	10%
Signboard	10%
Electrical and fittings	10%

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted prospectively, if appropriate, if there is an indication of a significant change since the last reporting date.

Gains or losses on disposals are determined by comparing net disposal proceeds with carrying amount and are included in profit/(loss) from operations.

(e) Investment in subsidiary companies

In the separate financial statements of the Company, investment in subsidiary companies is measured at cost less any accumulated impairment losses. Cost at initial recognition comprises cash, and fair values of other considerations transferred and liabilities assumed, and it includes acquisition-related expenses. Dividend declared by an investee is recognised as income when the Company's right to receive the dividend has been established, which is generally the date the dividend is appropriately authorised by the investee.

(f) Investment in associated companies

In the separate financial statements of the Company, investment in associated companies is measured at cost less any accumulated impairment losses. The cost of investment includes transaction costs.

(g) Impairment of non-financial assets

The carrying amounts of non-financial assets, other than inventories, are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying amounts of the assets with their recoverable amounts. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised immediately in profit or loss, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease.

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For inventories, the Group assesses whether any inventories are impaired by comparing the carrying amount of each item of inventory or group of similar items with its selling price less costs to complete and sell at each reporting date. If an item of inventory or group of similar items is impaired, the Group reduces the carrying amount of the inventory or the group of similar items to its selling price less costs to complete and sell. That reduction is an impairment loss and it is recognised immediately in profit or loss.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised immediately in profit or loss, unless the asset is carried at revalued amount.

For the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rate basis. An impairment loss in respect of goodwill is not reversed.

(h) Inventories

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost is measured by using the first-in, first-out basis.

Cost comprises the original cost of purchase plus the cost of bringing the inventories to their present condition and location.

(i) Financial instruments

(i) Initial recognition and measurement

A financial asset or financial liability is recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provision of the instrument.

On initial recognition, all financial assets and financial liabilities are measured at fair value, which is generally the transaction price, plus transaction cost if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

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(ii) Subsequent measurement of financial assets

The Group classifies financial assets into financial assets at fair value through profit or loss and financial assets at amortised cost.

After initial recognition, investments in preference shares and ordinary shares are measured at their fair values by reference to the active market prices, if observable, or otherwise by a valuation technique, without any deduction for transaction costs it may incur on sale or other disposal.

Investments in debt instruments, whether quoted or unquoted, are subsequently measured at amortised cost using the effective interest method. Investments in unquoted equity instruments and whose fair value cannot be measured reliably are measured at cost.

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment in accordance with Note 3(i)(iv).

(iii) Subsequent measurement of financial liabilities

After initial recognition, all financial liabilities are measured at amortised cost using the effective interest method.

(iv) Impairment and uncollectibility of financial assets

All financial assets (except for financial assets measured at fair value through profit or loss) are assessed at the end of each reporting period whether there is any objective evidence of impairment. An impairment loss is measured as follows:

- For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.
- For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire or are settled, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset derecognised and the consideration received, including any newly created rights and obligations, is recognised in profit or loss.

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A financial liability or part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(k) Share capital

(i) Classification

Ordinary shares are classified as equity instruments.

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of transaction costs. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

(ii) Dividends to shareholders of the Company

Dividends on ordinary shares are recognised as liabilities in the financial year in which they are declared. A dividend proposed or declared after the reporting date, but before the financial statements are authorised for issue, is not recognised as a liability at the reporting date. Upon the dividend becoming payable, it will be accounted for as a liability.

(l) Lease

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the Group or the Company. All other leases are classified as operating leases.

Finance leases are capitalised at the inception of the lease at an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased asset is accounted for in accordance with the accounting policy applicable to that asset. If there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

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Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(m) Revenue recognition

(i) Sales of goods and services

Revenue from sales of goods and services rendered is measured at the fair value of the consideration received or receivable and is recognised when significant risk and rewards have been transferred to the buyer, or upon performance of services, net of discounts and returns.

(ii) License and royalty fees

License and royalty fees are recognised as it accrues unless ability to collect is in doubt.

(iii) Interest income/Rental income

Interest income and rental income are recognised as it accrues unless ability to collect is in doubt.

(n) Borrowing costs

All borrowing costs are recognised as an expense when incurred.

(o) Foreign currencies

Transactions denominated in foreign currencies are translated to the functional currency at the rates of exchange prevailing at the respective dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated to the functional currency at the rates prevailing at the end of the period. Non-monetary items carried at fair values that are denominated in foreign currencies are retranslated to the functional currency at the rates prevailing at the dates the fair values were determined. Non-monetary items that are measured at their historical cost amounts continue to be translated at their respective historical rates and are not retranslated.

All exchange differences arising on settled transactions and on unsettled monetary items are recognised in profit or loss in the period.

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(p) Employee benefits

The Group recognises a liability when an employee has provided service in exchange for employee benefits to be paid in the future and an expense when the Group consumes the economic benefits arising from service provided by an employee in exchange for employee benefits.

(i) Short-term employee benefits

Wages and salaries are accrued and paid on a monthly basis and are recognised as an expense, unless they relate to cost of producing inventories or other assets.

Paid absences (annual leave, maternity leave, paternity leave, sick leave, etc.) are accrued in each period if they are accumulating paid absences that can be carried forward, or in the case of non-accumulating paid absences, recognised as and when the absences occur.

Profit sharing or bonus payments are recognised when, and only when, the Group has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made.

(ii) Post-employment benefits

Entities in the Group make statutory contributions to Employees Provident Fund ("EPF") and the contributions made are charged to profit or loss in the period to which they relate. When the contributions have been paid, the Group has no further payment obligations.

(q) Income tax

Income tax on the profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year, using the tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognised on the liability method for all temporary differences between the carrying amounts of assets or liabilities in the statements of financial position and their tax bases at the end of the reporting period except for temporary differences arise from initial recognition of goodwill, initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

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 future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

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Deferred tax asset and liability is measured at the tax rates that are expected to be applied to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Current tax and deferred tax are recognised in profit or loss, except when they arise from a transaction which is recognised directly in equity or other comprehensive income, in which case the deferred tax is also charged or credited directly in equity or other comprehensive income.

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Registration No. 201301039381 (1069204-T)

4. Property, Plant and Equipment

Group	Furniture and fittings RM	Equipment RM	Motor vehicles RM	Renovation RM	Computers and software RM	Alarm and security system RM	Signboard RM	Electrical and fittings RM	Total RM
Cost									
At 1 January 2021	1,383,501	5,291,967	574,223	1,731,021	348,867	108,774	205,325	397,869	10,041,547
Additions	469,632	1,716,709	-	487,999	131,873	41,803	65,797	145,986	3,059,799
At 31 December 2021	1,853,133	7,008,676	574,223	2,219,020	480,740	150,577	271,122	543,855	13,101,346
Accumulated depreciation									
At 1 January 2021	369,264	2,876,482	145,681	633,075	259,773	32,496	43,995	83,577	4,444,343
Charge for the financial year	163,658	1,007,832	57,423	260,260	65,968	12,374	22,843	45,217	1,635,575
At 31 December 2021	532,922	3,884,314	203,104	893,335	325,741	44,870	66,838	128,794	6,079,918
Carrying amount									
At 1 January 2021	1,014,237	2,415,485	428,542	1,097,946	89,094	76,278	161,330	314,292	5,597,204
At 31 December 2021	1,320,211	3,124,362	371,119	1,325,685	154,999	105,707	204,284	415,061	7,021,428

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Company	Furniture and fittings RM	Equipment RM	Motor vehicles RM	Renovation RM	Computers and software RM	Alarm and security system RM	Signboard RM	Electrical and fittings RM	Total RM
Cost									
At 1 January 2021	1,018,778	4,398,552	574,223	1,116,840	284,982	77,989	106,340	236,393	7,814,097
Additions	315,015	1,620,021	-	480,282	117,800	44,304	61,624	120,308	2,759,354
At 31 December 2021	1,333,793	6,018,573	574,223	1,597,122	402,782	122,293	167,964	356,701	10,573,451
Accumulated depreciation									
At 1 January 2021	309,167	2,555,792	145,681	499,627	230,384	29,294	30,732	62,378	3,863,055
Charge for the financial year	123,174	825,182	57,423	135,290	44,702	8,916	12,471	27,575	1,234,733
At 31 December 2021	432,341	3,380,974	203,104	634,917	275,086	38,210	43,203	89,953	5,097,788
Carrying amount									
At 1 January 2021	709,611	1,842,760	428,542	617,213	54,598	48,695	75,608	174,015	3,951,042
At 31 December 2021	901,452	2,637,599	371,119	962,205	127,696	84,083	124,761	266,748	5,475,663

(a) Included in the property, plant and equipment of the Group and of the Company are motor vehicles acquired under finance lease arrangements with carrying amounts of RM268,173 and RM268,173 (2020: RM310,583 and RM310,583) respectively.

(b) Motor vehicles of the Group and of the Company with carrying amounts of RM102,946 and RM102,946 (2020: RM117,959 and RM117,959) respectively are registered and held in trust under the name of a shareholder of the Company.

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5. Investment in Subsidiary Companies

(a) Investment in subsidiary companies

	Company	
	2021 RM	2020 RM
Unquoted shares, at cost	170,020	170,015

The subsidiary companies and shareholding therein are as follows:

Name of company	Country of incorporation	Equity interest		Principal activities
		2021 %	2020 %	
The Inside Scoop (Northern Region) Sdn. Bhd.	Malaysia	100	100	Engaged in café business and trading of ice cream
The Inside Scoop (Kuantan) Sdn. Bhd.	Malaysia	100	100	Engaged in café business and trading of ice cream
The Inside Scoop (Taman Tun) Sdn. Bhd.	Malaysia	100	100	Engaged in café business and trading of ice cream
The Inside Scoop (IOI) Sdn. Bhd.	Malaysia	100	100	Engaged in café business and trading of ice cream, temporarily inactive since October 2021
The Inside Scoop (Sri Petaling) Sdn. Bhd.	Malaysia	100	100	Engaged in café business and trading of ice cream, temporarily inactive since October 2021
The Inside Scoop (Setapak) Sdn. Bhd.	Malaysia	100	100	Engaged in café business and trading of ice cream, temporarily inactive since October 2021
The Inside Scoop (Kiara 163) Sdn. Bhd. (formerly known as The Inside Scoop (Kepong) Sdn. Bhd.)	Malaysia	100	100	Engaged in café business and trading of ice cream, temporarily inactive since October 2021
The Inside Scoop (KL East) Sdn. Bhd.	Malaysia	100	100	Engaged in café business and trading of ice cream

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Name of company	Country of incorporation	Equity interest		Principal activities
		2021 %	2020 %	
The Inside Scoop (Bukit Jalil) Sdn. Bhd.	Malaysia	100	100	Engaged in café business and trading of ice cream
The Inside Scoop (Bukit Jelutong) Sdn. Bhd.	Malaysia	100	-	Engaged in café business and trading of ice cream
The Inside Scoop (Klang) Sdn. Bhd.	Malaysia	100	-	Engaged in café business and trading of ice cream, temporarily inactive since October 2021
The Inside Scoop (Kiara Bay) Sdn. Bhd.	Malaysia	100	-	Dormant

(b) Acquisition of subsidiary companies

Cost and its components of the combination:

	Group	
	2021 RM	2020 RM
Cash consideration	<u>5</u>	<u>4</u>

The recognised amounts of classes of assets and liabilities at the acquisition date were as follows:

	Group	
	2021 RM	2020 RM
Cash and bank balances	5	4
Other payables	(3,440)	-
Total identifiable net (liabilities)/assets	<u>(3,435)</u>	<u>4</u>
Goodwill on combination	3,440	-
Cost of combination	<u>5</u>	<u>4</u>

Net cash inflow/(outflow) arising from acquisition of subsidiary companies:

	Group	
	2021 RM	2020 RM
Purchase consideration settled in cash and cash equivalents	(5)	(4)
Cash and cash equivalents acquired	<u>5</u>	<u>4</u>
	<u>-</u>	<u>-</u>

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6. Investment in Associated Companies

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Unquoted shares, at cost	770,969	12,750	770,969	12,750
Share of post acquisition reserves	(243,337)	57,194	-	-
	<u>527,632</u>	<u>69,944</u>	<u>770,969</u>	<u>12,750</u>

The associated companies and shareholding therein are as follows:

Name of company	Country of incorporation	Equity interest		Principal activities
		2021 %	2020 %	
MyPizzaLab Sdn. Bhd.	Malaysia	25	25	Engaged in restaurant business and investment holding
Aftermeal Cafe Sdn. Bhd.*	Malaysia	25	25	Engaged in restaurant business and investment holding
TISSG Pte. Ltd.*	Singapore	50	-	Engaged in café business and trading of ice cream

* not audited by Mary Tan & Partners

7. Goodwill Arising on Consolidation

	Group	
	2021 RM	2020 RM
Cost		
At 1 January	-	-
Additions during the financial year	3,440	-
At 31 December	<u>3,440</u>	<u>-</u>
Less: Accumulated amortisation		
At 1 January	-	-
Additions during the financial year	(344)	-
At 31 December	<u>(344)</u>	<u>-</u>
	<u>3,096</u>	<u>-</u>

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8. Inventories

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Raw materials	396,262	386,362	395,152	374,256
Work-in-progress	3,539	6,188	3,539	6,188
Consumable goods	310,931	359,671	304,001	324,392
Trading goods	288,318	141,237	257,064	108,611
	<u>999,050</u>	<u>893,458</u>	<u>959,756</u>	<u>813,447</u>
Inventories recognised as an expense	<u>10,102,181</u>	<u>6,273,516</u>	<u>11,217,909</u>	<u>6,582,563</u>

9. Trade Receivables

	Group/Company	
	2021	2020
	RM	RM
Trade receivables		
- related parties	504,255	356,548
- third parties	293,748	380,478
	<u>798,003</u>	<u>737,026</u>

The amount owing by related parties, being an entity in which a Director of the Company has joint controlling interest and entities in which a controlling shareholder of the Company has controlling interest, represents trade transactions with payment term of 30 (2020: 30) days.

10. Other Receivables

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Other receivables				
- related parties	2,325,250	1,152,590	2,325,250	1,152,590
- third parties	108,194	184,882	77,680	151,388
	<u>2,433,444</u>	<u>1,337,472</u>	<u>2,402,930</u>	<u>1,303,978</u>

The amount owing by related parties, being an entity in which a Director of the Company has joint controlling interest and entities in which a controlling shareholder of the Company has controlling interest, represents unsecured interest free advances which are repayable on demand.

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11. Deposits and Prepayments

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Deposits	1,334,797	1,091,953	1,108,539	811,681
Prepayments	123,052	69,891	119,113	49,268
	<u>1,457,849</u>	<u>1,161,844</u>	<u>1,227,652</u>	<u>860,949</u>

12. Amount Owning by/(to) Subsidiary Companies

These represent unsecured interest free advances which are repayable on demand except for an amount of RM1,229,405 (2020: RM1,945,100) which represents trade transactions with payment term of 30 (2020: 30) days.

13. Amount Owning by Associated Companies

This represents unsecured interest free advances which are repayable on demand except for an amount of RM7,945 (2020: Nil) which represents trade transactions with payment term of 30 (2020: Nil) days.

14. Share Capital

	Number of shares 2021	Amount 2021 RM	Amount 2020 RM
Ordinary shares			
Issued and fully paid	<u>750,313</u>	<u>2,425,233</u>	<u>2,425,233</u>

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

15. Retained Profits

The retained profits of the Company are available for distribution by way of cash dividends or dividends in specie. Under the single tier system, dividends payable to shareholders are deemed net of income taxes. There are no potential income tax consequences that would result from the payment of dividends to shareholders.

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16. Finance Lease Liabilities

	Group/Company	
	2021	2020
	RM	RM
(a) Future minimum lease payments:		
Within one year	63,827	69,737
Between one and five years	109,713	172,605
Total future minimum lease payments	173,540	242,342
Less: Future finance charges	(13,786)	(24,544)
Present value of minimum lease payments	159,754	217,798
(b) Present value of minimum lease payments		
Repayable within one year	56,473	58,979
Repayable between one and five years	103,281	158,819
	159,754	217,798
Analysed as:		
Repayable within twelve months	56,473	58,979
Repayable after twelve months	103,281	158,819
	159,754	217,798

17. Term Loan

	Group/Company	
	2021	2020
	RM	RM
Secured		
Term loan	849,303	1,019,671
Analysed as follows:		
Repayable within twelve months	198,134	173,485
Repayable after twelve months	651,169	846,186
	849,303	1,019,671
Maturity of borrowing is as follows:		
Within one year	198,134	173,485
Between one and two years	202,575	195,638
Between two and five years	448,594	629,622
After five years	-	20,926
	849,303	1,019,671

The term loan obtained from a licensed bank is secured by the following:

- (a) guarantee by Credit Guarantee Corporation Malaysia Berhad under Bank Negara Malaysia Special Relief Facility; and

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- (b) joint and several guarantee by a Director and certain shareholders of the Company.

The term loan is repayable by 60 monthly installments commencing on the 7th month from the date of full drawdown.

Interest is charged at a rate of 3.5% (2020: 3.5%) per annum.

18. Deferred Tax Liabilities

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
At 1 January	235,138	195,403	217,365	187,696
Recognised in profit or loss	166,526	33,338	182,241	24,677
Under provision in prior years	5,858	6,397	5,793	4,992
At 31 December	<u>407,522</u>	<u>235,138</u>	<u>405,399</u>	<u>217,365</u>

Presented after appropriate offsetting as follows:

Deferred tax liabilities	435,461	261,375	405,399	217,365
Deferred tax assets	(27,939)	(26,237)	-	-
	<u>407,522</u>	<u>235,138</u>	<u>405,399</u>	<u>217,365</u>

The components and movements of deferred tax liabilities and assets of the Group and of the Company prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Accelerated capital allowances RM	Total RM
At 1 January 2021	261,375	261,375
Recognised in statements of comprehensive income	174,086	174,086
At 31 December 2021	<u>435,461</u>	<u>435,461</u>
At 1 January 2020	195,403	195,403
Recognised in statements of comprehensive income	65,972	65,972
At 31 December 2020	<u>261,375</u>	<u>261,375</u>

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Deferred tax assets of the Group:

	Unused tax losses RM	Unutilised capital allowances RM	Total RM
At 1 January 2021	(13,812)	(12,425)	(26,237)
Recognised in statements of comprehensive income	(384)	(1,318)	(1,702)
At 31 December 2021	<u>(14,196)</u>	<u>(13,743)</u>	<u>(27,939)</u>
At 1 January 2020	-	-	-
Recognised in statements of comprehensive income	(13,812)	(12,425)	(26,237)
At 31 December 2020	<u>(13,812)</u>	<u>(12,425)</u>	<u>(26,237)</u>

Deferred tax liabilities of the Company:

	Accelerated capital allowances RM	Total RM
At 1 January 2021	217,365	217,365
Recognised in statements of comprehensive income	188,034	188,034
At 31 December 2021	<u>405,399</u>	<u>405,399</u>
At 1 January 2020	187,696	187,696
Recognised in statements of comprehensive income	29,669	29,669
At 31 December 2020	<u>217,365</u>	<u>217,365</u>

19. Other Payables

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Other payables				
- related parties	567,768	-	413,280	-
- third parties	<u>735,207</u>	<u>446,671</u>	<u>628,237</u>	<u>417,135</u>
	1,302,975	446,671	1,041,517	417,135
Accruals	<u>938,717</u>	<u>1,111,380</u>	<u>901,422</u>	<u>1,089,897</u>
	<u>2,241,692</u>	<u>1,558,051</u>	<u>1,942,939</u>	<u>1,507,032</u>

The amount owing to related parties, being entities in which a controlling shareholder of the Company has controlling interest, represents unsecured interest free advances which are repayable on demand.

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20. Amount Owing to a Director

This represents unsecured interest free advances which are repayable on demand.

21. Amount Owing to a Shareholder

The amount owing to a shareholder, being a shareholder with controlling interest, represents unsecured interest free advances which are repayable on demand.

22. Loan from Shareholders

Loan from shareholders is unsecured, interest free and payable in full at the end of the term on 30 June 2022 unless converted into equity of the Company prior to the end of the term.

Loan from shareholders may be converted into equity of the Company at the shareholders' options at each yearly milestone on 30 June 2020, 30 June 2021 and 30 June 2022. The shareholders are required to inform the Company in writing of their intentions to convert the loan at least 3 months prior to the yearly milestone. The conversion price shall be set at RM46.6472 per share of the Company.

23. Revenue

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Trading sales	36,368,429	22,346,363	32,527,392	20,361,598
Marketing and royalty fees	358,238	98,173	358,238	98,173
Management fees	-	67,986	590,734	364,506
	<u>36,726,667</u>	<u>22,512,522</u>	<u>33,476,364</u>	<u>20,824,277</u>

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24. Profit from Operations

Profit from operations is derived after charging/(crediting):

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Auditors' remuneration				
- statutory audit	52,600	43,300	28,000	25,000
- over provision in prior year	-	(700)	-	-
Amortisation of goodwill	344	-	-	-
Deposit written off	-	3,260	-	3,260
Director's remuneration				
- salaries and other emoluments	261,923	246,923	261,923	246,923
- EPF	35,640	29,520	35,640	29,520
EPF (including Directors)	386,555	445,018	386,555	445,018
Rental of equipment	89,232	66,023	52,002	40,013
Rental of premises	3,241,049	2,552,906	2,214,836	1,862,417
Interest income	(52,117)	(12,050)	(52,117)	(12,050)
Rental income	(51,600)	(47,730)	(51,600)	(47,730)

25. Finance Costs

	Group/Company	
	2021	2020
	RM	RM
Finance costs on:		
Term loan	33,253	19,672
Finance lease	10,758	8,656
	<u>44,011</u>	<u>28,328</u>

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26. Tax Expense

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current tax:				
Current tax provision	2,016,300	840,000	1,950,000	840,000
(Over)/Under provision in prior years	(6,067)	3,444	(6,067)	5,476
	<u>2,010,233</u>	<u>843,444</u>	<u>1,943,933</u>	<u>845,476</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	166,526	33,338	182,241	24,677
Under provision in prior years	5,858	6,397	5,793	4,992
	<u>172,384</u>	<u>39,735</u>	<u>188,034</u>	<u>29,669</u>
Share of tax of an associated company	14,410	10,331	-	-
Tax expense for the financial year	<u>2,197,027</u>	<u>893,510</u>	<u>2,131,967</u>	<u>875,145</u>

Income tax is calculated at the statutory rate of 17% on the first RM600,000 and 24% on the balance of chargeable income of the estimated assessable profit for the financial year.

The effective tax rates of the Group and of the Company were higher than the statutory tax rate prevailing in Malaysia due to certain expenses were not deductible for tax purposes.

27. Dividends

	Group/Company	
	2021 RM	2020 RM
First interim single tier dividend of 4.33% (2020: Nil) on 750,313 (2020: Nil) ordinary shares	32,518	-
Second interim single tier dividend of 125.35% (2020: Nil) on 750,313 (2020: Nil) ordinary shares	940,669	-
An interim single tier dividend of Nil (2020: 13.33%) on Nil (2020: 750,313) ordinary shares	-	100,000
	<u>973,187</u>	<u>100,000</u>

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28. Purchase of Property, Plant and Equipment

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Aggregate costs	3,059,799	1,328,644	2,759,354	715,159
Less: Lease financing	-	(117,000)	-	(117,000)
Cash payments	<u>3,059,799</u>	<u>1,211,644</u>	<u>2,759,354</u>	<u>598,159</u>

29. Deferred Tax Assets

Deferred tax assets have not been recognised in respect of the following temporary differences:

	Group	
	2021	2020
	RM	RM
Unused tax losses	689,144	360,677
Unutilised capital allowances	661,800	396,380
Accelerated capital allowances	<u>(372,154)</u>	<u>(322,957)</u>
	<u>978,790</u>	<u>434,100</u>

Subject to the agreement by the relevant tax authorities and subject to changes in the shareholdings of the subsidiary companies under Section 44(5A) and (5B) of the Income Tax Act, 1967, the unused tax losses and unutilised capital allowances are available for carry forward to set-off against future taxable profits of the subsidiary companies in which those items arose.

30. Related Party Disclosures

(a) Key management personnel compensation

	Group/Company	
	2021	2020
	RM	RM
Total compensation	<u>776,167</u>	<u>1,018,337</u>

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(b) Related party transactions

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Subsidiary companies				
Sales of goods and services	-	-	7,009,439	3,559,017
Purchase of goods and services	-	-	1,094,150	383,661
Sales of property, plant and equipment	-	-	-	50,316
Purchase of property, plant and equipment	-	-	1,002,489	-
Management fees received/receivable	-	-	590,733	296,519
Staff secondment income received/receivable	-	-	839,614	660,334
Advances to	-	-	60,000	3,300
Settlement of liabilities on behalf by the Company	-	-	2,185,985	1,549,722
Associated companies				
Sales of goods and services	37,048	26,327	37,048	26,327
Advances to	803,351	110,000	803,351	110,000
Settlement of liabilities on behalf by the Company	13,155	-	13,155	-

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TISSB FOR THE FYE 31 DECEMBER 2021 (Cont'd)

Registration No. 201301039381 (1069204-T)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
An entity in which a Director of the Company has joint controlling interest				
Sales of goods and services	691,699	370,898	691,699	370,898
Purchase of goods and services	23,547	25,230	23,547	25,230
Royalty fees received/receivable	58,783	22,827	58,783	22,827
Entities in which a controlling shareholder of the Company has controlling interest or significant influence				
Sales of goods and services	1,129,579	809,372	1,129,579	809,372
Purchase of goods and services	-	15,190	-	15,190
Sales of property, plant and equipment	36,509	130,541	36,509	130,541
Management fees received/receivable	-	70,517	-	70,517
Staff secondment income received/receivable	138,164	205,255	138,164	205,255
Staff secondment cost paid/payable	356,038	-	356,038	-
Advances to Settlement of liabilities on behalf by the Group and the Company	-	6,000	-	6,000
	3,193,369	1,235,056	3,193,369	1,235,056

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TISSB FOR THE FYE 31 DECEMBER 2021 (Cont'd)

Registration No. 201301039381 (1069204-T)

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
An entity in which a shareholder with significant influence over the Company has controlling interest				
Advances to	-	689,932	-	689,932
A shareholder of the Company with controlling interest				
Settlement of liabilities on behalf by the Group and the Company	858,735	-	858,735	-
Settlement of liabilities on behalf of the Group and the Company	1,159	15,750	1,159	15,750
A Director of the Company				
Advances from	-	24,700	-	24,700
Settlement of liabilities on behalf of the Group and the Company	<u>1,673,570</u>	<u>1,182,483</u>	<u>1,673,570</u>	<u>1,182,483</u>

- (i) The sales of goods and services to subsidiary companies, associated companies, an entity in which a Director of the Company has joint controlling interest and entities in which a controlling shareholder of the Company has controlling interest or significant influence have been transacted mainly at the then current prices prevailing at the dates of transactions in the normal course of business of the Company.
- (ii) The purchase of goods and services from subsidiary companies and an entity in which a Director of the Company has joint controlling interest have been transacted mainly at the then current prices prevailing at the dates of transactions.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TISSB FOR THE FYE 31 DECEMBER 2021 (Cont'd)

Registration No. 201301039381 (1069204-T)

- (iii) The sales of property, plant and equipment to subsidiary companies and an entity in which a controlling shareholder of the Company has controlling interest was received/receivable upon delivery of the items by the Company. The amount charged was based on negotiated terms agreed in advance.
 - (iv) The purchase of property, plant and equipment from subsidiary companies was paid/payable upon delivery of the items to the Company. The amount charged was based on negotiated terms agreed in advance.
 - (v) The management fees and staff secondment income charged to subsidiary companies and entities in which a controlling shareholder of the Company has controlling interest were received/receivable on monthly basis. The management fees and staff secondment income charged were based on negotiated terms agreed in advance.
 - (vi) The royalty fees charged to an entity in which a Director of the Company has joint controlling interest were received/receivable on monthly basis. The royalty fees charged were based on negotiated terms agreed in advance.
 - (vii) The staff secondment cost charged by an entity in which a controlling shareholder of the Company has controlling interest were paid/payable on monthly basis and were based on negotiated terms agreed in advance.
- (c) Information regarding outstanding balances arising from related party transactions as at 31 December 2021 is disclosed in Notes 9, 10, 12, 13, 19, 20, 21 and 22 to the financial statements.

31. Non-Cancellable Operating Leases

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Future minimum lease payments:				
Within one year	2,378,292	2,362,815	1,920,592	1,707,914
Between one and five years	<u>1,300,916</u>	<u>1,756,451</u>	<u>805,520</u>	<u>1,523,818</u>
Total lease commitments payable	<u>3,679,208</u>	<u>4,119,266</u>	<u>2,726,112</u>	<u>3,231,732</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TISSB FOR THE FYE 31 DECEMBER 2021 (Cont'd)

Registration No. 201301039381 (1069204-T)

32. Significant Events

During the financial year, the following significant events took place for the Company and its subsidiary companies:

- (a) The emergence of the COVID-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group and the Company operates. The restriction of movement imposed by the Government of Malaysia starting from 18 March 2020 was subsequently tightened and relaxed according to the evolving situation of the pandemic in the country. Due to the surge in daily infected cases, a nationwide lockdown was implemented on 1 June 2021. Subsequently, the Government of Malaysia announced the National Recovery Plan with 4 Phases in mid-June 2021.

The management has performed assessments of the overall impact of the situation on the Group's and the Company's operations, including the recoverability of the carrying amount of assets and measurements of assets and liabilities and concluded that there is no material adverse effect on the financial statements for the financial year ended 31 December 2021. Given the widespread nature of the outbreak and the unpredictable future development of COVID-19, the full financial impact of the COVID-19 outbreak to the Group and the Company cannot be reasonably estimated at this juncture. However, the Group and the Company will continue to closely monitor and assess the ongoing development and manage the operations to minimise any potential impact on the financial position, performance and cash flows of the Group and of the Company.

- (b) On 8 January 2021 and 19 November 2021, the Company acquired 135,000 ordinary shares and 15,000 ordinary shares respectively, representing 50% equity interest in TISSG Pte. Ltd., a company incorporated in Singapore, for a cash consideration of SGD224,004 and SGD22,566 (RM689,932 and RM68,197 equivalent) respectively.
- (c) On 26 January 2021, the Company acquired 1 ordinary share, representing 100% equity interest in The Inside Scoop (Klang) Sdn. Bhd. (formerly known as Vibrant Ace Sdn. Bhd.), a company incorporated in Malaysia, for a cash consideration of RM1.
- (d) On 26 January 2021, a wholly-owned subsidiary company of the Company, Vibrant Ace Sdn. Bhd. changed its name to The Inside Scoop (Klang) Sdn. Bhd.
- (e) On 26 July 2021, the Company acquired 2 ordinary shares, representing 100% equity interest in The Inside Scoop (Bukit Jelutong) Sdn. Bhd., a company incorporated in Malaysia, for a cash consideration of RM2.
- (f) On 10 December 2021, the Company acquired 2 ordinary shares, representing 100% equity interest in The Inside Scoop (Kiara Bay) Sdn. Bhd., a company incorporated in Malaysia, for a cash consideration of RM2.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TISB FOR THE FYE 31 DECEMBER 2021 (Cont'd)

Registration No. 201301039381 (1069204-T)

33. Subsequent Events

Subsequent to the financial year end, the following events took place for the Company and its subsidiary companies:

- (a) On 25 January 2022, the Company acquired 2 ordinary shares, representing 100% equity interest in The Inside Scoop (Sunway Putra) Sdn. Bhd., a company incorporated in Malaysia, for a cash consideration of RM2.
- (b) On 25 January 2022, the Company acquired 2 ordinary shares, representing 100% equity interest in The Inside Scoop (Sunway Carnival) Sdn. Bhd., a company incorporated in Malaysia, for a cash consideration of RM2.
- (c) On 22 April 2022, a wholly-owned subsidiary company of the Company, The Inside Scoop (Sunway Putra) Sdn. Bhd. changed its name to The Inside Scoop (Eco Majestic) Sdn. Bhd.
- (d) On 13 May 2022, a wholly-owned subsidiary company of the Company, The Inside Scoop (Kepong) Sdn. Bhd. changed its name to The Inside Scoop (Kiara 163) Sdn. Bhd.

34. Date of Authorisation for Issue

The consolidated financial statements of the Group and the separate financial statements of the Company for the financial year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Board of Directors on 10 June 2022.

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information contained in this Circular and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular misleading.

All statements and information in relation to the TISSB Group contained in this Circular were obtained from and confirmed by the directors and management of the TISSB Group, and/or extracted from publicly available information. The sole responsibility of our Board is limited to ensuring that such information is accurately reproduced in this Circular.

2. CONSENT AND CONFLICT OF INTEREST

Maybank IB, being the Principal Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which it appears in this Circular.

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

Maybank IB confirms that it is not aware of any circumstance that exists or is likely to exist which would give rise to a possible conflict of interest situation in its capacity as Principal Adviser for the Proposals.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

3.1. Material commitments

As at the LPD, save as disclosed below, our Board is not aware of any material commitments incurred or known to be incurred by our Group which may have a material impact on the profits or NA of our Group:

	RM
Contracted but not provided for:	
Property, plant and equipment	22,165,150
Intangible assets	124,263
Total	22,289,413

FURTHER INFORMATION (Cont'd)

3.2. Contingent liabilities

As at the LPD, our Board is not aware of any contingent liabilities which, upon becoming enforceable, may have a material impact on the profits or NA of our Group.

4. MATERIAL LITIGATION

As at the LPD, save as disclosed below, our Group is not involved in any material litigation, claims and/or arbitration, either as plaintiff or defendant, and our Board is not aware of any proceedings, pending or threatened, against our Group or any facts likely to give rise to any proceedings which may materially and adversely affect the business or financial position of our Group.

The Holstein Milk Company (Australia) Pty Ltd and Henry Jones Foods Pty Ltd (collectively, “**Holstein Australian Entities**”) are involved in a litigation claim against several Shepparton Collective Partners entities for certain misrepresentations in the financial information provided by the Shepparton Collective Partners entities during the financial due diligence process undertaken by our Holstein Australian Entities in connection with the sale of the processed foods manufacturing business (“**Business**”) and related business assets by the SPC Entities to Henry Jones Foods under the business purchase agreement (relating to the business in Kyabram). The Shepparton Collective Partners entities are as follows:

- (i) Shepparton Partners Collective KP Pty Ltd;
- (ii) Shepparton Partners Collective Operations Pty Ltd; and
- (iii) Shepparton Partners Collective IP Pty Ltd,

(collectively, the “**SPC Entities**”).

A statement of claim (“**Claim**”) was filed by our Holstein Australian Entities with the Supreme Court of Victoria (“**Court**”) on 31 March 2021. The quantum of the Claim has been determined by our consultant and the total quantum of the claim is between AUD10 million to AUD15 million.

On 10 February 2023, the Holstein Australian Entities and the SPC Entities had attended a mediation. However, the mediation was unsuccessful.

At the directions hearing on 10 March 2023, the Court made the following orders:

- (a) the Holstein Australian Entities are to file and serve any expert reports in reply by 28 April 2023; and
- (b) the witness outlines are to be filed and served by the Holstein Australian Entities and the SPC Entities by 12 May 2023 and 7 July 2023 respectively.

Once the Holstein Australian Entities and the SPC Entities have filed their witness statements, the matter will come before the Court again to make orders about the conduct of the trial of the matter.

The next hearing date is expected to be in year 2024.

Our solicitors are of the opinion that our Holstein Australian Entities have reasonable prospects to succeed in the Claim.

FURTHER INFORMATION *(Cont'd)*

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our registered office at Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of our forthcoming EGM:

- (i) the Constitution of our Company;
- (ii) the Constitution of TISSB;
- (iii) audited consolidated financial statements of our Company for the past two (2) FYEs 31 March 2022 and 31 March 2021 and the latest unaudited consolidated financial statements of our Company for the 9 months financial period ended 31 December 2022;
- (iv) audited consolidated financial statements of TISSB for the FYE 31 December 2021 and 31 December 2020 and the latest unaudited consolidated financial statements of TISSB for the FYE 31 December 2022;
- (v) the SPA;
- (vi) the SSA;
- (vii) the draft SHA;
- (viii) the relevant cause papers in respect of the material litigation referred to in Section 4 of this Appendix; and
- (ix) the letter of consent and declaration of conflict of interest referred to in Section 2 of this Appendix.



Registration No. 201001010221 (894851-U)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE EXTRAORDINARY GENERAL MEETING (“EGM”) OF FARM FRESH BERHAD (“FFB” OR “COMPANY”) WILL BE CONDUCTED ON A FULLY VIRTUAL MANNER THROUGH LIVE STREAMING AND ONLINE REMOTE MEETING PLATFORM OF TIIH ONLINE PROVIDED BY TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD VIA ITS WEBSITE AT [HTTPS://TIIH.ONLINE](https://tiih.online) (DOMAIN REGISTRATION NUMBER D1A282781) ON WEDNESDAY, 10 MAY 2023 AT 4.30 P.M. OR AT ANY ADJOURNMENT THEREOF FOR THE PURPOSE OF CONSIDERING AND IF THOUGHT FIT, PASSING WITH OR WITHOUT MODIFICATIONS, THE FOLLOWING RESOLUTION:

ORDINARY RESOLUTION

- (A) PROPOSED ACQUISITION BY FFB OF 462,739 EXISTING ORDINARY SHARES IN THE INSIDE SCOOP SDN BHD (“TISSB”) (“TISSB SHARES”) (“SALE SHARES”), REPRESENTING 53.0% OF THE ENLARGED ISSUED TISSB SHARES AFTER THE COMPLETION OF THE PROPOSALS (AS DEFINED BELOW), FOR A TOTAL PURCHASE CONSIDERATION OF APPROXIMATELY RM68.4 MILLION, SUBJECT TO ADJUSTMENTS, TO BE SATISFIED VIA A COMBINATION OF 13,158,000 NEW ORDINARY SHARES IN FFB (“CONSIDERATION SHARES”) AT AN ISSUE PRICE OF RM1.52 PER CONSIDERATION SHARE AND APPROXIMATELY RM48.4 MILLION IN CASH, TOGETHER WITH THE GRANT OF A PUT OPTION BY FFB IN FAVOUR OF EDMUND TAN JUN HUA OVER THE REMAINING TISSB SHARES HELD BY HIM AT ANY POINT IN TIME AFTER THE COMPLETION OF THE PROPOSALS; AND**
- (B) PROPOSED SUBSCRIPTION BY FFB OF 104,771 NEW TISSB SHARES (“SUBSCRIPTION SHARES”), REPRESENTING 12.0% OF THE ENLARGED ISSUED TISSB SHARES AFTER THE COMPLETION OF THE PROPOSALS (AS DEFINED BELOW), FOR A TOTAL SUBSCRIPTION CONSIDERATION OF APPROXIMATELY RM15.5 MILLION AT A SUBSCRIPTION PRICE OF RM147.86 PER SUBSCRIPTION SHARE TO BE SATISFIED ENTIRELY IN CASH**

(COLLECTIVELY REFERRED TO AS “PROPOSALS”)

THAT, subject to the approvals of all relevant authorities and/or parties being obtained (where required):

- (a) approval be and is hereby given to the Company to:**
 - (i) acquire the Sale Shares, representing 53.0% of the enlarged issued TISSB Shares after the completion of the Proposals, for a total purchase consideration of approximately RM68.4 million, subject to adjustments, based on the terms and conditions of the share purchase agreement dated 15 February 2023 between FFB and the existing shareholders of TISSB, to be satisfied in the following manner:**
 - (1) RM20.0 million to be satisfied via the issuance of the Consideration Shares at the issue price of RM1.52 per FFB Share; and**
 - (2) RM48.4 million to be satisfied in cash; and**

- (ii) subscribe for the Subscription Shares, representing 12.0% of the enlarged issued TISSB Shares after the completion of the Proposals, for a total subscription consideration of approximately RM15.5 million based on the terms and conditions of the share subscription agreement dated 15 February 2023 between FFB and TISSB to be satisfied entirely in cash; and
- (b) that it is hereby approved and determined in this general meeting, in accordance with Clause 12(4) of FFB's Constitution (read together with subsection 85(1) of the Companies Act, 2016) that the Board of Directors of the Company ("**Board**") shall allot and issue the Consideration Shares to Edmund Tan Jun Hua and Wu Chuang Yang, Derrick as set out in the circular to shareholders of FFB dated 25 April 2023 in relation to the Proposals ("**Circular**") at the issue price of RM1.52 per Consideration Share, without such Consideration Shares being required to be offered to the shareholders of FFB in proportion, as nearly as may be, to the number of FFB Shares held by them or at all and effectively resulting in the shareholders of FFB waiving their pre-emptive rights under Clause 12(4) of FFB's Constitution (read together with subsection 85(1) of the Companies Act, 2016) to be offered all or any part of the Consideration Shares to be issued ("**Proposed Issuance**").

THAT, in conjunction with the Proposals, the Company will grant a put option in favour of Edmund Tan Jun Hua over the remaining TISSB Shares held by him upon completion of the Proposals as described in Sections 1 and 2.5 of the Circular ("**Put Option**").

THAT, the Consideration Shares will, upon allotment and issue, rank *pari passu* in all respects with the then existing FFB Shares save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid, on the entitlement date of which is prior to the date of allotment and issuance of the Consideration Shares.

AND THAT, the Board be and is hereby authorised and empowered to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company, all such agreements, arrangements and documents as may be necessary, expedient and/or appropriate in the best interest of the Company in order to implement, finalise, give full effect to and complete the Proposals, the Put Option and the Proposed Issuance (including without limitation, to delegate such authority to designated officer(s)), with full powers to assent to and/or accept any conditions, variations, arrangements and/or amendments as may be imposed or permitted by any relevant authorities and/or parties in connection with the Proposals, the Put Option and the Proposed Issuance.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend, speak (in the form of real time submission of typed text(s)) and vote at the EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Section 55(1) of FFB's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 ("**SICDA**") to issue a General Meeting Record of Depositors as at 2 May 2023. Only a depositor whose name appears in the General Meeting Record of Depositors as at 2 May 2023 shall be entitled to attend, speak (in the form of real time submission of typed text(s)) and vote at the said meeting or appoint proxies to attend, speak (in the form of real time submission of typed text(s)) and vote on his/her behalf.

By Order of the Board

YONG MAY LI (f) (LS0000295) (SSM Practicing Certificate No. 202008000285)
WONG CHEE YIN (f) (MAICSA No. 7023530) (SSM Practicing Certificate No. 202008001953)
Company Secretaries
Johor Bahru

25 April 2023

Notes:

1. A member entitled to participate at this EGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak (in the form of real time submission of typed text(s)) and vote in his place. A proxy may but need not be a member of the Company.
2. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
3. Where a member of the Company is an authorised nominee as defined in the SICDA, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of Section 25A(1) of the SICDA.
5. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
6. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the general meeting or adjourned general meeting at which the person named in the appointment proposes to vote:
In hard copy form
By hand or post to the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
Online
As in the case of an appointment made via online lodgment facility, please login to the link website at <https://tiih.online>. Please refer to the Administrative Guide for the EGM on how to register on TIIH Online and submit your proxy form electronically.
7. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the general meeting or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
8. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
9. Last date and time for lodging the proxy form is Monday, 8 May 2023 at 4.30 p.m.
10. A corporate member who has appointed a representative, please deposit the ORIGINAL or duly certified certificate of appointment with the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. The certificate of appointment should be executed in the following manner:
 - (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
 - (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (a) at least two (2) authorised officers, of whom one shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.



PROXY FORM

CDS Account No.	No. of Shares held

I/We _____ Tel: _____
[Full name in block, NRIC/Passport/Company No.]

of _____
[Full Address]

being member(s) of **FARM FRESH BERHAD** ("FFB" or "**Company**"), hereby appoint:

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Extraordinary General Meeting ("**EGM**") of the Company which will be held on a virtual basis and conducted entirely through live streaming via remote participation and voting facilities provided by Tricor Investor & Issuing House Services Sdn Bhd via its TIH Online website at <https://tjih.online> (Domain registration number with D1A282781) on Wednesday, 10 May 2023 at 4.30 p.m. or at any adjournment thereof.

My/Our proxy is to vote as indicated below:

No.	Agenda	For	Against
1.	ORDINARY RESOLUTION - PROPOSED ACQUISITION AND PROPOSED SUBSCRIPTION		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolution. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this _____ day of _____ 2023

Signature*
Member
Contact No

* Manner of execution:

- (a) If you are an individual member, please sign where indicated.
- (b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation or you.
- (c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
 - (i) at least two (2) authorised officers, of whom one shall be a director; or
 - (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.



Notes:

1. For the purpose of determining who shall be entitled to participate at this EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, to make available to the Company a Record of Depositor as at 2 May 2023. Only members whose names appear therein shall be entitled to participate at this EGM or appoint proxy(ies) to attend and vote on his/her behalf.
2. A member entitled to participate at this EGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak (in the form of real time submission of typed text(s)) and vote in his place. A proxy may but need not be a member of the Company.
3. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
4. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("**SICDA**"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of Section 25A(1) of the SICDA.
6. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
7. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the general meeting or adjourned general meeting at which the person named in the appointment proposes to vote:

In hard copy form

By hand or post to the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

Online

As in the case of an appointment made via online lodgment facility, please login to the link website at <https://tiih.online>. Please refer to the Administrative Guide for the EGM on how to register on TIH Online and submit your proxy form electronically.

8. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
9. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
10. Last date and time for lodging this proxy form is on Monday, 8 May 2023 at 4.30 p.m.
11. A corporate member who has appointed a representative, please deposit the ORIGINAL or duly certified certificate of appointment with the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. The certificate of appointment should be executed in the following manner:
 - (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
 - (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (a) at least two (2) authorised officers, of whom one shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

Fold this flap for sealing

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AFFIX
STAMP

Tricor Investor & Issuing House Services Sdn. Bhd.
[Registration No.: 197101000970 (11324-H)]

Unit 32-01, level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

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