

SDS Group Berhad
201701026951 (1241117-T)



Share Dine Smile

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<https://sdsgroups.com/>

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SDS Group Berhad



About Us

SDS GROUP BERHAD, THROUGH ITS SUBSIDIARIES ("SDS"), IS PRIMARILY INVOLVED IN THE MANUFACTURING AND RETAILING OF BAKERY PRODUCTS.

Since its establishment in 1987, SDS grew from its Johor homebase throughout the Peninsular of Malaysia with three brands, namely the retail brand "SDS" and two wholesale brands, "Top Baker" and "Daily's".

Our retail segment manufactures and sells products via retail outlets operated under three (3) different concepts namely, bakery, cafeteria, and bakery-cum-cafeteria. SDS strives to offer a wide variety of quality products valuable for money and serve with excellent customer service. Aligned with our "Share, Dine, Smile" motto, SDS envisions to give its valued customers the most unique and enjoyable dining experience.

Top Baker and Daily's offer products for the mass market across the Peninsula of Malaysia and Singapore. We produce and distribute our products via our distribution network, which is supported by our in-house team of logistics personnel.



Aligned with our
"Share, Dine, Smile"
motto, SDS
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valued customers
the most unique
and enjoyable
dining experience.

Corporate Information

BOARD OF DIRECTORS

Dr. Lim Pang Kiam
Independent
Non-Executive Chairman

Tan Kim Seng
Managing Director

Tan Kim Chai
Executive Director

Tan Yon Haw
Executive Director

Tan Kee Jin
Executive Director

Patricia Rangene Packium
Independent
Non-Executive Director

Lee Yee Ling
Independent
Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Lee Yee Ling
Chairperson/Independent
Non-Executive Director

Dr. Lim Pang Kiam
Member/Independent
Non-Executive Chairman

Patricia Rangene Packium
Member/Independent
Non-Executive Director

NOMINATING AND REMUNERATION COMMITTEE

Patricia Rangene Packium
Chairperson/Independent
Non-Executive Director

Dr. Lim Pang Kiam
Member/Independent
Non-Executive Chairman

Lee Yee Ling
Member/Independent
Non-Executive Director

COMPANY SECRETARY

Siew Suet Wei
(MAICSA NO.: 7011254)
SSM Practicing Certificate No.
202008001690

AUDITORS

Crowe Malaysia PLT
201906000005
(LLP0018817-LCA) & AF 1018
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Persiaran Southkey 1, Kota Southkey
80150 Johor Bahru, Johor
Tel No.: +607-288 6627
Fax No.: +607-388 4627

WEBSITE

www.sdsgroups.com

SHARE REGISTRAR

**Tricor Investor & Issuing House
Services Sdn. Bhd.**
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
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Tel No.: +603-2783 9299
Fax No.: +603-2783 9222

REGISTERED OFFICE

Unit 7-01, Level 7, Menara Legenda
No. 3 Jalan SS20/27
47400 Petaling Jaya, Selangor
Tel No.: +603-7727 0033
Fax No.: +603-7728 8955

BUSINESS ADDRESS

No. 5, Jalan Selatan 8
(Off Jalan Kempas Lama)
Kawasan Perusahaan Ringan Pulau
81200 Johor Bahru, Johor
Tel No.: +607-288 8305
Email: info@sdsgroups.com

PRINCIPAL BANKERS

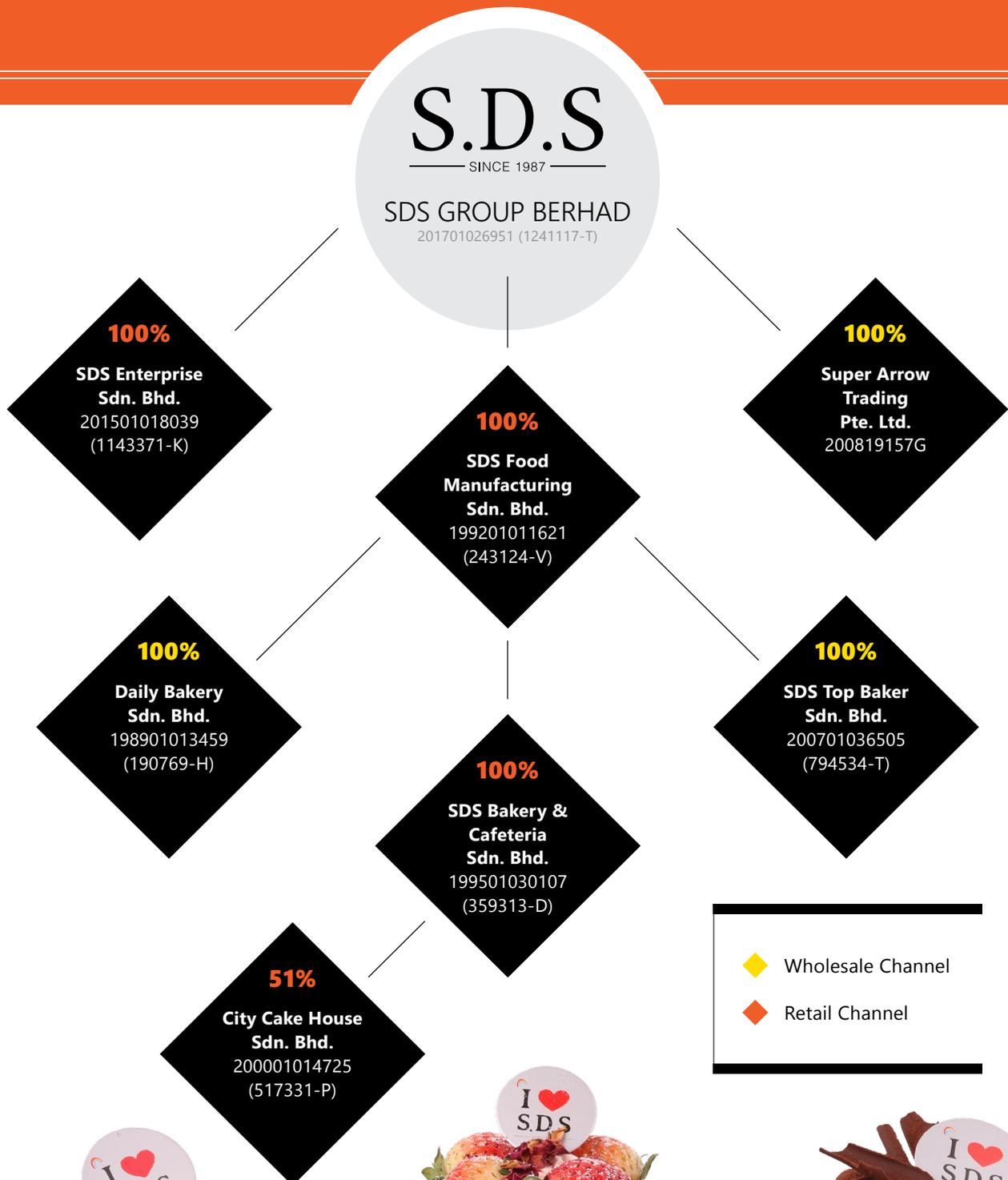
Hong Leong Bank Berhad
Malayan Banking Berhad
Public Bank Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
(Main Market)
Stock Name & Code: SDS 0212
Sector: Consumer Products &
Services

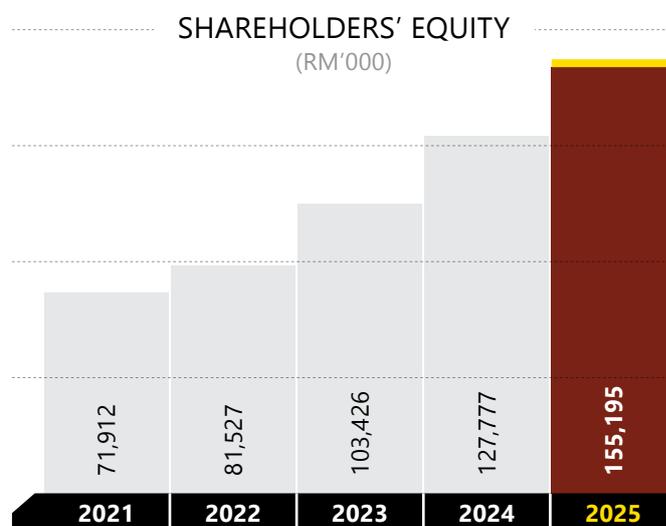
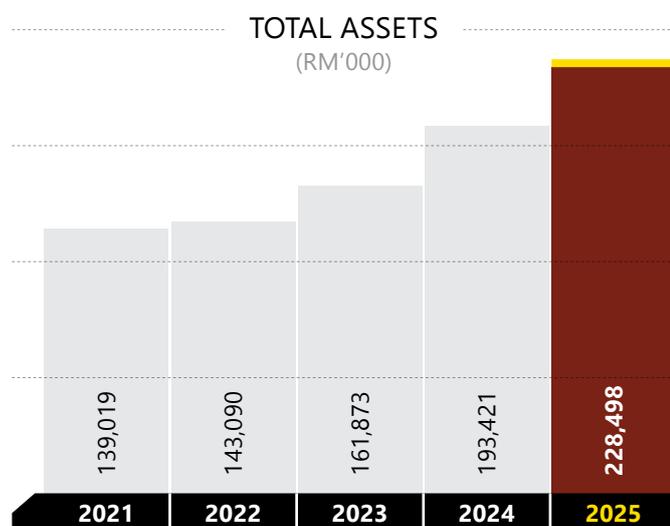
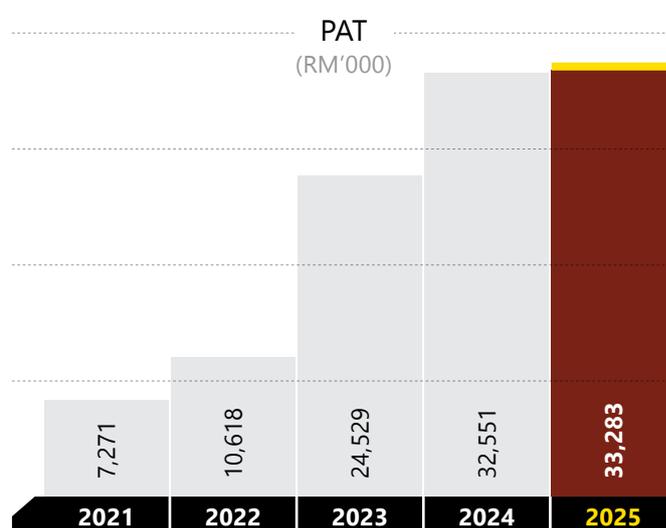
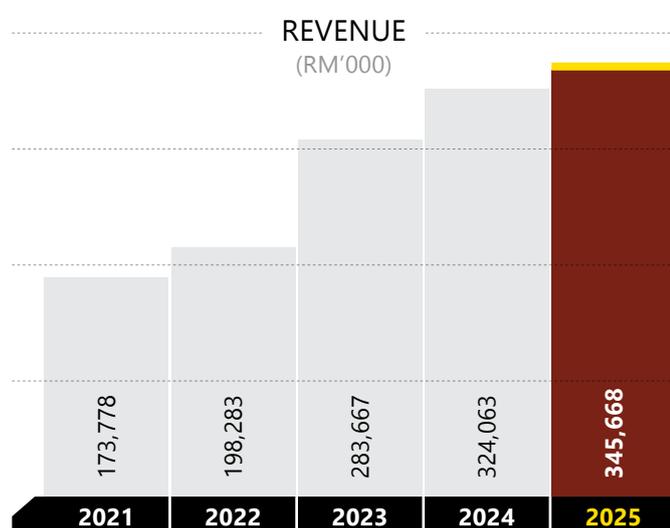


Corporate Structure

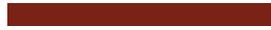


Financial Highlights

Financial year ended		2021	2022	2023	2024	2025
Revenue	(RM'000)	173,778	198,283	283,667	324,063	345,668
Profit After Taxation attributable to the owner of the Company ("PAT")	(RM'000)	7,271	10,618	24,529	32,551	33,283
Total Assets	(RM'000)	139,019	143,090	161,873	193,421	228,498
Shareholders' Equity attributable to the owner of the Company	(RM'000)	71,912	81,527	103,426	127,777	155,195



Profile of Directors



<p>Dr. Lim Pang Kiam</p> <p>Independent Non-Executive Chairman</p>	Nationality: Malaysian
	Age: 62
	Gender: Male

Dr. Lim Pang Kiam was appointed to our Board of Directors (“Board”) on 4 September 2018. He obtained a Bachelor of Science (Honours) in Housing, Building and Planning and a Master of Science in Planning from Universiti Sains Malaysia in 1988 and 1989 respectively. In 2020, he also obtained a Doctor of Philosophy in Business Administration from SEGi University. He is a fellow member of the Chartered Institute of Management Accountants, a member of the Malaysian Institute of Accountants (“MIA”), the Chartered Global Management Accountant and the ASEAN Chartered Professional Accountants.

He spent 15 years with local banks in various roles before moving to the commercial sector as Finance Director, Executive Director, and CEO.

He was appointed as the External Advisory Committee member by Sunway University for a 3-year term expiring on 31 October 2026. He was also appointed by the Universiti Teknologi Petronas as the member of the Industry Advisory Panel to the Management & Humanities Department for Undergraduate and Postgraduate Programs for a 2-year term expiring on 31 December 2025.

He currently sits on the Board of Engtex Group Berhad and Inta Bina Group Berhad as an Independent Non-Executive Chairman and Non-Independent Non-Executive Director of Lagenda Properties Berhad and K. Seng Seng Corporation Berhad.

Dr. Lim Pang Kiam attended all five (5) Board Meetings of the Company held during the financial year ended 31 March 2025.

Profile of Directors



Tan Kim Seng	Nationality: Malaysian
	Age: 68
	Gender: Male
Managing Director	

Mr. Tan Kim Seng was appointed to our Board on 4 September 2018. He is the co-founder of SDS Food and has spearheaded the business growth of our Group since its inception in 1987. He is responsible for formulating and implementing the overall business strategy and corporate development of our Group.

He is considered an industry veteran with more than 50 years of working experience in the bakery industry. In 1995, he led the Group to venture into the Café business and diversified the Group into the wholesale channel, establishing "Top Baker" branding in 2008. In 2016, he led the Group to expand further within the wholesale trade market, by acquiring Daily Bakery and establishing our manufacturing footprint in the central region (Seremban).

Under the leadership of Mr. Tan Kim Seng and his brother, Mr. Tan Kim Chai, our Group has grown from a small retail bakery with only 5 employees to an organisation with approximately 1,700 employees.

Mr. Tan Kim Seng attended all five (5) Board Meetings of the Company held during the financial year ended 31 March 2025.



Tan Kim Chai	Nationality: Malaysian
	Age: 63
	Gender: Male
Executive Director	

Mr. Tan Kim Chai was appointed to our Board on 4 September 2018. He is the co-founder of SDS Food.

He has 45 years of working experience in the bakery industry. In 1999, he spearheaded the Group's expansion of the distribution channel into Singapore by manufacturing bakery products on an OEM basis. With the Group's diversification into the wholesale channel, he was mainly responsible for overseeing our wholesale logistic activities and establishing an extensive distribution network.

In 2019, he took on the role of overseeing the Group's sales and marketing division for the wholesale channel. Together with his brother, Mr. Tan Kim Seng, they transformed our Group from a small retail bakery with only 5 employees to an organisation with approximately 1,700 employees.

Mr. Tan Kim Chai attended all five (5) Board Meetings of the Company held during the financial year ended 31 March 2025.

Profile of Directors



Tan Yon Haw	Nationality: Malaysian
	Age: 48
	Gender: Male
Executive Director	

Mr. Tan Yon Haw was appointed to our Board on 4 September 2018.

Following the Group's venture into the wholesale channel, he was in-charge of the production activities for the wholesale channel. In 2008, he was promoted to Head of Production and was in-charge of the day-to-day operations of the wholesale channel, which include production, purchasing, inventory management, and research and development activities.

Mr. Tan Yon Haw attended all five (5) Board Meetings of the Company held during the financial year ended 31 March 2025.

Tan Kee Jin	Nationality: Malaysian
	Age: 41
	Gender: Male
Executive Director	

Mr. Tan Kee Jin was appointed to our Board on 4 September 2018.

He graduated from the University of Western Australia with a Bachelor of Commerce degree in 2007.

He joined the Group in 2006 and was involved in overseeing the daily invoicing operations and managing products logistics at our retail outlets.

In 2008, he was re-assigned to the Business Development Department and promoted to Business Development Manager in 2012. In 2015, he was promoted to Executive Director of SDS Food Manufacturing Sdn. Bhd., and was responsible for developing and implementing strategies to drive our Group's retail revenue and growth.

Mr. Tan Kee Jin attended all five (5) Board Meetings of the Company held during the financial year ended 31 March 2025.

Profile of Directors



Patricia Rangene Packium

Independent
Non-Executive Director

Nationality: **Malaysian**

Age: **51**

Gender: **Female**

Ms. Patricia Rangene Packium was appointed to our Board on 25 October 2022. She is the Chairperson of our Nominating and Remuneration Committee.

She obtained her Bachelor of Laws from University of London in 1997 and later went on to complete her Certificate of Legal Practice in 2001. She was later admitted as an Advocate and Solicitor of the High Court of Malaya in 2002.

She has been involved in private legal practice since the start of her career mainly involving conveyancing, banking and corporate matters as well as general civil litigation. She commenced legal practice at Messrs Jesvant & Co (now known as Chambers of Jesvant Singh) in 2002 and in 2010 joined Messrs Rahim & Lawnee before resuming practice at Chambers of Jesvant Singh in 2012. In 2015, she set up her own legal practice under Patricia Packium & Associates as a sole proprietor, a position she holds to date.

She currently sits on the Board of SCGM Bhd as Senior Independent Non-Executive Director.

Ms. Patricia Rangene Packium attended all five (5) Board Meetings of the Company held during the financial year ended 31 March 2025.



LEE YEE LING

Independent
Non-Executive Director

Nationality: **Malaysian**

Age: **41**

Gender: **Female**

Ms. Lee Yee Ling was appointed to our Board on 25 October 2022. She is the Chairperson of our Audit and Risk Management Committee.

She obtained her Bachelor of Science (Honours Degree) in Business and Management studies from University of Bradford, UK in 2006. In 2006, she began her career as a Production Planning Executive in Hitachi Koki (M) Sdn. Bhd. In 2008, she left Hitachi Koki (M) Sdn. Bhd. to join Lee Heng High Precision Engineering Sdn. Bhd. as a Marketing Executive. She was subsequently promoted to Marketing Manager in 2010, where she was involved in the formulation of marketing strategy, operation management, resource planning and financial planning. She was appointed as General Manager in 2013 and then appointed as its Executive Director in the same year, a position she still holds to date.

She currently sits on the Board of SCGM Bhd as Independent Non-Executive Director.

Ms. Lee Yee Ling attended all five (5) Board Meetings of the Company held during the financial year ended 31 March 2025.

Profile of Directors

ADDITIONAL INFORMATION

Family Relationship of Directors

Save as disclosed below, none of the Directors has any family relationship with any Directors and/or major shareholders of the Company:

- 1) Tan Kim Seng and Tan Kim Chai are brothers;
- 2) Tan Kee Jin is the son of Tan Kim Seng;
- 3) Tan Yon Haw is the nephew of Tan Kim Seng and Tan Kim Chai;
- 4) Tan Kee Jin is the nephew of Tan Kim Chai; and
- 5) Tan Yon Haw and Tan Kee Jin are cousins.

Conflict of Interest

None of the directors has any conflict of interest with the Company.

Conviction of Offence

None of the directors has conviction for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Securities Holdings

The particulars of the directors' shareholdings are set out in page 133 of this Annual Report.

Profile of Key Senior Management

Tan Kee Meng Chief Financial Officer	Nationality: Malaysian
	Age: 37
	Gender: Male

Tan Kee Meng is responsible for overseeing our Group's finance-related functions including the execution of financial reporting, compliance of tax matters and maintenance of internal controls.

He graduated with a Bachelor of Commerce with double majors in accounting and finance from University of Queensland, Australia in 2010. He became a member of CPA Australia in 2015 and a Chartered Accountant (Singapore) of Institute of Singapore Chartered Accountants in 2016. He has been a

registered member of MIA since 2017. In 2011, he started his career with KPMG LLP in Singapore as an Audit Associate and was subsequently promoted to Audit Manager in 2016. During his stint there, he audited private limited companies as well as public listed companies across various different industries such as manufacturing, trading, airline and tourism. He was involved in conducting independent statutory financial audit works and special assignments such as due diligence reviews. He left the firm in 2017 and assumed his current position.

ADDITIONAL INFORMATION

Family Relationship of Key Senior Management

Save as disclosed below, the Key Senior Management has no family relationship with any Directors and/or major shareholders of the Company:

- 1) Tan Kee Meng is the son of Tan Kim Seng and brother of Tan Kee Jin; and
- 2) Tan Kee Meng is the nephew of Tan Kim Chai and cousin of Tan Yon Haw.

Conflict of Interest

The Key Senior Management has no conflict of interest with the Company.

Conviction of Offence

The Key Senior Management has no conviction for any offences within the past 5 years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Management Discussion and Analysis

THE GROUP MANAGED TO SUCCESSFULLY NAVIGATE THE ECONOMIC HURDLES TO ACHIEVE REVENUE OF RM345.7 MILLION FOR FY2025.

OVERVIEW

The financial period ended 31 March 2025 ("FY2025"), presented itself as a dynamic business environment, shaped by global uncertainties and emerging local opportunities. Nonetheless, SDS Group Berhad and its subsidiaries ("SDS" or the "Group") managed to successfully navigate the economic hurdles to achieve revenue of RM345.7 million for FY2025. This represents an increase of 6.7% over the revenue of RM324.1 million registered in FY2024.

The Group maintained its unwavering focus on driving sustainable growth, innovation, and operational excellence for all our related stakeholders and contribute positively to the communities we serve.

We are pleased to present to you the Management Discussion and Analysis of our Annual Report 2025, encompassing a review of the business and operational performance of SDS for FY2025 and strategic plans and prospects for the way forward.

This report should be reviewed in conjunction with the Group's audited Financial Statements in the later section of this Annual Report.

The Group maintained its unwavering focus on driving sustainable growth, innovation, and operational excellence **for all our related stakeholders and contribute positively to the communities we serve.**



Management Discussion and Analysis

GLOBAL REVIEW

The global economy has been significantly impacted by ongoing geopolitical tensions, including the Ukraine-Russia conflict and unrest in the Middle East. This has resulted in rising inflation and tighter financial conditions, leading to a marked tightening of monetary policy.

Additionally, there has been notable disruption in supply chains and increased pricing of products and services worldwide.

DOMESTIC REVIEW

These factors factored significantly on Malaysia's own economy, pushing up inflation, unemployment, and shrinking incomes, which served to reduce the purchasing power of consumers.

In a post-pandemic period, Malaysia's economy saw continued recovery in economic activity and labour market conditions, supporting growth and normalising to register a 5.1% growth expansion in 2024.

Despite the global challenges, the country maintained a current account surplus of 1.7% of Gross Domestic Product ("GDP") in 2024, driven by a diversified export base across markets and products. This represents a notable improvement over the 1.5% surplus recorded in 2023, highlighting the resilience of its external sector.

In early 2025, Malaysia implemented a series of measures impacting labour costs and regulations, including increasing the minimum wage, making EPF contributions mandatory for foreign workers, implementing a multi-tiered foreign worker levy, and rationalising subsidies. Such initiatives may significantly raise operating costs for businesses, with the possibility of this being ultimately passed on to consumers.

In a post-pandemic period, Malaysia's economy saw continued recovery in economic activity and labour market conditions, **supporting growth and normalising to register a 5.1% growth expansion in 2024.**



Management Discussion and Analysis

INDUSTRY REVIEW



Malaysia's food and beverage ("F&B") sector, a significant contributor to the nation's GDP, continues to expand steadily despite inflationary challenges and increased labour costs with the implementation of minimum monthly wage. This growth is driven by population expansion, higher disposable incomes, and a flourishing tourism industry.

The F&B industry in Malaysia stands out for its ongoing evolution to meet the ever-changing demands of consumers. Restaurant, cafe, and food businesses in this sector consistently adapt and innovate, incorporating fresh concepts, unique fusions, and contemporary interpretations of traditional recipes to cater to shifting tastes and preferences.

The F&B industry is experiencing a major shift, with health-conscious consumers driving demand for nutritious, clean-label, and functional foods. Sustainability has also become a priority, with increasing interest in plant-based options, waste reduction, and ethical sourcing. Businesses are responding with innovative product development, offering unique flavours and fusion cuisines to stay competitive.

Digital transformation is reshaping the industry, with e-wallets, AI-driven personalisation, and app-based food delivery services becoming mainstream. Experiential dining is also gaining popularity, as brands focus on immersive customer experiences, DIY meal kits, and personalised menus. These trends are setting new standards for the industry, influencing business strategies and consumer preferences.

WITH OVER 38 YEARS OF EXPERIENCE IN THE INDUSTRY, SDS HAS BUILT UP A STRONG REPUTATION AS A TRUSTED NAME IN QUALITY, AFFORDABLE CONFECTIONERY AND EXCEPTIONAL CUSTOMER SERVICE.

Continuously striving for excellence, SDS integrates innovation, technology, and strategic cost management to enhance operational efficiency and maintain competitiveness despite rising costs. The company remains committed to optimising product and process costs while ensuring visually appealing packaging, a key component of its affordability strategy.

Creativity remains at the heart of SDS's approach, keeping it relevant to evolving consumer preferences. By intensifying research and development efforts, SDS consistently delivers innovative products that resonate with customers, driving business growth, expanding market reach, and reinforcing long-term financial strength.

Management Discussion and Analysis

FINANCIAL PERFORMANCE REVIEW



In FY2025, the Group continued on its upward trajectory to achieve strong financial results, with revenue increasing by RM21.6 million, or 6.7%, to register RM345.7 million compared to RM324.1 million in FY2024.

In the financial year under review, profit before tax increased to RM44.3 million from RM43.3 million in FY2024. This was attributable largely to the increase in revenue, continued improvement in gross profit margin and stabilisation of raw material prices.

Likewise, profit after tax ("PAT") registered RM33.7 million in FY2025, showing an increase over the PAT of RM32.9 million in FY2024.

The Group maintained its strategic focus by enhancing its partnerships with local businesses and vendors, actively sponsoring and collaborating on various community events.

In line with its dedication to reducing its environmental impact, the Group has launched a solar renewable energy project at its manufacturing facilities at Johor Bahru and Seremban, both of which have been finalised.

In FY2025, total assets grew by 18.1% to register RM228.5 million, compared to RM193.4 million in FY2024. This was largely attributable to the higher capital expenditures, expansion in delivery fleet, plant and machinery, as well as renovations from new outlets.

In the financial year under review, the Group's strong financial health is aptly demonstrated by its cash and bank balance of RM44.6 million, reflecting a 48.7% increase compared to RM30.0 million in FY2024. This significant improvement was driven by higher revenue and profits, supported by prudent capital management and expenditure policies. This approach allowed the Group to effectively manage unforeseen financial challenges and seize growth opportunities as they arise.

The Group is deeply appreciative of its shareholders for their unwavering trust and confidence in its leadership and operational excellence, which have contributed to achieving such outstanding financial results. Hence, in FY2025, SDS reinforced this appreciation and commitment to shareholder returns by declaring a dividend of 1.50 sen, reflecting a decrease of 9.1% compared to 1.65 sen in FY2024.

Financial indicators are listed below:

INDICATORS	FY2025 (RM'000)*	FY2024 (RM'000)*	DIFFERENCE (%)
Revenue	345,668	324,063	6.7
Gross Profit	118,332	110,054	7.5
Gross Profit Margin (%)	34.2	34.0	0.6
Profit before tax	44,301	43,290	2.3
Profit after tax attributable to owners of the Company	33,283	32,551	2.2

* Figures are reflected in RM'000 unless otherwise stated

Management Discussion and Analysis

REVIEW OF OPERATIONS

The Group's strategic diversification across both retail and wholesale segments has yielded significant financial success, driven by prudent financial management, business agility and risks mitigation measures. Such measures have resonated well with the Group's diverse customer base, fostering long-term support for its products and services.

Beyond commercial aspirations, the Group remains committed to social responsibility, actively contributing to the Government's Rahmah campaign aimed at alleviating the cost of living for lower-income communities.

- **RETAIL**

SDS's retail success is built on a foundation of high-quality, nutritious, and affordable food, complemented by outstanding service. Our extensive menu is thoughtfully crafted to cater to a wide range of tastes, ensuring that every customer enjoys a satisfying dining experience.

In a market with evolving consumer demands, the Group maintains continuous monitoring of market trends and reacts swiftly to align its business strategies to ensure a competitive edge.

Such strategies proved successful as in FY2025, the retail segment recorded revenue of RM136.4 million, reflecting a 11.3% increase over the RM122.6 million in FY2024. In the financial year under review, revenue from the Group's retail segment contributed 39.5% of the Group's total revenue.

As part of our business expansion plan to develop new markets, we launched six new outlets in FY2025. Given the increasing customer volume experience in the central region, two outlets were strategically located in Selangor, specifically Cyberjaya and Semenyih, with another three outlets located in Negeri Sembilan, specifically Senawang, Tampin, and Rembau. Reacting to the surge in customer demand in the southern region, the Group launched another outlet at Commute Mall in Kulai, Johor Bahru.

In this highly competitive environment, attracting as well as retaining customers is a critical element of success. Hence, enhancing customer satisfaction remains a top priority at SDS and to achieve this, we continuously innovate our offerings to introduce freshness and variety.

One innovative offering we are pursuing development is Bakery Express, a relatively new product category to cater to the increasing demand for quick snacks that are prepared upon order.

The introduction of food warmer displays offering quick bites, ready-to-eat meals, ready-to-drink selections, frozen products, and specialty sauces are a few of our innovative measures. Additionally, during festive periods, we feature exclusive menus to partake in celebrating the nation's diverse cultural occasions.



Management Discussion and Analysis



Our dynamic promotional efforts, spanning in-store engagement and digital outreach, **have seen increasing traction, evidenced by the steady rise in membership.**

Customer feedback remains at the heart of our operations. We actively encourage insights from our patrons, using their suggestions to refine our processes.

Our dynamic promotional efforts, spanning in-store engagement and digital outreach, have seen increasing traction, evidenced by the steady rise in membership.

Given the return to regular business operations post-pandemic, the Group maintained all the resources that catered to online sales as this had become the norm. Consumer buying behaviour had comfortably embraced this change, creating a new sales avenue for the Group.

As digital adoption accelerates, we have experienced growing demand from online buyers leveraging varied delivery platforms. This expansion in digital accessibility ensures customers can conveniently enjoy SDS's offerings from the comfort of their homes. Additionally, use of other digital initiatives, including our mobile application with SDS e-Wallet functionality, promotions on third-party platforms, and QR ordering systems, have significantly boosted sales and brand visibility.



In FY2025, our commitment to excellence was further validated when two of our outlets received BeSS (Clean, Safe, and Healthy) certification from the Ministry of Health ("MOH") Malaysia. This certification by the MOH Malaysia is accorded to F&B outlets who actively demonstrate safe food preparation and maintain a clean premise.

SDS is cognisant that at the core of our Retail Operations lies our workforce. Having a capable and creative team is crucial in sustainability and growth in business. Cognisant of our business expansions with new outlets, we have similarly increased our capacity of our workforce in various sections throughout our operations.

Besides the hiring exercise, we also collaborate with local educational institution providers to enlist internship students for our outlets' kitchens, providing such individuals with on-the-job training and equipping them with a life skill for future full employment.

In support of sustainability efforts, the Group continues with research and development on the shelf-life of its products so as to minimise food waste.



Management Discussion and Analysis

• **WHOLESALE**

In FY2025, the wholesale segment accounted for 60.5% of the Group’s total revenue, registering RM209.3 million, a 3.9% increase from RM201.5 million in FY2024.

This robust performance underscores the success of various strategic initiatives implemented across the wholesale division. The Group conducted a review of distribution networks and reorganisation of sales distribution routes to optimise supply frequency particularly of key chains, in order to improve product availability, quality, and freshness in line with customer expectations.

With a view to expanding the market coverage and cultivate brand awareness with potential customers, the Group increased its wholesale network in FY2025. Daily Bakery’s routes increased 25% with a marginal increase of 3% for Top Baker’s routes.

To cater to the increased demand, the Group set up three new distribution centres, strategically located at Puncak Alam in Selangor, Mentakab in Pahang and Langkawi in Kedah.

The Group’s seasonal promotional marketing campaigns, initiated at both the local and regional retail chains, continued to expand our brand visibility and customer base whilst increasing market reach and improve competitiveness.

In raising the bar with product offerings and exciting customers with our creativeness, various new products continue to be introduced. Products like Super Burger, O Bun, Raisin Sugar Bun and Rolls with either Chocolate Peanut or Blueberry Lychee were introduced, much to the delight of customers. In addition to this, cakes like Banana Chocolate Coated Cake as well as Dorayaki Coconut quick bites was also introduced to cater to the discerning taste buds of our customers.

Looking ahead, these strategic measures will contribute to more precise profit realisation across sales channels, reinforcing sustainable growth and ultimately, having happy and satisfied customers.



BUSINESS OPPORTUNITIES AND STRATEGIC CHALLENGES

The steadily improving economy has boosted tourism activity in the central region of Peninsular Malaysia, alongside a surge in Singaporean visitors to Johor Bahru. To capitalise on this, we have strengthened our expansion efforts by establishing new retail outlets in such prime locations, increasing the fleet for our wholesale segment, and introducing innovative, market-driven product offerings have significantly strengthened our market presence. However, such growth inherently brings exposure to business risks.

To mitigate such risks, we have implemented a robust risk management framework, incorporating comprehensive risk identification, impact assessment, and strategic mitigation plans. Among the challenges we actively address are intensified market competition, inflation, escalating food costs, fuel subsidy rationalisation, labour shortages, and growing concerns over environmental sustainability.

While risks remain a factor in our operational landscape, our 38 years’ industry experience has equipped us with strong business acumen to identify these challenges and more importantly, the emerging opportunities.

Our journey has reinforced the importance of business agility, enabling us to recalibrate strategies as needed to remain resilient and adaptive. We remain confident that the promising opportunities ahead will bolster the Group’s commercial success and sustain its long-term growth trajectory.

Further information on SDS’s risk management is provided in the Statement on Risk Management and Internal Control of this Annual Report.

Management Discussion and Analysis

OUTLOOK AND PROSPECTS

Consumer spending outlook in Malaysia for 2025 is still looking quite strong, with a projection of 5% year on year growth. Nonetheless, challenges for 2025 have already taken shape in the form of economic uncertainty, particularly with the US tariff war and disruption of global supply chains brought on by the protracted geopolitical strife.

Given these external factors, the Group is adopting a prudent approach, expecting the outlook of the bakery products and cafeterias in Malaysia to be cautiously optimistic in the financial year ahead.

The Group will nonetheless continue to expand its business presence for both the wholesale and retail segments while being cautious on its operational costs, particularly in the face of rising raw materials costs. In tandem, SDS would embark on churning out creative and enhanced quality of products with accompanying promotional campaigns to sustain the sales volume and excitement of our customers.

A strategic priority planned for 2025 is an internal reorganisation of SDS's business, including a drive for operational excellence to improve operational performance as well as enhance customer satisfaction. In this aspect, the Group plans to review further the frequency of service and cross-check the accuracy of goods supplied.

In pursuit of continued growth, the Group will conduct an extensive review of existing customer channels currently not fully utilised as a means to strengthen market development.

In the face of a challenging market environment, our business agility and resilience form an integral pillar of operations, enabling us to streamline operations, reduce costs and expand effectively.

Other strategic priorities for FY2025 would focus on enhancing products and services to meet customer needs and strengthen our brand. A key initiative is investing in talent development, upskilling our workforce to align with technological advancements that drive efficiency and support expansion.

Driven by our aspiration to achieve market leadership in the affordable consumer segment, we strive to cater to the fast-evolving market trends and customers' expectations of high-quality products.

With operational efficiencies, strategic investments, and customer-driven innovation, we are confident in our growth prospects for FY2025 and beyond.



ACKNOWLEDGEMENT

FY2025 marked another remarkable year for the Group, and Management extends its deepest appreciation to all stakeholders for their steadfast support.

Acknowledging the support from our valued customers and trusted suppliers, we sincerely cherish the strong partnerships that have flourished throughout our journey together. We are grateful for the guidance of regulatory authorities, the financial confidence provided by our bankers and financiers, and the unwavering assistance from all associated stakeholders.

We also extend our heartfelt thanks to our shareholders for their trust and confidence in the Group. As we move forward, we remain committed to achieving new milestones together.

Special recognition is also owed to our dedicated employees, whose professionalism, perseverance, and commitment have been extraordinary in navigating an ever-evolving business landscape.

With resilience and innovation, we will continue to overcome challenges, refine our offerings to our valued customers so as to deliver a distinctive and memorable culinary experience.

Sustainability Statement

ABOUT THIS STATEMENT

SDS GROUP BERHAD AND ITS SUBSIDIARIES ("SDS" OR THE "GROUP") IS PLEASED TO PRESENT ITS SUSTAINABILITY STATEMENT 2025 ("STATEMENT") FOR THE FINANCIAL YEAR ENDED 31 MARCH 2025 ("FY2025").

SDS has always been cognisant of the growing importance of sound economic performance and strengthening environmental, social and governance ("ESG") factors as a prerequisite and catalyst for value creation.

Disclosures provided in this Statement adequately address ESG information, which is essential for stakeholders in making informed investment and lending decisions to support its sustainability efforts.



GUIDELINES AND FRAMEWORKS

This Statement has been developed in accordance with the Bursa Malaysia Securities Berhad ("Bursa Malaysia") Sustainability Reporting Guide (3rd Edition).



Other frameworks and guidelines referenced in the preparation of this statement include:



Global Reporting Initiative ("GRI") Standards 2021 Core Option



United Nations Sustainable Development Goals ("UNSDGs")

SCOPE AND BOUNDARY

This Statement details the Group's ESG performance for the reporting period from 1 April 2024 to 31 March 2025. The reporting boundaries cover two core business areas, namely the retail and wholesale segments.

The entities covered in this Statement are as follows:

SEGMENT	COMPANY
Retail	<ul style="list-style-type: none"> • SDS Food Manufacturing Sdn. Bhd. ("SDS Food") • SDS Bakery & Cafeteria Sdn. Bhd. ("SDS B&C") • City Cake House Sdn. Bhd. ("City Cake") • SDS Enterprise Sdn. Bhd. ("SDS Enterprise")
Wholesale	<ul style="list-style-type: none"> • Daily Bakery Sdn. Bhd. ("Daily Bakery") • SDS Top Baker Sdn. Bhd. ("SDS Top Baker") • Super Arrow Trading Pte. Ltd. ("Super Arrow")
Other	<ul style="list-style-type: none"> • SDS Group Berhad ("SDSG")

Where relevant and available, historical statistical information is included to showcase key market trends and assist readers in understanding the comparative achievements of the Group's performance.

Sustainability Statement

DATA PREPARATION METHODOLOGY

The Statement presents information and data in absolute terms and are displayed in a comparable manner, allowing stakeholders to make well-informed decisions. In line with this, the Group is committed to continually enhancing its internal processes, risk management, and stakeholder relationships.

The calculation, collection, and consolidation of economic, environmental, social and governance indicators presented in this Statement were conducted in adherence to the reporting principles and requirements outlined in the GRI Standards. These procedures govern the basis for the Group's current practices of collecting and preparing management information.

STATEMENT QUALITY AND DATA ASSURANCE

The Group steadfastly adheres to the principles of accuracy, balance, clarity, comparability, reliability, and timeliness in its sustainability reporting. The statement's data has been internally sourced and verified by the respective business units or information owners.

The Statement's content reflects stakeholders' views and assessment of material topics and risk factors, as well as emerging trends and opportunities within the Group's industry environment. This approach underscores the Group's commitment to comprehensive and stakeholder-inclusive reporting practices.

EXCLUSIONS, LIMITATIONS AND DISCLAIMERS

Operations outsourced beyond the Group's direct oversight are not included in this statement unless explicitly stated.

SDS acknowledges that, despite its best efforts, some data for specific disclosures may be unavailable. As a result, we are continuously striving to implement stronger data tracking and collection methods to enhance our reporting in the future.

FORWARD-LOOKING STATEMENTS

This statement contains forward-looking comments based on the current data and prevailing conditions, which are subject to unexpected changes.

The Group advises against placing excessive reliance on these statements due to the inherent risks and uncertainties involved. Factors such as market fluctuations, economic conditions, and unforeseen events that are beyond the Group's control could cause actual results to differ from those anticipated in these forward-looking comments.

STATEMENT AVAILABILITY AND FEEDBACK

This Statement is available on SDS Group corporate website at <https://sdsgroups.com/ir-home/>. SDS welcomes all opinions and feedback to ensure that our ESG approach remains meaningful and relevant. Such opinions and feedback can be sent to the following:

Investor Relations

SDS Group Berhad

No. 5, Jalan Selatan 8 (Off Jalan Kempas Lama),
Kawasan Perusahaan Ringan Pulai,

81200 Johor Bahru, Johor.

Tel: +(607) 288 8305

Email: info@sdsgroups.com

Sustainability Statement

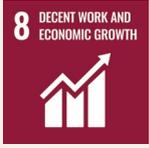
APPROACH TO SUSTAINABILITY

The UNSDGs serve as a global blueprint, comprising 17 interconnected objectives aimed at fostering a better and more sustainable future for all. SDS is committed to the core principles of sustainable development and has actively pursued integrating these values into its business operations.

The Group acknowledges that reporting on sustainable development metrics is essential to upholding its commitment to creating value for all stakeholders. Throughout its business operations, the Group adheres to five key pillars, each aligned with relevant UNSDGs that embody its vision for sustainability initiatives.

Pillars	UNSDGs	UNSDG Targets	Highlights and Achievements
Sustainability Governance		Target 16.5: Substantially reduce corruption and bribery in all their forms	<ul style="list-style-type: none"> • Zero instances of non-compliance • Zero reported incidents of data breaches
Economic Value Created		Target 9.2: Promote inclusive and sustainable industrialisation and, by 2030, significantly raise the industry's share of employment and gross domestic product in line with national circumstances, and double its share in least developed countries	<ul style="list-style-type: none"> • RM347.9 million in economic value generated • 93.4% of local procurement spend • 98.3% of customer complaints resolved
Good Food		Target 3.0: Ensure healthy lives and promote wellbeing for all at all ages	<ul style="list-style-type: none"> • Offered healthy selection of dietary choices, including vegetable-based meals for health-conscious consumers • Conducted third-party laboratory testing to ensure our food products adhere to the prescribed nutritional parameters • Maintained zero instances of non-compliance regarding product and service information, labelling, and marketing communication • Ensured 100% sourcing of cooking oil from the Roundtable on Sustainable Palm Oil ("RSPO")

Sustainability Statement

Pillars	UNSDGs	UNSDG Targets	Highlights and Achievements
Resource Efficient Operations and Sustainable Practices	 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>Target 12.2: Achieve the sustainable management and efficient use of natural resources</p> <p>Target 12.3: Halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses</p> <p>Target 12.5: Substantially reduce waste generation through prevention, reduction, recycling and reuse</p>	<ul style="list-style-type: none"> • Marginal increase of 3.1% in energy intensity ratio as measured over revenue • Zero incidents of environmental non-compliance in terms of effluent discharge • 3,793.3 tonnes of waste diverted from disposal
	 <p>13 CLIMATE ACTION</p>	<p>Target 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p>	<ul style="list-style-type: none"> • Increase of 10.2% in emissions intensity as measured over revenue
	Nurturing Workforce Development and Sustainability	 <p>4 QUALITY EDUCATION</p>	<p>Target 4.0: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>		<p>Target 8.0: Promote inclusive and sustainable economic growth, employment and decent work for all</p> <p>Target 8.8: Protect labour rights and promote safe and secure working environments for all workers</p>	<ul style="list-style-type: none"> • Workforce of 1,858 representing diverse age and gender demographics • Zero instances of human rights violations (child labour and forced labour) • Zero work-related fatalities were recorded
 <p>10 REDUCED INEQUALITIES</p>		<p>Target 10.2: Empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status</p>	<ul style="list-style-type: none"> • 28.6% of the Board of Directors comprises women • 29.6% of the workforce are women

Sustainability Statement

STAKEHOLDER ENGAGEMENT

SDS is cognisant of the valuable contributions that stakeholders and industry partners can bring and actively seeks collaborative opportunities to further enhance its products and services.

Engaging with stakeholders provides valuable insights into how various individuals and groups influence SDS's business model, including its capital, brand reputation, and value creation. The Group leverages engagement platforms to share experiences and update industry partners on its latest developments, enabling them, in turn, to contribute more meaningfully to the food services ecosystem.

SDS defines stakeholders as individuals, groups, or organisations that can influence or be affected by its presence, activities, products, services, and overall performance.

Stakeholders	Engagement Methods	Areas of Interest	Relevant Material Topics	Outcomes/ Values Created
 Customers	<ul style="list-style-type: none"> Customer visits and feedback channels Corporate website and social media Marketing and promotional activities 	<ul style="list-style-type: none"> Food safety and hygiene at all premises Customer service experience Product quality 	<ul style="list-style-type: none"> Food safety management system 	<ul style="list-style-type: none"> Enhanced customer satisfaction by delivering high-quality and safe food products Attractive marketing campaigns and promotions
 Employees	<ul style="list-style-type: none"> Company events and activities Whistleblowing policy Performance appraisal 	<ul style="list-style-type: none"> Career development Competitive remuneration package Employee welfare Fair employment policy Occupational safety 	<ul style="list-style-type: none"> Diversity Occupational health and safety Training and development Employee benefits and welfare 	<ul style="list-style-type: none"> A fair and safe working environment Career development opportunity
 Investors	<ul style="list-style-type: none"> Annual general meeting Annual report Corporate website Tele-conferences Investor meetings Corporate announcements 	<ul style="list-style-type: none"> Business growth strategy Corporate governance Financial performance Regulatory compliance 	<ul style="list-style-type: none"> Business performance Regulatory compliance 	<ul style="list-style-type: none"> Timely and regular engagement to deliver corporate messages
 Suppliers	<ul style="list-style-type: none"> Suppliers and product assessments Meetings with suppliers on product feedback 	<ul style="list-style-type: none"> Fair procurement Product quality Timely payment 	<ul style="list-style-type: none"> Procurement practices 	<ul style="list-style-type: none"> Cost-effective and reliable delivery of good quality products
 Regulatory Authorities	<ul style="list-style-type: none"> Compliance with health and food safety standards Policies in place to comply with relevant government laws and regulations 	<ul style="list-style-type: none"> Compliance with laws and regulations such as food safety standards, economic contributions such as taxes 	<ul style="list-style-type: none"> Food safety management system Regulatory compliance Anti-bribery and anti-corruption practices 	<ul style="list-style-type: none"> Continued compliance with laws and regulations
 Media	<ul style="list-style-type: none"> Press releases Meetings and interviews Corporate announcements 	<ul style="list-style-type: none"> Timely and accurate press releases Raising product and Corporate Social Responsibility ("CSR") awareness 	<ul style="list-style-type: none"> Business performance Community investment 	<ul style="list-style-type: none"> Positive media coverage
 Communities	<ul style="list-style-type: none"> CSR programmes 	<ul style="list-style-type: none"> Management of direct and indirect impacts on the community 	<ul style="list-style-type: none"> Community investment Waste management Water and energy consumption 	<ul style="list-style-type: none"> Donations and sponsorships to local non-governmental organisations and community groups

Sustainability Statement

MATERIALITY ASSESSMENT

Materiality plays a vital role in identifying key issues that can significantly impact the business, including emerging risks and potential opportunities. Recognising such factors enables the Group to navigate challenges effectively while maximising opportunities for sustainable growth.

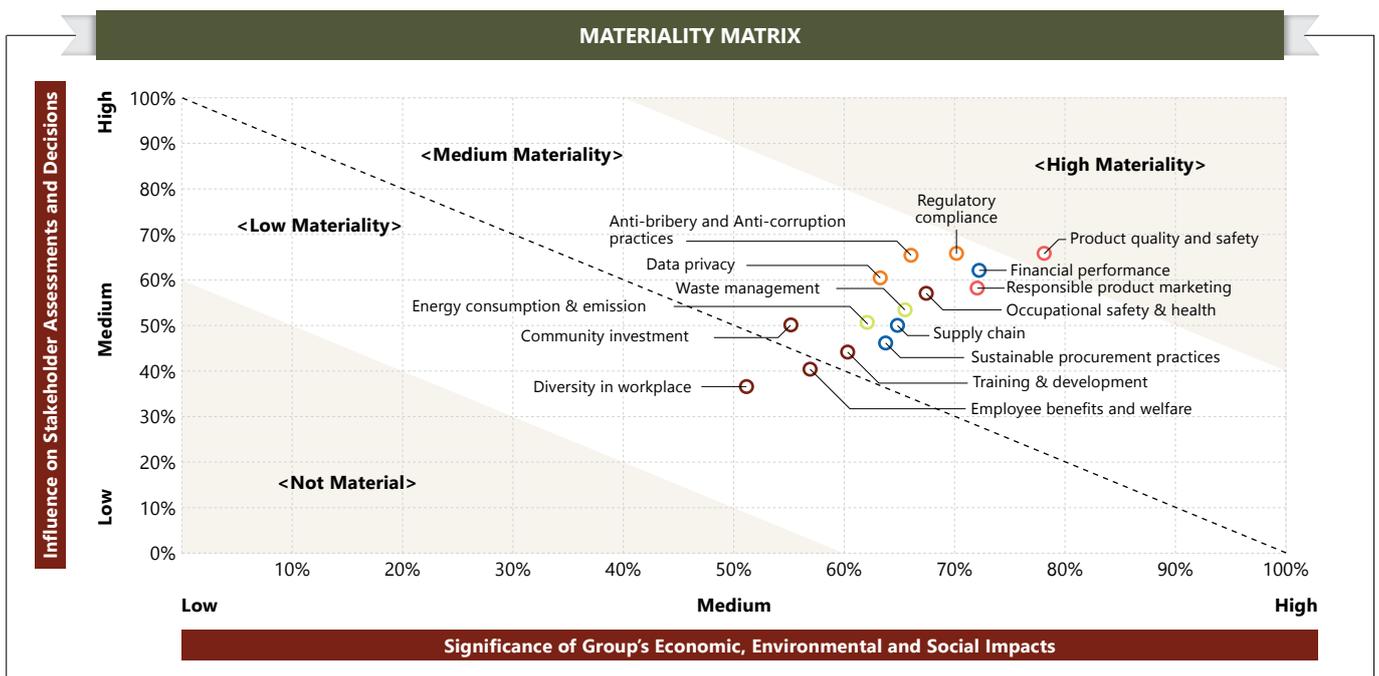
In FY2024, the Group conducted a comprehensive materiality assessment to determine the most relevant sustainability matters for its operations. This process allowed the Group to gain deeper insights into critical concerns and align its strategies accordingly.



The results of this materiality assessment play a crucial role in guiding the Board and Senior Management in shaping the Group's strategic direction and making informed decisions about resource allocation. This enables the effective management of sustainability-related risks and supports long-term business resilience.

Recognising the significant impact of materiality matters, the Group takes a strategic approach to managing them, with a strong focus on product quality, safety, and financial performance. By addressing these priorities, the Group ensures its sustainability efforts are aligned with broader business objectives.

The key material sustainability matters identified from the matrix below are seamlessly integrated into the five pillars outlined in the 'Approach to Sustainability' section of this Statement, reinforcing the Group's commitment to responsible and sustainable practices.



Sustainability Statement

Sustainability Governance



At SDS, strong sustainability governance is critical to ensure the continued success of our business operations, with the Board providing oversight and supported by Senior Management. This framework ensures the necessary leadership, commitment, and strategic processes to promote the financial and non-financial value creation for the Group.

The significance of sustainability governance is embedded throughout the organisation, encompassing key aspects of economic, environmental, social, and governance (“EESG”) matters. This comprehensive approach enables SDS to integrate sustainability considerations into its decision-making and operations effectively.

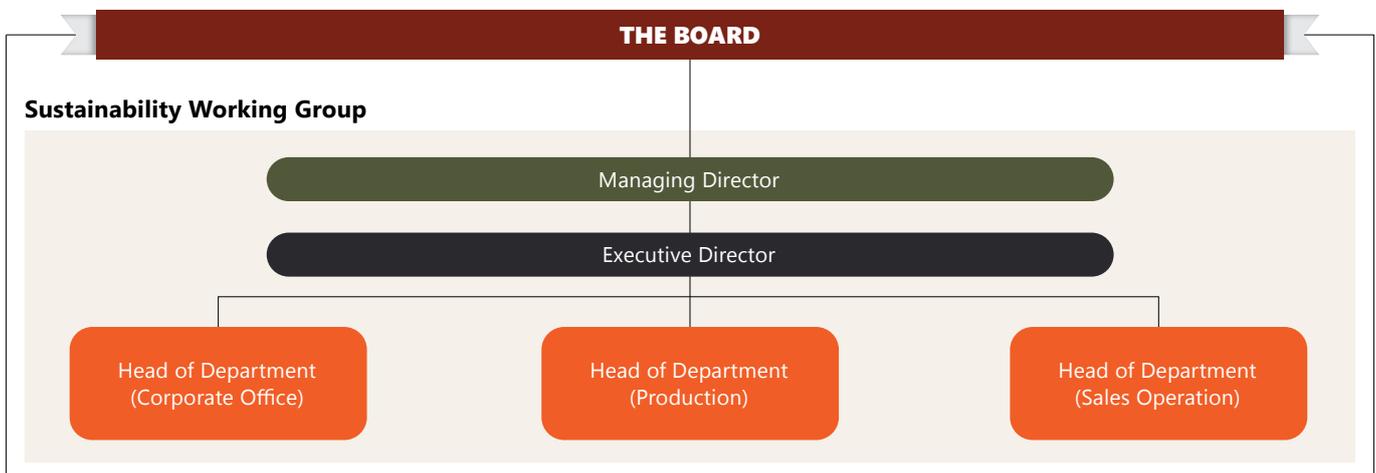
With EESG firmly established as a priority for the Board, various related topics are regularly discussed to facilitate informed decision-making. These discussions carefully assess the potential risks and opportunities that may impact the Group, ensuring that sustainability remains a fundamental component of SDS’s long-term business strategy.

In driving governance throughout the length and breadth of the organisation, the Group has successfully embedded the framework of sustainability principles and commits to:

- Comply with all relevant local legislation, regulations, recommended trade practices and codes, where applicable and appropriate to the Group;
- Engage with all relevant stakeholders for the identification, assessment and management of sustainable material issues;
- Assess sustainability matters and integrate these considerations into the Group’s business operations and business strategies;
- Effectively address sustainability matters in a timely, structured and systematic manner via Board oversight; and
- Continuously drive awareness of the importance of EESG within the Group and the relevant external stakeholders, and strengthen its adoption thereof.

To support this commitment, the Group has established a Sustainability Working Group (“SWG”) with the primary responsibility of overseeing and advancing sustainability initiatives across the organisation. This dedicated team ensures the effective management and continuous improvement of sustainability performance, integrating key EESG considerations into business operations, as below:

- Identify existing or potential sustainability issues impacting the Group;
- Assess and recommend suitable sustainability strategies for due consideration of the Board;
- Further to approval by the Board, to oversee its implementation according to stipulated procedures;
- Monitor and assess the effectiveness of such sustainability-related initiatives and strategies;
- Ensure compliance with sustainability disclosures as governed by local laws and regulations, giving due recommendation for the Board’s consideration; and
- Timely reporting to the Board on any material sustainability-related matter.



Sustainability Statement

SDS has implemented various policies to prevent inappropriate corporate behaviour, supported by reporting mechanisms to address any occurrences effectively.

The Group maintains a zero-tolerance stance on such behaviour and reinforces this commitment by periodically reminding employees of the measures in place, ensuring high level of awareness and strict compliance across the organisation. A list of such policies in place at SDS is listed below:

CODE OF CONDUCT AND ETHICS

The Group has implemented a Code of Conduct and Ethics ("Code") to guide Directors and employees on expected corporate behaviour. This code is incorporated into the induction training for new employees into the company.

This Code reflects the Group's commitment to being a responsible corporate citizen by strengthening long-term shareholder value, fostering employee development, maintaining professional and ethical relationships, and ensuring compliance with local laws and regulations.

It outlines acceptable workplace behaviour, including a "no gift" policy and outlines what is deemed a conflict of interest. Additionally, it sets the standards for office culture, emphasising respect for all colleagues, prohibiting harassment and violence, and enforcing occupational safety and health requirements.

For further details, do access the link provided: <https://sdsgroups.com/corporate-governance/>.

In FY2025, there were zero reported cases of non-compliance or unethical conduct.

ANTI-BRIBERY AND ANTI-CORRUPTION FRAMEWORK

Weak anti-corruption practices expose an organisation to regulatory and enforcement risks, making prevention a top priority.

In acknowledging its critical nature, SDS upholds a strict zero-tolerance policy on corruption, guided by its Anti-Bribery and Anti-Corruption Policy. This policy was developed in accordance with the Malaysian Anti-Corruption Commission Act 2009 and the Malaysian Anti-Corruption Commission (Amendment) Act 2018.

The policy is applicable to all in the organisation, including its Directors, employees, and even business associates. The Policy stipulates what is deemed as corrupt behaviour and strictly prohibits the giving and receiving of bribes, favours or other forms of gratification with the intention of securing business contracts or other forms of incentives or rewards with or from SDS, the Board, management and employees. It further outlines a transparent reporting framework that protects whistleblowers from retaliation.

To ensure awareness and adherence, SDS communicates this policy to stakeholders through multiple channels, including the company's website, intranet, face-to-face sessions, internal memos, and other communication platforms.

The full policy can be accessed at: <https://sdsgroups.com/corporate-governance/>.

Employees Receiving Training on Anti-Bribery and Anti-Corruption

Category	FY2024 (%)	FY2025 (%)
Senior Management	100.0	100.0
Management	94.6	100.0
Executive	100.0	100.0
Non-Executive	99.1	92.0

Furthermore, in FY2025, as part of its unwavering commitment to prevent corruption within the organisation, SDS conducted a thorough assessment for corruption-related risks of all operational units within the Group.

In FY2025, there were zero cases of corruption within the Group.

Sustainability Statement

WHISTLEBLOWING POLICY

In accordance with the Whistleblower Protection Act 2010, Companies Act 2016 and Capital Markets and Services Act 2007 SDS has implemented its Whistleblowing mechanism which is governed by a designated Whistleblowing Policy.

The existence of this Policy is to encourage employees and other stakeholders to report on matters pertaining to corruption, corporate integrity and unethical behaviour including discrimination.

The whistleblower shall be provided immunity from any form of punitive action, intimidation or reprisal, irrespective if the allegation is substantiated or proven to be unfounded, provided that the report was made in good faith. Above all, the individual is also granted confidentiality.

The Whistleblowing Policy can be viewed at: <https://sdsgroups.com/corporate-governance/>.

“In FY2025, there were zero cases reported through the Whistleblowing mechanism.”

COMPLIANCE WITH LOCAL LEGISLATION AND REGULATIONS

Full compliance with local legislation and regulatory requirements signals an organisation’s integrity, reliability, and ethical commitment to stakeholders. This adherence strengthens its competitive position while mitigating risks that could impact stakeholder trust, tender participation, or even manufacturing license renewal.

The Group takes a serious view of its legal and regulatory obligations, aiming to adopt best practices in corporate governance. It aligns its standards with Bursa Malaysia, the Malaysian Code on Corporate Governance (“MCCG”) 2021, and globally recognised frameworks such as the GRI.

“In FY2025, there was no serious instances of legislative or regulatory violations within the Group.”

DATA PRIVACY

In the course of its business operations, SDS receives a wide range of data and information, including customer centric data. In accordance with the Personal Data Protection Act 2010 (“PDPA”), such information is treated as private and confidential and is not made available to third parties unless mandated by law or enforcement agencies.

The Group ensures that all customer data is collected with their informed consent and full awareness that it may be used for internal purposes as agreed.

With data security a key priority at SDS, the Group has implemented an IT security system to safeguard confidentiality and protect sensitive information.

“In FY2025, there were zero incidents of data breach.”

Sustainability Statement

Economic Value Created



SDS's commitment to strong financial performance is integral to its strategic vision, serving as a catalyst for business expansion and the advancement of its environmental and social objectives. A solid financial foundation enables the company to invest in sustainable initiatives and community-driven programmes, reinforcing long-term value creation for all stakeholders.

By strategically leveraging its financial performance, SDS accelerates the transition to a greener future, channelling substantial investments into groundbreaking renewable energy initiatives that significantly reduce its environmental impact. SDS's financial strength directly benefits employees through competitive remuneration and impactful community initiatives, fostering a thriving workforce and a stronger community.

A resilient financial position empowers SDS to distribute economic value across a diverse stakeholder network. This equitable distribution promotes economic prosperity, driving social and environmental progress and ultimately, enables SDS's financial achievements to extend beyond its core operations to create meaningful, long-lasting impact.

STAKEHOLDERS' ECONOMIC VALUE CREATION

In FY2025, the Group's continued financial growth led to improved value distribution of wealth to its relevant stakeholders.

Financial Indicator	FY2023 RM'000	FY2024 RM'000	FY2025 RM'000
Economic Value Generated	284,786	325,471	347,928
Economic Value Distributed	263,134	300,159	320,019
• Payments to Employees (Salaries and Other Benefits)	57,446	68,299	76,810
• Payments to Suppliers (Operating Expenses)	192,795	211,942	225,786
• Government (Income Tax)	7,930	10,404	10,646
• Payments to Financiers	886	872	1,002
• Returns to Shareholders (Dividends)	4,077	8,642	5,775
Economic Value Retained	21,652	25,312	27,909

SDS's business model extends beyond financial performance to generate meaningful socio-economic benefits. By expanding operations with new retail outlets and enhancing wholesale delivery capabilities, SDS effectively enables job creation and local employment, thereby strengthening community economic growth.

In the financial year under review, SDS's strong financial standing supported strategic investments in community outreach and sustainability initiatives. Through diverse community initiatives, SDS has strongly supported societal well-being, enriching quality of life and fostering community cohesion.

SDS remains committed to driving both business growth and impactful community investments, reiterating its corporate responsibility towards sustainable development and long-term stakeholder value creation.

Sustainability Statement

SUSTAINABLE PROCUREMENT PRACTICES

SDS embeds sustainability into every aspect of its value chain, starting with the responsible sourcing of raw materials. Understanding the broader environmental, social, and economic implications of its purchasing decisions, the Group prioritises ethical procurement practices.

Guided by its Standard Operating Procedures (“SOP”), SDS ensures its supply chain aligns with its commitment to sustainability, promoting responsible business operations while securing long-term growth.

Management of Supply Chain

To successfully navigate the challenges of reduced commodity production and rising material costs, SDS prioritises supply chain resilience by broadening its supplier network, ensuring backup redundancy at each and every procurement stage. Having nurtured strong partnerships with suppliers, the Group maintains a reliable ingredient supply and manufacturing operations while adhering to stringent procurement standards.

SDS enforces rigorous quality benchmarks, requiring suppliers to meet strict food safety certifications to secure and retain contracts. Annual supplier evaluations drive continuous product quality improvements, fostering a culture of innovation and excellence.

Committed to transparency and fairness in procurement, SDS’s purchasing divisions source multiple quotations from local suppliers. Final decisions, overseen by the Executive Directors, are based on comprehensive price and quality assessments to ensure optimal sourcing strategies.

Vetting Suppliers

SDS is enhancing its due diligence processes to evaluate both existing and new suppliers based on social and environmental criteria. Beyond ethical business conduct, this initiative strengthens its commitment to responsible procurement, ensuring alignment with its sustainability goals and reinforcing its commitment to environmental and social stewardship.

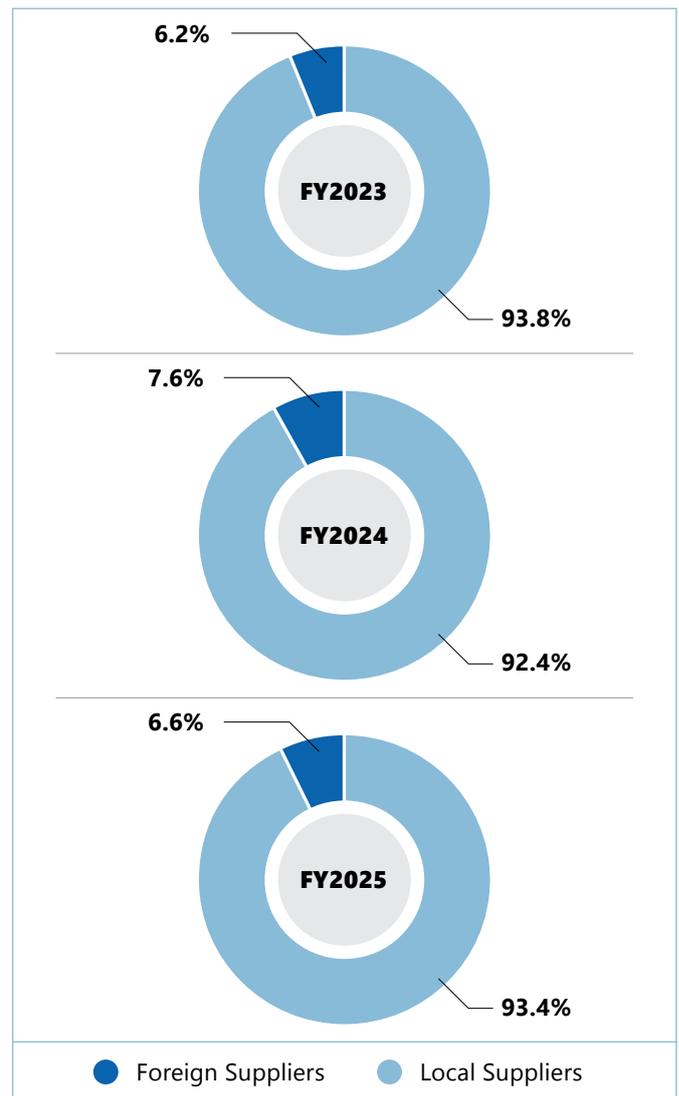
Sustainable Local Procurement

Guided by its business objective of generating positive multiplier effects, SDS is dedicated to supporting local goods and service providers, provided they meet the required specifications, quality standards, and timelines.

By prioritising local procurement, SDS fosters the growth of local suppliers, creates employment opportunities for communities, and facilitates the transfer of technology and knowledge. This approach not only strengthens local economies but also aligns with the Group’s commitment to sustainable development. It also serves to reduce environmental impact by minimising transportation distances, thereby lowering fuel consumption and energy usage.

In FY2025, 93.4% of SDS’s total procurement spending was directed toward local suppliers, supporting economic growth, job creation, and sustainability. In addition, by reducing transportation distances and conserving resources, SDS minimises environmental impact while strengthening local economies.

Details of SDS’s procurement are as below:



Sustainability Statement

Good Food

SDS's Good Food philosophy is rooted in delivering exceptional value and achieving long-term success through its diverse product offerings. More than just profitability, the Group is dedicated to making a meaningful impact on the community while driving sustainable growth.

Renowned for its bread, pastries, and a variety of cuisines, the Group has earned widespread recognition and trust among Malaysians, reinforcing its reputation for excellence.

The Three Fundamental Principles of the Good Food Policy

Building Trust Through Transparency

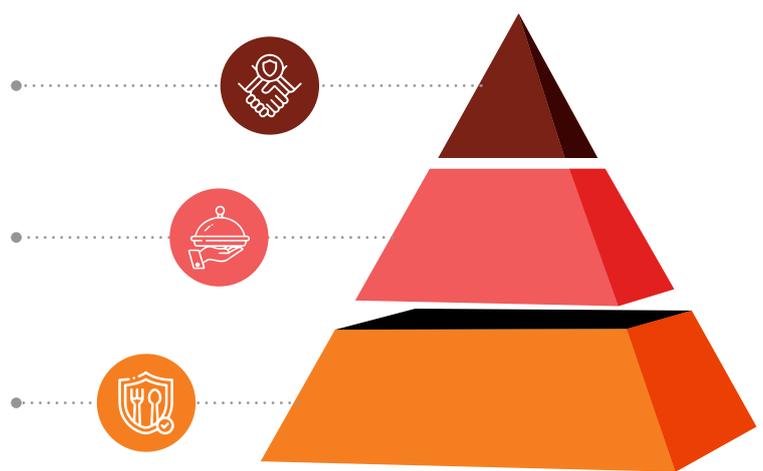
Prioritising transparency in advertising and labelling, in adherence to the Malaysian Standard Labelling Act.

Expanding Healthier Food Choices

Broadening the range of nutritious options, providing diverse dietary choices to cater to health-conscious consumers.

Pioneering Positive Changes Through Food Safety

Prioritising food safety via rigorous quality controls and adherence to food safety standards.



Building Trust Through Transparency

SDS upholds the highest standards of compliance with the Malaysian Standard Labelling Act, ensuring all product labels provide clear and precise information, including product names, net weight, nutritional facts, and ingredient lists. The Group also prioritises transparent safety labelling, detailing expiry dates, storage instructions, and ingredient disclosures to enhance consumer trust and confidence.

As health awareness grows, SDS remains committed to providing honest nutrition-related claims. Transparency in food labelling is fundamental to its operations, reinforcing consumer confidence in its products.

In FY2025, SDS proudly recorded zero incidents of non-compliance related to labelling, product information, and marketing communications.

Sustainability Statement



Expanding Healthier Food Choices

SDS proactively aligns with growing health awareness by expanding its range of nutritious food options tailored for diverse dietary needs. The Group conducts stringent research and tests to ensure its products meet health-conscious consumers' expectations. This includes offering vegetable-based meals and salads for low-cholesterol diets and incorporating probiotic drinks in kids' menus to support gut health.

Transparency is key to SDS's approach, with detailed nutritional information provided for most packaged products. The Group continuously gathers consumer feedback to refine its offerings, ensuring quality and variety.

SDS further demonstrates its dedication to health by using trans fat-free cooking oil enriched with Vitamin E, sourced exclusively from RSPO certified suppliers. Achieving 100% procurement of cooking oil from RSPO certified suppliers underscores SDS's commitment to both nutrition and environmental sustainability.



Pioneering Positive Changes Through Food Safety

Food safety is a cornerstone of SDS's manufacturing processes, with all facilities undergoing rigorous certification through external food safety programs. These certifications ensure compliance with regulatory standards while maintaining strong food hygiene and process control systems. HALAL and MeSTI certifications are a priority, and in FY2025, two retail outlets earned BeSS (Clean, Safe, and Healthy) certification from the Ministry of Health ("MOH") Malaysia.

To further strengthen food safety measures, SDS integrates automation to reduce contamination risks and enforces strict SOP adherence. The Group evaluates raw material suppliers for HALAL compliance and conducts regular field audits at retail outlets, maintaining transparency by reporting audit results to the Executive Director.

SDS's commitment to food safety was exemplified in FY2025, with zero recorded incidents of product recalls, reflecting the Group's unwavering dedication to quality and consumer trust.

CUSTOMER SATISFACTION

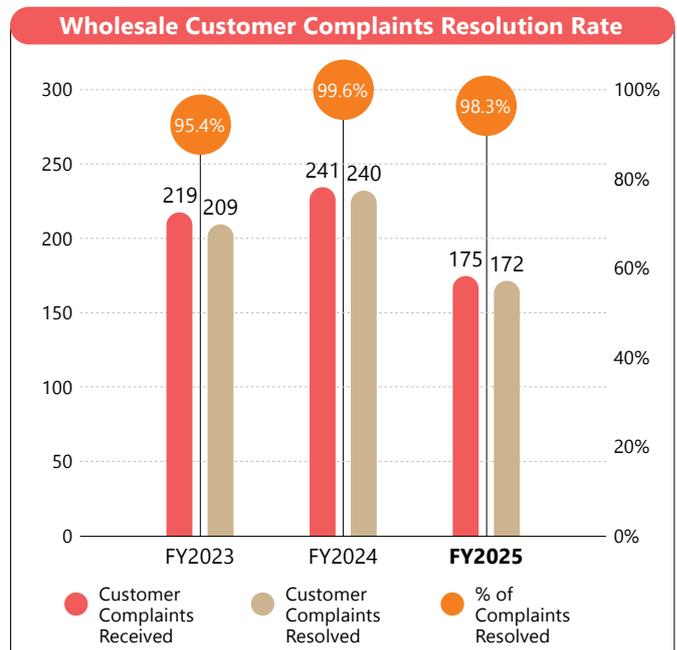
Essentially, product quality and customer satisfaction are vital ingredients for any business, more so for the F&B industry, where consumers have a wide range of choices and are growing increasingly more discerning as to product quality and price.

With this in mind, the Group actively monitors and responds to customer feedback through multiple channels, including QR codes, social media and email. Feedback is systematically collected, analysed, and forwarded to Operations, Marketing, and Quality Assurance teams for review and prompt action.

Key operational stakeholders, including Production Managers, Group Chefs, and Beverage Managers, play a crucial role in managing customer concerns. Regular statistical reports aid in identifying and addressing issues effectively, ensuring timely resolution.

In FY2025, SDS received 175 wholesale customer complaints, achieving an impressive 98.3% resolution rate, with the remaining 1.7% attributed to non-responses from customers. SDS is currently enhancing the process of gathering customers' feedback in order to create a better experience.

SDS's unwavering commitment to not just meet but exceed customer expectations drives its determination for continuous improvement efforts. By understanding customer needs, refining service delivery, and innovating product solutions, the Group remains focused on adapting to evolving demands and delivering positive experiential customer satisfaction.



Sustainability Statement

Environmental Sustainability



SDS integrates sustainability into every aspect of its operations, including energy efficiency, responsible water usage, and effective waste management. The Group's dedication to mitigating its impact on the environment shapes its material choices, processes, and product development, to align with industry standards and eco-friendly practices.

Sustainability is deeply embedded in SDS's corporate ethos, impacting both the environment and stakeholders. The Group strives to actively reduce its carbon footprint within its manufacturing and retail operations, implementing energy-saving technologies wherever feasible.

SDS maintains strict compliance with environmental regulations, conducting rigorous monitoring to uphold the requirements of the Department of Environment ("DOE") under the jurisdiction of the Ministry of Natural Resources and Environmental Sustainability Malaysia.

This includes yearly review of air emission, daily wastewater analyses, and effluent assessments performed by accredited third-party laboratories, reinforcing its commitment to responsible operations and long-term sustainability.

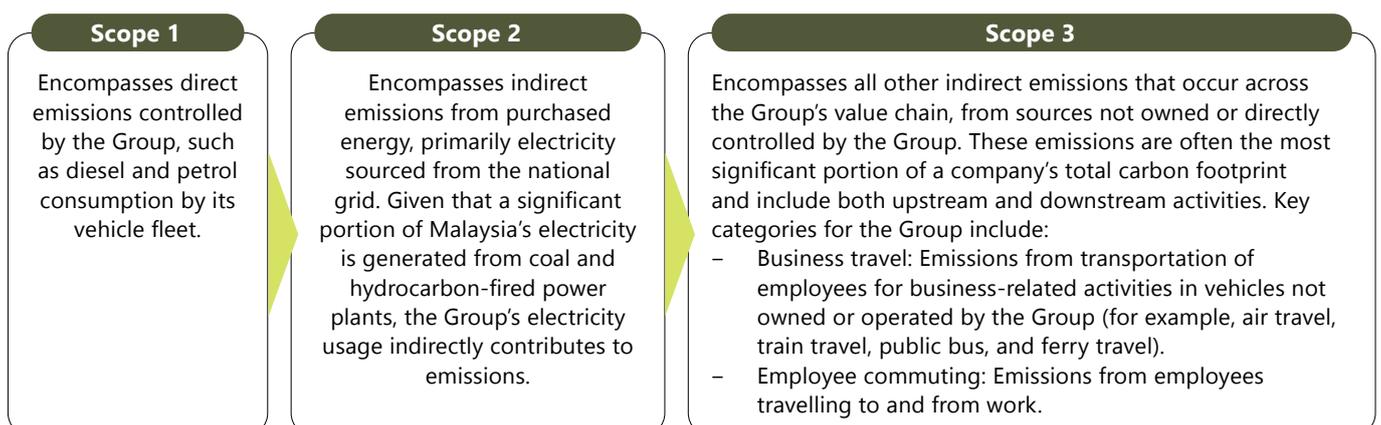
SDS has in place clear, targeted action plans designed to drive continuous improvement in water and energy conservation. Strict adherence to legal requirements remains a high priority, with ongoing evaluations of environmental impact guiding efforts to enhance its efficiency.

CLIMATE CHANGE

The Group recognises that climate change poses significant operational risks, potentially leading to loss of sales due to delayed delivery as a result of disruption in supply of raw material and increased costs from extreme weather events which may disrupt operations.

The Group has since instituted proactive measures to mitigate our footprint on climate change and build a more resilient and sustainable business model. Such measures include the installation of solar panels and the adoption of energy-efficient technologies to manage consumption and also reduce emissions. Such efforts not only contribute to environmental preservation but also position the company for long-term success in a rapidly evolving industry.

With energy an integral component of SDS operations, the Group has categorised its contribution to emissions under Scope 1, Scope 2 and Scope 3.



Sustainability Statement

Adherence to International Emissions Standards

SDS follows internationally recognised methodologies for emissions calculations, ensuring consistency and reliability in its assessment processes. These include the 2006 Intergovernmental Panel on Climate Change (“IPCC”) Guidelines for National Greenhouse Gas Inventories, US EPA Climate Leaders, and the United Nations Framework Convention on Climate Change (“UNFCCC”) Harmonised Grid Factors 2021.

By aligning with global emissions reporting standards, SDS strengthens the accuracy of its data, reinforcing its commitment to sustainability and responsible environmental stewardship.

Greenhouse Gas (“GHG”) Emissions	FY2023	FY2024	FY2025
Scope 1 (tCO ₂ e)	10,705	11,766	12,811
Scope 2 (tCO ₂ e)	6,394	7,250	7,805
Scope 3 (tCO ₂ e)	-	-	1,957
• Business Travel	-	-	88
• Employee Commuting	-	-	1,869
Total Emissions (tCO ₂ e)	17,099	19,016	22,573
Intensity (tCO ₂ e)/ RM’000)	0.060	0.059	0.065

Notes:

- The conversion factor used to convert litres consumption to energy value is based on Malaysia Energy Statistic Handbook 2020. Meanwhile, emission factors and Global Warming Potential values are retrieved from the IPCC database.
- The emission factor used for grid electricity is based on the UNFCCC Harmonised Grid Factors 2021.
- Employees’ business travel is based on fuel receipts as all usage is dedicated solely for business purposes.

SDS measures GHG emissions intensity by evaluating emissions relative to revenue. In FY2025, the Group recorded an emissions intensity of 0.065 tonnes CO₂e/RM ’000, reflecting a 10.2% increase from the previous financial year of 0.059 tonnes CO₂e/RM ’000. This increase in overall emissions and intensity can be attributed to the inclusion of Scope 3 emissions comprising activities from employee commuting and business travel.

This strengthening of emission reporting is a measure of SDS’s commitment to energy efficiency, adoption of renewable energy sources, and enhanced operational practices, reinforcing its dedication to sustainable growth and environmental responsibility.

ENERGY CONSERVATION

SDS is dedicated to optimising energy consumption with particular focus on reducing dependence on fossil fuels. The Group primarily utilises natural gas, liquified petroleum gas (“LPG”), diesel, and petrol across its operations.

To enhance efficiency and sustainability, SDS implements targeted strategies designed to reduce fuel usage, improve energy conservation, and transition toward renewable alternatives. Such strategies include planning of delivery routes and schedules to further reduce the consumption of diesel fuel and at the same time, improve delivery efficiency. In addition to this, the Group has installed solar panels at its Johor Bahru and Seremban factories to reduce its reliance on the national electricity grid. This has resulted in a total of 1,168,430 kWh of solar electricity generated in FY2025.

FUEL MANAGEMENT

SDS Group relies on key energy sources to support both bakery goods transportation and factory operations. Diesel fuel is essential for distribution, facilitating the movement of products from the Group’s factories in Johor and Seremban to their designated retail outlets, distribution centers, and customers across Peninsular Malaysia.

In manufacturing, energy usage varies by facility. Daily Bakery primarily operates using natural gas, while SDS Food and SDS Top Baker utilise LPG in their production processes. Overall, the total increase in fuel consumption is largely driven by increased production volumes, reflecting growth in product sales.

Through strategic energy management, SDS aims to optimise resource efficiency while sustaining its operational demands and business expansion.

Sustainability Statement

ELECTRICITY CONSUMPTION

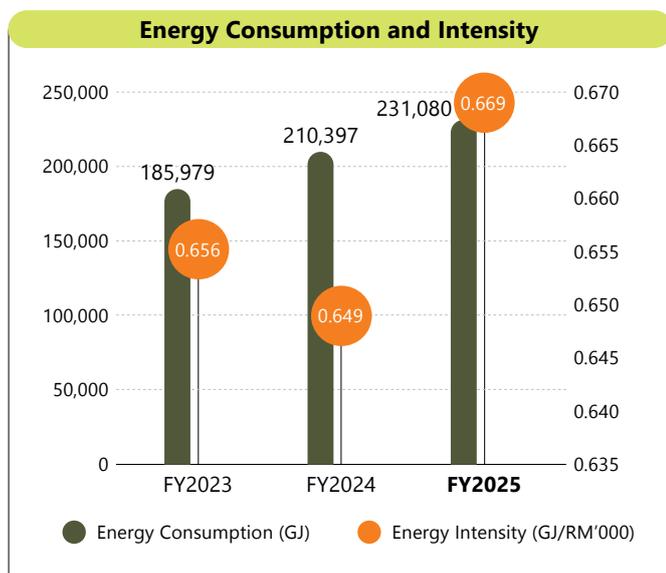
The Group's primary energy supply is drawn from the national electricity grid and utilised across its manufacturing facilities, retail outlets and distribution centres. As a responsible organisation, the Group commits to playing its role in environmental stewardship through efficient energy management.

In FY2025, the use of solar panels significantly reduced the Group's reliance on grid electricity by generating 1,168,430 kWh of renewable energy, with the 1,164,065 kWh (99.6%) consumed across its business operations. The remaining 4,365 kWh of energy was sold back to the grid.

TOTAL ENERGY CONSUMPTION

In FY2025, SDS recorded a total energy consumption of 231,080 GigaJoules (GJ), incorporating fuel, electricity, and other energy sources. Despite increased consumption due to higher product sales, energy intensity measured over revenue stood at 0.669 GJ/ RM'000, reflecting a marginal increase.

This increase in intensity of 3.1%, driven by a 6.7% revenue increase, underscores improvements in SDS's energy efficiency, demonstrating its commitment to optimising resource usage while maintaining operational growth. The rise in energy intensity is attributed to the expansion of delivery fleets, new depots, and new outlets in FY2025, as these new business initiatives consume energy while the corresponding revenue builds up.

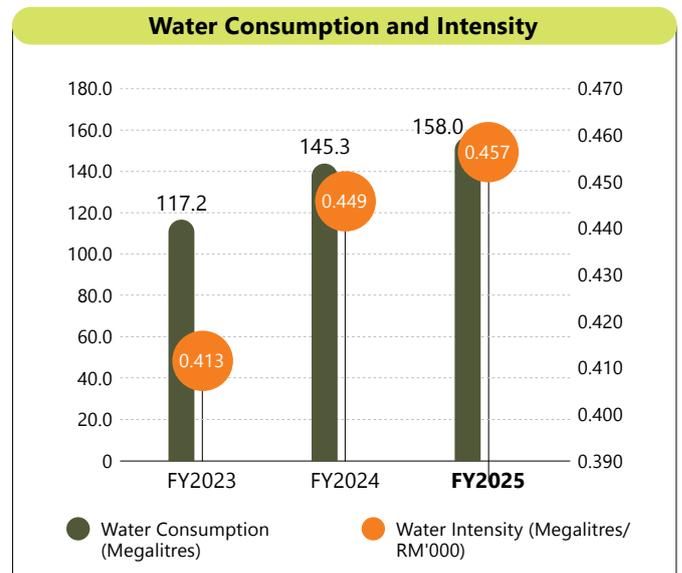


WATER CONSUMPTION AND DISCHARGE

Cognisant that water is a finite resource, the Group continues to drive strong water conservation practices across the length and breadth of the organisation. Effective water conservation helps reduce unnecessary costs related to wastewater treatment while mitigating the risk of accidental pollution.

By ensuring compliance with DOE's regulations and standards, the Group safeguards sustainable practices while strengthening operational resilience.

To ensure sustainability, SDS prioritises water efficiency across its production facilities, implementing targeted strategies to optimise usage and minimise waste. Such strategies include rainwater harvesting, used for landscaping and other non-food processing purposes. SDS also utilises water-efficient technologies such as automatic dishwashing machines for routine food tray cleaning.



In FY2025, there was an 8.7% increase in water consumption with 158.0 Megalitres over FY2024. This is attributable to the expansion of operations and increased product sales.

Nonetheless, SDS remains committed to reducing water usage and ensuring responsible water consumption. The Group will persist in its efforts to identify and implement strategies for more efficient utilisation of water resources.

Sustainability Statement

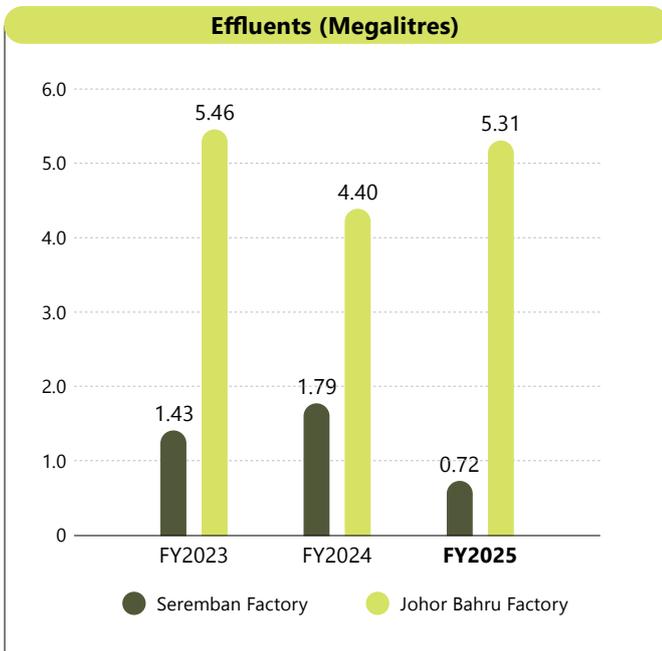
EFFLUENT

Effluent Management

SDS prioritises environmental stewardship and strict regulatory compliance in its wastewater management practices. The use of dedicated wastewater treatment plants at the Group's Johor and Seremban factories ensures that effluent is safely discharged into water bodies in accordance with the Environmental Quality (Industrial Effluent) Regulations 2009 set by the DOE.

Compliance is upheld through weekly external lab testing, consistently meeting DOE Standard B for key parameters, including pH, COD, BOD5 and suspended solids. These measures reinforce SDS's commitment to maintaining high environmental standards and safeguarding water quality.

The volume of water discharged from the water treatment plants at the Group's Johor and Seremban factories is as below:



The decrease in water discharged for the Seremban factory in FY2025 is attributed to the installation of a screw press and filtering system.

To reinforce the Group's commitment to maintaining high regulatory standards across its operations, the Group has enhanced its monitoring schedule and implemented stringent internal audits to reinforce compliance efforts.

WASTE MANAGEMENT

The Group subscribes to responsible waste management across its food manufacturing and café outlet operations, acknowledging this as crucial for preventing environmental pollution, safeguarding public health, and promoting resource sustainability.

The Group implements a comprehensive strategy, including stringent waste segregation and handling measures, to efficiently manage diverse waste streams generated across all operational sections, particularly in restaurant operations, some of which are outlined below:

Pre-consumer waste

Issue	Remedy
Stock wasted before food leaves the kitchen	<ul style="list-style-type: none"> Conduct employee training on food preparation techniques Prioritise effective inventory management systems

Post-consumer waste

Issue	Remedy
Food waste generated after it reaches the customers	<ul style="list-style-type: none"> Implement portion control to reduce food waste

Disposables

Issue	Remedy
Single-use items such as paper goods, plastic utensils, and packaging materials	<ul style="list-style-type: none"> Prioritise the use of environmentally friendly products, such as Forest Sustainable Certified paper packaging, for takeaway services Provide single-use plastic items, only upon request

Sustainability Statement

Ongoing Recycling Initiatives

Recycling is a key component of modern waste reduction and represents a vital step in the “Prevent, Reduce, Reuse, and Recycle” waste hierarchy, contributing to environmental sustainability and resource conservation.

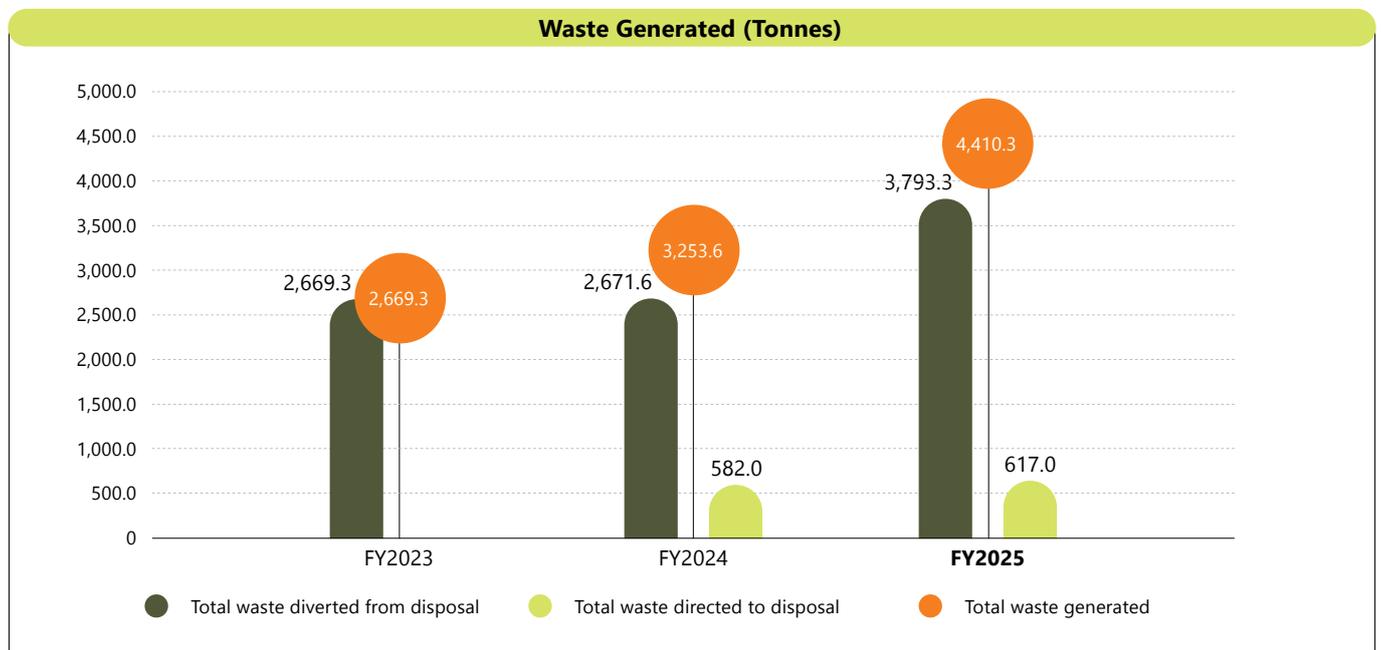
With view to minimising its environmental impact, SDS has since implemented recycling initiatives for various by-product wastes. Cooking oil generated from production facilities and café outlets is collected by a company licensed by the Malaysian Palm Oil Board and resold to certified companies for biodiesel production. Leftover or returned breads are repurposed into animal feed, thereby preventing their disposal in landfills.

Through such meaningful actions, SDS continues to integrate sustainability into its operations, reducing waste while promoting responsible resource management.

Total Waste Generated

SDS upholds stringent regulatory standards and industry best practices in its waste management efforts. In FY2025, the Group generated 4,410.3 tonnes of waste, successfully recycling 3,793.3 tonnes. This includes repurposing cartons and plastic containers, as well as reusing food trays and baking pans to minimise waste. Non-recyclable waste is properly handled and disposed of at certified landfill facilities in compliance with environmental regulations.

By prioritising waste reduction and responsible disposal, SDS contributes to a cleaner and healthier future for present and future generations.



Sustainability Statement

Social Sustainability



The Group is cognisant that at the core of its operations lies its capable and resilient workforce. Hence, it is imperative to inculcate a comprehensive talent strategy right from recruitment into talent development to foster high performance behaviour.

The Group integrates its sustainability agenda into talent management, recognising its influence on employee productivity, morale, and satisfaction. By aligning workforce initiatives with sustainable practices, SDS enhances long-term organisational growth while supporting employee wellbeing.

Performance and progress in cultivating a sustainability-oriented culture remain key focus areas, ensuring continuous improvement in workplace engagement and development.

DIVERSITY, EQUALITY AND INCLUSION

The Group firmly believes diversity, equality and inclusion strengthens our workforce, enhances recruitment, fosters creativity, and unlocks a wide range of skills, leading to enhanced stakeholder interaction. This commitment, driven by the Human Resource ("HR") Department and relevant Heads of Departments, reflects the Group's core values.

SDS embraces a workforce that reflects diverse backgrounds, identities, and experiences, ensuring an inclusive and equitable work environment. The Group is committed to fostering equal opportunities for employees regardless of race, ethnicity, religion, ability, gender, or sexual orientation.

To uphold this commitment, SDS regularly reviews and refines personnel management practices to align with its Code of Conduct and Ethics. Induction for new employees includes comprehensive briefings on workplace expectations, with periodic reminders disseminated across the organisation to reinforce adherence to high ethical standards and corporate values.

WORKFORCE COMPOSITION

The Group continues to support job creation for Malaysians and in particular, the surrounding communities in which the Group operates in. Consistent with its approach to talent management, our workforce represents a microcosm of multi-ethnic, multi-cultural Malaysia, with employees from a range of academic qualifications and work skills.

In FY2025, the Group's total workforce numbered 1,858 employees, an increase of 6.2% from 1,749 employees in FY2024.

Gender Breakdown based on Employee Category

Category	FY2023				FY2024				FY2025			
	Male		Female		Male		Female		Male		Female	
	Pax	%	Pax	%	Pax	%	Pax	%	Pax	%	Pax	%
Senior Management	8	72.7	3	27.3	7	70	3	30	6	75.0	2	25.0
Management	27	52.9	24	47.1	43	58.1	31	41.9	43	56.6	33	43.4
Executive	59	68.6	27	31.4	53	67.1	26	32.9	60	69.8	26	30.2
Non-Executive	975	71.7	384	28.3	1,159	73.1	427	26.9	1,200	71.1	488	28.9
Total	1,069	70.9	438	29.1	1,262	72.2	487	27.8	1,309	70.5	549	29.5
	1,507				1,749				1,858			

Sustainability Statement

Age Breakdown based on Employee Category

Position	FY2023		FY2024		FY2025	
	Pax	%	Pax	%	Pax	%
Senior Management						
30 years and below	0	0.0	0	0.0	0	0.0
31 – 50 years	6	54.5	6	60.0	5	62.5
51 – 65 years	4	36.4	3	30.0	2	25.0
65 years and above	1	9.1	1	10.0	1	12.5
Management						
30 years and below	4	7.8	3	4.1	7	9.2
31 – 50 years	36	70.6	58	78.3	56	73.7
51 – 65 years	10	19.6	11	14.9	12	15.8
65 years and above	1	2.0	2	2.7	1	1.3
Executive						
30 years and below	6	7.0	8	10.1	8	9.3
31 – 50 years	67	77.9	59	74.7	63	73.2
51 – 65 years	13	15.1	12	15.2	14	16.3
65 years and above	0	0.0	0	0.0	1	1.2
Non-Executive						
30 years and below	696	51.2	821	51.7	847	50.2
31 – 50 years	587	43.2	682	43.0	734	43.5
51 – 65 years	75	5.5	82	5.2	103	6.1
65 years and above	1	0.1	1	0.1	4	0.2

Turnover by Employee Category

Employee Category	FY2023		FY2024		FY2025	
	Pax	%	Pax	%	Pax	%
Senior Management	0	0.0	1	0.1	2	0.2
Management	10	1.0	11	1.1	19	1.9
Executive	31	3.1	14	1.4	24	2.3
Non-Executive	954	95.9	962	97.4	972	95.6
Total	995	100	988	100	1,017	100

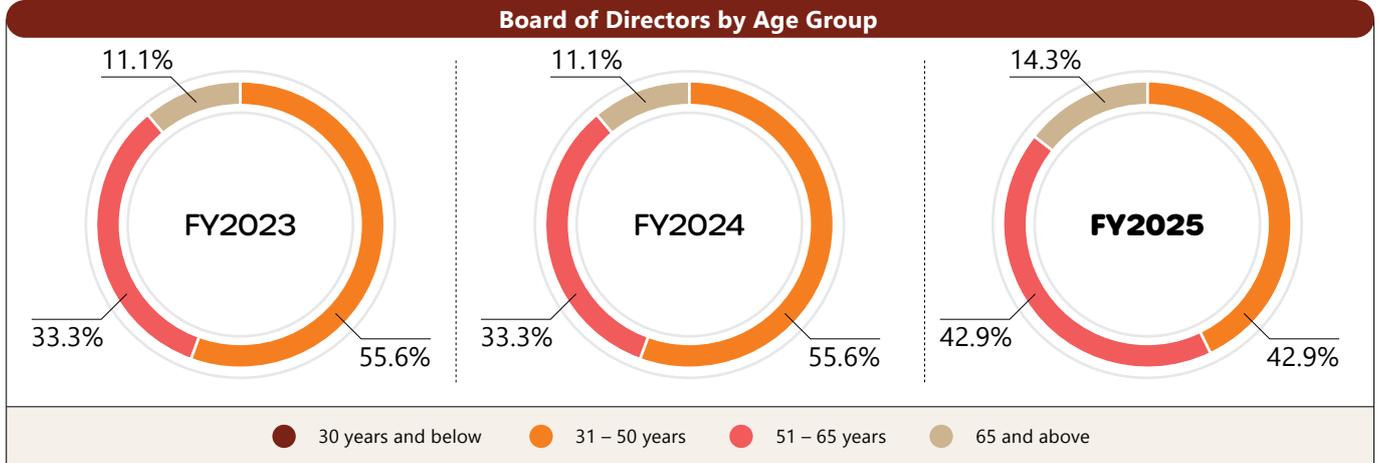
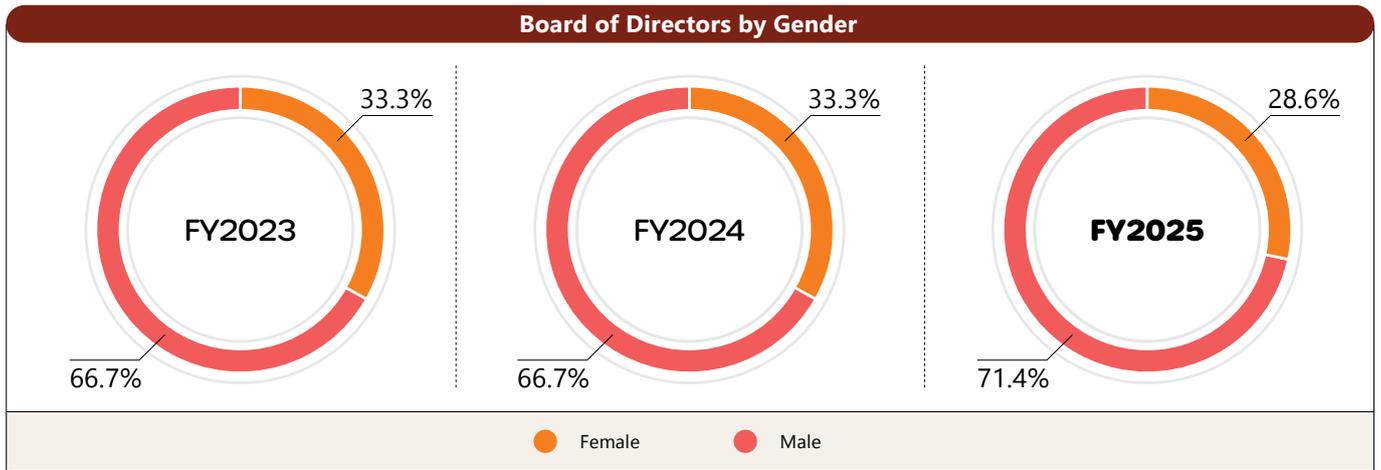
Breakdown by Employment Type

Employment Type	FY2023		FY2024		FY2025	
	Pax	%	Pax	%	Pax	%
Permanent	1,394	92.5	1,554	88.9	1,618	87.1
Contract	0	0.0	2	0.1	1	0.1
Temporary	113	7.5	193	11.0	239	12.8

Sustainability Statement

With 28.6% women representation on the Board in FY2025, the Group is committed to enhancing inclusive leadership and ensuring diverse perspectives at the highest levels of decision-making at SDS.

SDS continues to create opportunities for women in leadership roles, reinforcing its commitment to equitable representation and progressive corporate governance.



Turnover within the F&B industry is typically high, given the evolving retail landscape, shifting dynamics and the growing preference among younger entry-level professionals opting for career mobility over long-term stability.

To address this and mitigate its impact on workforce sustainability, SDS’s HR Department conducts exit interviews jointly with department heads. Such discussions provide critical insights as to workforce challenges and enable strategic solutions to improve employee attraction and retention.

With this proactive approach, SDS continuously refines its strategies to align with market demands, fostering innovation and agility in business operations. This focus on productivity-driven by fresh perspectives and the analytical strengths of our talent pool ensures faster product and service delivery while maintaining a commitment to efficiency and creativeness of products.

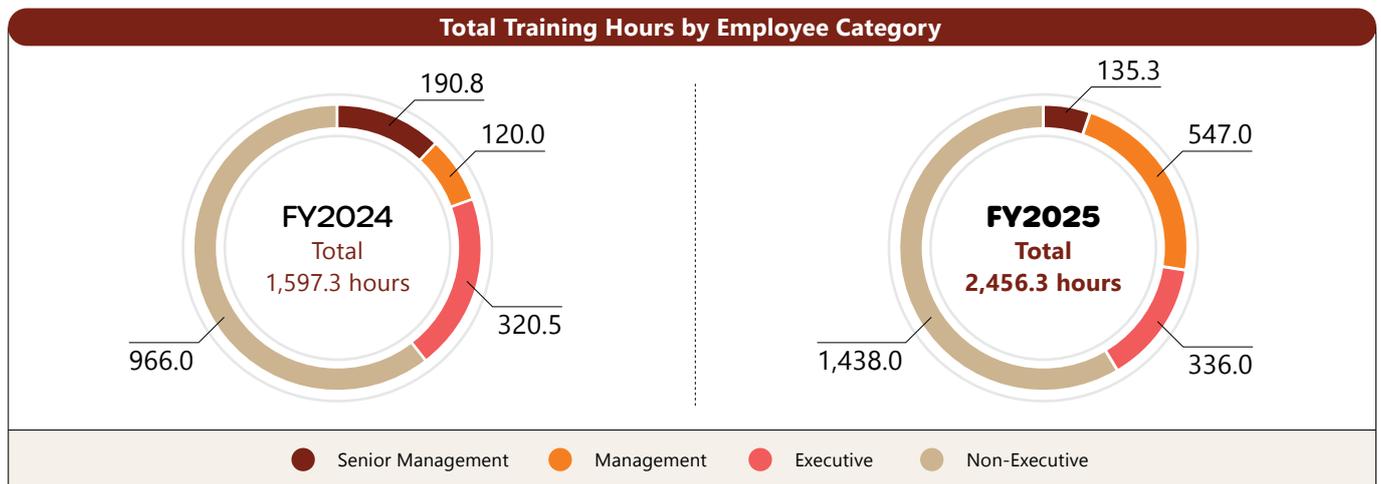
Sustainability Statement

NURTURING A HIGH PERFORMING WORKFORCE

Talent development is a key component toward nurturing a high performing workforce. Cognisant of this, the Group actively supports the professional development of its workforce, seeing the returns in heightened work productivity through such training programmes.

At SDS, talent development function is undertaken by the HR department together with the HODs, in discussion with employees, to identify relevant and targeted training programmes. Such programmes go beyond the food handling training course, mandated by the MOH Malaysia for food handling operators, to include technical and soft skills training. SDS leverages on contributions to the Human Resources Development Corporation to extend training opportunities to its workforce.

Such training programmes serve not just to upskill employees but also equip them with a wider range of job skills to assist with career advancement and help them realise their potential.



ETHICAL LABOUR PRACTICES

Given that the core of our operations is our workforce, it is imperative that the Group upholds their fundamental rights, thus ensuring a safe, fair, and supportive working environment. In the rare event of any violation, we take swift and decisive action to protect our employees and reinforce our dedication to their wellbeing.

SDS remains guided by the Malaysian Employment Act 1995 and all applicable labour laws in Malaysia, ensuring full compliance with legal standards. Additionally, the Group upholds the principles of the International Labour Organisation, the Universal Declaration of Human Rights, and the Principles of the UN Global Compact, reinforcing our commitment to ethical labour practices and human rights.

Sustainability Statement

With this as the foundation, SDS's HR Policy ensures robust measures are in place to safeguard employee rights and maintain high awareness levels regarding available avenues of recourse. This extends to grievance resolution, strict adherence to local regulations on working hours, wages, and benefits, reinforcing a fair and supportive work environment.

SDS's unwavering commitment is embodied in the Group's Code of Conduct and Ethics, which undergoes periodic reviews by the HR Department to align with existing legislation and regulatory standards. This code is communicated throughout the organisation to all employees for their awareness, assurance and confidence in SDS's workplace integrity.

As a measure of our firm commitment, these ethical labour principles are shared with the Group's suppliers, expecting them to uphold the same standards and ensuring responsible and equitable practices across our broader operational network.

In FY2025, the Group received zero complaints related to human rights violations or labour incidents.

OCCUPATIONAL SAFETY AND HEALTH ("OSH")

At SDS, OSH is not just a legal obligation but is a cornerstone of sustainable operations, enabling a safe and productive work environment. Ensuring that the safety, health, and wellbeing of our employees lies at the heart of everything we do aligns with our core organisational values. By prioritising OSH, we are not only protecting our people but also strengthening our ability to achieve sustainable growth and operational excellence.

The Group prioritises the safety and wellbeing of all employees, ensuring they work in a secure environment where they can excel, stay productive, and above all, be assured of a safe work environment.

To further drive a safe work environment, SDS has in place a proven OSH management system. Such a system has not just reduced risks and compliance costs but has resulted in enhancing employee morale and productivity, and at the same time, has enhanced SDS's brand reputation and competitiveness.

The objectives of SDS's OSH are mapped out below:

- Ensure safe working conditions in accordance with industry standards;
- Comply with all relevant OSH requirements;
- Ensure a hazard-free workplace;
- Provide in-house OSH training programmes for employees; and
- Drive for continuous improvement of our OSH management systems.

Workplace safety is a shared responsibility, reinforced through induction briefings and regular reminders. This commitment not only protects employees but also creates a safer and more welcoming environment for SDS's customers.

To help identify and mitigate workplace hazards, a key component implemented is the Hazard Identification, Risk Assessment, and Risk Control methodology by the Department of Occupational Safety and Health ("DOSH") Malaysia. The Group's senior management oversees OSH adherence, ensuring alignment with the Occupational Safety and Health Act 1994 and related regulations.

In FY2025, there have been zero instances of non-compliance reported.

REPRESENTATION ON OSH COMMITTEES

Recognising that OSH is a shared responsibility among all stakeholders, the Group is committed to integrating safety principles across its operations.

To uphold this commitment, a Safety and Health Officer is appointed at each operating factory to ensure workplace safety and drive the achievement of OSH KPIs and Targets. Supported by diverse team of management and a total of 31 employee representatives on the various OSH Committees, the Officer ensures that various OSH-related perspectives are discussed, reviewed, and addressed at regular meetings.

The OSH Committee routinely updates the Managing Director on performance metrics and key developments, with view to facilitating corrective actions and continuous process improvements.

Sustainability Statement

OSH PERFORMANCE INDICATORS

The Group tracks OSH progress by analysing data across all operating units, comparing trends over time, and benchmarking against industry standards. This enables proactive measures to mitigate risks and improve workplace safety.

In FY2025, the Lost Time Incident Rate ("LTIR") registered 0.54, an increase compared to the LTIR of 0.21 in FY2024. This increase is also attributable to the strong awareness amongst employees in reporting any incident and hence the improved accuracy.

The Group continues to focus on prioritising OSH training efforts in enabling a stronger understanding of workplace safety principles. In FY2025, 112 employees underwent OSH training compared to 102 in FY2024, a 9.8% increase. These training programmes empower employees to perform their roles effectively while maintaining a firm commitment to OSH standards.



Leveraging their expertise, the OSH Committee conducts regular internal audits to monitor progress, identify areas for improvement, and recommend corrective actions. The Group's OSH performance is further validated by DOSH during its annual factory inspection.

OSH Performance

	FY2023	FY2024	FY2025
Total manhours worked	2,572,479	2,850,120	2,974,140
Number of fatalities	0	0	0
Number of lost time injuries	3	3	8
Lost Time Incident Rate <i>(number of lost time incidents per 200,000 manhours worked)</i>	0.23	0.21	0.54

Note: The Lost Time Incident Rate for FY2023 and FY2024 have been revised following process enhancements aimed at improving data accuracy.

NURTURING A STRONG OSH APPROACH

Building a strong OSH culture requires not only fostering a safety-first mindset but also ensuring adequate financial support for proper equipment procurement and sustainability.

All machinery and equipment must be maintained and repaired as needed to ensure safe usability. Where beneficial and feasible, automation can be introduced to ease workloads and minimise physical strain on employees.

In the event of an accident, a thorough investigation is conducted by the supervisor, management representatives, safety officers, and any witnesses. Serious incidents are immediately reported to senior management for appropriate action.

Sustainability Statement

OSH Risk Management Approach

SDS has implemented comprehensive guidelines and protocols to ensure workplace safety. A key component is a structured six-step procedure designed to facilitate risk identification and enhance communication channels, enabling proactive hazard management and swift resolution of safety concerns.

These measures reinforce SDS's commitment to fostering a secure and efficient work environment while minimising risks through systematic prevention strategies, as featured below:



Pollutants such as noise, air contaminants, and chemicals are potential threats to public health due to their harmful effects. These environmental hazards are also prevalent in manufacturing settings. Potential health risks stem from excessive noise near mixers and ovens, factory emissions contributing to air pollution, and exposure to hazardous chemicals.

To mitigate these occupational risks, SDS has implemented a range of preventive measures, ensuring a safer and healthier work environment, as indicated below:

Stack Emission Monitoring

The Group regularly monitors emissions from stacks to assess and control any potential environmental impact, ensuring compliance with regulatory standards.



Noise Risk Assessment

SDS conducts comprehensive assessments to evaluate and manage the risks associated with excessive noise levels in the workplace. This allows for the implementation of appropriate control measures to safeguard employees' hearing health.



Chemical Health Risk Assessment

To mitigate the risks posed by chemicals used in manufacturing processes, the Group conducts rigorous health risk assessments. This enables the identification of potential hazards and the implementation of appropriate control measures to protect employees from chemical related health issues.



Sustainability Statement

SDS prioritises employee wellbeing by adhering strictly to MOH Malaysia's mandatory requirements for food handlers. With this, all employees involved in food handling must undergo Food Handling Training and receive typhoid vaccination before starting work, thus ensuring food safety and preventing health risks.

In the event of illness or workplace injury, regardless of whether it is occupational or non-occupational, a designated individual or HR representative ensures the affected worker receives prompt medical attention.

As part of its ongoing commitment to employee health, SDS facilitated audiometric tests for 51 employees in FY2025, reinforcing a proactive approach to workplace wellness.

INVESTING IN COMMUNITY INITIATIVES

The Group continues to serve as a force for good by investing into community initiatives. Such initiatives are not just to contribute to the local community, but to serve as an integral aspect of the Group's business model and value creation approach.

This approach enables the Group to remain responsive to market dynamics and stakeholder expectations, aligning with its progressive business philosophy.

Demonstrating its strong commitment to the communities it serves, the Group undertook various corporate initiatives in FY2025, with a total contribution of RM14,291 benefiting 17 organisations.

Sustainability Statement

PERFORMANCE DATA TABLE FROM BURSA MALAYSIA'S ESG REPORTING PLATFORM

Indicator	Measurement Unit	2025
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Senior Management	Percentage	100.00
Management	Percentage	100.00
Executive	Percentage	100.00
Non-Executive	Percentage	92.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	14,291.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	7,972
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Senior Management Under 30	Percentage	0.00
Senior Management 31-50	Percentage	62.50
Senior Management 51-65	Percentage	25.00
Senior Management Above 65	Percentage	12.50
Management Under 30	Percentage	9.21
Management 31-50	Percentage	73.68
Management 51-65	Percentage	15.79
Management Above 65	Percentage	1.32
Executive Under 30	Percentage	9.30
Executive 31-50	Percentage	73.26
Executive 51-65	Percentage	16.28
Executive Above 65	Percentage	1.16
Non-Executive Under 30	Percentage	50.18
Non-Executive 31-50	Percentage	43.48
Non-Executive 51-65	Percentage	6.10
Non-Executive Above 65	Percentage	0.24
Gender Group by Employee Category		
Senior Management Male	Percentage	75.00
Senior Management Female	Percentage	25.00
Management Male	Percentage	56.58
Management Female	Percentage	43.42
Executive Male	Percentage	69.77
Executive Female	Percentage	30.23
Non-Executive Male	Percentage	71.09
Non-Executive Female	Percentage	28.91

Internal assurance

External assurance

No assurance

(*)Restated

Sustainability Statement

Indicator	Measurement Unit	2025
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	71.43
Female	Percentage	28.57
Under 30	Percentage	0.00
31-50	Percentage	42.86
51-65	Percentage	42.86
Above 65	Percentage	14.28
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	64,188.89
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.54
Bursa C5(c) Number of employees trained on health and safety standards	Number	112
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Senior Management	Hours	135
Management	Hours	547
Executive	Hours	336
Non-Executive	Hours	1,438
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	12.92
Bursa C6(c) Total number of employee turnover by employee category		
Senior Management	Number	2
Management	Number	19
Executive	Number	24
Non-Executive	Number	972
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	93.46
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	158.000386
Bursa (Waste management)		
Bursa C10(a) Total waste generated	Metric tonnes	4,410.31
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	3,793.31
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	617.00
Bursa (Emissions management)		
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	12,810.83
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	7,805.00
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	1,957.00

Internal assurance

External assurance

No assurance

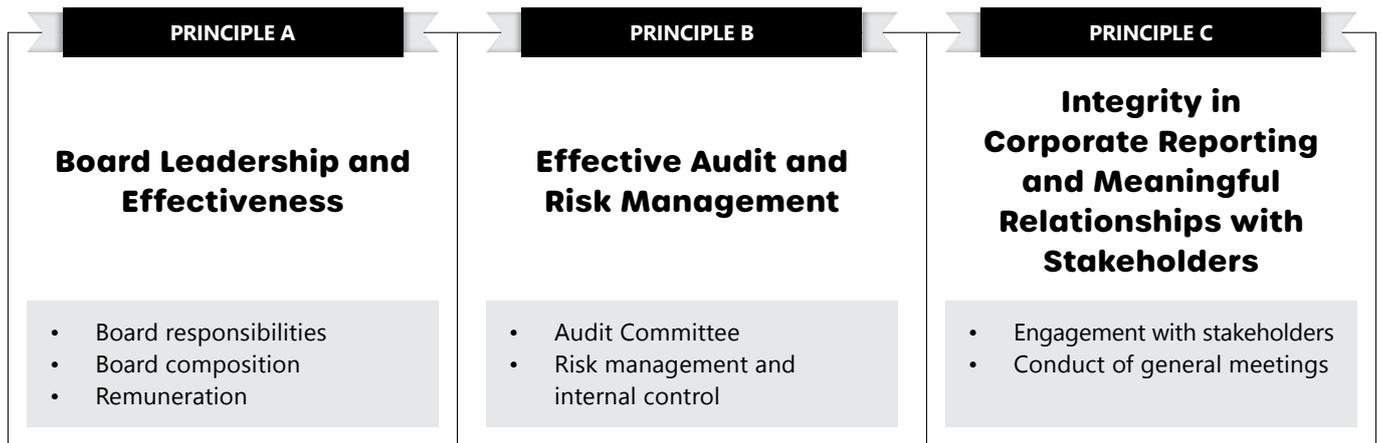
(*)Restated

Corporate Governance Overview Statement

THE BOARD OF DIRECTORS (“BOARD”) OF SDS GROUP BERHAD (“SDS” OR “COMPANY”) RECOGNISES THE IMPORTANCE OF MAINTAINING GOOD CORPORATE GOVERNANCE PRACTICES WITHIN SDS AND ITS SUBSIDIARY COMPANIES (“SDS GROUP” OR THE “GROUP”) AS IT IS THE BOARD’S FUNDAMENTAL RESPONSIBILITY TO PROTECT AND ENHANCE LONG-TERM SHAREHOLDER VALUE AND THE FINANCIAL PERFORMANCE OF SDS GROUP, WHILST CONSIDERING THE INTEREST OF ALL STAKEHOLDERS.

The Board is guided by the principles and recommendations of the Malaysian Code on Corporate Governance (“MCCG” or the “Code”) in implementing its governance system and ensuring compliance with the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

This Corporate Governance Overview Statement (“CG Statement”) provides shareholders and investors with an overview of how SDS Group has applied the 3 key Principles set out in the Code during the financial year ended 31 March 2025 (“FYE 2025”):



This CG Statement is complemented with a Corporate Governance Report (“CG Report”) based on a prescribed format pursuant to Paragraph 15.25 of the Listing Requirements of Bursa Securities. The CG Report is available on the Company’s website at www.sdsgrups.com as well as via announcement on the website of Bursa Securities.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART I: BOARD RESPONSIBILITIES

The Group is led and managed by an effective and experienced Board, comprising members with a wide range of experience and qualifications. The Board has also delegated certain responsibilities to the following Board Committees to assist in the execution of its responsibilities:

- (a) Audit and Risk Management Committee (“ARMC”); and
- (b) Nominating and Remuneration Committee (“NRC”).

The Board Committees operate within their respective defined Terms of Reference approved and specific authorities delegated by Board.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART I: BOARD RESPONSIBILITIES (CONT'D)

The role of the Board Committees is to advise and make recommendations to the Board. Notwithstanding, the ultimate responsibility for the final decision on all matters lies with the Board. The Chairman of these Committees will provide a verbal report on the outcome of their respective Committee meetings to the Board, and any further deliberation is made at the Board level, if required.

The position of the Chairman is held by Dr Lim Pang Kiam. The Independent Non-Executive Chairman instils good governance practices, leadership and effectiveness in the Board through chairing of board meetings and deliberating together with the Board members on board matters and policies.

The positions of the Chairman and Managing Director are held by two (2) different individuals to promote accountability and facilitate the division of responsibilities between them. In this regard, no one individual can influence the Board's discussions and decision-making. Generally, the Chairman would lead the Board in its collective oversight of management, while the Managing Director focuses on the business and day-to-day management of the Company. The distinct and separate roles of the Chairman and Managing Director, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making, and are clearly defined in the Board Charter.

The Board is supported by a qualified Company Secretary who play an advisory role in corporate secretarial matters in relation to the Companies Act 2016. All Directors have unrestricted access to the advice and services of the Company Secretary to ensure the effective functioning of the Board and its Board Committees, to always be in line with the Board policies and procedures as well as comply with laws, rules, corporate governance best practices, procedures and regulations affecting the Company.

The Board Charter was adopted on 27 November 2019 by the Board. The Board Charter is intended to identify the role, structure and processes related to the key governance activities of the Board. It also serves as a reference point for Board activities. It is designed to provide guidance and clarity to Directors and senior management with regards to the roles of the Board and its Committees, the role of the Chairman and Executive Directors, the requirements of Directors in carrying out their roles and in discharging their duties towards the Company as well as the Board's operating practices.

Code of Conduct and Ethics

The Company has established the Code of Conduct and Ethics to promote good business conduct and maintain a healthy corporate culture that engenders integrity, transparency, and fairness throughout the Group. This policy articulates acceptable practices and guides the behaviour of Board and employees.

Whistleblowing Policy

The Company is committed to upholding the highest standard of integrity, openness, and accountability in all its business endeavours. With the establishment of the Whistleblowing Policy, employees, third parties, and stakeholders are provided with an avenue to report genuine concerns regarding illegal, unethical, or questionable practices, without fear of reprisal.

Anti-Bribery and Anti-Corruption Policy

The Company reaffirm its zero-tolerance towards corruption and bribery for the Board, employees, and business associates. Through the establishment of the Anti-Bribery and Anti-Corruption Policy, ensuring compliance with the Malaysian Anti-Corruption Commission Act, this policy sets out principles and standards for combating corruption and bribery.

The Code of Conduct and Ethics, Whistleblowing Policy and Anti-Bribery and Anti-Corruption Policy are accessible through the Company's website at www.sdsgrupos.com.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART I: BOARD RESPONSIBILITIES (CONT'D)

Sustainability

The Board believes that sustainable business practices are essential to the creation of long-term value, and that running the business in a responsible manner is intrinsically tied to achieving operational excellence. In terms of structural oversight over sustainability including strategies, priorities and targets, it is reposed at the Board level with Management being responsible for operational execution with respect to Environmental, Social and Governance factors as part of the Group's corporate strategy.

As fiduciary to the Company's shareholders, the Board is focused on maintaining exemplary corporate governance practices, which include a commitment to ethics, integrity and corporate responsibility. The Board also ensures the Company's internal and external stakeholders are well informed on the sustainability initiatives which the Sustainability Statement has provided a detailed articulation in this Annual Report.

The Sustainability Statement is available in this Annual Report.

PART II: BOARD COMPOSITION

The Board currently has seven (7) members, comprising the following:

- four (4) Executive Directors; and
- three (3) Independent Non-Executive Directors.

The current Board composition complies with Paragraph 15.02 of the Listing Requirements of Bursa Securities which requires at least one-third (1/3) of the Board comprising of Independent Directors of which two (2) are female Board members, namely Ms Lee Yee Ling and Ms Patricia Rangene Packium.

The presence of Independent Non-Executive Directors ensures that views, consideration, judgement and discretion exercised by the Board in decision making remain objective and independent whilst assuring the interest of other parties such as minority shareholders are fully addressed and adequately protected as well as being accorded with due consideration.

In accordance with the Board Charter, the maximum tenure of an Independent Director shall not exceed a cumulative term of nine (9) years from the date of the first appointment as an Independent Director. However, if the Board intends to retain a Director who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, the Board must justify its decision and seek the shareholders' approval through a two-tier voting process at a general meeting.

During the financial year under review, none of the Independent Directors of SDS has served the Company for a cumulative term of more than nine (9) years.

The profiles of the individual directors are available in the Directors' Profile in this Annual Report.

During the FYE 2025, the members of the NRC are as follows:

No.	Name	Designation	Directorship
1.	Patricia Rangene Packium	Chairperson	Independent Non-Executive Director
2.	Dr Lim Pang Kiam	Member	Independent Non-Executive Chairman
3.	Lee Yee Ling	Member	Independent Non-Executive Director

The duties and responsibilities of the NRC are set out in its Terms of Reference, which is accessible through the Company's website at www.sdsgrups.com.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART II: BOARD COMPOSITION (CONT'D)

The NRC is responsible for identifying and recommending suitable candidates for new appointments to the Board. In making these recommendations, the NRC considers the required mix of skills, expertise and experiences which the Directors would bring to the Board. Any new nomination received is recommended to the Board for assessment and endorsement. There was no new appointment of directors during the FYE 2025.

During the FYE 2025, the NRC performed the following activities in the discharge of its duties:

- Recommended the re-election of the directors retiring by rotation at the 7th Annual General Meeting ("AGM") of the Company.
- Reviewed the performance of each individual director to assess the character, experience, integrity, and competence to effectively discharge their role as a director.
- Evaluated the performance of the Board and the Board committees.
- Assessed the independence of the Independent Directors of the Company.
- Reviewed the term of office and performance of the ARMC and assessed its effectiveness as a whole.
- Reviewed the list of trainings by each Director.

In assessing the candidates' eligibility for re-election, the NRC considers their competencies, commitment, contribution, and performance based on their respective performance evaluation to the Board and their ability to act in the best interest of the Company. The NRC makes recommendations concerning the re-election, re-appointment and the continuation in office of any Director for shareholders' approval at the AGM.

The Board also established a Directors' Fit and Proper Policy which provides a guide to the NRC and the Board in their review and assessment of the potential candidates for appointment to the Board of the Group as well as the retiring Director who is seeking for re-election at the AGM.

The Directors' Fit and Proper Policy is available on the Company's website at www.sdsgrupos.com.

The Board meets at least four (4) times a year with additional meetings to be convened when urgent and important decisions need to be made between scheduled meetings. The Board of Directors' and Board Committees' meetings are scheduled in advance to facilitate the Directors in planning.

During the FYE 2025, five (5) Board meetings were held, and the details of the Directors attendance are as follows:

Director	Designation	Attendance
Dr Lim Pang Kiam	Independent Non-Executive Chairman	5/5
Tan Kim Seng	Managing Director	5/5
Tan Kim Chai	Executive Director	5/5
Tan Yon Haw	Executive Director	5/5
Tan Kee Jin	Executive Director	5/5
Lee Yee Ling	Independent Non-Executive Director	5/5
Patricia Rangene Packium	Independent Non-Executive Director	5/5

All Directors attended 100% of the Board Meetings held during the FYE 2025 and complied with the requirement on the attendance of Board Meetings as stipulated in the Listing Requirements of Bursa Securities.

Overall, the Board is satisfied with the level of time commitment given by the Directors towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out herein above.

The Directors are aware of their duty to undergo appropriate training from time to time to ensure that they are equipped to carry out their duties effectively. The list of training including seminars and conferences attended by the Directors in FYE 2025 are set out in page 54 and 55 of this Annual Report.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART III: REMUNERATION

The Board, through the NRC, is responsible for considering the remuneration of the Executive Directors. The NRC reviews the remuneration packages of the Directors on annual basis before tabling their recommendation to the Board for approval. Each Director shall abstain from the deliberation and voting on matters pertaining to their own remuneration.

The duties and responsibilities of the NRC are set out in its Terms of Reference, which is accessible through the Company's website at www.sdsgroups.com.

The remuneration details of the individual Directors for FYE 2025 are disclosed in Practice 8.1 of the CG Report. Similarly, the Board also disclosed on a named basis the Senior Management remuneration in bands of RM50,000 in Practice 8.2 of the CG Report.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I: AUDIT AND RISK MANAGEMENT COMMITTEE

The members of the ARMC comprise all Independent Non-Executive Directors. The Chairman of the ARMC is distinct from the Chairman of the Board to promote unfettered objectivity during the Board's review of the ARMC's findings and recommendations. The present composition of the ARMC allows it to possess the requisite level of financial literacy and business acumen to have a sound understanding of the financial matters of the Group as well as an understanding of the latest developments in financial reporting, accounting and auditing standards.

The composition of the ARMC is set forth in the ARMC Report in this Annual Report.

The Board has the overall responsibility for the quality and completeness of the financial statements of the Company and the Group, both on a quarterly and full year basis, and has a duty to ensure that those financial statements are prepared based on appropriate and consistently applied accounting policies, supported by reasonably prudent judgement and estimates and in accordance with the applicable financial reporting standards.

The ARMC plays a crucial role in assisting the Board to scrutinise the information for disclosure to shareholders to ensure the accuracy, adequacy, validity and timeliness of the financial statements. The ARMC is relied upon by the Board to, among others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions as well as conflict of interest situations.

None of the members of the ARMC/Board were a former partner of the external audit firm of the Company. To uphold utmost independence, the Board has no intention to appoint any former partner as a member of the ARMC/Board.

The ARMC is empowered by the Board to review any matters concerning the appointment and re-appointment, resignations or dismissals of External Auditors and review and evaluate factors relating to the independence of the External Auditors. The External Auditors are precluded from providing any services that may impair their independence or conflict with their role as External Auditors.

The External Auditors of the Company, Messrs Crowe Malaysia PLT, have confirmed to the ARMC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the By-Laws (on Professional Ethics, Conduct, and Practice) of the Malaysian Institute of Accountants ("By-Laws").

The ARMC, having assessed the External Auditor's performance, will make its recommendation to the Board for reappointment, upon which the shareholders' approval will be sought at the AGM of the Company.

Corporate Governance Overview Statement

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PART II: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board has ultimate responsibility for reviewing the risks of the Group, approving the risk management framework and policy and overseeing the strategic risk management and internal control framework of the Group to achieve its objectives within an acceptable risk profile as well as safeguarding the assets and interest of stakeholders and shareholders of the Group.

The Board is supported by the ARMC which reports to the Board regarding the Group's risk exposures, including a review of risk assessment model used to monitor the risk exposures of the Group and the Management's view on the acceptable and appropriate level of risks faced by the Group. The ARMC will continue to evaluate, review and monitor the risk management framework and activities of the Group on on-going basis to identify, assess and monitor the key business risks of the Group to safeguard shareholders' investment in the Company and assets of the Group.

The Company also engages outsourced internal auditors to provide independent assessments on the adequacy, efficiency and effectiveness of the internal control system of the Group. The internal auditors report directly to the ARMC, and internal audit plans are tabled to the ARMC for review and approval by the Board to ensure adequate coverage.

The assessment process of the risks by the management and establishment of internal control are ongoing, and these are undertaken by key personnel from the various departments in the Group. The Group will continuously enhance the existing system of risk management and internal control system by taking into consideration the changing business environment.

Further details on the features of the risk management and internal control framework, and the adequacy and effectiveness of this framework, are disclosed in the Statement on Risk Management and Internal Control in this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS

PART I: ENGAGEMENT WITH STAKEHOLDERS

The Board is committed to provide effective communication to its shareholders and the public regarding the business, operations and financial performance of the Group and where necessary, information filed with regulators is in accordance with all applicable legal and regulatory requirements.

The Board values the importance of dissemination of information on major developments of the Group to the shareholders, potential investors and the public in a timely and equitable manner. Quarterly results, announcements, annual reports and circulars serve as the primary means of dissemination of information so that the shareholders are constantly kept abreast of the Group's progress and development. The Company's corporate website at www.sdsgroups.com serves as one of the most convenient ways for shareholders and members of the public to gain access to corporate information, Board Charter and policies, announcements, news and events relating to the Group.

PART II: CONDUCT OF GENERAL MEETINGS

The Board will ensure that the general meetings of the Company are conducted in an efficient manner and serve as a mode of shareholders' communication. These include the supply of comprehensive and timely information to shareholders and encouraging active participation at the general meetings.

The AGM remains a principal forum used by the Group for communication with its shareholders. During the AGM, shareholders are accorded time and opportunity to query the Board on the resolutions being proposed and matters relating to the performance, developments within and the future direction of the Group.

Corporate Governance Overview Statement

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS

PART II: CONDUCT OF GENERAL MEETINGS (CONT'D)

Shareholders are encouraged to actively participate in the question-and-answer session. The Board, senior management and the external auditors will be present to answer and provide appropriate clarifications at the meeting. Shareholders are also invited to convey and share their inputs with the Board. Where applicable, the Board will also ensure that each item of the special business that is included in the notice of meeting is accompanied by a full written explanation of that resolution and its effects to facilitate its understanding and evaluation.

All resolutions set out in the Notice of the Seventh (7th) AGM of the Company held on 23 August 2024 was voted by poll and the votes cast were validated by an independent scrutineer appointed by the Company. The notice of AGM was despatched to shareholders at least 28 days before the AGM to allow shareholders additional time to go through the Annual Report and make the necessary attendance and voting arrangements. All Directors attended the Seventh (7th) AGM held on 23 August 2024 and the Board responded to all queries raised by the shareholders. The minutes of the Seventh (7th) AGM was published on the Company's website for the shareholders' information.

The Notice for convening the forthcoming Eighth (8th) AGM of the Company scheduled to be held on 29 August 2025 will be sent out to the shareholders on 31 July 2025.

STATEMENT BY THE BOARD ON CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board is satisfied with the Company's compliance with the Malaysian Code on Corporate Governance for the FYE 2025. This Corporate Governance Overview Statement is issued in accordance with a resolution passed during the Board of Directors' Meeting convened on 25 July 2025.

During the FYE 2025, the Directors have attended the following training, seminars and conferences:

Director	Programme	Date
DR LIM PANG KIAM	MIA Town Hall 2023/24 Session 2	24 April 2024
	Leadership in a changed world: Upskill your leadership capabilities to drive resilient teams by ACCA	9 May 2024
	MIA Town Hall 2023/24 Session 3	23 May 2024
	Transfer Pricing Awareness – OECD Pillar 1 Amount B by KPMG	5 June 2024
	Bursa Academy: Conflict of Interest ("COI") and Governance of COI	2 October 2024
	MIA Town Hall 2024/25 Session 1	12 November 2024
	Mandatory Accreditation Programme Part II: Leading for Impact	13 & 14 November 2024
TAN KIM SENG	Mandatory Accreditation Programme Part II: Leading for Impact	27 & 28 November 2024
TAN KIM CHAI	Bursa Academy: Conflict of Interest ("COI") and Governance of COI	10 July 2024
	Mandatory Accreditation Programme Part II: Leading for Impact	27 & 28 November 2024

Corporate Governance Overview Statement

STATEMENT BY THE BOARD ON CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

During the FYE 2025, the Directors have attended the following training, seminars and conferences: (Cont'd)

Director	Programme	Date
TAN YON HAW	Mandatory Accreditation Programme Part II: Leading for Impact	27 & 28 November 2024
TAN KEE JIN	Malaysian Cybersecurity Bill 2024 Insights	5 April 2024
	Bursa Academy: Conflict of Interest ("COI") and Governance of COI	10 July 2024
	Mandatory Accreditation Programme Part II: Leading for Impact	27 & 28 November 2024
LEE YEE LING	Bursa Academy: Conflict of Interest ("COI") and Governance of COI	18 September 2024
	Bursa Academy: Workshop on IFRS Sustainability Disclosure Standard	7 November 2024
	Audit Oversight Board: Conversation with Audit Committee by Securities Commission Malaysia	19 November 2024
	Strategy Data and Framework in Board Governance by Institute of Corporate Director Malaysia	2 December 2024
PATRICIA RANGENE PACKIUM	E-Invoicing for Law Firms	18 July 2024
	Malaysia's Deployment of E-Invoicing: What law firms need to know	22 August 2024
	Webinar Taklimat/Bengkel STS CKHT & MyTax	24 February 2025

Statement on Risk Management and Internal Control

INTRODUCTION

Pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors ("Board") of SDS Group Berhad ("SDS" or "Company") is pleased to report on its Statement on Risk Management and Internal Control ("Statement"), which provides an overview of the nature and state of risk management and internal controls of the Company and its subsidiaries (the "Group") for the financial year ended 31 March 2025. This Statement is guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and Malaysian Code on Corporate Governance 2021.

BOARD RESPONSIBILITY

The Board recognises the importance of good risk management practices and sound internal controls as a platform to good corporate governance. The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control, and for reviewing its adequacy and effectiveness to ensure shareholders' interest and the Group's assets are safeguarded. The Group's risk management and internal controls not only covers the financial aspect of the Group, but operational and compliance aspects of the Group's system.

Given the inherent limitations in any risk management and internal control system, such a system is designed to manage rather than eliminate risks that may impede the achievement of the Group's business objectives. Therefore, the risk management and internal control system can only provide reasonable and not absolute assurance against any material misstatement, loss, fraud or irregularities.

RISK MANAGEMENT

The Board recognised that risk management is an integral part of the Group's business operation and has, through delegation to the Audit and Risk Management Committee ("ARMC"), established an on-going process for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the risk management and internal control system as and when there are changes to the business environment and regulatory requirements. The process is subject to regular reviews by the Board.

The duties and responsibilities of the ARMC in relation to risk management are as follows:

1. To oversee and recommend the risk management policies and procedures for our Group;
2. To review and recommend changes as needed to ensure that our Group has in place at all times a risk management policy which addresses the strategic, operational, financial and compliance risks;
3. To implement and maintain a sound risk management framework which identifies, assesses, manages and monitors our Group's business risks;
4. To set reporting guidelines for management to report to the committee on the effectiveness of our Group's management of its business risks;
5. To review the risk profile of our Group including all our subsidiaries and to evaluate the measures taken to mitigate the business risks; and
6. To review the adequacy of management response to issues identified in risk registers, ensuring that our risks are managed within our Group's risk appetite.

The Board has established an enterprise risk management policy which facilitates and enhance the Group's ability to identify and manage key business risk which the Group may face during its day-to-day management of operations, processes and structures. A Risk Management Working Group ("RMWG") comprising of the Head of Departments was established to assume the overall responsibility for developing procedures and processes which identify, evaluate and monitor key business risks in the operations of the Group. The RMWG has conducted discussions during the year to identify and address key business risks faced by the Group. These risks were summarised and included in the Group's risk management assessment report.

The ARMC, supported by the IA, provides an independent assessment of the effectiveness of the Group's Risk Management framework and reports to the Board. This helps to reduce the uncertainties surrounding the Group's internal and external environment, thus allowing it to maximise opportunities and minimise adverse incidences that may arise.

Statement on Risk Management and Internal Control

INTERNAL AUDIT

The Board is fully aware of the importance of the internal audit function. The Group has engaged an independent professional consulting firm, Sterling Business Alignment Consulting Sdn Bhd ("IA Firm"), which report to the ARMC directly and assists the Board and ARMC in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's system of internal control.

The IA firm is free from any relationships or conflicts of interest, which could impair its objectivity and independence of the internal audit function. The IA firm does not have any direct operational responsibility or authority over any of the activities audited. The ARMC is of the opinion that the internal audit functions are effective and able to function independently.

Scheduled internal audits are carried out based on the annual audit plan approved by the ARMC. The internal auditors align their current internal audit practices with the Committee of Sponsoring Organisations of the Treadway Commission (COSO) internal Controls – Integrated Framework. Using this framework, all internal control assessments performed by IA are based on the internal control elements, scope and coverage.

The assessment of the adequacy and effectiveness of internal controls established in mitigating risks is carried out through interviews and discussion with the Management team, review of relevant established policies and procedures and authority limits, and observing and testing of the internal controls on a sampling basis. The IA firm has presented its audit findings and recommendation together with Management's response and action plans to the ARMC. Subsequent review will be carried out to follow up on the status of implementation of Management's action plans and report to the ARMC accordingly.

For the financial year ended 31 March 2025, two (2) internal audit reviews had been carried out and reported by Internal Auditors:

Name of Entity Audited	Audited Areas
<ul style="list-style-type: none"> • Daily Bakery Sdn. Bhd. • SDS Food Manufacturing Sdn. Bhd. • SDS Top Baker Sdn. Bhd. 	<ul style="list-style-type: none"> • Production Planning, Production, Packing, Quality Assurance and Food Safety Management System
<ul style="list-style-type: none"> • SDS Bakery & Cafeteria Sdn. Bhd. 	<ul style="list-style-type: none"> • Outlet Operations

INTERNAL CONTROL

The Board acknowledges that a sound system of internal control reduces, but cannot eliminate the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees, management overriding controls, and the occurrence of unforeseeable circumstances.

The Management receives and reviews regular reports on key financial data, performance indicators and regulatory matters. This is to ensure that matters requiring the Board's attention are highlighted for review, deliberation and decision making on a timely basis. The Board will approve the appropriate responses or amendments to the Group's policies.

The internal control matters are reviewed and the Board is updated on significant control gaps, if any, for the Board's attention and action. Issues relating to the business operations are also highlighted to the Board's attention during Board meetings and any significant fluctuation or exception noted will be analysed and acted in a timely manner.

Statement on Risk Management and Internal Control

INTERNAL CONTROL (CONT'D)

Other key elements of the Group's internal control systems are as follows:

- An organisational structure in the Group with clear lines of authority, accountability and responsibility;
- Clearly defined terms of reference, authorities and responsibilities of the various Board committees which include the ARMC, Nominating and Remuneration Committee;
- Formalised internal policies and procedures are in place to support the Group in achieving its business objectives. These policies and procedures provide a basis for ensuring compliance with applicable laws and regulations, and also internal controls with respect to the conduct of business;
- Quarterly review of financial performance by the Board and the ARMC;
- Active participation and involvement by the Managing Director ("MD") and Executive Directors ("ED") in the day-to-day running of the major businesses and regular discussions with the management of business units on operational issues;
- Review of internal audit reports and findings by the ARMC; and
- Review of management report and operational data to monitor results of operation and develop business strategies.

The Group will continue to foster a risk-awareness culture in all decision making and manage all risks in a proactive and effective manner. This is to enable the Group to respond effectively to the changing business and competitive environment.

ASSURANCE

The Board regularly receives and reviews the report on the effectiveness of the risk management and internal control, and is of the view that it is adequate to safeguard the shareholders' interest and the Group's assets. The role of the Management is to implement the Board's policies and guidelines on risks and controls, to identify and evaluate the risks faced and to operate a suitable system of internal controls to manage these risks.

The Board has obtained assurances from the MD and Chief Financial Officer that the Group's system of Risk Management and Internal Control is operating adequately and effectively for the financial year under review and up to date as of this Statement.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants.

AAPG 3 does not require the External Auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system.

Based on their procedures performed, the External Auditors have reported to the Board that nothing has come to their attention that cause them to believe that this Statement is not prepared, in all material aspects, in accordance with the disclosure required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

CONCLUSION

For the financial year under review, the Board is of the view that the Group's system of internal control and risk management is adequate to safeguard shareholders' investments and the Group's assets. However, the Board is also cognisant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the Group's system of internal control and risk management framework.

This Statement was approved by the Board on 25 July 2025.

Audit and Risk Management Committee Report

INTRODUCTION

Pursuant to Paragraph 15.15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”), the Board of Directors (“Board”) of SDS Group Berhad is pleased to present the Audit and Risk Management Committee Report which lays out the activities held for the financial year ended 31 March 2025 (“FYE 2025”).

OBJECTIVES

The primary objective of the Audit and Risk Management Committee (“ARMC”) is to assist the Board in discharging its statutory duties and responsibilities, among others, providing additional assurance to the Board by giving an objective and independent review of financial, operational, administrative and risk controls and procedures, including establishing and maintaining internal controls.

The Terms of Reference (“TOR”) of the ARMC can be accessed from the corporate website of the Company at www.sdsgroups.com.

COMPOSITION

The ARMC comprises three (3) members, all of whom are Independent Non-Executive Directors, in compliance with Paragraph 15.09 of the Listing Requirements.

The members of the ARMC[®] and details of their attendance during FYE 2025 are as follows:

Name	Designation / Directorship	Number of meeting(s) attended
Phang Sze Fui [#]	Chairperson / Independent Non-Executive Director	1/1
Dato’ Albert Ding Choo Earn [*]	Member / Independent Non-Executive Director	1/2
Lee Yee Ling	Chairperson / Independent Non-Executive Director	5/5
Dr Lim Pang Kiam [^]	Member / Independent Non-Executive Chairman	4/4
Patricia Rangene Packium [^]	Member / Independent Non-Executive Director	4/4

[®] The Audit Committee and Risk Management Committee were merged into the Audit and Risk Management Committee on 19 July 2024

[#] Resigned as Director on 30 June 2024

^{*} Retired as Director on 23 August 2024

[^] Appointed as ARMC member on 19 July 2024

The Company Secretary attended all the meetings. The Executive Directors and Chief Financial Officer were present by invitation at all the meetings. The Internal and External Auditors were present by invitation at certain meetings. In addition, the ARMC had a private session with the External Auditors to discuss any matters which the External Auditors may wish to discuss.

Audit and Risk Management Committee Report

SUMMARY OF ACTIVITIES DURING FYE 2025

The ARMC carried out the following activities and discharged its duties and responsibilities to the best of their abilities in accordance with its' TOR. The summary of the ARMC meetings held was as follows:

1. Financial Statements and Reporting Review

- a) Reviewed and discussed four (4) unaudited quarterly results of the Group. The review included comparative quarterly and year-to-date results.
- b) Reviewed the adequacy and appropriateness of disclosure of the unaudited quarterly financial statements before recommendation to the Board for consideration, approval and release to Bursa Securities. When reviewing these financial statements, the ARMC obtained reasonable assurance that the condensed interim financial statements were prepared in accordance with the applicable financial reporting standards and the Listing Requirements.
- c) Reviewed the audited financial statements of the Group and of the Company as well as the statutory auditors' report thereon prior to the submission to the Board for their consideration and approval, upon being satisfied that, inter alia, the financial statements were drawn up in accordance with the applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016. The ARMC reviewed the statutory financial statements based on analytical approach whilst at the same time obtaining assurance from Management and the External Auditors that the financial statements complied with the relevant statutory requirements, accounting standards and the Malaysian Financial Reporting Standards to ensure that the audited financial statements presented a true and fair view of the Company's financial performance.
- d) Reviewed the ARMC Report and Statement on Risk Management and Internal Control to ensure adherence to legal and regulatory reporting requirements before recommending to the Board for approval for inclusion in the Company's Annual Report.

2. Matters Relating to External Audit

- a) Reviewed and deliberated the Audit Planning Memorandum covering, inter-alia, audit approaches, areas of audit emphasis, significant events during the financial year and timetable, before commencement of the annual statutory audit.
- b) Reviewed and deliberated the Audit Review Memorandum, covering significant audit findings, potential key audit matters, significant deficiencies in internal control, status of audit and the independence and objectivity of the External Auditors.
- c) Private session with the External Auditors without the presence of the Executive Directors and Management to discuss any issues arising from the annual statutory audit or any other matters the External Auditors may wish to discuss. There was no major issue raised during the meeting.
- d) Considered and recommended the re-appointment of Crowe Malaysia PLT as the External Auditors and their audit fee to the Board for consideration based on competency, efficiency and transparency as demonstrated by the External Auditors during their audit.

3. Matters Relating to Internal Audit

- a) Reviewed and approved the Internal Audit Plan presented by the outsourced Internal Auditors to ensure adequate scope and resources of the internal audit function and coverage on the activities of the Group taking into consideration the assessment of key risk areas.
- b) Reviewed and discussed the Internal Audit Report which consists of the findings, recommendations and Management responses to ensure that all key risks will be addressed, and adequate controls are in place on a timely basis.
- c) Reviewed and assessed the adequacy of the scope, functions, independence, framework and methods, employed, competency as well as resources of the outsourced Internal Auditors and that they have the necessary authority to carry out their work.

Audit and Risk Management Committee Report

SUMMARY OF ACTIVITIES DURING FYE 2025 (CONT'D)

4. Related Party Transactions

The ARMC reviewed on a quarterly basis the report on Recurrent Related Party Transactions of the Group presented by the Management and was assured that these transactions are undertaken in the best interest of the Company, fair, reasonable, and on normal commercial terms as well as not detrimental to the interest of the minority shareholders.

5. Conflict of interest

There was no conflict of interest or potential conflict of interest during FYE 2025.

INTERNAL AUDIT FUNCTION

The Group recognised that an internal audit function is essential to ensure the effectiveness of the Group's system of internal control and is an integral part of the risk management process.

1. Outsourced Internal Auditors

The Group's internal audit function is outsourced to Sterling Business Alignment Consulting Sdn. Bhd. ("Internal Auditors"). The Internal Auditors conduct independent, regular and systematic reviews of the key controls and processes in the operating units and assess compliance with the established policies and procedures. The Internal Auditors report directly to the ARMC and assist the Board in monitoring the internal controls and mitigating the risks of the Group. The outsourced internal audit function is free from any relationship or conflict of interest that could impair its objectivity and independence.

The Internal Auditor is guided by the Professional Practices Framework by the Institute of Internal Auditors. Observations and findings from the audit reviews, including the recommended corrective actions were discussed with the Management.

2. Summary of Internal Audit work for FYE 2025

During the financial year under review, the activities undertaken by the Internal Auditors included audit on the following areas:

1. Production Planning, Production, Packing and Quality Assurance
2. Outlet Operations (SDS Bakery & Cafeteria Sdn. Bhd.)

The internal audit report together with the Management's response and proposed corrective action plans were then presented to the ARMC for their review during the ARMC meetings. The follow-up review was also conducted by the Internal Auditors to monitor and ensure corrective actions have been implemented by the management in a timely manner.

The total costs incurred for the internal audit function for FYE 2025 were RM32,000.

This ARMC Report was approved by the Board on 25 July 2025.

Additional Compliance Information

AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid or payable to the Company's External Auditors by the Group and the Company for the financial year ended 31 March 2025 are as follows:

	Group RM'000	Company RM'000
Audit services rendered	205	28
Non-audit services rendered	5	5
Total	210	33

MATERIAL CONTRACTS

There were no material contracts entered into by the Group involving Directors' and major shareholders' interest which were still subsisting as at the end of the financial year or which were entered into since the end of the previous financial period.

MATERIAL CONTRACTS RELATING TO LOANS

There were no material contracts relating to loans entered into by the Company and its subsidiaries involving Directors', chief executive's and/or major shareholders' interests.

RECURRENT RELATED PARTY TRANSACTIONS ("RRPTs")

The breakdown of the aggregate value of the RRPTs made during the financial year ended 31 March 2025 is as follows:

Nature of RRPTs	Transacting Related Parties		Relationship of Related Parties with SDS Group Berhad ("SDSG")	Aggregate value of RRPT for 31 March 2025 (RM'000)
	Provider	Recipient		
1. Rental expense of premises	KS Tan Properties Sdn. Bhd.	SDS Food Manufacturing Sdn. Bhd.	Tan Kim Seng is Director and Substantial Shareholder of SDSG and KS Tan Properties Sdn. Bhd. respectively. Tan Kee Jin is Director of SDSG and the son of Tan Kim Seng.	48
2. Rental expense of premises	SDS Tan Properties Sdn. Bhd.	<ul style="list-style-type: none"> • SDS Top Baker Sdn. Bhd. • SDS Bakery & Cafeteria Sdn. Bhd. • Daily Bakery Sdn. Bhd. 	Tan Kim Seng and Tan Kim Chai are Directors and Substantial Shareholders of SDSG and SDS Tan Properties Sdn. Bhd. respectively. Tan Kee Jin is Director of SDSG and the son of Tan Kim Seng.	460

Additional Compliance Information

Nature of RRPTs	Transacting Related Parties		Relationship of Related Parties with SDS Group Berhad ("SDSG")	Aggregate value of RRPT for 31 March 2025 (RM'000)
	Provider	Recipient		
3. Rental expense of premises	Ng Chau Meng	SDS Top Baker Sdn. Bhd.	Ng Chau Meng is the spouse of Tan Kim Chai who is Director and Substantial Shareholder of SDSG.	19
4. Rental expense of premises	Tan Yon Haw		Tan Yon Haw is a Director of SDSG.	22
5. Rental expense of premises	Pua Geok Hong		Pua Geok Hong is the spouse of Tan Kim Seng who is Director and Substantial Shareholder of SDSG. Tan Kee Jin is Director of SDSG and the son of Tan Kim Seng and Pua Geok Hong.	32
6. Rental expense of premises	TY Property Management Sdn. Bhd.	SDS Food Manufacturing Sdn. Bhd.	Tan Yong Thye and Tan Yong Ping are Directors and Shareholders of Ty Property Management Sdn. Bhd. They are siblings of Tan Yon Haw, Director of SDSG.	14
7. Rental expense of premises	Tan Kim Choo	SDS Top Baker Sdn. Bhd.	Tan Kim Choo is the sibling of Tan Kim Seng and Tan Kim Chai who are Directors and Substantial Shareholders of SDSG.	3

Directors' Responsibility Statement for the Audited Financial Statements

The Directors are required by the Companies Act 2016 (the "Act") to prepare the financial statements for each financial year which have been made out in accordance with applicable Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Act in Malaysia.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors have:

- (i) Adopted appropriate accounting policies and applied them consistently;
- (ii) Made judgements and estimates that are reasonable and prudent; and
- (iii) Prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company maintain proper accounting records that disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Act.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company and to detect and prevent fraud and other irregularities.



Financial Statements

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Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2025.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding.

The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the holding company in each subsidiary company are set out in the "Subsidiaries" of this report.

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

RESULTS

	The Group RM'000	The Company RM'000
Profit after taxation for the financial year	33,655	5,901
Attributable to:-		
Owners of the Company	33,283	5,901
Non-controlling interests	372	-
	33,655	5,901

DIVIDENDS

Dividends paid or declared by the Company since 31 March 2024 are as follows:-

	RM'000
<u>In respect of the financial year 31 March 2024</u>	
A fourth interim single tier dividend of 0.35 sen per ordinary share, paid on 24 June 2024	1,434
<u>In respect of the financial year 31 March 2025</u>	
A first interim single tier dividend of 0.40 sen per ordinary share, paid on 24 September 2024	1,638
A second interim single tier dividend of 0.60 sen per ordinary share, paid on 24 December 2024	2,458
	5,530

On 29 May 2025, the Company declared third interim single tier dividend of 0.50 sen per ordinary share amounting to RM2,722,982 in respect of the current financial year, paid on 30 June 2025, to shareholders whose names appeared in the record of depositors on 17 June 2025. The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 March 2026.

Directors' Report

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that all known bad debts had been written off and that no allowance for impairment losses on receivables is required.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

Directors' Report

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is 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 substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, 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, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Tan Kim Chai
Tan Kim Seng
Dr. Lim Pang Kiam
Tan Kee Jin
Tan Yon Haw
Phang Sze Fui (Resigned on 30.06.2024)
Dato' Albert Ding Choo Earn (Retired on 23.8.2024)
Patricia Rangene Packium
Lee Yee Ling

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Lee Mok Koon
Teou Chau Hoyk

Directors' Report

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

The Company	Number of Ordinary Shares			
	At 1.4.2024	Bought	Sold	At 31.3.2025
<i>Direct Interests</i>				
Tan Kim Seng	99,040,780	-	-	99,040,780
Tan Kim Chai	98,885,580	-	-	98,885,580
Tan Yon Haw	19,116,970	-	-	19,116,970
Tan Kee Jin	1,131,800	-	-	1,131,800
Dr. Lim Pang Kiam	37,000	44,000	-	81,000
<i>Indirect Interests</i>				
Tan Kim Seng #	6,811,620	650,000	200,000	7,261,620
Tan Kim Chai ^	1,691,620	-	200,000	1,491,620

Deemed interested by virtue of his direct substantial shareholding in SDS Tan Properties Sdn. Bhd. and interest through his spouse and children's direct shareholding in the Company.

^ Deemed interested by virtue of his direct substantial shareholding in SDS Tan Properties Sdn. Bhd.

By virtue of their substantial shareholding in the Company, Tan Kim Seng and Tan Kim Chai are deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) 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 for any benefits which may be deemed to arise from the following transactions:-

	The Group RM'000
Lease paid/payable to companies in which certain directors have controlling interests	508
Lease paid/payable to a Director	22
Lease paid/payable to Directors' family members	68

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Report

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Group and of the Company during the financial year are as follows:-

	The Group RM'000	The Company RM'000
Fees	175	175
Salaries, bonuses and other benefits	3,536	17
Defined contribution benefits	416	-
	4,127	192

INDEMNITY AND INSURANCE COST

During the financial year, there was no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Group and of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Percentage of Issued Share Capital Held by Parent %	Principal Activities
<i>Subsidiaries of the Company</i>			
SDS Food Manufacturing Sdn. Bhd. ("SDS Food")	Malaysia	100	Manufacturing and distributing of bakery products
SDS Enterprise Sdn. Bhd. ("SDS Enterprise")	Malaysia	100	Licensors of food & beverage ("F&B") outlets
Super Arrow Trading Pte. Ltd. ("Super Arrow")	Singapore	100	Wholesale of bakery products in Singapore
<i>Subsidiaries of SDS Food</i>			
SDS Top Baker Sdn. Bhd. ("SDS Top Baker")	Malaysia	100	Manufacturing and distributing of bakery products
SDS Bakery & Cafeteria Sdn. Bhd. ("SDS B&C")	Malaysia	100	Operator of F&B outlets
Daily Bakery Sdn. Bhd. ("Daily Bakery")	Malaysia	100	Manufacturing and distributing of bakery products
<i>Subsidiary of SDS B&C</i>			
City Cake House Sdn. Bhd. ("City Cake")	Malaysia	51	Operator of F&B outlet

The available auditors' reports on the financial statements of the subsidiaries did not contain any qualification.

Directors' Report

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration for the financial year are as follows:-

	The Group RM'000	The Company RM'000
Audit fees	205	28
Non-audit fees	5	5
	210	33

Signed in accordance with a resolution of the directors dated 25 July 2025.

Tan Kim Chai

Tan Kim Seng

Statement By Directors

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Tan Kim Chai and Tan Kim Seng, being two of the directors of SDS Group Berhad, state that, in the opinion of the directors, the financial statements set out on pages 77 to 131 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2025 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 25 July 2025.

Tan Kim Chai

Tan Kim Seng

Statutory Declaration

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Tan Kee Meng, MIA Membership Number: 42904, being the officer primarily responsible for the financial management of SDS Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 77 to 131 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Tan Kee Meng
at Ibrahim International Business District (IIBD)
in the State of Johor
on this 25 July 2025.

Before me

Tan Kee Meng

Independent Auditors' Report to the Members of SDS Group Berhad

(Incorporated in Malaysia)
Registration No: 201701026951 (1241117-T)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of SDS Group Berhad, which comprise the statements of financial position as at 31 March 2025 of the Group and of the Company, and the statements of profit or loss and other 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 material accounting policy information, as set out on pages 77 to 131.

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 March 2025, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report to the Members of SDS Group Berhad

(Incorporated in Malaysia)
Registration No: 201701026951 (1241117-T)

Key Audit Matters (Cont'd)

Revenue Recognition Refer to Notes 4.9 and 23 to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
<p>Total revenue of the Group for the financial year ended 31 March 2025 amounted to RM345.67 million, which represents the most significant amount in the financial statements.</p> <p>We identified this area as our key audit matter due to the voluminous transactions, whereby there is a risk that revenue may be over or understated intentionally or unintentionally.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> • Tested the business process controls over the timing for the recognition of revenue and the amount of revenue recognised; • Tested sales transactions recorded to the relevant documents which evidenced the delivery of goods to customers as an indication of transfer of control on goods to ascertain validity of sales; and • Tested the recording of sales transactions close to the financial year end, including test of revenue cut-off and review of credit notes issued after the financial year ended, to establish whether the transactions were recorded in the correct reporting period.

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 information included in the annual 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 other information 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 other information and, in doing so, consider whether the other information 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 this other information, 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 Financial Reporting Standards, International Financial Reporting Standards 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.

Independent Auditors' Report to the Members of SDS Group Berhad

(Incorporated in Malaysia)
Registration No: 201701026951 (1241117-T)

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.

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 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Independent Auditors' Report to the Members of SDS Group Berhad

(Incorporated in Malaysia)

Registration No: 201701026951 (1241117-T)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 5 to the financial statements.

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.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Johor Bahru

25 July 2025

Tan Lin Chun
02839/10/2025 J
Chartered Accountant

Statements of Financial Position

As at 31 March 2025

	Note	The Group		The Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	5	-	-	34,877	34,877
Property, plant and equipment	6	133,335	120,684	-	-
Right-of-use assets	7	17,524	15,368	-	-
Amount owing by subsidiaries	8	-	-	-	2,800
Goodwill	9	162	162	-	-
Deferred tax assets	10	17	24	-	-
		151,038	136,238	34,877	37,677
CURRENT ASSETS					
Inventories	11	10,150	8,597	-	-
Trade receivables	12	12,499	13,051	-	-
Other receivables, deposits and prepayments	13	6,697	5,383	50	22
Amount owing by subsidiaries	8	-	-	-	2,926
Current tax assets		164	177	40	-
Fixed deposits with licensed bank	14	3,356	-	-	-
Cash and bank balances		44,594	29,975	20,292	14,268
		77,460	57,183	20,382	17,216
TOTAL ASSETS		228,498	193,421	55,259	54,893

The annexed notes form an integral part of these financial statements.

Statements of Financial Position

As at 31 March 2025

	Note	The Group		The Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15	54,413	54,413	54,413	54,413
Reserves	16	100,782	73,364	748	377
Equity attributable to owners of the Company		155,195	127,777	55,161	54,790
Non-controlling interests		869	742	-	-
TOTAL EQUITY		156,064	128,519	55,161	54,790
NON-CURRENT LIABILITIES					
Lease liabilities	17	12,076	9,995	-	-
Term loans	18	3,116	3,461	-	-
Deferred tax liabilities	19	9,600	7,006	-	-
Contract liabilities	20	369	421	-	-
		25,161	20,883	-	-
CURRENT LIABILITIES					
Trade payables	21	26,481	23,933	-	-
Other payables and accruals	22	11,921	11,324	98	94
Lease liabilities	17	5,694	5,588	-	-
Term loans	18	424	577	-	-
Contract liabilities	20	791	699	-	-
Current tax liabilities		1,962	1,898	-	9
		47,273	44,019	98	103
TOTAL LIABILITIES		72,434	64,902	98	103
TOTAL EQUITY AND LIABILITIES		228,498	193,421	55,259	54,893

The annexed notes form an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

For the Financial Year ended 31 March 2025

	Note	The Group		The Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Revenue	23	345,668	324,063	5,652	9,035
Cost of sales		(227,336)	(214,009)	-	-
Gross profit		118,332	110,054	5,652	9,035
Other income		2,260	1,408	729	821
Administrative expenses		(19,188)	(17,508)	(399)	(462)
Selling and distribution expenses		(56,072)	(48,724)	-	-
Other operating expenses		(29)	(1,068)	(25)	(384)
Finance costs		(1,002)	(872)	-	-
Profit before taxation	24	44,301	43,290	5,957	9,010
Income tax expense	25	(10,646)	(10,404)	(56)	(117)
Profit after taxation		33,655	32,886	5,901	8,893
Other comprehensive (expense)/ income					
Items that will be reclassified subsequently to profit or loss					
Foreign currency translation differences		(335)	197	-	-
Total comprehensive income for the financial year		33,320	33,083	5,901	8,893
PROFIT AFTER TAXATION					
ATTRIBUTABLE TO:-					
Owners of the Company		33,283	32,551	5,901	8,893
Non-controlling interests		372	335	-	-
		33,655	32,886	5,901	8,893
TOTAL COMPREHENSIVE INCOME					
ATTRIBUTABLE TO:-					
Owners of the Company		32,948	32,748	5,901	8,893
Non-controlling interests		372	335	-	-
		33,320	33,083	5,901	8,893
EARNINGS PER SHARE (SEN)					
Basic / Diluted	26	8.13	7.95		

The annexed notes form an integral part of these financial statements.

Statements of Changes in Equity

For the Financial Year ended 31 March 2025

The Group	Note	Non-Distributable		Distributable		Attributable To Owners of the Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
		Merger Deficit RM'000	Foreign Exchange Translation Reserve RM'000	Retained Profits RM'000	Share Capital RM'000			
Balance at 1.4.2024		(27,760)	858	100,266	127,777	742	128,519	
Profit after taxation for the financial year		-	-	33,283	33,283	372	33,655	
Other comprehensive income for the financial year:								
- Foreign currency translation differences		-	(335)	-	(335)	-	(335)	
Total comprehensive income for the financial year		-	(335)	33,283	32,948	372	33,320	
Distributions to owners of the Company:								
Dividends:								
- by the Company	27	-	-	(5,530)	(5,530)	-	(5,530)	
- by the subsidiary to non-controlling interests		-	-	-	-	(245)	(245)	
Balance at 31.3.2025		(27,760)	523	128,019	155,195	869	156,064	

The annexed notes form an integral part of these financial statements.

Statements of Changes in Equity

For the Financial Year ended 31 March 2025

The Group	Note	Share Capital RM'000	Non-Distributable		Distributable		Attributable To Owners of the Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
			Merger Deficit RM'000	Foreign Exchange Translation Reserve RM'000	Retained Profits RM'000				
Balance at 1.4.2023		54,413	(27,760)	661	76,112	103,426	652	104,078	
Profit after taxation for the financial year		-	-	-	32,551	32,551	335	32,886	
Other comprehensive income for the financial year:									
- Foreign currency translation differences		-	-	197	-	197	-	197	
Total comprehensive income for the financial year		-	-	197	32,551	32,748	335	33,083	
Distributions to owners of the Company:									
Dividends:									
- by the Company	27	-	-	-	(8,397)	(8,397)	-	(8,397)	
- by the subsidiary to non-controlling interests		-	-	-	-	-	(245)	(245)	
Balance at 31.3.2024		54,413	(27,760)	858	100,266	127,777	742	128,519	

The annexed notes form an integral part of these financial statements.

Statements of Changes in Equity

For the Financial Year ended 31 March 2025

The Company	Note	Share Capital RM'000	(Accumulated Losses)/ Retained Profits RM'000	Total Equity RM'000
Balance at 1.4.2023		54,413	(119)	54,294
Profit after taxation/Total comprehensive income for the financial year		-	8,893	8,893
Distributions to owners of the Company:				
- Dividends	27	-	(8,397)	(8,397)
Balance at 31.3.2024/1.4.2024		54,413	377	54,790
Profit after taxation/Total comprehensive income for the financial year		-	5,901	5,901
Distributions to owners of the Company:				
- Dividends	27	-	(5,530)	(5,530)
Balance at 31.3.2025		54,413	748	55,161

The annexed notes form an integral part of these financial statements.

Statements of Cash Flows

For the Financial Year ended 31 March 2025

	Note	The Group		The Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit before taxation		44,301	43,290	5,957	9,010
Adjustments for:-					
Bad debts written off		1	1	-	-
Deposit written off		-	291	-	-
Depreciation of property, plant and equipment		14,401	12,127	-	-
Depreciation of right-of-use assets		6,710	5,670	-	-
Impairment losses on trade receivables	12	-	81	-	-
Interest expense on lease liabilities		832	683	-	-
Inventories written down	11	-	94	-	-
Other interest expenses		170	188	-	-
Property, plant and equipment written off		2	161	-	-
Dividend income		-	-	(5,652)	(9,035)
Gain on disposal of property, plant and equipment		(350)	(191)	-	-
Gain on disposal of short-term investment		(485)	(311)	(485)	(311)
Gain on lease termination		(48)	(24)	-	-
Interest income		(729)	(432)	(243)	(510)
Reversal of impairment losses on trade receivables	12	(42)	-	-	-
Reversal of inventories previously written down	11	(38)	(11)	-	-
Unrealised (gain)/loss on foreign exchange		(3)	6	-	-
Operating profit/(loss) before working capital changes		64,722	61,623	(423)	(846)
Increase in inventories		(1,514)	(1,341)	-	-
(Increase)/Decrease in trade and other receivables		(340)	(2,042)	(28)	242
Increase/(Decrease) in trade and other payables		3,009	2,033	4	(43)
Increase in contract liabilities		40	231	-	-
CASH FROM/(FOR) OPERATIONS		65,917	60,504	(447)	(647)
Income tax paid		(8,143)	(7,722)	(105)	(115)
Income tax refunded		203	624	-	-
NET CASH FROM/(FOR) OPERATING ACTIVITIES		57,977	53,406	(552)	(762)

The annexed notes form an integral part of these financial statements.

Statements of Cash Flows

For the Financial Year ended 31 March 2025

	Note	The Group		The Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Deposit paid for future purchase of property, plant and equipment		(1,178)	(293)	-	-
Dividends received		-	-	5,652	9,035
Interest received		729	432	243	510
Subscription of additional shares in an existing subsidiary	5(b)	-	-	-	(2,000)
Net repayment from subsidiaries		-	-	5,726	1,004
Placement of short-term investment		(33,600)	(18,000)	(33,600)	(18,000)
Proceeds from disposal of property, plant and equipment:					
- current financial year		165	172	-	-
- previous financial year		64	12	-	-
Purchase of property, plant and equipment:	28(a)				
- current financial year		(25,654)	(34,003)	-	-
- previous financial year		(345)	(1,915)	-	-
Withdrawal of short-term investment		34,085	18,311	34,085	18,311
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(25,734)	(35,284)	12,106	8,860
CASH FLOWS FOR FINANCING ACTIVITIES					
Dividend paid to non-controlling interests		(245)	(245)	-	-
Dividends paid to shareholders of the Company	27	(5,530)	(8,397)	(5,530)	(8,397)
Drawdown of bankers' acceptance	28(b)	-	334	-	-
Drawdown of term loans	28(b)	350	600	-	-
Interest paid	28(b)	(1,002)	(871)	-	-
Repayment of bankers' acceptance	28(b)	-	(334)	-	-
Repayment of lease liabilities	28(b)	(6,630)	(6,014)	-	-
Repayment of term loans	28(b)	(848)	(952)	-	-
NET CASH FOR FINANCING ACTIVITIES		(13,905)	(15,879)	(5,530)	(8,397)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		18,338	2,243	6,024	(299)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		(363)	213	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		29,975	27,519	14,268	14,567
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		47,950	29,975	20,292	14,268

The annexed notes form an integral part of these financial statements.

Notes to the Financial Statements

For the Financial Year ended 31 March 2025

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office : Unit 7-01, Level 7, Menara Lagenda
No. 3 Jalan SS20/27
47400 Petaling Jaya
Selangor

Principal place of business : 5, Jalan Selatan 8
Off Jalan Kempas Lama
Kawasan Perusahaan Ringan Pulai
81200 Johor Bahru
Johor

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 25 July 2025.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under material accounting policy information, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3.1 During the current financial year, the Group and the Company have adopted the following new applicable accounting standards (including the consequential amendments, if any):-

MFRSs (Including The Consequential Amendments)

Amendments to MFRS 16: Lease Liability in a Sale and Leaseback
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current
Amendments to MFRS 101: Non-current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements

The adoption of the above accounting standards (including the consequential amendments, if any) did not have any material impact on the financial statements of the Group and of the Company.

Notes to the Financial Statements

For the Financial Year ended 31 March 2025

3. BASIS OF PREPARATION (CONT'D)

3.2 The Group and the Company have not applied in advance the following accounting standards (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs (Including The Consequential Amendments)	Effective Date
MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 9 and MFRS 7: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 9 and MFRS 7: Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025
Annual Improvements to MFRS Accounting Standards – Volume 11	1 January 2026

The adoption of the above accounting standards (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group and of the Company upon their initial application except as follows:-

MFRS 18 Presentation and Disclosure in Financial Statements

MFRS 18 'Presentation and Disclosure in Financial Statements' will replace MFRS 101 'Presentation of Financial Statements' upon its adoption. This new standard aims to enhance the transparency and comparability of financial information by introducing new disclosure requirements. Specifically, it requires that income and expenses be classified into 3 defined categories: "operating", "investing" and "financing" and introduces 2 new subtotals: "operating profit or loss" and "profit or loss before financing and income tax". In addition, MFRS 18 requires the disclosure of management-defined performance measures and sets out principles for the aggregation and disaggregation of information, which will apply to all primary financial statements and the accompanying notes. The statement of financial position and the statement of cash flows will also be affected. The potential impact of the new standard on the financial statements of the Company has yet to be assessed.

4. MATERIAL ACCOUNTING POLICY INFORMATION

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment and Right-of-use Assets

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment and right-of-use assets are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment and right-of-use assets will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Notes to the Financial Statements

For the Financial Year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(b) Impairment of Property, Plant and Equipment and Right-of-use Assets

The Group determines whether an item of its property, plant and equipment and right-of-use assets is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows.

(c) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(d) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables.

(e) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made.

(f) Discount Rates used in Leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the accounting policies of the Group and of the Company which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Notes to the Financial Statements

For the Financial Year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.2 BASIS OF CONSOLIDATION

The Group applies the acquisition method of accounting for all business combinations except for those involving entities under common control which are accounted for applying the merger method of accounting.

Under the merger method of accounting, the assets and liabilities of the merger entities are reflected in the consolidated financial statements at their carrying amounts reported in the individual financial statements. The consolidated statement of profit or loss and other comprehensive income reflects the results of the merger entities for the full reporting period (irrespective of when the combination takes place) and comparatives are presented as if the entities had always been combined since the date for which the entities had come under common control.

The difference between the cost of the merger and the share capital of the merger entities is reflected within equity as merger reserve or merger deficit, as appropriate. The merger deficit is adjusted against suitable reserves of the merger entities to the extent that laws or statutes do not prohibit the use of such reserves.

4.3 FINANCIAL INSTRUMENTS

(a) Financial Assets

Financial Assets at Amortised Cost

The financial assets are initially measured at fair value plus transaction costs except for trade receivables without significant financing component which are measured at transaction price only. Subsequent to the initial recognition, all financial assets are measured at amortised cost less any impairment losses.

(b) Financial Liabilities

Financial Liabilities at Amortised Cost

The financial liabilities are initially measured at fair value less transaction costs. Subsequent to the initial recognition, the financial liabilities are measured at amortised cost.

(c) Equity

Ordinary Shares

Ordinary shares are recorded on initial recognition at the proceeds received less directly attributable transaction costs incurred. The ordinary shares are not remeasured subsequently.

(d) Financial Guarantee Contracts

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to the initial recognition, the financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the reimbursement is recognised as a liability and measured at the higher of the amount of loss allowance determined using the expected credit loss model and the amount of financial guarantee initially recognised less cumulative amortisation.

Notes to the Financial Statements

For the Financial Year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.4 GOODWILL

Goodwill is initially measured at cost. Subsequent to the initial recognition, the goodwill is measured at cost less accumulated impairment losses, if any. A bargain purchase gain is recognised in profit or loss immediately.

4.5 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any.

4.6 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and any impairment losses.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over the estimated useful lives. The principal annual depreciation rates are:-

Buildings	2% - 4%
Motor vehicles	8.33% - 20%
Office equipment, furniture, fittings and renovation	10% - 20%
Plant, machinery and factory equipment	7% - 20%

Capital work-in-progress represent factory buildings under construction and production machinery under installation. They are not depreciated until such time when the asset is available for use.

4.7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Short-term Leases and Leases of Low-value Assets

The Group applies the "short-term lease" and "lease of low-value assets" recognition exemption. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more appropriate.

(b) Right-of-use Assets

Right-of-use assets are initially measured at cost. Subsequent to the initial recognition, the right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities.

The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term.

(c) Lease Liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the entities' incremental borrowing rate. Subsequent to the initial recognition, the lease liabilities are measured at amortised cost and adjusted for any lease reassessment or modifications.

Notes to the Financial Statements

For the Financial Year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.8 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost of raw materials is determined on the first-in, first-out method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition. Cost of finished goods includes cost of materials, labour and an appropriate proportion of production overheads.

4.9 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(a) Sale of Goods with Cash Term

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being at the point when the customer purchases the goods at the retail outlet. Payment for the transaction is due immediately at the point when the customer purchases the goods and takes delivery at the retail outlet.

(b) Sale of Goods with Credit Term

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(c) Rendering of Licensing Services

Revenue from providing licensing services is recognised over time in the period in which the services are rendered. As a practical expedient, the Group recognises revenue on a straight-line method over the period of services.

Notes to the Financial Statements

For the Financial Year ended 31 March 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.9 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(d) Rendering of Outlet Management and Consultancy Services

Revenue from providing outlet management and consultancy services is recognised at a point in time.

Customers are invoiced on a monthly basis and consideration is payable when invoiced.

(e) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

(f) Membership Fee

The Group operates a membership programme that last 1 to 3 years where retail customers pay membership fee to entitle for membership discount for the duration of the membership programme. A contract liability is recognised at the time of receiving the membership fee. Revenue is recognised on a straight-line method over the period of membership.

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Notes to the Financial Statements

For the Financial Year ended 31 March 2025

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2025 RM'000	2024 RM'000
Unquoted shares, at cost		
At 1 April	34,877	32,877
Add: Acquisition during the year	-	2,000
At 31 March	34,877	34,877

The details of the subsidiaries are as follows:-

Name of Subsidiaries	Principal Place of Business and Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2025 %	2024 %	
<i>Subsidiaries of the Company</i>				
SDS Food	Malaysia	100	100	Manufacturing and distributing of bakery products
SDS Enterprise	Malaysia	100	100	Licensors of food & beverage ("F&B") outlets
Super Arrow ^	Singapore	100	100	Wholesale of bakery products in Singapore
<i>Subsidiaries of SDS Food</i>				
SDS Top Baker	Malaysia	100	100	Manufacturing and distributing of bakery products
SDS B&C	Malaysia	100	100	Operator of F&B outlets
Daily Bakery	Malaysia	100	100	Manufacturing and distributing of bakery products
<i>Subsidiary of SDS B&C</i>				
City Cake	Malaysia	51	51	Operator of F&B outlet

^ This subsidiary was audited by other firm of chartered accountant.

Notes to the Financial Statements

For the Financial Year ended 31 March 2025

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (a) The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest		The Group	
	2025 %	2024 %	2025 RM'000	2024 RM'000
City Cake	49	49	869	742

Summarised financial information of non-controlling interests has not been presented as the non-controlling interests of the subsidiary are not material to the Group.

- (b) During the previous financial year, the Company subscribed an additional 2,000,000 ordinary shares in a wholly-owned subsidiary, SDS Food for a total cash consideration of RM2,000,000. The subscription did not change the percentage of shareholding effectively held by the Company.

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Notes to the Financial Statements

For the Financial Year ended 31 March 2025

6. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.4.2024 RM'000	Additions (Note 28(a)) RM'000	Disposals RM'000	Written Off (Note 24) RM'000	Depreciation Charges (Note 24) RM'000	Reclassification RM'000	At 31.3.2025 RM'000
2025							
<i>Carrying Amount</i>							
Freehold land	32,212	-	-	-	-	-	32,212
Buildings	23,008	130	-	-	(592)	1,170	23,716
Motor vehicles	11,872	9,083	(35)	-	(4,361)	-	16,559
Office equipment, furniture, fittings and renovation	17,011	8,190	-	(1)	(3,479)	-	21,721
Plant, machinery and factory equipment	33,932	9,750	(64)	(1)	(5,969)	1,479	39,127
Capital work-in- progress	2,649	-	-	-	-	(2,649)	-
	120,684	27,153	(99)	(2)	(14,401)	-	133,335

Notes to the Financial Statements

For the Financial Year ended 31 March 2025

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At 1.4.2023 RM'000	Additions (Note 28(a)) RM'000	Disposals RM'000	Written Off (Note 24) RM'000	Depreciation Charges (Note 24) RM'000	At 31.3.2024 RM'000
2024						
<i>Carrying Amount</i>						
Freehold land	17,808	14,404	-	-	-	32,212
Buildings	20,395	3,146	-	-	(533)	23,008
Motor vehicles	9,167	6,039	(32)	-	(3,302)	11,872
Office equipment, furniture, fittings and renovation	15,251	4,806	-	(62)	(2,984)	17,011
Plant, machinery and factory equipment	32,447	6,905	(13)	(99)	(5,308)	33,932
Capital work-in-progress	-	2,649	-	-	-	2,649
	95,068	37,949	(45)	(161)	(12,127)	120,684

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Notes to the Financial Statements

For the Financial Year ended 31 March 2025

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At Cost RM'000	Accumulated Depreciation and Impairment Losses RM'000	Carrying Amount RM'000
2025			
Freehold land	32,212	-	32,212
Buildings	30,190	(6,474)	23,716
Motor vehicles	53,107	(36,548)	16,559
Office equipment, furniture, fittings and renovation	47,483	(25,762)	21,721
Plant, machinery and factory equipment	92,427	(53,300)	39,127
	255,419	(122,084)	133,335
2024			
Freehold land	32,212	-	32,212
Buildings	28,890	(5,882)	23,008
Motor vehicles	45,177	(33,305)	11,872
Office equipment, furniture, fittings and renovation	39,296	(22,285)	17,011
Plant, machinery and factory equipment	82,040	(48,108)	33,932
Capital work-in-progress	2,649	-	2,649
	230,264	(109,580)	120,684

Included in the property, plant and equipment of the Group are freehold land and buildings pledged to licensed banks as security for banking facilities granted to the Group with carrying amount of RM14,641,000 and RM18,027,049 (2024 - RM14,641,000 and RM17,162,803) as disclosed in Note 18 to the financial statements.

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Notes to the Financial Statements

For the Financial Year ended 31 March 2025

7. RIGHT-OF-USE ASSETS

	At 1.4.2024 RM'000	Additions (Note 17) RM'000	Derecognition Due to Lease Termination RM'000	Modification of Lease Liabilities RM'000	Depreciation Charges (Note 24) RM'000	At 31.3.2025 RM'000
2025						
<i>Carrying Amount</i>						
Leasehold land	440	-	-	-	(7)	433
Buildings	35	-	-	-	(4)	31
Electrical equipment	53	64	-	-	(72)	45
Retail outlets, depots and hostels	14,840	4,722	(1,817)	5,897	(6,627)	17,015
	15,368	4,786	(1,817)	5,897	(6,710)	17,524
	At 1.4.2023 RM'000	Additions (Note 17) RM'000	Derecognition Due to Lease Termination RM'000	Modification of Lease Liabilities RM'000	Depreciation Charges (Note 24) RM'000	At 31.3.2024 RM'000
2024						
<i>Carrying Amount</i>						
Leasehold land	448	-	-	-	(8)	440
Buildings	39	-	-	-	(4)	35
Electrical equipment	147	51	-	-	(145)	53
Retail outlets, depots and hostels	10,858	5,702	(426)	4,219	(5,513)	14,840
	11,492	5,753	(426)	4,219	(5,670)	15,368

Notes to the Financial Statements

For the Financial Year ended 31 March 2025

7. RIGHT-OF-USE ASSETS (CONT'D)

	The Group	
	2025 RM'000	2024 RM'000
Analysed by:-		
Cost	33,495	28,160
Accumulated depreciation	(15,971)	(12,792)
	17,524	15,368

(a) The Group leases a piece of leasehold land and building, electrical equipment, various retail outlets, depots and hostels of which the leasing activities are summarised below:-

- | | |
|---|---|
| (i) Leasehold land and building | The remaining lease period of the leasehold land and building is 60 years, which is expiring in 2085. |
| (ii) Electrical equipment, retail outlets, depots and hostels | The Group has leased a number of electrical equipment, retail outlets, depots and hostels that run between 1 to 6 years, with an option to renew the lease after that date. |

Some leases contain variable lease payments that are based on sales that the Group makes at the retail outlets. Any reasonably possible change in this key variable does not have a material impact on the profit after taxation and other comprehensive income of the Group.

(b) The leasehold land and building have been pledged to licensed banks as security for banking facilities granted to a subsidiary of the Group as disclosed in Note 18 to the financial statements.

8. AMOUNT OWING BY SUBSIDIARIES

	The Company	
	2025 RM'000	2024 RM'000
<u>Non-current</u>		
Non-trade balance	-	2,800
<u>Current</u>		
Non-trade balance	-	2,926
	-	5,726

(a) The non-trade balance (non-current) represents unsecured advances which were fully settled during the financial year (2024 – repayable within financial year 2026 to 2027) and bore effective interest rate of Nil (2024 – 5.34%) per annum. The amount owing is to be settled in cash.

(b) The non-trade balances (current) represent advances and interest charged for advances. The advances bore effective interest rate of Nil (2024 – 5.34%) per annum. The amounts owing are to be settled in cash.

Notes to the Financial Statements

For the Financial Year ended 31 March 2025

9. GOODWILL

	The Group	
	2025 RM'000	2024 RM'000
Cost:-		
At 1 April / 31 March	162	162

The carrying amount of goodwill allocated to cash-generating unit is as follows:-

	The Group	
	2025 RM'000	2024 RM'000
SDS Top Baker	162	162

No impairment testing is done on this cash-generating unit as it is considered immaterial to the Group.

10. DEFERRED TAX ASSETS

The Group	At 1.4.2024 RM'000	Recognised in Profit or Loss (Note 25) RM'000	At 31.3.2025 RM'000
2025			
<i>Deferred Tax Asset</i>			
Contract liabilities	24	(7)	17

The Group	At 1.4.2023 RM'000	Recognised in Profit or Loss (Note 25) RM'000	At 31.3.2024 RM'000
2024			
<i>Deferred Tax Asset</i>			
Contract liabilities	20	4	24

Notes to the Financial Statements

For the Financial Year ended 31 March 2025

11. INVENTORIES

	The Group	
	2025 RM'000	2024 RM'000
Raw materials	9,443	7,789
Finished goods	797	936
	10,240	8,725
Less: Inventories written down	(90)	(128)
	10,150	8,597
Recognised in profit or loss:-		
Inventories recognised as cost of sales	203,060	193,953
Inventories written down (Note 24)	-	94
Reversal of inventories previously written down (Note 24)	(38)	(11)
Movement for inventories written down:-		
At 1 April	128	45
Addition during the financial year	-	94
Reversal during the financial year	(38)	(11)
At 31 March	90	128

12. TRADE RECEIVABLES

	The Group	
	2025 RM'000	2024 RM'000
Trade receivables	12,540	13,134
Allowance for impairment losses	(41)	(83)
	12,499	13,051
Allowance for impairment losses:-		
At 1 April	83	2
Addition during the financial year (Note 24)	-	81
Reversal during the financial year (Note 24)	(42)	-
Written off during the financial year	*	-
At 31 March	41	83

The Group's normal trade credit terms range from 7 to 60 (2024 – 7 to 60) days.

* Denotes amount less than RM500.

Notes to the Financial Statements

For the Financial Year ended 31 March 2025

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Other receivables	395	18	-	-
Deposits	4,419	3,583	30	2
Prepayments	1,883	1,782	20	20
	6,697	5,383	50	22

Included in deposits of the Group at the end of the reporting period is an amount of RM1,216,379 (2024 – RM1,053,423) which represents downpayment paid for future purchase of property, plant and equipment.

14. FIXED DEPOSITS WITH LICENSED BANK

The fixed deposits with licensed bank of the Group and of the Company at the end of the reporting period bore effective interest rates ranging from 1.48% to 1.68% (2024 – Nil) per annum. The fixed deposits have maturity periods ranging from 30 to 120 (2024 – Nil) days for the Group and the Company.

15. SHARE CAPITAL

	The Group/The Company			
	2025	2024	2025	2024
	Number of Shares ('000)		RM'000	RM'000
Issued and Fully Paid-Up				
Ordinary Shares				
At 1 April/31 March	409,631	409,631	54,413	54,413

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

16. RESERVES

(a) Merger Deficit

The merger deficit represents the difference between the carrying value of the investment in subsidiaries and the share capital of the Company's subsidiaries upon consolidation under the merger accounting principle.

(b) Foreign Exchange Translation Reserve

The foreign exchange translation reserve arose from the translation of the financial statements of a foreign subsidiary whose functional currency is different from the Group's presentation currency.

Notes to the Financial Statements

For the Financial Year ended 31 March 2025

17. LEASE LIABILITIES

The Group	Rental RM'000	Hire Purchase RM'000	Total RM'000
At 1 April 2024	15,572	11	15,583
Additions (Notes 7 and 28(b))	4,786	-	4,786
Interest expense recognised in profit or loss (Note 24)	832	-	832
Modification of leases (Note 7 and 28(b))	5,897	-	5,897
Derecognition due to lease termination (Note 28(b))	(1,866)	-	(1,866)
Repayment of principal	(6,619)	(11)	(6,630)
Repayment of interest expense	(832)	-	(832)
At 31 March 2025	17,770	-	17,770
At 1 April 2023	11,618	457	12,075
Additions (Notes 7 and 28(b))	5,753	-	5,753
Interest expense recognised in profit or loss (Note 24)	672	11	683
Modification of leases (Note 7 and 28(b))	4,219	-	4,219
Derecognition due to lease termination (Note 28(b))	(450)	-	(450)
Repayment of principal	(5,568)	(446)	(6,014)
Repayment of interest expense	(672)	(11)	(683)
At 31 March 2024	15,572	11	15,583

	2025 RM'000	2024 RM'000
Analysed by:-		
Current liabilities	5,694	5,588
Non-current liabilities	12,076	9,995
	17,770	15,583

In the previous financial year, certain lease liabilities of the Group are secured by the Group's motor vehicles under hire purchase arrangements as disclosed in Note 6 to the financial statements, with lease terms of 5 years and bore effective interest rates of 5.82% per annum.

Notes to the Financial Statements

For the Financial Year ended 31 March 2025

18. TERM LOANS

	The Group	
	2025 RM'000	2024 RM'000
Current liabilities	424	577
Non-current liabilities	3,116	3,461
	3,540	4,038

The term loans are secured by legal charges over certain freehold land, leasehold land and buildings of the Group as disclosed in Notes 6 and 7 to the financial statements.

The above floating rate term loans of the Group bore effective interest rates ranging from 4.42% to 4.52% (2024 – 4.42% to 4.52%) per annum.

19. DEFERRED TAX LIABILITIES

The Group	At 1.4.2024 RM'000	Recognised in Profit or Loss (Note 25) RM'000	At 31.3.2025 RM'000
2025			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment *	9,205	1,200	10,405
Unrealised foreign exchange gain	5	(5)	-
Right-of-use assets	3,609	498	4,107
	12,819	1,693	14,512
<i>Deferred Tax Assets</i>			
Unabsorbed reinvestment allowance	(1,796)	1,424	(372)
Lease liabilities	(3,772)	(506)	(4,278)
Unrealised foreign exchange loss	-	(1)	(1)
Contract liabilities	(245)	(16)	(261)
	(5,813)	901	(4,912)
	7,006	2,594	9,600

Notes to the Financial Statements

For the Financial Year ended 31 March 2025

19. DEFERRED TAX LIABILITIES (CONT'D)

The Group	At 1.4.2023 RM'000	Recognised in Profit or Loss (Note 25) RM'000	At 31.3.2024 RM'000
2024			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment *	8,390	815	9,205
Unrealised foreign exchange gain	-	5	5
Right-of-use assets	2,697	912	3,609
	11,087	1,732	12,819
<i>Deferred Tax Assets</i>			
Unabsorbed reinvestment allowance	(3,114)	1,318	(1,796)
Lease liabilities	(2,845)	(927)	(3,772)
Unrealised foreign exchange loss	(3)	3	-
Contract liabilities	(194)	(51)	(245)
	(6,156)	343	(5,813)
	4,931	2,075	7,006

* Includes deferred tax from fair value adjustment in a purchase price allocation exercise.

20. CONTRACT LIABILITIES

	The Group	
	2025 RM'000	2024 RM'000
Current liabilities	791	699
Non-current liabilities	369	421
	1,160	1,120

Contract liabilities relate to the unsatisfied performance obligation in which the Group has yet to deliver the licensing and membership services to its customers. The contract liabilities are recognised to profit or loss only when the performance obligation has been fulfilled.

21. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 14 to 150 (2024 – 14 to 150) days.

Notes to the Financial Statements

For the Financial Year ended 31 March 2025

22. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Other payables:-				
Third parties	3,381	3,830	18	2
Goods and services tax payable	101	113	-	-
Sales and service tax payable	414	467	-	-
	3,896	4,410	18	2
Deposits received	195	192	-	-
Accruals	1,759	1,212	80	92
Payroll liabilities	6,071	5,510	-	-
	11,921	11,324	98	94

23. REVENUE

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Revenue from Contracts with Customers				
<u>Recognised at a point in time</u>				
Sales of goods	343,908	322,515	-	-
Others	589	577	-	-
	344,497	323,092	-	-
<u>Recognised over time</u>				
License fee	28	33	-	-
Membership fee	1,143	938	-	-
	1,171	971	-	-
	345,668	324,063	-	-
Revenue from Other Sources				
Dividend income	-	-	5,652	9,035
	345,668	324,063	5,652	9,035

The information on the disaggregation of revenue by geographical market is disclosed in Note 31.2 to the financial statements.

Notes to the Financial Statements

For the Financial Year ended 31 March 2025

24. PROFIT BEFORE TAXATION

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Profit before taxation is arrived at:				
<i>After Charging</i>				
Auditors' remuneration:				
- audit fees:				
- auditors of the Company	205	175	28	20
- other auditors	21	24	-	-
- non-audit fee:				
- auditors of the Company	5	5	5	5
Bad debts written off	1	1	-	-
Deposit written off	-	291	-	-
Depreciation:				
- property, plant and equipment (Note 6)	14,401	12,127	-	-
- right-of-use assets (Note 7)	6,710	5,670	-	-
Impairment loss on trade receivables (Note 12)	-	81	-	-
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- bank overdrafts	-	*	-	-
- bankers' acceptance	-	1	-	-
- term loans	170	187	-	-
Interest expense on lease liabilities (Note 17)	832	683	-	-
Inventories written down (Note 11)	-	94	-	-
Lease expenses:				
- short-term leases	1,067	891	-	-
- low-value assets	50	38	-	-
- variable lease payments	980	749	-	-
Loss on foreign exchange:				
- realised	-	145	-	-
- unrealised	-	6	-	-
Property, plant and equipment written off (Note 6)	2	161	-	-
Staff costs (including other key management personnel as disclosed in Note 29(b)):				
- short-term employee benefits	67,086	59,687	-	-
- defined contribution benefits	5,356	4,831	-	-

Notes to the Financial Statements

For the Financial Year ended 31 March 2025

24. PROFIT BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Profit before taxation is arrived at:				
<i>After Crediting</i>				
Gain on disposal of property, plant and equipment	(350)	(191)	-	-
Gain on disposal of short-term investment	(485)	(311)	(485)	(311)
Gain on foreign exchange:				
- realised	(22)	-	-	-
- unrealised	(3)	-	-	-
Gain on lease termination	(48)	(24)	-	-
Interest income on financial assets measured at amortised cost	(729)	(432)	(243)	(510)
Reversal of impairment loss on trade receivables (Note 12)	(42)	-	-	-
Reversal of inventories previously written down (Note 11)	(38)	(11)	-	-

* Denotes amount less than RM500.

25. INCOME TAX EXPENSE

Income Tax Expenses Recognised in Profit or Loss

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Income tax:				
- current financial year	8,259	8,404	51	118
- (over)/under provision in the previous financial year	(214)	(71)	5	(1)
	8,045	8,333	56	117
Deferred tax (Note 10 and 19):				
- origination and reversal of temporary differences	2,479	2,053	-	-
- under provision of deferred tax in the previous financial year	122	18	-	-
	2,601	2,071	-	-
	10,646	10,404	56	117

Notes to the Financial Statements

For the Financial Year ended 31 March 2025

25. INCOME TAX EXPENSE (CONT'D)

Income Tax Expenses Recognised in Profit or Loss (Cont'd)

A reconciliation of tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Profit before taxation	44,301	43,290	5,957	9,010
Tax expense at the statutory tax rate of 24% (2024 – 24%)	10,632	10,390	1,430	2,162
Tax effects of:-				
Non-taxable income	(132)	(75)	(1,478)	(2,243)
Non-deductible expenses	817	829	99	199
Differential in tax rate of a foreign subsidiary	(175)	(201)	-	-
Reduction in tax rate on company in other jurisdiction	(82)	(82)	-	-
Tax incentives:				
- deduction for employment of senior citizens	(39)	(22)	-	-
- reinvestment allowance	(283)	(382)	-	-
(Over)/Under provision of income tax in the previous financial year	(214)	(71)	5	(1)
Under provision of deferred tax in the previous financial year	122	18	-	-
	10,646	10,404	56	117

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2024 – 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdiction is calculated at the rate prevailing in that jurisdiction.

Notes to the Financial Statements

For the Financial Year ended 31 March 2025

26. EARNINGS PER SHARE

(a) Basic Earnings Per Share

The basic earnings per share is calculated by dividing the consolidated profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	The Group	
	2025	2024
Profit attributable to owners of the Company (RM'000)	33,283	32,551
Weighted average number of ordinary shares in issue ('000)	409,631	409,631
Basis earnings per share (sen)	8.13	7.95

(b) Diluted Earnings Per Share

The diluted earnings per share is equal to the basic earnings per share because there were no potential ordinary shares during the financial year.

27. DIVIDENDS

	The Group/The Company	
	2025 RM'000	2024 RM'000
Second interim single tier dividend of Nil (2024 – 0.75 sen) per ordinary share in respect of the previous financial year	-	3,072
Fourth interim single tier dividend of 0.35 sen (2024 – Nil) per ordinary share in respect of the previous financial year	1,434	-
First interim single tier dividend of 0.40 sen (2024 – 0.35 sen) per ordinary share in respect of the current financial year	1,638	1,434
Second interim single tier dividend of 0.60 sen (2024 – 0.60 sen) per ordinary share in respect of the current financial year	2,458	2,457
Third interim single tier dividend of Nil (2024 – 0.35 sen) per ordinary share in respect of the current financial year	-	1,434
	5,530	8,397

Subsequent to the end of the financial year, the Company has declared third interim single tier dividend of 0.50 sen per ordinary share in respect of the current financial year and was paid on 30 June 2025.

Notes to the Financial Statements

For the Financial Year ended 31 March 2025

28. CASH FLOW INFORMATION

- (a) The cash disbursed for the purchase of property, plant and equipment and the addition of right-of-use assets are as follows:-

	The Group	
	2025 RM'000	2024 RM'000
Property, plant and equipment		
Cost of property, plant and equipment purchased (Note 6)	27,153	37,949
Less: Downpayment paid in the previous financial year	(1,015)	(3,558)
Less: Other payables – balances remained unpaid at financial year end (Note 22)	(484)	(388)
	25,654	34,003
Add: Payments in respect of previous financial year's purchases	345	1,915
	25,999	35,918
Right-of-use assets		
Cost of right-of-use assets acquired (Note 7)	4,786	5,753
Less: Addition of new lease liabilities (Note 17)	(4,786)	(5,753)
	-	-

- (b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Lease Liabilities RM'000	Term Loans RM'000	Total RM'000
2025			
At 1 April 2024	15,583	4,038	19,621
<u>Changes in Financing Cash Flows</u>			
Proceeds from drawdown	-	350	350
Repayment of principal	(6,630)	(848)	(7,478)
Repayment of interests	(832)	(170)	(1,002)
	(7,462)	(668)	(8,130)
<u>Other Changes</u>			
Acquisition of new leases (Note 17)	4,786	-	4,786
Modification of leases (Note 17)	5,897	-	5,897
Derecognition due to lease termination (Note 17)	(1,866)	-	(1,866)
Interest expense recognised in profit or loss (Note 24)	832	170	1,002
	9,649	170	9,819
At 31 March 2025	17,770	3,540	21,310

Notes to the Financial Statements

For the Financial Year ended 31 March 2025

28. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

The Group	Bankers' Acceptance RM'000	Lease Liabilities RM'000	Term Loans RM'000	Total RM'000
2024				
At 1 April 2023	-	12,075	4,390	16,465
<u>Changes in Financing Cash Flows</u>				
Proceeds from drawdown	334	-	600	934
Repayment of principal	(334)	(6,014)	(952)	(7,300)
Repayment of interests	(1)	(683)	(187)	(871)
	(1)	(6,697)	(539)	(7,237)
<u>Other Changes</u>				
Acquisition of new leases (Note 17)	-	5,753	-	5,753
Modification of leases (Note 17)	-	4,219	-	4,219
Derecognition due to lease termination (Note 17)	-	(450)	-	(450)
Interest expense recognised in profit or loss (Note 24)	1	683	187	871
	1	10,205	187	10,393
At 31 March 2024	-	15,583	4,038	19,621

(c) The total cash outflows for leases as a lessee are as follows:-

	The Group	
	2025 RM'000	2024 RM'000
Payment of short-term leases	1,067	891
Payment of low-value assets	50	38
Variable lease payments	980	749
Interest paid on lease liabilities	832	683
Payment of lease liabilities	6,630	6,014
	9,559	8,375

Notes to the Financial Statements

For the Financial Year ended 31 March 2025

29. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
(a) Directors				
<u>Directors of the Company</u>				
Short-term employee benefits:				
- fees	175	213	175	213
- salaries, bonuses and other benefits	3,536	2,990	17	25
	3,711	3,203	192	238
Defined contribution benefits	416	351	-	-
	4,127	3,554	192	238
<u>Directors of the Subsidiaries</u>				
Short-term employee benefits:				
- salaries, bonuses and other benefits	220	207	-	-
Defined contribution benefits	21	20	-	-
	241	227	-	-
Total directors' remuneration	4,368	3,781	192	238
(b) Other Key Management Personnel				
Short-term employee benefits	717	658	-	-
Defined contribution benefits	97	86	-	-
Total compensation for other key management personnel	814	744	-	-

Notes to the Financial Statements

For the Financial Year ended 31 March 2025

30. RELATED PARTY DISCLOSURES

(a) Subsidiaries

The subsidiaries are disclosed in Note 5 to the financial statements.

(b) Significant Related Party Transactions and Balances

In addition to the related party transactions information disclosed in the statement of cash flows, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group	
	2025 RM'000	2024 RM'000
Companies in which certain directors have controlling interests		
Lease paid/payable	508	496
Director		
Lease paid/payable	22	22
Directors' family members		
Lease paid/payable	68	40
	The Company	
	2025 RM'000	2024 RM'000
Subsidiaries		
Dividend income received/receivable	(5,652)	(9,035)
Interest income received/receivable	(139)	(387)

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in Note 8 to the financial statements.

Notes to the Financial Statements

For the Financial Year ended 31 March 2025

31. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Managing Director as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a monthly basis. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 3 main reportable segments as follows:-

- Retail – involved in the manufacturing of products and dealing directly with ultimate customers through the Group's retail outlets. Companies under this segment included SDS Food, SDS B&C, City Cake and SDS Enterprise.
 - Wholesale – involved in the manufacturing of products and distributing to the retailer through the Group's fleet of lorries. Companies under this segment included SDS Top Baker, Daily Bakery and Super Arrow.
 - Other – provide group-level management services. Company under this segment is SDS Group Berhad.
- (a) The Managing Director assesses the performance of the reportable segments based on their profit before interest expense and tax. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Borrowings and investment-related activities are managed on a group basis by the central treasury function and are not allocated to reportable segments.

- (b) Each reportable segment assets is measured based on all assets (including goodwill) of the segment other than tax-related assets.
- (c) Each reportable segment liabilities is measured based on all liabilities of the segment other than borrowings and tax-related liabilities and borrowings managed on a group basis by the corporate segment.
- (d) Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items.

Transactions between reportable segments are carried out on agreed terms between both parties. Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties. The effects of such inter-segment transactions are eliminated on consolidation.

Notes to the Financial Statements

For the Financial Year ended 31 March 2025

31. OPERATING SEGMENTS (CONT'D)

31.1 BUSINESS SEGMENTS

31.03.2025	Retail Segment RM'000	Wholesale Segment RM'000	Other Segment RM'000	The Group RM'000
Revenue				
External revenue	136,378	209,290	-	345,668
Inter-segment revenue	19,030	309	5,651	24,990
	155,408	209,599	5,651	370,658
Consolidation adjustments				(24,990)
Consolidated revenue				345,668
Results				
Segment profit	22,473	25,815	6,380	54,668
Finance costs				(1,002)
Unallocated expenses				(424)
Consolidation adjustments				(8,941)
Consolidated profit before taxation				44,301
<u>Other information</u>				
Depreciation of property, plant and equipment	(5,088)	(9,313)	-	(14,401)
Depreciation of right-of-use assets	(5,931)	(779)	-	(6,710)

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Notes to the Financial Statements

For the Financial Year ended 31 March 2025

31. OPERATING SEGMENTS (CONT'D)

31.1 BUSINESS SEGMENTS (CONT'D)

31.3.2025	Retail Segment RM'000	Wholesale Segment RM'000	Other Segment RM'000	The Group RM'000
Assets				
Segment assets	121,230	121,866	55,219	298,315
Unallocated assets:				
- current tax assets				164
- deferred tax assets				17
Consolidation adjustments				(69,998)
Consolidated total assets				228,498
Additions to non-current assets other than financial instruments and deferred tax assets are:-				
Property, plant and equipment	13,269	13,884	-	27,153
Right-of-use assets	4,387	399	-	4,786
Liabilities				
Segment liabilities	22,547	28,208	99	50,854
Unallocated liabilities:				
- current tax liabilities				1,962
- deferred tax liabilities				9,600
- lease liabilities				17,770
- term loans				3,540
Consolidation adjustments				(11,292)
Consolidated total liabilities				72,434

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Notes to the Financial Statements

For the Financial Year ended 31 March 2025

31. OPERATING SEGMENTS (CONT'D)

31.1 BUSINESS SEGMENTS (CONT'D)

31.03.2024	Retail Segment RM'000	Wholesale Segment RM'000	Other Segment RM'000	The Group RM'000
Revenue				
External revenue	122,600	201,463	-	324,063
Inter-segment revenue	20,084	143	9,035	29,262
	142,684	201,606	9,035	353,325
Consolidation adjustments				(29,262)
Consolidated revenue				324,063
Results				
Segment profit	25,030	25,217	9,856	60,103
Finance costs				(872)
Unallocated expenses				(845)
Consolidation adjustments				(15,096)
Consolidated profit before taxation				43,290
<u>Other information</u>				
Depreciation of property, plant and equipment	(4,290)	(7,837)	-	(12,127)
Depreciation of right-of-use assets	(4,982)	(688)	-	(5,670)

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Notes to the Financial Statements

For the Financial Year ended 31 March 2025

31. OPERATING SEGMENTS (CONT'D)

31.1 BUSINESS SEGMENTS (CONT'D)

31.3.2024	Retail Segment RM'000	Wholesale Segment RM'000	Other Segment RM'000	The Group RM'000
Assets				
Segment assets	105,246	109,128	54,893	269,267
Unallocated assets:				
- current tax assets				177
- deferred tax assets				24
Consolidation adjustments				(76,047)
Consolidated total assets				193,421
Addition to non-current assets other than financial instruments and deferred tax assets are:-				
Property, plant and equipment	8,230	29,719	-	37,949
Right-of-use assets	5,298	455	-	5,753
Liabilities				
Segment liabilities	19,140	34,191	93	53,424
Unallocated liabilities:				
- current tax liabilities				1,898
- deferred tax liabilities				7,006
- lease liabilities				15,583
- term loans				4,038
Consolidation adjustments				(17,047)
Consolidated total liabilities				64,902

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Notes to the Financial Statements

For the Financial Year ended 31 March 2025

31. OPERATING SEGMENTS (CONT'D)

31.2 GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customers are located.

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include deferred tax assets.

The Group	Revenue		Non-current Assets	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Malaysia	328,448	304,314	151,021	136,214
Singapore	16,605	19,272	-	-
Indonesia	615	477	-	-
	345,668	324,063	151,021	136,214

31.3 MAJOR CUSTOMERS

There is no single customer that contributed 10% or more to the Group's revenue.

32. CAPITAL COMMITMENTS

	The Group	
	2025 RM'000	2024 RM'000
Purchase of property, plant and equipment	1,023	795

33. FINANCIAL INSTRUMENTS

The activities of the Group and of the Company are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The overall financial risk management policy of the Group and of the Company focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group and of the Company.

33.1 FINANCIAL RISK MANAGEMENT POLICIES

The policies of the Group and of the Company in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currency giving rise to this risk is primarily Singapore Dollar ("SGD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

Notes to the Financial Statements

For the Financial Year ended 31 March 2025

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The exposure to foreign currency risk (a currency which is other than the functional currencies of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

	The Company	
	2025 RM'000	2024 RM'000
SGD		
<u>Financial Liability</u>		
Trade payables	(1,533)	(1,403)
Currency Exposure	(1,533)	(1,403)

Foreign Currency Risk Sensitivity Analysis

Any reasonably possible change in the foreign currency exchange rate at the end of the reporting period against the respective functional currencies of the entities within the Group does not have a material impact on the profit after taxation and equity of the Group and hence, no sensitivity analysis is presented.

The Company does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group adopts a policy of obtaining the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The fixed rate debt instruments of the Group are not subject to interest rate risk since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 18 to the financial statements.

Interest Rate Risk Sensitivity Analysis

Any reasonably possible change in the interest rates of floating rate term loans at the end of the reporting period does not have a material impact on the profit after taxation and equity of the Group and hence, no sensitivity analysis is presented.

The Company does not have any interest-bearing borrowings and hence, is not exposed to interest rate risk.

Notes to the Financial Statements

For the Financial Year ended 31 March 2025

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(iii) Equity Price Risk

The Group and the Company do not have any quoted investments and hence, are not exposed to equity price risk.

(b) Credit Risk

The exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposures to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

Also, the Company's exposure to credit risk includes loans and advances to subsidiaries and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to serve their loans on an individual basis.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amount owing by 1 (2024 – 1) customer which constituted approximately 11% (2024 – 16%) of its trade receivables at the end of the reporting period.

In addition, the Group also determines the concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables at the end of the reporting period is as follows:-

	The Group	
	2025 RM'000	2024 RM'000
Malaysia	9,953	9,179
Singapore	2,477	3,806
Indonesia	69	66
	12,499	13,051

(ii) Maximum Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries of RM4,226,791 (2023 – RM4,887,409), representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

Notes to the Financial Statements

For the Financial Year ended 31 March 2025

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses

The Group has a formal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the receivables. The Group closely monitors the receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group evaluates whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficulty of the receivable;
- A breach of contract, such as default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty;
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Trade Receivables

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

To measure the expected credit losses, trade receivables have been grouped based on the shared credit risk characteristics and the days past due.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales over 36 months before the reporting date and corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts using the linear regressive analysis. The Group has identified the unemployment rate as the key macroeconomic factor of the forward-looking information.

Notes to the Financial Statements

For the Financial Year ended 31 March 2025

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

Allowance for Impairment Losses

The Group	Gross Amount RM'000	Lifetime Individual Allowance RM'000	Lifetime Collective Allowance RM'000	Carrying Amount RM'000
2025				
Current (not past due)	8,205	-	-	8,205
- 1 to 30 days past due	3,598	-	-	3,598
- 31 to 60 days past due	462	-	-	462
- 61 to 90 days past due	140	-	-	140
- more than 90 days past due	135	(41)	-	94
	12,540	(41)	-	12,499
2024				
Current (not past due)	7,926	-	-	7,926
- 1 to 30 days past due	4,341	-	-	4,341
- 31 to 60 days past due	546	-	-	546
- 61 to 90 days past due	171	-	(3)	168
- more than 90 days past due	150	(42)	(38)	70
	13,134	(42)	(41)	13,051

The movements in the loss allowances in respect of trade receivables are disclosed in Note 12 to the financial statements.

Notes to the Financial Statements

For the Financial Year ended 31 March 2025

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Other Receivables

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

Under this approach, loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group considers the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

Allowance for Impairment Losses

No expected credit loss is recognised on other receivables as it is negligible.

Fixed Deposits with Licensed Bank, Cash and Bank Balances

The Group and the Company consider the licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group and the Company are of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount Owing by Subsidiaries (Non-trade Balances)

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

The Company measures the expected credit losses on individual basis, which is aligned with its credit risk management practices on the inter-company balances.

Notes to the Financial Statements

For the Financial Year ended 31 March 2025

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Amount Owing by Subsidiaries (Non-trade Balances) (Cont'd)

The Company uses 3 categories to reflect its credit risk and how the loss allowance is determined for each category:-

Category	Definition of Category	Loss Allowance
Performing:	Receivables have a low risk of default and a strong capacity to meet contractual cash flows	12-months expected credit losses
Underperforming:	Receivables for which there is a significant increase in credit risk	Lifetime expected credit losses
Non-performing:	There is evidence indicating the receivable is credit impaired or more than 90 days past due	Lifetime expected credit losses

The Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded.

For loans and advances that are repayable on demand, impairment loss is assessed based on the assumption that repayment of the outstanding balances is demanded at the reporting date. If the subsidiary does not have sufficient highly liquid resources when the loans and advances are demanded, the Company will consider the expected manner of recovery to measure the impairment loss; the recovery manner could be either through 'repayable over time' or a fire sale of less liquid assets by the subsidiary.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

Allowance for Impairment Losses

Based on the assessment performed, the impairment loss was immaterial and hence, it is not provided for.

Notes to the Financial Statements

For the Financial Year ended 31 March 2025

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Financial Guarantee Contracts

Corporate guarantees for borrowing facilities granted to subsidiaries are financial guarantee contract.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

The Company closely monitors the subsidiaries' financial strength to reduce the risk of loss.

The Company considers there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. A financial guarantee contract is credit impaired when:

- The subsidiary is unlikely to repay its obligation to the bank in full; or
- The subsidiary is having a deficit in equity and is continuously loss making.

The Company determines the probability of default of the guaranteed amounts individually using internal information available.

Allowance for Impairment Losses

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

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Notes to the Financial Statements

For the Financial Year ended 31 March 2025

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group and the Company practise prudent risk management by maintaining sufficient cash and bank balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
2025						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	26,481	26,481	26,481	-	-
Other payables and accruals	-	11,211	11,211	11,211	-	-
Lease liabilities	3.27 – 5.82	17,770	19,375	6,420	12,742	213
Term loans	4.42 – 4.52	3,540	4,227	570	1,962	1,695
		59,002	61,294	44,682	14,704	1,908
2024						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	23,933	23,933	23,933	-	-
Other payables and accruals	-	10,552	10,552	10,552	-	-
Lease liabilities	3.27 – 5.82	15,583	16,852	6,155	10,622	75
Term loans	4.42 – 4.52	4,038	4,887	740	1,962	2,185
		54,106	56,224	41,380	12,584	2,260

Notes to the Financial Statements

For the Financial Year ended 31 March 2025

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

The Company	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000
2025				
<u>Non-derivative Financial Liabilities</u>				
Other payables and accruals	-	98	98	98
Financial guarantee contracts in relation to corporate guarantee given to subsidiaries ^	-	-	4,227	4,227
		98	4,325	4,325
2024				
<u>Non-derivative Financial Liabilities</u>				
Other payables and accruals	-	94	94	94
Financial guarantee contracts in relation to corporate guarantee given to subsidiaries ^	-	-	4,887	4,887
		94	4,981	4,981

^ The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees had not been recognised in the financial statements since their fair value on initial recognition were not material.

Notes to the Financial Statements

For the Financial Year ended 31 March 2025

33. FINANCIAL INSTRUMENTS (CONT'D)

33.2 CAPITAL RISK MANAGEMENT

The Group and the Company manage their capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders value. To achieve this objective, the Group and the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group and the Company manage their capital based on debt-to-equity ratio. The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and bank balances exceeded the total external borrowings.

There was no change in the approach to capital management during the financial year.

33.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Financial Assets				
<u>Amortised Cost</u>				
Trade receivables (Note 12)	12,499	13,051	-	-
Other receivables (Note 13)	395	18	-	-
Amount owing by subsidiaries (Note 8)	-	-	-	5,726
Fixed deposits with licensed bank (Note 14)	3,356	-	-	-
Cash and bank balances	44,594	29,975	20,292	14,268
	60,844	43,044	20,292	19,994
Financial Liabilities				
<u>Amortised Cost</u>				
Trade payables (Note 21)	26,481	23,933	-	-
Other payables and accruals (Note 22)	11,211	10,552	98	94
Lease liabilities (Note 17)	17,770	15,583	-	-
Term loans (Note 18)	3,540	4,038	-	-
	59,002	54,106	98	94

Notes to the Financial Statements

For the Financial Year ended 31 March 2025

33. FINANCIAL INSTRUMENTS (CONT'D)

33.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group		The Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Financial Assets				
<u>Amortised Cost</u>				
Net gains recognised in profit or loss	1,255	652	728	821
Financial Liabilities				
<u>Amortised Cost</u>				
Net losses recognised in profit or loss	(977)	(1,014)	-	-

33.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

As the Group and the Company do not have any financial instruments carried at fair value, the following table sets out only the fair value profile of financial instruments that are not carried at fair value at the end of the reporting period:-

The Group	Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
2025					
<u>Financial Liability</u>					
Term loans	-	3,540	-	3,540	3,540
2024					
<u>Financial Liability</u>					
Term loans	-	4,038	-	4,038	4,038

Notes to the Financial Statements

For the Financial Year ended 31 March 2025

33. FINANCIAL INSTRUMENTS (CONT'D)

33.5 FAIR VALUE INFORMATION (CONT'D)

As the Group and the Company do not have any financial instruments carried at fair value, the following table sets out only the fair value profile of financial instruments that are not carried at fair value at the end of the reporting period (Cont'd):-

The Company	Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
2024					
<u>Financial Asset</u>					
Amount owing by subsidiaries (non-current)	-	2,800	-	2,800	2,800

Fair Value of Financial Instruments Not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

- (i) The fair value of amounts owing by subsidiaries (non-current) are repriced to market interest rates on or near the reporting date.
- (ii) The fair value of the term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

List of Properties

As at 31.3.2025

No.	Address of property	Description of property/ Existing use	Tenure/ Date of expiring of lease	Land area/ Built-up area (Sq ft)	Approximate age of the buildings (Years)	Net Book Value as at 31/3/2025 (RM'000)	Date of last revaluation/ Date of acquisition*
1	PTD 162517, No. 5 & 5A, Jalan Selatan 8, Kawasan Perusahaan Ringan Pulai, 81200 Johor Bahru, Johor	1 ½ storey factory with a warehouse and office annexed to two 4-storey factory buildings with warehouse and office/ Warehouse, office and production	Freehold	152,385/ 183,774	28	17,447	13/4/2016
2	PTD 64574, No. 62, Jalan Bukit Kempas 5/1, Taman Bukit Kempas, 81200 Johor Bahru, Johor	2-storey terrace house/ Hostel	Freehold	1,302/ 1,571	30	128	16/10/2014
3	PTD 64573, No. 64, Jalan Bukit Kempas 5/1, Taman Bukit Kempas, 81200 Johor Bahru, Johor	2-storey terrace house/ Hostel	Freehold	1,300/ 1,571	30	128	1/5/1995*
4	Lot 18696 (PT6123), Jalan Tech Valley 1, Sendayan Tech Valley, 71950 Bandar Sri Sendayan, Negeri Sembilan	1 ½ storey factory with a warehouse annexed to a 2-storey office/ Warehouse, office and production	Freehold	321,292/ 74,880	9	23,807	30/4/2016
5	No. 6, Jalan Niaga 2, Bandar Baru Kota Tinggi, 81900 Kota Tinggi, Johor	2-storey shophouse/ Outlet operation and hostel	Leasehold of 99 years expiring in 14.5.2085	1,540/ 2,460	36	464	19/11/2004
6	H.S.(M) No. 888, MLO 2536, Mukim Tebrau, Johor Bahru, Johor	Agriculture land/ Vacant	Freehold	130,685/ -	-	3,405	3/4/2023*
7	G.M. No. 773, MLO 6976, Mukim Tebrau, Johor Bahru, Johor	Industrial land/ Vacant	Freehold	183,202/ -	-	6,380	12/5/2023*
8	G.M. No. 1119, MLO 6974, Mukim Tebrau, Johor Bahru, Johor	Industrial land/ Vacant	Freehold	136,056/ -	-	4,619	16/8/2023*

Analysis of Shareholdings

As at 30 June 2025

Number of Shares Issued : 544,596,356
 Voting rights : One vote for one ordinary share
 No. of Shareholders : 2,073

DISTRIBUTION OF SHAREHOLDINGS

CATEGORY	NO. OF HOLDERS	%	NO. OF SHARES*	%*
Less than 100	87	4.20	1,624	0.00
100 - 1,000	421	20.31	122,475	0.02
1,001 - 10,000	716	34.54	3,050,138	0.56
10,001 - 100,000	652	31.45	20,952,174	3.85
100,001 to less than 5% of issued shares	194	9.36	291,237,466	53.48
5% and above of issued shares	3	0.14	229,232,479	42.09
TOTAL	2,073	100.00	544,596,356	100.00

* Excluding a total of 1,577,333 shares bought-back by the Company and retained as treasury shares

SUBSTANTIAL SHAREHOLDERS	SHAREHOLDINGS			
	Direct Interest	%*	Deemed interest	%*
1 TAN KIM SENG	132,054,373	24.25	9,708,826 ^(a)	1.78
2 TAN KIM CHAI	131,847,439	24.21	1,988,826 ^(b)	0.37

DIRECTORS' SHAREHOLDINGS	SHAREHOLDINGS			
	Direct Interest	%*	Deemed interest	%*
1 TAN KIM SENG	132,054,373	24.25	9,708,826 ^(a)	1.78
2 TAN KIM CHAI	131,847,439	24.21	1,988,826 ^(b)	0.37
3 TAN YON HAW	25,489,292	4.68	-	-
4 TAN KEE JIN	1,580,000	0.29	-	-
5 DR LIM PANG KIAM	108,000	0.02	-	-
6 LEE YEE LING	-	-	-	-
7 PATRICIA RANGENE PACKIUM	-	-	-	-

Notes:

(a) Deemed interested by virtue of his interest in SDS Tan Properties Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016 ("the Act") and the shareholdings of his spouse, Pua Geok Hong and his children, Tan Kee Meng and Tan Xin Ee pursuant to Section 59(11)(c) of the Act.

(b) Deemed interested by virtue of his interest in SDS Tan Properties Sdn Bhd pursuant to Section 8(4) of the Act.

* Excluding a total of 1,577,333 shares bought-back by the Company and retained as treasury shares

Analysis of Shareholdings

As at 30 June 2025

THIRTY (30) LARGEST SHAREHOLDERS

NO.	NAME OF SHAREHOLDER	NO. OF SHARES	%*
1	TAN KIM CHAI	110,514,106	20.29
2	TAN KIM SENG	78,038,373	14.33
3	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN KIM SENG (7003782)	40,680,000	7.47
4	TEOU CHAU HOYK	25,004,626	4.59
5	TAN YONG PING	24,332,480	4.47
6	TAN YONG HERNG	22,948,213	4.21
7	TAN YON HAW	22,822,626	4.19
8	TAN YONG THYE	21,258,346	3.90
9	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN KIM SENG (E-TSA/MSI)	13,336,000	2.45
10	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN KIM CHAI (E-TSA/MSI)	13,333,333	2.45
11	YEOH YEW CHOO	8,500,033	1.56
12	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN KIM CHAI (7005859)	8,000,000	1.47
13	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA SHARIAH GROWTH OPPORTUNITIES FUND (50156 TR01)	7,733,333	1.42
14	TAN XIN EE	6,760,000	1.24
15	AMANAHRAYA TRUSTEES BERHAD PB SMALLCAP GROWTH FUND	6,666,666	1.22
16	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD	6,225,933	1.14
17	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (ISLAMIC)	5,455,033	1.00
18	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (UOB AM SC EQ)	4,165,066	0.76
19	CMY INCUBATOR SDN. BHD.	4,079,600	0.75
20	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. LEMBAGA TABUNG HAJI (UOB)	3,703,333	0.68
21	CARTABAN NOMINEES (ASING) SDN. BHD. THE BANK OF NEW YORK MELLON FOR ACADIAN EMERGING MARKETS MICRO-CAP EQUITY MASTER FUND	3,390,933	0.62
22	HSBC NOMINEES (TEMPATAN) SDN. BHD. BNPP SIN/2S FOR PERTUBUHAN KESELAMATAN SOSIAL (PKSUOBAM EQ)	3,380,666	0.62
23	TAN KIM LEAN	3,348,000	0.61
24	CHAW KAM SHIANG	3,200,000	0.59

Analysis of Shareholdings

As at 30 June 2025

NO.	NAME OF SHAREHOLDER	NO. OF SHARES	%*
25	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEGGED SECURITIES ACCOUNT FOR TAN YONG THYE (E-TSA/TPG)	2,666,666	0.49
26	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEGGED SECURITIES ACCOUNT FOR TAN YON HAW (E-TSA/TPG)	2,666,666	0.49
27	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (UOBESGSCEQ)	2,580,533	0.47
28	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (KENANGAESG)	2,125,333	0.39
29	UOBM NOMINEES (ASING) SDN. BHD. UOB ASSET MANAGEMENT (MALAYSIA) BERHAD FOR FWD AGGRESSIVE FUND	2,090,133	0.38
30	SDS TAN PROPERTIES SDN. BHD.	1,988,826	0.37
TOTAL		460,994,856	84.62

* Excluding a total of 1,577,333 shares bought-back by the Company and retained as treasury shares

Notice of the Eighth ("8th") Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 8th Annual General Meeting ("AGM") of SDS Group Berhad ("the Company") will be held at Maharani Hall, 1st Floor, Impiana Hotel Senai, Jalan Impian Senai Utama 2, Taman Impian Senai, 81400 Senai, Johor on **Friday, 29 August 2025 at 11.30 a.m.** or any adjournment thereof for the following purposes:

AGENDA

AS ORDINARY BUSINESS

- | | |
|--|---|
| 1. To receive the Audited Financial Statements for the financial year ended 31 March 2025 together with the Reports of the Directors and Auditors thereon. | (Please refer to Explanatory Note 1) |
| 2. To approve the payment of Directors' Fees for the financial year ended 31 March 2025. | RESOLUTION 1 |
| 3. To approve the payment of Directors' Benefit up to an amount of RM25,000 for the period from the conclusion of the 8 th AGM of the Company scheduled on 29 August 2025 until the date of the 9 th AGM of the Company. | RESOLUTION 2 |
| 4. To re-elect the following Directors who retire in accordance with Article 18.2 of the Company's Constitution and being eligible, has offered themselves for re-election: | |
| (i) Dr. Lim Pang Kiam | RESOLUTION 3 |
| (ii) Mr. Tan Kim Chai | RESOLUTION 4 |
| 5. To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. | RESOLUTION 5 |

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions:

- | | |
|--|---------------------|
| 6. AUTHORITY UNDER SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 | RESOLUTION 6 |
|--|---------------------|

"THAT subject always to the Companies Act, 2016 ("the Act"), the Constitution of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and approvals of Bursa Securities and other relevant governmental/regulatory authorities, where such approval is required, the Directors be and are hereby authorised and empowered, pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit and expedient in the interest of the Company provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company at the time of submission to the authority;

AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities;

AND FURTHER THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company, unless revoked or varied by ordinary resolution of the Company at a general meeting.

AND THAT the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution which may be declared, made or paid before the date of allotment of such new shares."

Notice of the Eighth (“8th”) Annual General Meeting

7. **PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

RESOLUTION 7

“THAT approval be and is hereby given to the Company and its’ subsidiaries (“the Group”) to enter into and give effect to the recurrent related party transactions of a revenue or trading nature particulars with the specified classes of related parties as specified in Section 2.6 of the Circular to Shareholders dated 31 July 2025 , provided that:

- (a) such arrangements and/or transactions are necessary for the Group’s day-to-day operations;
- (b) such arrangements and/or transactions undertaken are in the ordinary course of business, at arm’s length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third party;
- (c) such arrangements and/or transactions are not detrimental to the minority shareholders of the Company; and
- (d) the disclosure is made in the annual report on the aggregate value of transactions conducted pursuant to the shareholders’ mandate during the financial year in relation to:
 - (i) the related transacting parties and their respective relationship with the Company; and
 - (ii) the nature of the recurrent transactions.

THAT such authority shall continue to be in force until:

- (a) the conclusion of the next AGM, unless the authority is renewed by a resolution passed at the next AGM; or
- (b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act (but will not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.”

8. **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

RESOLUTION 8

“THAT, subject to the Act, the Constitution of the Company, the Main Market Listing Requirements of Bursa Securities (“MMLR”) and the approval of such relevant government and/or regulatory authorities where necessary, the Company be and is hereby authorised to purchase such number of ordinary shares of the Company (“Proposed Renewal of Share Buy-Back Authority”) as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

- (a) the aggregate number of shares purchased or held does not exceed ten percent (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;

Notice of the Eighth ("8th") Annual General Meeting

- (b) the maximum fund to be allocated by the Company for the purpose of purchasing such number of ordinary shares shall not exceed the retained profit account of the Company. As at the financial year ended 31 March 2025, the audited retained profit account of the Company stood at RM748,000;
- (c) the authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and will continue to be in force until:
 - (i) at the conclusion of the next AGM of the Company following the general meeting in which the authorisation is obtained, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions; or
 - (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
 - (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

AND THAT upon completion of the purchase(s) of the ordinary shares of the Company, the Directors of the Company be and are hereby authorised to deal with the ordinary shares so purchased in the following manner:

- (a) to cancel the ordinary shares so purchase; or
- (b) to retain the ordinary shares so purchased as treasury shares for distribution as dividend to shareholders and/or resell on Bursa Securities or subsequently cancelled; or
- (c) to retain part of the ordinary shares so purchased as treasury shares and cancel the remainder; or
- (d) in any other manner prescribed by the Act, rules, regulations and orders made to the Act, the MMLR and any other relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise or to effect the aforesaid share buy-back with full powers to assent to any conditions, modifications, variations, and/or amendments as may be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Directors may deem fit and expedient in the best interest of the Company."

9. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD

SIEW SUET WEI (MAICSA 7011254)

SSM Practicing Certificate No. 202008001690

Company Secretary

Petaling Jaya

Date: 31 July 2025

Notice of the Eighth (“8th”) Annual General Meeting

NOTES:

1. In respect of deposited securities, only members whose names appear on the Record of Depositors as of 20 August 2025 shall be entitled to attend the 8th AGM or appoint proxy(ies) to attend, speak and vote on his/her behalf.
2. A member entitled to attend and vote at the 8th AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, speak and vote in his place. A proxy may but need not be a member of the Company.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member is an exempt authorised nominee, it may appoint multiple proxies for each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of an officer or attorney so authorised.
6. The duly completed and executed Proxy Form must be deposited with the Share Registrar of the Company, 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 alternatively, at the drop-in-box provided at Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or via TIIH Online website at <https://tiih.online>, not less than 48 hours before the time stipulated for holding the meeting or any adjournment thereof.
7. The lodging of the Proxy Form will not preclude you from attending, participating and voting remotely in person at the 8th AGM should you subsequently wish to do so, but if you do, your proxy(ies) shall be precluded from attending the 8th AGM. Please refer to the Administrative Guide for details of the submission of the Proxy Form.
8. Pursuant to Paragraph 8.29A(1) of the MMLR, voting at the 8th AGM of the Company will be conducted by poll. Poll administrator and independent scrutineers will be appointed respectively to conduct the polling/e-voting process and to verify the results of the poll.
9. The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to us your personal data, which may include your name and mailing address, you hereby consent, agree and authorise the processing and/or disclosure of any personal data of or relating to you for the purposes of issuing the notice of this meeting and convening the meeting, including but not limited to preparation and compilation of documents and other matters, whether or not supplied by you. You further confirm to have obtained the consent, agreement, and authorisation of all persons whose personal data you have disclosed and/or processed in connection with the foregoing.

EXPLANATORY NOTES

1. Audited Financial Statements for the financial year ended 31 March 2025

This Agenda is meant for discussion only as under the provisions of Section 340(1)(a) of the Companies Act 2016, the audited financial statements do not require the approval of the shareholders. As such, this matter will not be put forward for voting.

2. Ordinary Resolution 1 & 2: Payment of Directors’ Fees & Benefits

Pursuant to Section 230(1) of the Companies Act 2016, the shareholders’ approval is sought for the proposed payment of Directors’ Fees for financial year ended 31 March 2025 and Benefits to the Non-Executive Directors (“NEDs”) for the period from 29 August 2025 until the conclusion of the next AGM of the Company. The calculation of the benefits which include meeting allowance is based on the estimated number of scheduled and/or special Board and Board Committees’ meetings and on the assumption that the number of NEDs in office until the next AGM remains the same.

Notice of the Eighth (“8th”) Annual General Meeting

3. **Ordinary Resolution 3 and 4: Re-election of Directors**

Article 18.2 of the Company’s Constitution provides that an election of Directors shall take place each year at the AGM of the Company where one third (1/3) of the Directors for the time being or if their number is not three (3) or a multiple of three (3), then the number nearest to one third (1/3) shall retire from office and be eligible for re-election. PROVIDED ALWAYS THAT all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. Hence, two (2) out of seven (7) Directors are to retire in accordance with Article 18.2 of the Constitution.

Dr. Lim Pang Kiam and Mr. Tan Kim Chai (“Retiring Directors”) are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election and abstained from deliberation as well as decision on their own eligibility to stand for re-election at the forthcoming 8th AGM.

To determine the eligibility of the Retiring Directors to stand for re-election at the forthcoming 8th AGM and in line with Practice 5.1 of the Malaysian Code on Corporate Governance, the Nominating and Remuneration Committee (“NRC”) has reviewed and assessed each of the Retiring Directors from the annual assessment and evaluation of the Board, Board Committees and Independent Directors for the financial year ended 31 March 2025. The NRC had recommended for the Retiring Directors to be re-elected based on the following:

- (i) satisfactory performance and have met Board’s expectation in discharging their duties and responsibilities;
- (ii) met the fit and proper criteria in discharging their roles as Directors of the Company;
- (iii) level of independence demonstrated by the Independent Director; and
- (iv) their ability to act in the best interest of the Company in decision-making.

The Board approved the NRC’s recommendation for the re-election of the Retiring Directors pursuant to Article 18.2 of the Company’s Constitution at the forthcoming 8th AGM of the Company.

4. **Ordinary Resolution 5: Re-appointment of Auditors**

The Board and Audit and Risk Management Committee had at their respective meetings on 25 July 2025 recommended the re-appointment of Messrs Crowe Malaysia PLT for the financial year ending 31 March 2026. Messrs Crowe Malaysia PLT have met the criteria prescribed under the Paragraph 15.21 of the MMLR and indicated their willingness to continue their services for the next financial year.

5. **Ordinary Resolution 6: Authority under Sections 75 and 76 of the Act**

The proposed Resolution 6 is intended to renew the authority granted to the Directors of the Company at the 7th AGM of the Company held on 23 August 2024 to allot and issue shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being.

The authority to issue shares granted by the members at the previous 7th AGM of the Company had not been utilised and hence, no proceeds were raised therefrom. This mandate grants the Company the flexibility to issue new securities without convening a separate general meeting for shareholders’ approval, thereby saving time and avoiding additional costs. The purpose of this general mandate is for any possible fundraising activities, including but not limited to further placing of shares for the purpose of funding current and/or future project(s), working capital, acquisitions, investments and/or for issuance of shares as a form of settlement of purchase consideration or such other applications as the Directors may deem fit and expedient in the best interest of the Company.

At this juncture, there is no decision to issue new shares, but the Directors consider it desirable to have the flexibility permitted to respond to market developments and to enable allotments to take place to finance business opportunities without making a pre-emptive offer to existing shareholders. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make an announcement in respect thereof.

Notice of the Eighth (“8th”) Annual General Meeting

6. **Ordinary Resolution 7: Proposed Renewal of Shareholders’ Mandate For Recurrent Related Party Transactions of a Revenue or Trading Nature**

The proposed Ordinary Resolution 7, if passed, will renew the authority for the Group to enter into recurrent related party transactions of a revenue or trading nature set out in Section 2.6 of the Circular to Shareholders dated 31 July 2025 which are necessary for the day-to-day operations. This authority shall lapse at the conclusion of the next AGM unless authority for its renewal is obtained from shareholders of the Company at the next general meeting. Please refer to the Circular to Shareholders dated 31 July 2025 accompanying the Annual Report 2025.

7. **Ordinary Resolution 8: Proposed Renewal of Share Buy-Back Authority**

This Ordinary Resolution will empower the Directors of the Company to purchase the Company’s shares up to ten percent (10%) of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the total retained profits of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company. Further information on the proposed share buy-back is set out in the Share Buy-Back Statement dated 31 July 2025.

Statement Accompanying Notice of 8th Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"))

1. Details of individual who are standing for election as Directors (excluding Directors standing for re-election)

There is no individual who is seeking election as Director at the 8th AGM of the Company.

The profiles of the Directors who are standing for re-election as per Ordinary Resolutions 3 to 4 of the Notice of the 8th AGM of the Company are stated in the section on the Profile of Directors in this Annual Report.

2. General mandate for issue of securities in accordance with Paragraph 6.03(3) of the MMLR

The Company will seek shareholders' approval on the general meeting for issue of securities in accordance with Paragraph 6.03(3) of the MMLR. Please refer to the Proposed Ordinary Resolution 6 as stated in Notice of 8th AGM of the Company for details.

Administrative Guide for the 8th Annual General Meeting (“AGM”)

Date : Friday, 29 August 2025
Time : 11.30 a.m.
Venue : Maharani Hall, 1st Floor, Impiana Hotel Senai, Jalan Impian Senai Utama 2, Taman Impian Senai, 81400 Senai, Johor

1. REGISTRATION AT THE AGM

- a) Registration will commence at 10.30 a.m. and will end at a time as directed by the Chairman of the Meeting.
- b) Kindly present your original MyKad or passport (for Non-Malaysian) to the registration personnel at the registration counter for verification.
- c) Upon verification, you are required to sign the Attendance List and will be given a wristband for entry to the meeting venue. There will be no replacement of wristband in the event you lose or misplace the wristband.
- d) Registration on behalf of another person even with his/her original MyKad or passport is strictly NOT ALLOWED.
- e) If you are attending the AGM as shareholder as well as proxy, you will be registered once and will only be given one wristband.

2. PARKING

Vehicles may be parked at the designated location at your convenience. Please be advised that the parking fees are to be borne by the individual parking the vehicle.

3. NO DOOR GIFTS OR FOOD VOUCHERS

Please be informed that no door gifts or food vouchers will be provided to members/proxies at the meeting venue. Light refreshments will be provided.

4. MOBILE DEVICES

Kindly ensure that all mobile devices, including phones, iPads, tablets, and other sound-emitting devices, are either switched off or set to silent mode during the AGM to ensure smooth and uninterrupted proceedings.

5. VOTING PROCEDURE

- a) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions as set out in the Notice of AGM will be put to vote by poll.
- b) The polling processes will be managed by the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd as Poll Administrator, and Scrutineer Solutions Sdn Bhd as Independent Scrutineers appointed to verify and validate the results of the poll at the AGM.

6. ENQUIRY

For enquiries relating to the AGM, please contact our Company Secretary during office hours (9.30 a.m. to 5.30 p.m.) on Mondays to Fridays (except public holidays) at 03-77270033.

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SDS Group Berhad

Registration No. 201701026951 (1241117-T)
(Incorporated in Malaysia)

No. of shares held		
CDS account no.		
No. of shares to be represented by each proxy	Proxy 1	Proxy 2

I/We _____ of _____
_____ being a
member of **SDS GROUP BERHAD**, hereby appoint:

PROXY 1

Full name (in Block Letters)	NRIC / Passport No.*	Email Address	Contact No.
Full Address			

and/or PROXY 2

Full name (in Block Letters)	NRIC / Passport No.*	Email Address	Contact No.
Full 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 8th Annual General Meeting ("AGM") of the Company to be held at Maharani Hall, 1st Floor, Impiana Hotel Senai, Jalan Impian Senai Utama 2, Taman Impian Senai, 81400 Senai, Johor on **Friday, 29 August 2025 at 11.30 a.m.** and, at every adjournment thereof *for/against the resolutions to be proposed thereat.

Please indicate with a cross (X) in the space whether you wish your votes to be cast for or against the resolution. In the absence of such specific directions, your proxy will vote or abstain as he/she thinks fit.

		PROXY 1		PROXY 2	
		For	Against	For	Against
RESOLUTION 1	To approve the payment of Directors' Fees for the financial year ended 31 March 2025.				
RESOLUTION 2	To approve the payment of Directors' Benefit up to an amount of RM25,000 for the period from the conclusion of the 8 th AGM of the Company scheduled on 29 August 2025 until the date of the 9 th AGM of the Company.				
RESOLUTION 3	To re-elect Dr. Lim Pang Kiam who retires in accordance with Article 18.2 of the Company's Constitution.				
RESOLUTION 4	To re-elect Mr. Tan Kim Chai who retires in accordance with Article 18.2 of the Company's Constitution.				
RESOLUTION 5	To re-appoint Messrs Crowe Malaysia PLT as Auditors and to authorise the Directors to fix their remuneration.				
RESOLUTION 6	Authority under Sections 75 and 76 of the Companies Act 2016.				
RESOLUTION 7	Proposed renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.				
RESOLUTION 8	Proposed renewal of Share Buy-Back authority.				

Dated this _____ day of _____ 2025

Signature(s)/Common Seal of Member

NOTES: -

1. In respect of deposited securities, only members whose names appear on the Record of Depositors as of 20 August 2025 shall be entitled to attend the 8th AGM or appoint proxy(ies) to attend, speak and vote on his/her behalf.
2. A member entitled to attend and vote at the 8th AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, speak and vote in his place. A proxy may but need not be a member of the Company.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member is an exempt authorised nominee, it may appoint multiple proxies for each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of an officer or attorney so authorised.
6. The duly completed and executed Proxy Form must be deposited with the Share Registrar of the Company, 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 alternatively, at the drop-in-box provided at Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or via TIIH Online website at <https://tiih.online>, not less than 48 hours before the time stipulated for holding the meeting or any adjournment thereof.
7. The lodging of the Proxy Form will not preclude you from attending, participating and voting remotely in person at the 8th AGM should you subsequently wish to do so, but if you do, your proxy(ies) shall be precluded from attending the 8th AGM.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the 8th AGM of the Company will be conducted by poll. Poll administrator and Independent Scrutineers will be appointed respectively to conduct the polling/e-voting process and to verify the results of the poll.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of the 8th AGM dated 31 July 2025.

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“EIGHTH ANNUAL GENERAL MEETING”



The Share Registrar of
SDS GROUP BERHAD Registration No. 201701026951 (1241117-T)
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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S.D.S

SINCE 1987

SDS Group Berhad

201701026951 (1241117-T)

Our subsidiaries:



No. 5, Jalan Selatan 8 (Off Jalan Kempas Lama),
Kawasan Perusahaan Ringan Pulai,
81200 Johor Bahru, Johor.

Tel: +607 288 8305

Website: www.sdsgroups.com



@sdsgroups



sdsgroups