

NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF VANZO HOLDINGS BERHAD (“VANZO” OR THE “COMPANY”) DATED 27 NOVEMBER 2024 (“ELECTRONIC PROSPECTUS”)

(Unless otherwise indicated, specified or defined in this notice, the definitions in the Prospectus shall apply throughout this notice)

Website

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad's (“**Bursa Securities**”) website at www.bursamalaysia.com (“**Website**”).

Availability and Location of Paper/Printed Prospectus

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper/printed copy of the Prospectus directly from the Company, M & A Securities Sdn Bhd (“**M&A Securities**”), or Tricor Investor & Issuing House Services Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective investors should note that the Application Form is not available in electronic format.

Jurisdictional Disclaimer

This distribution of the Electronic Prospectus and the sale of the units are subject to Malaysian law. Bursa Securities, M&A Securities and Vanzo take no responsibility for the distribution of the Electronic Prospectus and/or the sale of the units outside Malaysia, which may be restricted by law in other jurisdictions. The Electronic Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any units, to any person outside Malaysia or in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

Close of Application

Applications will be accepted from 10.00 a.m. on 27 November 2024 and will close at 5.00 p.m. on 4 December 2024.

In the event the Closing Date is extended, Vanzo will advertise the notice of the extension in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia prior to the original Closing Date, and make an announcement on Bursa Securities' website.

The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users' access to the website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

The contents of the Electronic Prospectus are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind, and shall not at any time be relied upon as such.

www.vanzoasia.com



VANZO HOLDINGS BERHAD

(Registration No: 202301051922 (1545836-M))
(Incorporated in Malaysia under the Companies Act 2016)

No 12, Jalan Tiang U8/92, Seksyen U8, Bukit Jelutong,
40150, Shah Alam, Selangor, Malaysia

Office : 03-7831 5055

Email : info@vanzoasia.com

VANZO HOLDINGS BERHAD (Registration No: 202301051922 (1545836-M))

PROSPECTUS

PROSPECTUS



SCENT OF HEALTHSTYLE

VANZO HOLDINGS BERHAD

(Registration No: 202301051922 (1545836-M))
(Incorporated in Malaysia under the Companies Act 2016)

INITIAL PUBLIC OFFERING (“IPO”) IN CONJUNCTION WITH THE LISTING OF VANZO HOLDINGS BERHAD (“COMPANY”) ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) COMPRISING:

(I) PUBLIC ISSUE OF 93,351,000 NEW ORDINARY SHARES IN OUR COMPANY (“SHARES”) IN THE FOLLOWING MANNER:

- 23,338,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 23,338,000 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO OUR SUCCESS; AND
- 46,675,000 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS;

AND

(II) OFFER FOR SALE OF 46,675,000 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS

AT AN IPO PRICE OF RM0.15 PER SHARE, PAYABLE IN FULL UPON APPLICATION.

Principal Adviser, Sponsor, Underwriter and Placement Agent

Financial Adviser



M & A SECURITIES SDN BHD

(Registration No: 197301001503 (15017-H))
(A Participating Organisation of Bursa Malaysia Securities Berhad)



ECO ASIA CAPITAL ADVISORY SDN BHD

(Registration No: 201801022562 (1284581-H))

Bursa Securities has approved our admission to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities. This Prospectus has been registered by Bursa Securities. The approval of our IPO and registration of this Prospectus, should not be taken to indicate that Bursa Securities recommends the offering or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Prospectus. Bursa Securities has not, in any way, considered the merits of the securities being offered for investment. Bursa Securities is not liable for any non-disclosure on the part of the company and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus. No securities will be allotted or issued based on this Prospectus after 6 months from the date of this Prospectus.

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

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE “RISK FACTORS” COMMENCING ON PAGE 160.

THE ACE MARKET IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR EMERGING CORPORATIONS THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN MARKET OF BURSA SECURITIES. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET OF BURSA SECURITIES. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.

THE ISSUE, OFFER OR INVITATION FOR THE OFFERING IS NOT A PROPOSAL REQUIRING APPROVAL, AUTHORISATION OR RECOGNITION OF THE SECURITIES COMMISSION MALAYSIA (“SC”) UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007.

THIS PROSPECTUS IS DATED 27 NOVEMBER 2024

Our Directors, Promoters and Selling Shareholder (as defined herein) have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in the Prospectus false or misleading.

M & A Securities Sdn Bhd, being our Principal Adviser, Sponsor, Underwriter and Placement Agent to our IPO (as defined herein), acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

This Prospectus, together with the Application Form (as defined herein), has also been lodged with the Registrar of Companies, who takes no responsibility for its contents.

You should note that you may seek recourse under Sections 248, 249 and 357 of the Capital Markets and Services Act 2007 ("**CMSA**") for breaches of securities laws including any statement in the Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Prospectus or the conduct of any other person in relation to our Group (as defined herein).

Our Shares are offered to the public on the premise of full and accurate disclosure of all material information concerning our IPO, for which any person set out in Section 236 of the CMSA, is responsible.

Approval has been obtained from Bursa Securities for the listing of and quotation for our IPO Shares (as defined herein) on 3 October 2024. Our admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares.

SC has on 17 October 2024 approved the resultant equity structure of our Company under the Bumiputera equity requirements for public listed companies pursuant to our Listing (as defined herein).

Our Shares are classified as Shariah compliant by the Shariah Advisory Council of the SC. This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review is undertaken by the Shariah Advisory Council of the SC. The new status is released in the updated list of Shariah compliant securities, on the last Friday of May and November.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith.

It shall be your sole responsibility if you are or may be subject to the laws of countries or jurisdictions other than Malaysia, to consult your legal and/or other professional advisers as to whether our IPO would result in the contravention of any law of such countries or jurisdictions.

Further, it shall also be your sole responsibility to ensure that your application for our IPO Shares would be in compliance with the terms of our IPO as stated in our Prospectus and the Application Form and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected. We will further assume that you had accepted our IPO in Malaysia and will be subjected only to the laws of Malaysia in connection therewith.

However, we reserve the right, in our absolute discretion to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

No action has been or will be taken to ensure that this Prospectus complies with the laws of any country or jurisdiction other than the laws of Malaysia. It shall be your sole responsibility to consult your legal and/or other professional adviser on the laws to which our IPO or you are or might be subjected to. Neither us nor our Adviser nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, avoidable or void in any country or jurisdiction.

ELECTRONIC PROSPECTUS

This Prospectus can be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the Electronic Prospectus and the copy of this Prospectus registered with Bursa Securities are the same.

You are advised that the internet is not a fully secured medium, and that your Internet Share Application (as defined herein) may be subject to the risks of problems occurring during the data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions or Participating Securities Firms (as defined herein). These risks cannot be borne by the Internet Participating Financial Institutions or Participating Securities Firms.

If you are in doubt of the validity or integrity of an Electronic Prospectus, you should immediately request from us, the Adviser or Issuing House (as defined herein), a paper printed copy of this Prospectus.

In the event of any discrepancy arising between the contents of the electronic and the contents of the paper printed copy of this Prospectus for any reason whatsoever, the contents of the paper printed copy of this Prospectus which are identical to the copy of the Prospectus registered with Bursa Securities shall prevail.

In relation to any reference in this Prospectus to third party internet sites (referred to as "**Third Party Internet Sites**"), whether by way of hyperlinks or by way of description of the Third Party Internet Sites, you acknowledge and agree that:

- (i) We and our Adviser do not endorse and are not affiliated in any way with the Third Party Internet Sites and are not responsible for the availability of, or the contents or any data, information, files or other material provided on the Third Party Internet Sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;
- (ii) We and our Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, for fulfilling any of the terms of your agreements with the Third Party Internet Sites. We and our Adviser are also not responsible for any loss or damage or costs that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance of any data, information, files or other material provided by such parties; and
- (iii) Any data, information, files or other material downloaded from Third Party Internet Sites is done at your own discretion and risk. We and our Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

Where an Electronic Prospectus is hosted on the websites of the Internet Participating Financial Institutions, you are advised that:

- (i) The Internet Participating Financial Institutions or Participating Securities Firms are only liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions or Participating Securities Firms and shall not be responsible in any way for the integrity of the contents of an Electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions or Participating Securities Firms and thereafter communicated or disseminated in any manner to you or other parties; and
- (ii) While all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium.

The Internet Participating Financial Institutions or Participating Securities Firms shall not be liable (whether in tort or contract or otherwise) for any loss, damage or costs, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the internet participating financial institutions or Participating Securities Firms, and/or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

[The rest of this page is intentionally left blank]

INDICATIVE TIMETABLE

All terms used are defined under "Definitions" commencing from page vii.

The indicative timing of events leading to our Listing is set out below:

Events	Indicative date
Issuance of this Prospectus / Opening of Application	27 November 2024
Closing Date / Closing of Application	4 December 2024
Balloting of Application	9 December 2024
Allotment / Transfer of IPO Shares to successful applicants	13 December 2024
Date of Listing	17 December 2024

In the event there is any change to the timetable, we will make an announcement on Bursa Securities' website and advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia.

[The rest of this page is intentionally left blank]

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All terms used are defined under "Definitions" commencing from page vii.

All references to **"Vanzo"** and **"Company"** in this Prospectus are to Vanzo Holdings Berhad (Registration No: 202301051922 (1545836-M)). Unless otherwise stated, references to **"Group" or "Vanzo Holdings Berhad"** are to our Company and our subsidiary taken as a whole; and references to **"we"**, **"us"**, **"our"** and **"ourselves"** are to our Company, and, save where the context otherwise requires, our subsidiary. Unless the context otherwise requires, references to **"Management"** are to our Directors and key senior management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

The word **"approximately"** used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest thousand or million or one decimal place (for percentages) or one sen (for currency). Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

Certain abbreviations, acronyms and technical terms used are defined in the **"Definitions"** and **"Technical Glossary"** appearing after this section. Words denoting singular shall include plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include companies and corporations.

All reference to dates and times are references to dates and times in Malaysia.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

This Prospectus includes statistical data provided by our management and various third-parties and cites third-party projections regarding growth and performance of the industry in which our Group operates. This data is taken or derived from information published by industry sources and from the internal data. In each such case, the source is stated in this Prospectus. Where no source is stated, such information can be assumed to originate from the Management. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by the Independent Business and Market Researcher Consultants. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate.

The information on our website, or any website directly or indirectly linked to such websites do not form part of this Prospectus.

[The rest of this page is intentionally left blank]

FORWARD-LOOKING STATEMENTS

All terms used are defined under "Definitions" commencing from page vii.

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminology such as **"may"**, **"will"**, **"would"**, **"could"**, **"believe"**, **"expect"**, **"anticipate"**, **"intend"**, **"estimate"**, **"aim"**, **"plan"**, **"forecast"**, **"project"** or similar expressions and include all statements that are not historical facts.

Such forward-looking statements include, without limitations, statements relating to:

- (a) Demand for our products and services;
- (b) Our business strategies and prospects;
- (c) Our future plans;
- (d) Our financial position;
- (e) Our future earnings, cash flows and liquidity; and
- (f) Our ability to pay future dividends.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

- (a) The COVID-19 pandemic and possible similar future outbreaks;
- (b) The economic, political and investment environment in Malaysia and globally; and
- (c) Government policy, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 8 – "Risk Factors" and Section 11 – "Financial Information". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus. Nonetheless, should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment / transfer of the IPO Shares, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the CMSA, Paragraph 1.02, Chapter 1 of Part II (Division 6 on Supplementary and Replacement Prospectus) of the Prospectus Guidelines of the SC and Appendix 3B of the Listing Requirement.

DEFINITIONS

The following terms in this Prospectus bear the same meanings as set out below unless otherwise defined or the context requires otherwise:

COMPANIES WITHIN OUR GROUP:

Vanzo Asia	:	Vanzo Asia Sdn Bhd (Registration No: 201801031321 (1293347-X))
Vanzo or Company	:	Vanzo Holdings Berhad (Registration No: 202301051922 (1545836-M))
Vanzo Group or Group	:	Vanzo and its subsidiary, collectively

GENERAL:

ACE Market	:	ACE Market of Bursa Securities
Acquisition of Vanzo Asia	:	Acquisition by Vanzo from Allan, Michael, Tang, YuQiang and Lim Chee Lip of the entire equity interest of Vanzo Asia for a total purchase consideration of RM9,148,300 to be satisfied via the issuance of 373,400,000 new Shares at an issue price of RM0.0245 per Share to Fragrance Century and Lim Chee Lip, which was completed on 4 October 2024
Act	:	Companies Act 2016 as amended from time to time and any re-enactment thereof
ADA	:	Authorised Depository Agent
AGM	:	Annual General Meeting
Allan	:	Wong Liang Tzer, our Promoter, substantial shareholder and Managing Director
Application(s)	:	Application(s) for Issue Shares by way of Application Form, Electronic Share Application or Internet Share Application
Application Form	:	Printed application form for the application of Issue Shares accompanying this Prospectus
ATM(s)	:	Automated Teller Machine(s)
Board	:	Board of Directors of Vanzo
Bursa Depository Depository	or	Bursa Malaysia Depository Sdn Bhd (Registration No: 198701006854 (165570-W))
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No: 200301033577 (635998-W))
CAGR	:	Compound annual growth rate

DEFINITIONS (*cont'd*)

CCC	:	Certificate of completion and compliance issued by the principal submitting person
CDS	:	Central Depository System
CDS Account	:	Account established by Bursa Depository for a depositor for the recording and dealing in securities by the depositor
China	:	The People's Republic of China
Closing Date	:	The date adopted in this Prospectus as last date for acceptance and receipt of Application
CMSA	:	Capital Markets and Services Act, 2007 as amended from time to time and any re-enactment thereof
Constitution	:	Constitution of our Company
COVID-19	:	Coronavirus disease 2019, an infectious disease which affects the respiratory system, and it is a global pandemic
Depository Rules	:	Rules of Bursa Depository and any appendices thereto as they may be amended from time to time
Director(s)	:	An executive director or a non-executive director of our Company within the meaning of Section 2 of the Act
EBIT	:	Earnings before interest and tax
EBITDA	:	Earnings before interest, tax, depreciation and amortisation
Electronic Prospectus	:	Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium
Electronic Share Application	:	Application for our Issue Shares through a Participating Financial Institution's ATM(s)
Eligible Persons	:	Eligible Directors, employees and persons who have contributed to the success of our Group, collectively
EPS	:	Earnings per share
Fragrance Century	:	Fragrance Century Sdn Bhd (Registration No: 202401006202 (1552052-U))
Foshan Ikeda	:	Foshan Ikeda Air Freshener Co. Ltd (Registration No: 91440605799300134W)
FPE	:	9-month financial period ended 30 June
FYE(s)	:	Financial years ended/ending 30 September, as the case may be
GP	:	Gross profit

DEFINITIONS (cont'd)

IFRS	:	International Financial Reporting Standards
IMR or PROVIDENCE	:	Providence Strategic Partners Sdn Bhd (Registration No: 201701024744 (1238910-A)), our Independent Market Researcher
IMR Report	:	Independent Market Research Report titled "The Air Fragrance Industry in Malaysia" prepared by PROVIDENCE as set out in Section 7 of this Prospectus
Internet Participating Financial Institution(s) or Participating Securities Firm(s)	:	Participating financial institutions or participating securities firms for Internet Share Application as listed in Section 15
Internet Share Application	:	Application for our IPO Shares through an online share application service provided by the Internet Participating Financial Institutions or Participating Securities Firms
Initial Public Offering or IPO	:	Our initial public offering comprising the Public Issue and Offer for Sale
IPO Price	:	Issue/offer price of RM0.15 per Issue/Offer Share
IPO Share(s)	:	The Issue Share(s) and Offer Share(s), collectively
Issuing House	:	Tricor Investor & Issuing House Services Sdn Bhd (Registration No: 197101000970 (11324-H))
Issue Share(s)	:	New Share(s) to be issued under the Public Issue
Listing	:	Listing of and quotation for our entire enlarged share capital comprising 466,751,100 Shares on the ACE Market
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities, as amended from time to time
Listing Scheme	:	Comprising the Public Issue, Offer for Sale and Listing, collectively
LPD	:	31 October 2024, being the latest practicable date for ascertaining certain information contained in this Prospectus
M&A Securities	:	M & A Securities Sdn Bhd (Registration No: 197301001503 (15017-H))
Malaysian Public	:	Malaysian citizens and companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
Market Day(s)	:	Any day(s) between Monday to Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for the trading of securities
MFRS	:	Malaysian Financial Reporting Standards

DEFINITIONS (cont'd)

Michael	:	Tan Chin Soon, our Promoter and Non-Independent Executive Director
MITI	:	Ministry of Investment, Trade and Industry Malaysia
NA	:	Net assets
NBV	:	Net book value
Offer for Sale	:	Offer for sale of 46,675,000 Offer Shares by our Selling Shareholder at the IPO Price
Offer Share(s)	:	Existing Share(s) to be offered under the Offer for Sale
Participating Institution(s)	Financial	: Participating financial institution(s) for Electronic Share Application as listed in Section 15 of this Prospectus
Participating Firm(s)	Securities	: Participating securities firm(s) for Internet Share Application as listed in Section 15 of this Prospectus
PAT	:	Profit after tax
PBT	:	Profit before tax
Period Under Review	:	FYE 2021, FYE 2022, FYE 2023 and FPE 2024
PE Multiple	:	Price-to-earnings multiple
Pink Form Allocations	:	Allocation of 23,338,000 Issue Shares to Eligible Persons, which forms part of our Public Issue
Principal Adviser or Sponsor or Placement Agent or Underwriter	:	M&A Securities
Promoters	:	Collectively, Fragrance Century, Allan and Michael
Prospectus	:	This prospectus dated 27 November 2024 in relation to our IPO
Public Issue	:	Public issue of 93,351,000 Issue Shares at our IPO Price
QA/QC	:	Quality Assurance and Quality Control
ROC	:	Registrar of Companies
SC	:	Securities Commission Malaysia
Selling Shareholder	:	Fragrance Century which is undertaking the Offer for Sale
Shares or Vanzo Shares	:	Ordinary shares in Vanzo
SICDA or Depository Act	:	Securities Industry (Central Depositories) Act, 1991 as amended from time to time

DEFINITIONS (cont'd)

Specified Shareholder	:	Fragrance Century
sq ft	:	Square feet
Underwriting Agreement	:	Underwriting agreement dated 8 November 2024 entered into between our Company and M&A Securities for the purpose of our IPO

CURRENCIES:

RM and sen	:	Ringgit Malaysia and sen, respectively
RMB	:	Renminbi
SGD	:	Singapore Dollar
USD	:	United States Dollars

OPERATIONAL FACILITIES:

Bukit Jelutong headquarters cum warehouse	:	Refers to the headquarters cum warehouse located at No. 12, Jalan Tiang U8/92, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor
Johor warehouse	:	Refers to the warehouse via third-party warehousing service providers located at No. 2, Jalan Tiong Emas 5, Kawasan Perindustrian Tebrau, 81100 Johor Bahru, Johor
Penang warehouse	:	Refers to the warehouse via third-party warehousing service providers located at No. 1077, Lorong Perusahaan Maju 1, Kawasan Perindustrian Prai Fasa 4, 13600 Perai, Pulau Pinang

[The rest of this page is intentionally left blank]

TECHNICAL GLOSSARY

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

Acute inhalation toxicity test	: Test to assess the potential hazards of inhaling a substance for a period of time
Air disinfection effect test	: Test to assess the effectiveness of a substance to reduce bacteria
Air fragrance products	: Products that introduce pleasant fragrances or reduce unwanted odours
Bacteriostatic activity test	: Test to assess the ability of a substance to inhibit the growth of bacteria
Benzene	: A chemical compound that is in the form of colourless liquid which is made from petroleum that can be harmful to a person's health at high concentrations
Central region	: Refers to Federal Territory of Kuala Lumpur, Selangor and Negeri Sembilan
Consumer	: Direct end-user of the products
Distributor and reseller	: A company that sells products to retailers and may not have a retail storefront. In the context of this PCP, these companies include car accessories distributors and FMCG distributors
East Malaysia	: Refers to Sabah and Sarawak
Eastern region	: Refers to Kelantan, Terengganu and Pahang
FMCG distributor	: Fast-moving consumer goods distributor, a distributor of consumer products that are fast-moving
Formaldehyde	: A chemical compound that is in the form of a strong smelling colourless gas which is made from carbon, hydrogen and oxygen and can be harmful to a person's health at high concentrations
Fragrance longevity	: The amount of time the fragrance of the product can last
Fragrance-related products	: Products that are infused with fragrances or complement air fragrance products
Material safety data sheet	: Data sheet that provides information about the composition of ingredient, safe handling, storage and use of our products
Northern region	: Refers to Perlis, Kedah, Perak and Penang
Peninsular Malaysia	: Known as West Malaysia, and collectively comprises Perlis, Kedah, Perak, Penang, Federal Territory of Kuala Lumpur, Selangor, Negeri Sembilan, Johor, Melaka, Kelantan, Terengganu and Pahang
Product lifespan	: The amount of time the product can last

TECHNICAL GLOSSARY (*cont'd*)

Restriction of hazardous substances test	:	Test to assess the amount of hazardous substances in a product
Scent	:	The aroma or smell of an air fragrance or fragrance-related product
Southern region	:	Refers to Johor and Melaka
Toluene	:	A chemical compound that is in the form of a strong smelling colourless liquid which is made from petroleum, benzene and xylene and can be harmful to a person's health at high concentrations
Retailer	:	A company that has a retail storefront to retail products

[The rest of this page is intentionally left blank]

TABLE OF CONTENTS

	PAGE
1. CORPORATE DIRECTORY	1
2. APPROVALS AND CONDITIONS	6
2.1 APPROVALS AND CONDITIONS	6
2.2 MORATORIUM ON OUR SHARES	8
3. PROSPECTUS SUMMARY	10
3.1 PRINCIPAL DETAILS RELATING TO OUR IPO	10
3.2 BUSINESS MODEL	10
3.3 COMPETITIVE POSITION AND BUSINESS STRATEGIES	12
3.4 RISK FACTORS.....	14
3.5 DIRECTORS AND KEY SENIOR MANAGEMENT	15
3.6 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS	16
3.7 UTILISATION OF PROCEEDS.....	17
3.8 FINANCIAL AND OPERATIONAL INFORMATION	17
3.9 DIVIDEND POLICY.....	19
4. DETAILS OF OUR IPO	20
4.1 OPENING AND CLOSING OF APPLICATION PERIOD.....	20
4.2 INDICATIVE TIMETABLE	20
4.3 LISTING SCHEME	20
4.4 BASIS OF ARRIVING AT OUR IPO PRICE.....	25
4.5 SHARE CAPITAL, CLASSES OF SHARES AND RANKING	26
4.6 PURPOSES OF OUR IPO	26
4.7 TOTAL MARKET CAPITALISATION UPON LISTING	27
4.8 DILUTION.....	27
4.9 UTILISATION OF PROCEEDS.....	29
4.10 UNDERWRITING, PLACEMENT AND BROKERAGE	33
4.11 SALIENT TERMS OF THE UNDERWRITING AGREEMENT	34
4.12 TRADING AND SETTLEMENT IN SECONDARY MARKET	37
5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT	38
5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS	38
5.2 DIRECTORS	42
5.3 KEY SENIOR MANAGEMENT	65
5.4 RELATIONSHIPS AND ASSOCIATIONS	69
5.5 REMUNERATION AND BENEFITS	70
5.6 MANAGEMENT REPORTING STRUCTURE	72
5.7 DECLARATION FROM PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT.....	73
6. INFORMATION ON OUR GROUP	74
6.1 BACKGROUND INFORMATION.....	74
6.2 SUBSIDIARY	83
6.3 MATERIAL INVESTMENTS AND DIVESTITURES	84
6.4 PUBLIC TAKE-OVERS.....	85
6.5 BUSINESS OVERVIEW.....	86
6.6 BUSINESS STRATEGIES AND PLANS	130
6.7 MATERIAL CONTRACTS	132
6.8 PROPERTY, PLANT AND EQUIPMENT	133
6.9 EMPLOYEES	135
6.10 MAJOR CUSTOMERS.....	136
6.11 MAJOR SUPPLIERS	142
6.12 EXCHANGE CONTROL	147
6.13 ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRACTICES	147
7. IMR REPORT	149

TABLE OF CONTENTS (cont'd)

	PAGE
8. RISK FACTORS	160
8.1 RISKS RELATING TO OUR BUSINESS	160
8.2 RISKS RELATING TO OUR INDUSTRY WHICH WE OPERATE IN.....	164
8.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES	165
8.4 OTHER RISKS	167
9. RELATED PARTY TRANSACTIONS	168
9.1 MATERIAL RELATED PARTY TRANSACTIONS	168
9.2 TRANSACTIONS ENTERED INTO THAT ARE UNUSUAL IN THEIR NATURE OR CONDITIONS	170
9.3 LOANS MADE TO AND FINANCIAL ASSISTANCE PROVIDED FOR THE BENEFIT OF THE RELATED PARTIES.....	170
9.4 LOANS AND/OR FINANCIAL ASSISTANCE FROM RELATED PARTIES TO OUR GROUP	170
9.5 OTHER TRANSACTIONS.....	171
10. CONFLICT OF INTEREST	173
10.1 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CUSTOMERS AND OUR SUPPLIERS.....	173
10.2 DECLARATIONS OF CONFLICT OF INTEREST BY OUR ADVISERS	176
11. FINANCIAL INFORMATION	177
11.1 HISTORICAL FINANCIAL INFORMATION.....	177
11.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	182
11.3 LIQUIDITY AND CAPITAL RESOURCES	220
11.4 KEY FINANCIAL RATIOS	224
11.5 TREND INFORMATION	230
11.6 ORDER BOOK	231
11.7 DIVIDENDS.....	231
11.8 SIGNIFICANT CHANGES	232
11.9 CAPITALISATION AND INDEBTEDNESS	233
12. ACCOUNTANTS' REPORT	234
13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION	327
14. STATUTORY AND OTHER INFORMATION	340
14.1 SHARE CAPITAL	340
14.2 INFORMATION OF OUR GROUP	340
14.3 INFORMATION OF OUR SUBSIDIARY	341
14.4 CONSTITUTION	342
14.5 GENERAL INFORMATION	348
14.6 CONSENTS	349
14.7 DOCUMENTS FOR INSPECTION	349
14.8 RESPONSIBILITY STATEMENTS	349
15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE	350
15.1 OPENING AND CLOSING OF APPLICATIONS	350
15.2 METHODS OF APPLICATIONS	350
15.3 ELIGIBILITY.....	351
15.4 APPLICATION BY WAY OF APPLICATION FORM	352
15.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATION.....	353
15.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATION	353
15.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE	354
15.8 OVER/UNDERSUBSCRIPTION	354
15.9 UNSUCCESSFUL/PARTIALLY SUCCESSFUL APPLICANTS.....	355
15.10 SUCCESSFUL APPLICANTS	356
15.11 ENQUIRIES.....	357

1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Designation	Residential address	Nationality	Gender
Lim Seng Lee	Independent Non-Executive Chairman	35, Jalan Istana Larut 34000 Taiping Perak	Malaysian	Male
Wong Liang Tzer	Non-Independent Executive Director / Managing Director	E-07-02, The Potpourri Jalan PJU 1A/4 Ara Damansara 47301 Petaling Jaya Selangor	Malaysian	Male
Tan Chin Soon	Non-Independent Executive Director	No. 18, Bandar Darulaman 06000 Jitra Kedah	Malaysian	Male
Choe Sook Ling	Non-Independent Non-Executive Director	No. 5, Jalan Flora 3F/2 Bandar Rimbayu 42500 Tlk Panglima Garang Selangor	Malaysian	Female
Tan Kea Yong	Independent Non-Executive Director	No 217 B, Lorong Kempas 3B Jalan Kempas 93350 Kuching Sarawak	Malaysian	Male
Wong Phait Lee	Independent Non-Executive Director	C-G-3, Seni Mont' Kiara 2A Changkat Duta Kiara Mont Kiara 50480 Kuala Lumpur Wilayah Persekutuan Kuala Lumpur	Malaysian	Female
Choo Foong Ling	Independent Non-Executive Director	104-7-3A, Persiaran Bayan Indah 11900 Bayan Lepas Pulau Pinang	Malaysian	Female

[The rest of this page is intentionally left blank]

1. CORPORATE DIRECTORY (cont'd)

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Wong Phait Lee	Chairman	Independent Non-Executive Director
Tan Kea Yong	Member	Independent Non-Executive Director
Choo Foong Ling	Member	Independent Non-Executive Director

NOMINATING COMMITTEE

Name	Designation	Directorship
Choo Foong Ling	Chairman	Independent Non-Executive Director
Wong Phait Lee	Member	Independent Non-Executive Director
Choe Sook Ling	Member	Non-Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Choo Foong Ling	Chairman	Independent Non-Executive Director
Wong Phait Lee	Member	Independent Non-Executive Director
Choe Sook Ling	Member	Non-Independent Non-Executive Director

[The rest of this page is intentionally left blank]

1. CORPORATE DIRECTORY (cont'd)

- COMPANY SECRETARIES** : **Teo Soon Mei (SSM PC No.: 201908000235)**
(MAICSA 7018590)
(Chartered Secretary and Chartered Governance Professional, Fellow of Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"), Associate of the Institute of Internal Auditors Malaysia and Master of Corporate Governance)
- Lim Jia Huey (SSM PC No.: 201908000929)**
(MAICSA 7073258)
(Chartered Secretary and Chartered Governance Professional, Associate of MAICSA)
- No. D-09-02, Level 9
EXSIM Tower, Millerz Square @ Old Klang Road
Megan Legasi, No. 357
Jalan Kelang Lama
58000 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur
- Telephone No. : 03-7971 8080
- REGISTERED OFFICE** : No. D-09-02, Level 9
EXSIM Tower, Millerz Square @ Old Klang Road
Megan Legasi, No. 357
Jalan Kelang Lama
58000 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur
- Telephone No. : 03-7971 8080
- HEAD OFFICE** : No 12, Jalan Tiang U8/92
Seksyen U8
Bukit Jelutong
40150 Shah Alam
Selangor
- Telephone No. : 03-7831 5055
- EMAIL ADDRESS AND WEBSITE** : Email address: info@vanzoasia.com
Website: <http://www.vanzoasia.com>
- PRINCIPAL ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT** : M & A Securities Sdn Bhd
(Registration No: 197301001503 (15017-H))
- Levels 3 and 7, 45 & 47, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
- Telephone No. : 03-2284 2911

1. CORPORATE DIRECTORY (cont'd)

- FINANCIAL ADVISER** : Eco Asia Capital Advisory Sdn Bhd
(Registration No. 201801022562 (1284581-H))
Lot 1904, 19th Floor
Tower 1, Faber Towers
Jalan Desa Bahagia, Taman Desa
58100 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur
- Telephone No. : 03-7971 1822
- Person-in-charge: Khoo Chee Siang
(Chartered Accountant, Fellow of the Association of
Chartered Certified Accountants and Member of the
Malaysian Institute of Accountants)
(MIA Membership No.: CA 21553)
- SOLICITORS FOR OUR LISTING** : Teh & Lee
- A-3-3 & A-3-4, Northpoint Offices
Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur
- Telephone No. : 03-2283 2800
- AUDITORS AND REPORTING ACCOUNTANTS FOR OUR IPO** : Ecovis Malaysia PLT
Registration number: 201404001750
LLP number: LLP0003185-LCA
Firm number: AF 001825
- D-10-03, Level 10
EXSIM Tower, Millerz Square @ Old Klang Road
Megan Legasi, No. 357, Jalan Kelang Lama
58000 Kuala Lumpur
- Partner-in-charge: Chua Kah Chun
Approval number: 02696/09/2025 (J)
(Chartered Accountant of the Malaysian Institute of
Accountants and Fellow Member of the Association of
Chartered Certified Accountants)
- Telephone No. : 03-7986 0066
- INDEPENDENT MARKET RESEARCHER** : Providence Strategic Partners Sdn Bhd
(Registration No. 201701024744 (1238910-A))
- 67-1, Block D, The Suites, Jaya One
72A, Jalan Prof Diraja Ungku Aziz
46200 Petaling Jaya
Selangor
- Telephone No. : 03-7625 1769
- Person-in-charge: Melissa Lim Li Hua
(Bachelor of Commerce (Double major in Marketing and
Management) from Murdoch University, Australia)

1. CORPORATE DIRECTORY (*cont'd*)

ISSUING HOUSE AND SHARE REGISTRAR : Tricor Investor & Issuing House Services Sdn Bhd
(Registration No: 197101000970 (11324-H))

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

Telephone No. : 03-2783 9299

LISTING SOUGHT : ACE Market of Bursa Securities

SHARIAH STATUS : Approved by Shariah Advisory Council of SC

[The rest of this page is intentionally left blank]

2. APPROVALS AND CONDITIONS

2.1 APPROVALS AND CONDITIONS

2.1.1 Bursa Securities

Bursa Securities had, vide its letter dated 3 October 2024, approved our admission to the Official List of the ACE Market and the listing of and quotation for our entire enlarged issued share capital on the ACE Market. The approval from Bursa Securities is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
1.	Submit the following information with respect to the moratorium on the shareholdings of the Specified Shareholders to Bursa Depository: <ul style="list-style-type: none"> (i) Name of shareholders; (ii) Number of Shares; and (iii) Date of expiry of the moratorium for each block of Shares. 	Complied
2.	Confirm that approvals from other relevant authorities have been obtained for implementation of the Listing;	Complied
3.	The Bumiputera equity requirements for public listed companies as approved/exempted by the SC including any conditions imposed thereon;	Complied
4.	Make the relevant announcements pursuant to Paragraphs 8.1 and 8.2 of Guidance Notes 15 of the Listing Requirements;	To be complied
5.	Furnish to Bursa Securities a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire issued share capital of Vanzo on the first day of Listing;	To be complied
6.	In relation to the Public Issue to be undertaken by Vanzo, to announce at least 2 market days prior to the Listing date, the result of the offering including the following: <ul style="list-style-type: none"> (i) Level of subscription of public balloting and placement; (ii) Basis of allotment/allocation; (iii) A table showing the distribution for placement tranche; and (iv) Disclosure of places who become substantial shareholders of Vanzo arising from the Public Issue, if any. 	To be complied

M&A Securities to ensure that the overall distribution of Vanzo's securities is properly carried out to mitigate any disorderly trading in the secondary market; and

2. APPROVALS AND CONDITIONS (*cont'd*)

No.	Details of conditions imposed	Status of compliance
7.	Vanzo / M & A Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon the admission of Vanzo to the Official List of the ACE Market.	To be complied

2.1.2 SC

Our Listing is an exempt transaction under Section 212(8) of the CMSA and is therefore not subject to the approval of the SC.

The SC had, vide its letter dated 17 October 2024, approved the resultant equity structure pursuant to our Listing under the Bumiputera equity requirement for public listed companies. The approval from the SC is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
(i)	Vanzo to make available at least 50% of the Shares offered to the Malaysian public investors via balloting to Bumiputera public investors at the point of Listing;	Complied
(ii)	Vanzo to allocate 12.5% of its enlarged number of issued Shares to Bumiputera investors to be approved or recognised by the MITI within one (1) year after achieving the profit requirement for companies seeking listing on the Main Market of Bursa Malaysia Securities Berhad or five (5) years after being listed on the ACE Market of Bursa Securities, whichever is earlier (" Compliance Date ");	To be complied
(iii)	Vanzo to submit to the SC a proposal to comply with the equity condition stated in (ii) above, at least six (6) months prior to the Compliance Date; and	To be complied
(iv)	M&A Securities or Vanzo to submit Vanzo's equity structure to the SC upon completion of the Listing.	To be complied

The effect of our Listing on our equity structure is as follows:

Category of shareholders	As at the LPD		After IPO	
	No. of Shares	%	No. of Shares	%
Bumiputera	-	-	11,669,000	2.5
Non-Bumiputera	100	100.0	454,782,100	97.5
Malaysian	100	100.0	466,751,100	100.0
Foreigners	-	-	-	-
Total	100	100.0	466,751,100	100.0

The Shariah Advisory Council of SC had classified our Shares as shariah-compliant based on our audited combined financial statements for FYE 2023 on 10 October 2024.

2. APPROVALS AND CONDITIONS

2.2 MORATORIUM ON OUR SHARES

2.2.1 Specified Shareholder

In accordance with Rule 3.19(1) of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of those Shares held by our Specified Shareholder as follows:

- (a) The moratorium applies to the entire shareholdings of our Specified Shareholder for a period of 6 months from the date of our admission to the ACE Market ("**First 6-Month Moratorium**");
- (b) Upon the expiry of the First 6-Month Moratorium, our Company must ensure that our Specified Shareholder's aggregate shareholdings amounting to at least 45.0% of the total number of issued ordinary shares remain under moratorium for another period of 6 months ("**Second 6-Month Moratorium**"); and
- (c) On the expiry of the Second 6-Month Moratorium, our Specified Shareholder may sell, transfer or assign up to a maximum of 1/3 per annum (on a straight line basis) of those Shares held under moratorium.

[The rest of this page is intentionally left blank]

2. APPROVALS AND CONDITIONS (cont'd)

Details of our Specified Shareholder and their Shares which will be subject to the abovementioned moratorium, are set out below:

Specified Shareholder	Year 1		Year 2		Year 3	
	Moratorium shares during the First 6-Month Moratorium		Moratorium shares during the Second 6-Month Moratorium		Moratorium shares	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(1)%
Fragrance Century	(2)252,045,100	54.0	210,037,995	45.0	140,025,330	30.0
	252,045,100	54.0	210,037,995	45.0	140,025,330	30.0
					70,012,665	15.0
					70,012,665	15.0

Notes:

(1) Based on the enlarged share capital of 466,751,100 Shares after our IPO.

(2) After the Offer for Sale.

The moratorium has been fully accepted by our Specified Shareholder, who have provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium during the moratorium period.

The moratorium restrictions are specifically endorsed on the share certificates representing the Shares under moratorium held by our Specified Shareholder to ensure that our Share Registrar does not register any transfer that contravenes with such restrictions.

Separately, the ultimate shareholders of Fragrance Century namely Allan, Michael and Tang, YuQiang have also undertaken not to sell, transfer or assign their shareholdings in Fragrance Century during the abovementioned moratorium period.

[The rest of this page is intentionally left blank]

3. PROSPECTUS SUMMARY

THIS PROSPECTUS SUMMARY ONLY HIGHLIGHTS THE KEY INFORMATION FROM OTHER PARTS OF THIS PROSPECTUS. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE WHOLE PROSPECTUS PRIOR TO DECIDING ON WHETHER TO INVEST IN OUR SHARES.

3.1 PRINCIPAL DETAILS RELATING TO OUR IPO

The following statistics relating to our IPO are derived from the full text of this Prospectus and should be read in conjunction with that text:

Allocation	No. of Shares	Amount to be raised (RM)	(1)%
Public Issue			
Malaysian Public	23,338,000	3,500,700	5.0
Pink Form Allocations	23,338,000	3,500,700	5.0
Private placement to selected investors	46,675,000	7,001,250	10.0
Offer for Sale			
Private placement to selected investors	46,675,000	7,001,250	10.0
Enlarged total number of Shares upon Listing	466,751,100		
IPO Price per Share			RM0.15
Market capitalisation upon Listing			RM70.0 million
Total gross proceeds to be raised by our Company from the Public Issue			RM14.0 million
Total gross proceeds to be raised by our Selling Shareholder from the Offer for Sale			RM7.0 million

Note:

(1) Based on our enlarged share capital of 466,751,100 Shares after our IPO.

Further details of our IPO are set out in Section 4 of this Prospectus.

Our Specified Shareholder's entire shareholdings after IPO will be held under moratorium for 6 months from the date of Listing. Thereafter, our Specified Shareholder's shareholding amounting to 45.0% of our share capital will remain under moratorium for another 6 months. Our Specified Shareholder may sell, transfer or assign up to a maximum of one-third per annum (on a straight-line basis) of their shares held under moratorium upon expiry of the second 6 months period.

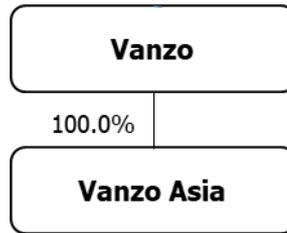
Further details on the moratorium on our Shares are set out in Section 2.2 of this Prospectus.

3.2 BUSINESS MODEL

Our Company was incorporated in Malaysia under the Act on 29 December 2023 as a private limited company under the name of Vanzo Holdings Sdn Bhd. On 13 June 2024, we converted into a public limited company under our present name. We are an investment holding company. Through our subsidiary, we are principally involved in the design, marketing and sale of air fragrance and fragrance-related products.

3. PROSPECTUS SUMMARY (cont'd)

Our Group structure after our IPO is as follows:



The following diagram illustrates our Group’s business model:

Principal activity	Design, marketing and sale of air fragrance and fragrance-related products																												
Products segments	Air fragrance products		Fragrance-related products																										
	Car fragrances 	Indoor fragrances 	Personal and household care 	Accessories and others 																									
Brands	<ul style="list-style-type: none"> • Own brand "Vanzo" 		<ul style="list-style-type: none"> • Own brand "Vanscent" • Third-party brand "CopperX" 																										
Sales channels	<ul style="list-style-type: none"> • Distributors and resellers • Retailers • Own retail kiosks • Online platforms (own online marketplace and e-commerce marketplaces) 																												
Customer segment	<ul style="list-style-type: none"> • Distributors and resellers • Retailers • Consumers 																												
Principal markets	<ul style="list-style-type: none"> • Malaysia • Others (mainly include Singapore, Brunei and Australia) 																												
Revenue contributions	<table border="1"> <caption>Revenue Contributions by Segment</caption> <thead> <tr> <th>Year</th> <th>Car fragrances</th> <th>Indoor fragrances</th> <th>Personal and household care products</th> <th>Accessories and others</th> </tr> </thead> <tbody> <tr> <td>FYE 2021</td> <td>59.8%</td> <td>34.2%</td> <td>5.9%</td> <td>0.1%</td> </tr> <tr> <td>FYE 2022</td> <td>55.1%</td> <td>30.1%</td> <td>14.7%</td> <td>0.1%</td> </tr> <tr> <td>FYE 2023</td> <td>79.7%</td> <td>17.6%</td> <td>2.6%</td> <td>0.1%</td> </tr> <tr> <td>FPE 2024</td> <td>77.6%</td> <td>21.3%</td> <td>1.0%</td> <td>0.1%</td> </tr> </tbody> </table>				Year	Car fragrances	Indoor fragrances	Personal and household care products	Accessories and others	FYE 2021	59.8%	34.2%	5.9%	0.1%	FYE 2022	55.1%	30.1%	14.7%	0.1%	FYE 2023	79.7%	17.6%	2.6%	0.1%	FPE 2024	77.6%	21.3%	1.0%	0.1%
Year	Car fragrances	Indoor fragrances	Personal and household care products	Accessories and others																									
FYE 2021	59.8%	34.2%	5.9%	0.1%																									
FYE 2022	55.1%	30.1%	14.7%	0.1%																									
FYE 2023	79.7%	17.6%	2.6%	0.1%																									
FPE 2024	77.6%	21.3%	1.0%	0.1%																									

3. PROSPECTUS SUMMARY (cont'd)

Further details of our Group and our business model are set out in Section 6 of this Prospectus.

3.3 COMPETITIVE POSITION AND BUSINESS STRATEGIES

3.3.1 Competitive strengths

Our Directors believe that our business sustainability and future growth is built on the following competitive strengths:

(a) We are a leading homegrown air fragrance company in Malaysia with an established in-house brand

According to the IMR Report, we are the largest homegrown air fragrance company in Malaysia in 2023, where we garnered a market share of 13.3% in the air fragrance market in Malaysia in the year in terms of our product sales value.

Our own homegrown "Vanzo" brand has been established since our inception in 2018, and we have invested in various marketing activities over the years to build our brand reputation.

Further, as our brand name is fully owned by our Group, we can introduce or remove our product series as well as change our marketing and branding strategies to respond to market demands and customer preferences in a timely manner.

(b) We have various sales channels to reach a wide customer base

Our air fragrance and fragrance-related products are sold to various customer segments and through various sales channels to reach out to consumers. Furthermore, we have expanded our geographical footprint beyond Malaysia to Brunei, Singapore and Australia.

We sell our products through distributors/resellers such as car accessories distributors and FMCG distributors; and retailers such as health and beauty product retailers and pharmacies, supermarkets, hypermarkets, convenience stores, car wash shops, car detailing shops, car accessories retailers, and electronics and mobile gadget retailers.

Meanwhile, we also market and retail our products via multiple online channels such as social media platforms (such as Facebook and Instagram), e-commerce marketplaces (such as Shopee and Lazada) and our own online marketplace.

As at the LPD, we also have 6 retail kiosks located in Mid Valley Megamall, 1 Utama shopping mall, Sunway Pyramid, Pavilion Kuala Lumpur, IOI City Mall, Putrajaya and Vivacity Megamall, Kuching, Sarawak.

Our Group's wide customer base also enables us to continue securing new orders as well as cross-selling other types of air fragrance and fragrance-related products.

(c) Our own and third-party warehouses allow us to promptly deliver our products and have more efficient warehouse organisation and management

We have our own warehouse which allows us to better manage our inventories. We are able to operate on a first-in-first-out basis to ensure that newer stocks are kept.

In addition, we have engaged third-party warehousing service providers in Johor Bahru and Perai to stock our inventory, as at the LPD. This allows us to promptly deliver products to our customers based in the Southern region and Northern region of Peninsular Malaysia.

3. PROSPECTUS SUMMARY (cont'd)

(d) We provide a range of air fragrance and fragrance related products to cater to different customer needs

Since our incorporation, we have expanded our product range from car fragrance products to include indoor fragrance products, as well as personal and household care products.

Our car fragrance products are available in the form of jar fragrance or car air-conditioner vent-clip fragrance products, and in varying sizes and designs. This allows customers to choose their products based on their preferences. Meanwhile, we also offer indoor fragrance products in various forms, i.e. reed diffusers, ultrasonic diffusers and essential oils, scented candles and bathroom air fresheners. This also provides customers with various options based on their preferences.

As we offer both car and indoor fragrance products, we are also able to offer products that they can not only use in their cars, but also in their homes. We also have a variety of scents for customers to choose from, depending on their preferences.

For further details, please refer to Section 6.5.7 of this Prospectus.

3.3.2 Business strategies

Our business objectives are to maintain sustainable growth in our business and create long term shareholder value. To achieve our business objectives, we will implement the following business strategies over the period of 24 months from the date of our Listing:

- (a) We intend to strengthen our presence within Malaysia by setting up new retail kiosks. As such, we plan to set up 4 new retail kiosks in Peninsular Malaysia and East Malaysia. We plan to set up 2 retail kiosks by first half of 2025 and another 2 retail kiosks by first half of 2026.
- (b) We intend to further strengthen our brand and grow our market share within Malaysia by the following:
 - (i) Enhance our product awareness and brand by investing in marketing and promotion activities (promotional campaigns, social media engagement and digital marketing, engaging brand ambassadors, mass media advertising and sponsorships of events); and
 - (ii) Expanding and enhancing our product ranges by introducing new scents or series, or launching new product types that meet market needs, preferences and trends. We intend to continue to introduce at least 1 new product series with 1 new scent co-formulated by us every year.
- (c) We intend to enhance our distribution reach by expanding our sales channels which in turn enhance the visibility of our brand and products, and drive the growth of our market share and financial performance.

For further details, please refer to Section 6.6 of this Prospectus.

3. PROSPECTUS SUMMARY (cont'd)

3.4 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risk factors as set out in Section 8 of this Prospectus. Some of the more important risk factors are summarised below:

(a) We are dependent on Foshan Ikeda

During the Period Under Review, we mainly co-formulated and outsourced the manufacturing of our air fragrance and fragrance-related products to Foshan Ikeda. Further, the products purchased from Shenzhen Bai Xiang Hui Technology Co. Ltd are supplied by Foshan Ikeda. Collectively, both suppliers contributed 61.9%, 58.1%, 82.1% and 82.1% of our Group's total purchases for FYE 2021, FYE 2022, FYE 2023 and FPE 2024, respectively. We are thus dependent on Foshan Ikeda.

Any major disruptions or sudden cessation of supply from Foshan Ikeda may result in a shortage of products and inability to market and sell products to our customers, or result in our Group having to pay a higher cost for the products. This could consequently lead to a material and adverse impact to our Group's business operations, financial performance and future growth.

(b) Our business operations may be affected if there are negative publicity regarding our brand arises

Over the years, we have established our "Vanzo" brand. Our company and brand reputation are critical to our ability to attract customers to buy our products and maintain relationships with distributors, resellers and retailers.

The occurrences of events which draw negative publicity to, or otherwise adversely impact our reputation or damage our brands, may deter customers from buying our products. These events include incidents relating to the quality of our products, and negative comments from our existing customers regarding our products, our retail kiosks and business practices, which may be beyond our control. Further, our reputation may be adversely affected by employees of distributors, resellers and retailers who market and sell our products to consumers, which may be beyond our control.

Any of such events could undermine our customers' confidence in our business, brand and products. This could consequently reduce demand for our products, which could adversely and materially impact our business, financial condition, results of operations and prospects.

(c) We are subject to changes in consumer preferences

Consumer's preferences are ever changing and to a certain extent, our success is dependent on our ability to anticipate the changes in the market and to develop new products to cater to such changes.

If we fail to market and sell products that customers demand and/or market through appropriate and popular sales channels, we could experience a decline in customers' demand for our products and number of sales transactions. This would consequently adversely impact our business and financial performance.

3. PROSPECTUS SUMMARY *(cont'd)*

(d) We are exposed to risk relating to failure to protect our proprietary formulation for the scents of our products

As at the LPD, we own the formulation for 12 of the scents used in our car and indoor fragrance products as well as our personal and household care products. Failure to protect proprietary information including formulation of these scents could inadvertently lead to the infringement of our products by external parties.

As at LPD, we limit the exposure of our formulation to Foshan Ikeda. However, there can be no assurance that we will be able to protect our proprietary formulation for the product scents and that this would not materially and adversely impact our Group's business and financial performance.

(e) We are exposed to the risk of counterfeit products

We cannot assure that we will not encounter counterfeiting of our products, such as unauthorised imitation or replication of our designs and labelling, by third-parties from time to time. Third-parties may make and sell an inferior counterfeit of our Group's products. These counterfeit products are generally sold at prices that are lower than our market prices.

Although we have trademarked our "Vanzo" brand and had not encountered any counterfeit products in the market that had materially and adversely affected our business and financial performance in the past, there is no assurance that such incident will not occur and that we will be successful in preventing future counterfeiting.

3.5 DIRECTORS AND KEY SENIOR MANAGEMENT

Our Directors and key senior management are as follows:

Name	Designation
<u>Directors</u>	
Lim Seng Lee	Independent Non-Executive Chairman
Allan Michael	Non-Independent Executive Director / Managing Director
Choe Sook Ling	Non-Independent Executive Director
Tan Kea Yong	Non-Independent Non-Executive Director
Wong Phait Lee	Independent Non-Executive Director
Choo Foong Ling	Independent Non-Executive Director
<u>Key Senior Management</u>	
Poo Shea Choon	Chief Financial Officer
Gan Shy Yin	Head of Operations
Wong Sook Fun	Key Accounts Manager

Further details of our Directors and key senior management are set out in Section 5 of this Prospectus.

3. PROSPECTUS SUMMARY (cont'd)

3.6 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

The shareholdings of our Promoters and substantial shareholders in our Company before and after IPO are set out below:

Names	Nationality / Place of incorporation	Before IPO ⁽¹⁾			After IPO ⁽²⁾			
		No. of Shares	%	Indirect No. of Shares	%	Direct No. of Shares	Indirect No. of Shares	%
<u>Promoters and/or substantial shareholders</u>								
Allan	Malaysian	-	-	(3)298,720,100	80.0	-	(3)252,045,100	54.0
Michael	Malaysian	-	-	-	-	-	-	-
Fragrance Century	Malaysia	298,720,100	80.0	-	-	252,045,100	-	54.0
<u>Substantial shareholders</u>								
Lim Chee Lip	Malaysian	74,680,000	20.0	-	-	74,680,000	(4)300,000	16.0
Choe Sook Ling	Malaysian	-	-	(4)74,680,000	20.0	300,000	(4)74,680,000	16.0

Notes:

- (1) Based on the share capital of 373,400,100 Shares after completion of the Acquisition and transfer of 100 subscribers Share to Fragrance Century but before our IPO.
- (2) Based on the enlarged share capital of 466,751,100 Shares after our IPO.
- (3) Deemed interested by virtue of Section 8(4) of the Act, through his shareholding of more than 20.0% in Fragrance Century.
- (4) Deemed interested by virtue of his/her spouse's interest pursuant to Section 59(11)(c) of the Act.

Further details of our Promoters and substantial shareholders are set out in Section 5 of this Prospectus.

3. PROSPECTUS SUMMARY (cont'd)**3.7 UTILISATION OF PROCEEDS**

The total estimated gross proceeds to be raised by our Company from the Public Issue of RM14.0 million shall be utilised in the following manner:

Utilisation of proceeds	RM'000	%	Estimated timeframe for utilisation from Listing
Business expansion and marketing activities	6,600	47.2	Within 24 months
Repayment of bank borrowings	3,000	21.4	Within 6 months
Working Capital	703	5.0	Within 12 months
Estimated listing expenses	3,700	26.4	Within 3 months
Total	14,003	100.0	

There is no minimum subscription to be raised from our IPO. Detailed information on our utilisation of proceeds is set out in Section 4.9 of this Prospectus.

Our Company will not receive any proceeds from the Offer for Sale. The gross proceeds from the Offer for Sale of approximately RM7.0 million shall accrue entirely to the Selling Shareholder and shall bear the entire incidental expenses and fees in relation to the Offer for Sale.

3.8 FINANCIAL AND OPERATIONAL INFORMATION

The selected historical financial information included in this Prospectus is not intended to predict our Group's financial position, results and cash flows.

3.8.1 Historical combined statements of profit or loss and other comprehensive income

The following table sets out the financial highlights based on our combined statements of profit or loss and other comprehensive income for the Period Under Review.

	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FPE 2023 RM'000	FPE 2024 RM'000
Revenue	22,791	33,970	40,855	28,878	36,775
GP	9,870	15,263	19,070	13,414	18,219
Other income	1,152	118	124	122	59
PBT	4,214	5,545	6,859	4,416	5,115
PAT	3,038	4,275	5,095	3,271	3,657
Basic and diluted EPS (sen) ⁽¹⁾	0.65	0.92	1.09	0.70	0.78
GP margin (%) ⁽²⁾	43.3	44.9	46.7	46.5	49.5
PBT margin (%) ⁽³⁾	18.5	16.3	16.8	15.3	13.9
PAT margin (%) ⁽³⁾	13.3	12.6	12.5	11.3	9.9

Further details on the financial information are set out in Sections 11 and 12 of this Prospectus.

Notes:

- (1) Calculated based on PAT for the Period Under Review over the enlarged share capital of 466,751,100 Shares upon Listing. There are no potential dilutive securities in issue during the respective Period Under Review.
- (2) GP margin is calculated based on GP over revenue.

3. PROSPECTUS SUMMARY (cont'd)

- (3) PBT and PAT margin is calculated based on respective PBT or PAT for the Period Under Review over revenue.

There were no exceptional or extraordinary items during the Period Under Review. Our audited financial statements for the Period Under Review were not subject to any audit qualifications.

3.8.2 Pro forma combined statements of financial position

The following table sets out a summary of the pro forma statements of financial position of our Group to show the effects of Acquisition, Public Issue and utilisation of proceeds. It is presented for illustrative purposes only and should be read together with the pro forma statements of financial position as set out in Section 13 of this Prospectus.

	I	II	III
As at 30 June 2024	After distribution of dividends and Acquisition	After I and Public Issue	After II and utilisation of proceeds
RM'000	RM'000	RM'000	RM'000
ASSETS			
Total non-current assets	7,587	7,587	7,587
Total current assets	17,366	16,966	24,444
TOTAL ASSETS	24,953	24,553	32,031
EQUITY AND LIABILITIES			
Equity			
Share capital	-	9,148	23,151
Invested equity	500	~	~
Reorganisation reserve	-	(8,648)	(8,648)
Retained earnings	11,805	11,405	8,580
TOTAL EQUITY	12,305	11,905	22,383
Total non-current liabilities	3,824	3,824	3,824
Total current liabilities	8,824	8,824	5,824
TOTAL LIABILITIES	12,648	12,648	9,648
TOTAL EQUITY AND LIABILITIES	24,953	24,553	32,031
NA per Share (RM)	24.61	0.03	0.06
Borrowings	7,897	7,897	4,897
Gearing (times) ⁽¹⁾	0.6	0.7	0.2
Current ratio (times) ⁽²⁾	2.0	1.9	4.2

Notes:

~ Represents less than RM1,000.

(1) Calculated based on total borrowings (excluding lease liabilities) divided by total equity.

(2) Calculated based on total current assets divided by total current liabilities.

3. PROSPECTUS SUMMARY (cont'd)

3.9 DIVIDEND POLICY

Our Company does not have any formal dividend policy. As we are a holding company, our Company's income and therefore our ability to pay dividends are dependent upon the dividends we receive from our subsidiaries, present or future. The payment of dividends or other distributions will depend upon a number of factors, including our Group's financial performance, capital expenditure requirements, general financial condition and any other factors considered relevant by our Board.

Further details of our dividends are set out in Section 11.7 of this Prospectus.

[The rest of this page is intentionally left blank]

4. DETAILS OF OUR IPO

4.1 OPENING AND CLOSING OF APPLICATION PERIOD

The Application period will open at 10.00 a.m. on 27 November 2024 and will remain open until 5.00 p.m. on 4 December 2024. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

4.2 INDICATIVE TIMETABLE

Events	Indicative date
Issuance of this Prospectus/Opening of Application	27 November 2024
Closing Date/Closing of Application	4 December 2024
Balloting of Application	9 December 2024
Allotment/Transfer of IPO Shares to successful applicants	13 December 2024
Date of Listing	17 December 2024

In the event there is any change to the timetable, we will make an announcement on Bursa Securities' website and advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia.

4.3 LISTING SCHEME

4.3.1 Public Issue

A total of 93,351,000 Issue Shares representing 20.0% of our enlarged share capital are offered at the IPO Price and shall be allocated in the following manner:

(a) Malaysian Public

23,338,000 Issue Shares, representing 5.0% of our enlarged share capital are made available for application by the Malaysian Public, to be allocated via balloting process as follows:

- (i) 11,669,000 Issue Shares made available to public investors; and
- (ii) 11,669,000 Issue Shares made available to Bumiputera public investors.

(b) Pink Form Allocations

23,338,000 Issue Shares, representing 5.0% of our enlarged share capital are reserved for our Eligible Persons under the Pink Form Allocations. Further details of our Pink Form Allocations are set out in Section 4.3.3 of this Prospectus.

(c) Private placement to selected investors

46,675,000 Issue Shares, representing 10.0% of our enlarged share capital are reserved for private placement to selected investors.

Our Public Issue is expected to raise gross proceeds of RM14.0 million and will accrue entirely to our Company.

4. DETAILS OF OUR IPO (cont'd)

The basis of allocation of our Issue Shares shall take into account the distribution of the Issue Shares to a reasonable number of applicants to broaden our Company's shareholding base to meet the public spread requirements and to establish a liquid market for our Shares. Applicants will be selected in a fair and equitable manner to be determined by our Directors. There is no over-allotment or 'greenshoe' option that will increase the number of our Issue Shares. Our Public Issue is subject to the terms and conditions of this Prospectus.

4.3.2 Offer for Sale

Our Selling Shareholder will undertake an offer for sale of 46,675,000 Offer Shares, representing 10.0% of our enlarged share capital at the IPO Price, by way of private placement to selected investors. The details of our Selling Shareholder are as follows:

Name / Address	Relationship with our Group	Before IPO		Offer Shares offered		After IPO	
		No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%
Fragrance Century / No. D-09-02, Level 9 EXSIM Tower, Millerz Square @ Old Klang Road Megan Legasi, No. 357 Jalan Kelang Lama 58000 Kuala Lumpur Wilayah Persekutuan Kuala Lumpur	Promoter, Specified Shareholder and substantial shareholder	298,720,100	80.0	46,675,000	12.5	252,045,100	54.0

Notes:

- (1) Based on the share capital of 373,400,100 Shares after completion of the Acquisition and transfer of 100 subscriber shares to Fragrance Century but before our IPO.
- (2) Based on the enlarged share capital of 466,751,100 Shares after our IPO.

The Offer for Sale is subject to the terms and conditions of this Prospectus.

Further details of our Selling Shareholder are set out in Section 5.1.2(c) of this Prospectus.

4. DETAILS OF OUR IPO (cont'd)

4.3.3 Pink Form Allocations

We have allocated 23,338,000 Issue Shares to Eligible Persons under the Pink Form Allocations as follows:

Categories	No. of eligible persons	Aggregate no. of Issue Shares
Eligible Directors	5	1,700,000
Eligible key senior management	3	1,700,000
Other eligible employees	41	4,670,000
Persons who have contributed to our success	32	15,268,000
Total	81	23,338,000

(a) Allocation to our eligible Directors

The criteria for allocation to our eligible Directors are based on amongst others their anticipated contribution to our Group. Our Managing Director and Executive Director have opted not to participate in the Pink Form Allocations as they are already our shareholders. Details of the proposed allocation to our other Directors are as follows:

Name	Designation	No. of Issue Shares
Lim Seng Lee	Independent Non-Executive Chairman	500,000
Choe Sook Ling	Non-Independent Non-Executive Director	300,000
Tan Kea Yong	Independent Non-Executive Director	300,000
Wong Phait Lee	Independent Non-Executive Director	300,000
Choo Foong Ling	Independent Non-Executive Director	300,000
Total		1,700,000

(b) Allocation to eligible employees

The criteria of allocation to our eligible employees, including key senior management, (as approved by our Board) are based on, inter-alia, the following factors:

- (i) our employees must be an eligible and confirmed employee and on the payroll of our Group;
- (ii) full time employee of at least 18 years of age; and
- (iii) the number of Shares allocated to our eligible employees is based on their seniority, position, length of service and/or respective contribution to our Group as well as other factors deemed relevant by our Board.

4. DETAILS OF OUR IPO (cont'd)

Details of the proposed allocation to our key senior management are as follows:

Names	Designation	No. of Issue Shares
Key senior management		
Poo Shea Choon	Chief Financial Officer	700,000
Gan Shy Yin	Head of Operations	700,000
Wong Sook Fun	Key Accounts Manager	300,000
Total		1,700,000

(c) Allocation to persons who have contributed to our success

Persons who have contributed to our success include business associates, customers and suppliers.

The number of Issue Shares to be allotted to those persons who have contributed to our success are based on amongst others, the nature and terms of their business relationship with us, length of their relationship with us and the level of contribution and support to our Group.

As at the LPD, to the extent known to our Company:

- (a) Save for the Pink Form Allocations, there are no substantial shareholder, Directors, or key senior management of our Company who have indicated to our Company that they intend to subscribe for the IPO Shares; and
- (b) there are no person(s) who have indicated to our Company that they intend to subscribe for more than 5.0% of the IPO Shares.

4.3.4 Clawback and re-allocation

Any of our Issue Shares not subscribed for under Sections 4.3.1(a) and 4.3.1(b) above shall be subject to the following clawback and reallocation provisions:

- (i) If any Issue Shares allocated to the Malaysian Public are undersubscribed, the balance portion will be allocated to our Eligible Persons. Likewise, any Issue Shares which are not taken up by our Eligible Persons will be allocated to the Malaysian Public.
- (ii) Subject to (i) above and Section 4.3.3 of this Prospectus, in the event there are Issue Shares not subscribed by the Malaysian Public as well as our Eligible Persons, the remaining portion will be made available for application by way of private placement to selected investors to be identified under Section 4.3.1(c) of this Prospectus.
- (iii) Thereafter, any remaining Issue Shares that are still not subscribed for will be underwritten based on the terms and conditions of the Underwriting Agreement.

The clawback and reallocation shall not apply in the event of over-application under Sections 4.3.1(a), 4.3.1(b), 4.3.1(c) and 4.3.2 of this Prospectus. Our Board will ensure that any excess IPO Shares will be allocated on a fair and equitable manner.

4. DETAILS OF OUR IPO (*cont'd*)

4.3.5 Minimum and over-subscription

There is no minimum subscription to be raised from our IPO. However, in order to comply with the public spread requirements of Bursa Securities, the minimum subscription in terms of the number of IPO Shares will be the number of IPO Shares required to be held by public shareholders to comply with the public spread requirements as set out in the Listing Requirements or as approved by Bursa Securities.

In the event of an over-subscription, acceptance of Applications by the Malaysian Public shall be subject to ballot to be conducted in a manner approved by our Directors.

Under the Listing Requirements, at least 25.0% of our enlarged share capital for which listing is sought must be in the hands of a minimum of 200 public shareholders, each holding not less than 100 Shares upon our admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing. If we fail to meet the said requirement, we may not be allowed to proceed with our Listing on the ACE Market.

In such an event, we will return in full, without interest, all monies paid in respect of all Applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

[The rest of this page is intentionally left blank]

4. DETAILS OF OUR IPO (cont'd)**4.4 BASIS OF ARRIVING AT OUR IPO PRICE**

Our IPO Price was determined and agreed upon by us and M&A Securities, as our Principal Adviser, Sponsor, Placement Agent and Underwriter, after taking into consideration the following factors:

- (a) PE Multiple of approximately 14.29 times based on our audited annualised pro forma EPS of 1.05 sen for FPE 2024, calculated based on our audited combined PAT of our Group of RM3.66 million and enlarged share capital of 466,751,100 Shares upon Listing;
- (b) PE Multiple of approximately 13.76 times based on our audited pro forma EPS of 1.09 sen for FYE 2023, calculated based on our audited combined PAT of our Group of RM5.10 million and enlarged share capital of 466,751,100 Shares upon Listing;
- (c) our pro forma combined NA per Share of 4.79 sen as at 30 June 2024 after the adjustments for distribution of dividends, Acquisition, and IPO, calculated based on our pro forma combined NA as at 30 June 2024 of RM22.38 million and enlarged share capital of 466,751,100 Shares upon Listing;
- (d) our historical financial track record as summarised below:

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Revenue	22,791	33,970	40,855	36,775
GP	9,870	15,263	19,070	18,219
PAT	3,038	4,275	5,095	3,657
Basic and diluted EPS (sen) ⁽¹⁾	0.65	0.92	1.09	0.78

Note:

- (1) Calculated based on PAT for the Period Under Review over the enlarged shares capital of 466,751,100 Shares upon Listing. There are no potential dilutive securities in issue during the respective Period Under Review.

- (e) our competitive strengths as set out in Section 6.5.7 of this Prospectus;
- (f) our Group's business strategies and plans as set out in Section 6.6 of this Prospectus; and
- (g) an overview and outlook of the industry in which our Group operates as set out in Section 7 of this Prospectus.

You should note that our market price upon Listing is subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares. You should form your own views on the valuation of our Issue Shares before deciding to invest in them. You are reminded to carefully consider the risk factors as set out in Section 8 of this Prospectus before deciding to invest in our Shares.

4. DETAILS OF OUR IPO (*cont'd*)

4.5 SHARE CAPITAL, CLASSES OF SHARES AND RANKING

Upon completion of our IPO, our share capital will be as follows:

Details	No. of Shares	RM
Share capital		
As at the date of this Prospectus	373,400,100	9,148,310
To be issued under Public Issue	93,351,000	14,002,650
Enlarged share capital upon Listing	466,751,100	23,150,960

As at the date of this Prospectus, we have only one class of shares, being ordinary shares, all of which rank equally amongst one another.

Our Issue Shares will, upon allotment and issue, rank equally in all respects with our existing ordinary shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of allotment of our Issue Shares, subject to any applicable Depository Rules.

Our Offer Shares will rank equally in all respects with our existing Shares, including voting rights, and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of transfer of the Offer Shares, subject to any applicable Depository Rules.

Subject to any special rights attaching to any Shares which may be issued by us in the future, our shareholders shall, in proportion to the number of Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions. Similarly, if our Company is liquidated, our shareholders shall be entitled to the surplus (if any), in accordance with our Constitution after the satisfaction of any preferential payments in accordance with the Act and our liabilities.

Each of our shareholders shall be entitled to vote at any of our general meetings in person, or by proxy or by attorney or by other duly authorised representative. A proxy may but need not be a member of our Company and there shall be no restriction as to the qualification of the proxy. Every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each ordinary share held.

4.6 PURPOSES OF OUR IPO

The purposes of our IPO are as follows:

- (a) to enable our Group to raise funds for the purposes specified in Section 4.9 of this Prospectus;
- (b) to gain recognition through our listing status which will enhance our Group's reputation in the marketing of our services, retention of our employees, expansion of our client base and to attract new talents;
- (c) to increase the visibility of our Group in the air fragrance industry in Malaysia;
- (d) to provide an opportunity for the Malaysian Public, including our eligible Directors, employees and persons who have contributed to our success to participate in our equity growth; and
- (e) to enable us to access the equity capital market for future fund raising and to provide us the financial flexibility to pursue future growth opportunities as and when they arise.

4. DETAILS OF OUR IPO (cont'd)

4.7 TOTAL MARKET CAPITALISATION UPON LISTING

Based on our IPO Price and enlarged share capital of 466,751,100 Shares, our total market capitalisation is estimated to be RM70.0 million upon Listing.

4.8 DILUTION

4.8.1 NA per Share

Dilution is the amount by which our IPO Price exceeds the pro forma combined NA per Share immediately after our IPO. The following table illustrates such dilution on a per Share basis:

	<u>RM</u>
IPO Price	0.15
Pro forma combined NA per Share as at 30 June 2024 after adjustment for distribution of dividend and Acquisition before IPO	0.03
Pro forma combined NA per Share as at 30 June 2024 after adjustment for distribution of dividend, Acquisition, IPO and utilisation of proceeds	0.05
Increase in pro forma combined NA per Share attributable to existing shareholders	0.02
Dilution in pro forma combined NA per Share to new public investors	0.10
Dilution in pro forma combined NA per Share as a percentage of IPO Price	66.7%

Further details of our pro forma combined NA per Share as at 30 June 2024 is set out in Section 13 of this Prospectus.

[The rest of this page is intentionally left blank]

4. DETAILS OF OUR IPO (cont'd)**4.8.2 Effective cost per Share**

Save as disclosed below, there is no substantial disparity between our IPO Price and effective cash cost of our Shares acquired by our Promoters, Directors, substantial shareholders or key senior management, or persons connected with them, or any transaction entered into by them which grants them the right to acquire any of our Shares during the past 3 years to the date of this Prospectus:

Name	No. of Shares held before our IPO	Total consideration RM	Average effective cost per Share RM
<u>Promoter and substantial shareholder</u>			
Fragrance Century ⁽¹⁾	298,720,100	7,318,650	0.0245
<u>Substantial shareholder</u>			
Lim Chee Lip	74,680,000	1,829,660	0.0245
Total	373,400,100	9,148,310	0.0245

Note:

- (1) Issued under the Acquisition and including the transfer of 100 subscriber shares to Fragrance Century.

[The rest of this page is intentionally left blank]

4. DETAILS OF OUR IPO (cont'd)**4.9 UTILISATION OF PROCEEDS****4.9.1 Public Issue**

The estimated gross proceeds arising from our Public Issue of RM14.0 million will accrue entirely to us and are planned to be utilised in the following manner:

Utilisation of proceeds	Notes	RM'000	%	Estimated timeframe for utilisation from Listing
Business expansion and marketing activities	(a)	6,600	47.2	Within 24 months
Repayment of bank borrowings	(b)	3,000	21.4	Within 6 months
Working capital	(c)	703	5.0	Within 12 months
Estimated listing expenses	(d)	3,700	26.4	Within 3 months
Total		14,003	100.0	

Notes:**(a) Business expansion and marketing activities****(i) New retail kiosks**

Our Group plans to allocate RM1.6 million or 11.5% from our IPO proceeds for our business expansion. As at LPD, we have 6 retail kiosks located in Klang Valley and Kuching, Sarawak. We intend to strengthen our market presence by expanding our network of retail kiosks throughout Malaysia. As such, we intend to set up 4 new retail kiosks to increase our brand visibility and customer base, details of which are as follows:

No. of new retail kiosks	Location
3	Northern region, Central region or Southern region
1	East Malaysia

These retail kiosks will be similar to our present outlets, as our products are small in size and do not require large shelf space for display or testing. We are looking at approximately 80 to 150 sq ft of retail area for our retail kiosks.

We plan to set up 2 retail kiosks by first half of 2025 and another 2 retail kiosks by first half of 2026.

As at LPD, we have identified Johor Bahru and Kota Kinabalu as the locations to set up the 2 new retail kiosks by first half of 2025. We have not identified any specific locations for the remaining 2 new retail kiosks. Our Group's strategy is to rent and set up new retail kiosks in established shopping malls with high numbers of shoppers. We will take into consideration our target population and demographics, size and rental of the location as well as general economic conditions.

4. DETAILS OF OUR IPO (cont'd)

The IPO proceeds will be used to set-up 4 new retail kiosks as follows:

Items	Principal usage	Total costs RM'000
General renovation	To renovate the retail kiosks to adapt to our design	600
Equipment and point-of-sales systems	Equipment such as surveillance system, computers, printers, racks and cash registers to be installed at the retail outlets to facilitate daily operations	40
Start-up costs	Consists of rental, deposits, insurances and staff costs per annum (estimated based on 2 staff per retail kiosk)	960
		1,600

The above costs were estimated based on the actual cost in setting up our existing retail kiosks in Klang Valley.

(ii) Marketing and promotion activities

Our Group plans to allocate RM5.0 million or 35.7% of our IPO proceeds for marketing and promotion activities to enhance our product awareness throughout Malaysia and increase our revenue, as follows:

Marketing and promotion activities	Total cost (RM'000)
Marketing and promotional activities with retail chain customers to roll out promotional campaigns such as rebates and discounts.	3,000
Social media engagement and digital marketing <i>via</i> platforms such as Facebook, Instagram, TikTok, Xiaohongshu (小红书), Lazada, Shopee and Lemon8.	500
Engaging at least 1 local celebrity as our brand ambassador for 1 year. The brand ambassador will participate in advertisements or post contents on their personal social media platforms with our products to attract prospective customers.	500
Mass media advertising which entails printed or digital placement with Vanzo branding or promotional messaging on available channels with high traffic location such as electronic billboards.	500
Sponsorship of events such as concerts to display our brand on posters and advertisements for the event to create brand awareness for our products. We target to sponsor at least 2 events per annum.	500
	5,000

4. DETAILS OF OUR IPO (cont'd)**(b) Repayment of bank borrowings**

We plan to allocate RM3.0 million or 21.4% to partially repay our bank overdrafts and bankers' acceptances which were mainly drawn down to finance our general working capital requirements. We plan to reduce our borrowings as follows:

Financial institution/ Type of facility	Interest rate per annum	Maturity date	Balance as at LPD RM'000	Amount to be repaid from IPO proceeds RM'000
RHB Islamic Bank Berhad/ Bank overdrafts	Ranging from 6.95% to 9.40%	On demand	599	599
Malayan Banking Berhad/ Bankers' acceptances	Ranging from 4.86% to 9.65%	Revolving tenure of up to 150 days	4,369	2,401
			4,968	3,000

We have identified the above borrowings for repayment as it incurs higher finance costs. The expected annual interest savings from the repayment of the bank borrowings are approximately RM0.22 million based on the average interest rate of 7.26% per annum. However, the actual interest savings may vary depending on the then applicable interest rates.

The repayment of bank borrowings is to improve the cash flow position of our Group. Our pro forma gearing ratio is expected to decrease from 0.3 times (after the Public Issue and Offer for Sale but prior to utilisation of proceeds) to 0.2 times (after the utilisation of proceeds).

(c) Working capital

We plan to allocate RM0.7 million or 5.0% of our IPO proceeds to fund our working capital requirements for the purchase of our inventories for our Group's expansion.

(d) Estimated listing expenses

We plan to allocate RM3.7 million or 26.4% of our IPO proceeds to meet the estimated expenses of our Listing. The following summarise the estimated listing expenses incidental to our Listing to be borne by us:

Utilisation	RM'000
Professional fees ⁽¹⁾	3,050
Underwriting, placement and brokerage fees	400
Fees to authorities	65
Printing, advertising fees and contingencies ⁽²⁾	185
Total	3,700

4. DETAILS OF OUR IPO (cont'd)

Notes:

- (1) Includes advisory/professional fees for, amongst others, our Principal Adviser, Financial Adviser, Solicitors, Reporting Accountants, IMR and Issuing House.
- (2) Other incidental or related expenses in connection with our IPO.

Pending deployment of the proceeds raised from our Public Issue as aforementioned, the funds will be placed in short-term deposits with financial institutions as our Directors may deem appropriate.

Any variations from the amounts budgeted for (a), (b) and (d) above, shall be adjusted towards or against, as the case may be, the proceeds allocated for working capital requirements as stated in (c) above. Pending the receipt of proceeds from our Public Issue, we may proceed with our plans as set out in (a), (b), (c) and (d) above by utilising our internally generated funds. Therefore, when the proceeds from our Public Issue are received, we will use the proceeds allocated to replenish our internally generated funds.

Where applicable and required under Rule 8.24 of the Listing Requirements, our Group will seek the shareholders' approval for any material variation to the utilisation of proceeds raised from our Listing.

The financial impact of the utilisation of proceeds from the Public Issue on our pro forma consolidated financial information is set out in Section 13 of this Prospectus.

4.9.2 Offer for Sale

The Offer for Sale is expected to raise gross proceeds of approximately RM7.0 million which will accrue entirely to our Selling Shareholder and we will not receive any of the proceeds. Our Selling Shareholder shall bear all of the expenses such as stamp duty, placement fees and miscellaneous fees relating to the Offer Shares, the aggregate of which are estimated to be approximately RM0.2 million.

[The rest of this page is intentionally left blank]

4. DETAILS OF OUR IPO (cont'd)

4.10 UNDERWRITING, PLACEMENT AND BROKERAGE

4.10.1 Underwriting arrangement and commission

(a) Underwriting arrangement

Our Underwriter will underwrite 46,676,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. The balance 46,675,000 Issue Shares and 46,675,000 Offer Shares reserved for private placement to selected investors will be fully placed out by our Placement Agent and will not be underwritten.

(b) Underwriting commission

Our Underwriter will underwrite 46,676,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. We will pay our Underwriter an underwriting commission of up to 2.5% of the total value of the underwritten Issue Shares at our IPO Price.

4.10.2 Placement arrangement and fee

Our Placement Agent will place out a total of 46,675,000 Issue Shares and 46,675,000 Offer Shares to selected investors.

We will pay our Placement Agent a placement fee of 2.5% of our IPO price multiplied by the number of Issue Shares placed out by our Placement Agent.

The placement fee of 2.5% of the value of those Offer Shares placed out to selected investors by our Placement Agent, will be borne entirely by our Selling Shareholder.

4.10.3 Brokerage fee

Brokerage is payable in respect of the Issue Shares at the rate of 1.0% of our IPO Price in respect of successful applicants which bear the stamp of member companies of Bursa Securities, member of the Association of Banks in Malaysia, members of the Malaysia Investment Banking Association in Malaysia or Issuing House.

4. DETAILS OF OUR IPO (cont'd)

4.11 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

We have entered into the Underwriting Agreement with M&A Securities, to underwrite 46,676,000 Issue Shares ("**Underwritten Shares**") as set out in Section 4.10.1 of this Prospectus.

The salient terms of the Underwriting Agreement are as follows:

Conditions precedent

- (i) The obligations of the Underwriter under this Agreement are conditional upon:
- (a) The acceptance of the Listing and the clearance of registrable Prospectus from Bursa Securities, the approval from SC (Equity Compliance Unit) for the resultant equity structure and the lodgment of registrable Prospectus with the ROC, respectively together with copies of all documents required under Section 154 of the Act prior to the issuance of the Prospectus to the public;
 - (b) The issuance of the Prospectus (including all procedures, requirements, letters and documents) required under Section 154 of the Act to the public within 3 months from the date thereof or such extension as consented by our Underwriter;
 - (c) There having been, as at any time thereafter up to and including the Closing Date, no material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise of our Group (which in the reasonable opinion of our Underwriter is or will be material in the context of the issue of the Issue Shares) from that set forth in the Prospectus, nor the occurrence of any event nor the discovery of any fact rendering inaccurate, untrue or incorrect to an extent which is or will be material in any of the representations, warranties and undertakings contained in the Underwriting Agreement, if they are repeated on and as of the Closing Date;
 - (d) The issue, offer and subscription of the Issue Shares in accordance with the provisions thereof and the Prospectus not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities);
 - (e) All necessary approvals and consents required in relation to the Public Issue including but not limited to governmental approvals having been obtained and are in full force and effect;
 - (f) Our Underwriter having been satisfied that arrangements have been made by our Company to ensure payment of the expenses referred to in the Underwriting Agreement;
 - (g) The delivery to our Underwriter prior to the date of registration of the Prospectus of (i) a copy certified as a true copy by an authorised officer of our Company of all the resolutions of our Directors and our shareholders in general meeting approving the Underwriting Agreement, the Prospectus, the Public Issue and authorising the execution of the Underwriting Agreement and the issuance of the Prospectus; (ii) a certificate dated the date of the Prospectus signed by duly authorised officers of our Company stating that, after having made all reasonable enquiries, there has been no such change, development or occurrence as referred to in Paragraph (i)(c) above;

4. DETAILS OF OUR IPO (cont'd)

- (h) The delivery to our Underwriter on the Closing Date of Application of such reports and confirmations dated the Closing Date of Application from our Board as our Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of the Underwriting Agreement that will adversely affect the performance or financial position of our Group nor the occurrence of any event rendering, untrue or incorrect, to a material extent any representations and/or warranties contained in the Underwriting Agreement as though they have been given and/or made on such date; and
- (i) Our Underwriter being satisfied that our Company will, following completion of the Public Issue be admitted to the official list and its issued and paid-up share capital listed and quoted on the ACE Market without undue delay.

(collectively, the "**Conditions Precedent**")

- (ii) In the event any of the Conditions Precedent are not satisfied by the Closing Date, our Underwriter shall thereupon be entitled but not bound to terminate the Underwriting Agreement by notice given to our Company not later than 3 Market Days after the Closing Date and upon such termination our Company and our Underwriter shall be released and discharged from their obligations save for our Company's obligations pursuant to the Underwriting Agreement and none of the parties shall have a claim against the other save for antecedent breaches by our Company and claims arising therefrom. Each party shall in such event return any and all monies paid to the other under the Underwriting Agreement within 72 hours of the receipt of such notice (except for monies paid by our Company for the payment of the expenses as provided in the Underwriting Agreement). Our Underwriter reserves the right to waive or modify any of the conditions aforesaid and such waiver or modification shall not prejudice our Underwriter's rights under the Underwriting Agreement.

Termination

- (iii) Notwithstanding anything herein contained, our Underwriter may by notice in writing to our Company given at any time on or before the allotment and issuance of the Issue Shares, terminate and cancel and withdraw its commitment to underwrite the Underwritten Shares if:
 - (a) There is any breach by our Company of any of the representations, warranties or undertakings, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to our Company, or by the Closing Date, whichever is earlier, or withholding of information of a material nature from our Underwriter, which is required to be disclosed pursuant to the Underwriting Agreement which, in the opinion of our Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group, the success of the Public Issue, or the distribution of the Issue Shares; or
 - (b) There is withholding of information of a material nature from our Underwriter, which, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to our Company, which, in the opinion of our Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group and the success of the Public Issue, or the distribution of the Issue Shares; or

4. DETAILS OF OUR IPO (cont'd)

- (c) There shall have occurred, happened or come into effect in the opinion of our Underwriter any material and/or adverse change to the business or financial condition of our Group; or
- (d) There shall have occurred, happened or come into effect any of the following circumstances:
 - (aa) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or
 - (bb) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of our Company and/or our Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents); which, (in the reasonable opinion of our Underwriter), would have or can reasonably be expected to have, a material adverse effect on and/or materially prejudice the business or the operations of our Group and the success of the Public Issue, or the distribution of our Issue Shares, or which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or
 - (cc) the FTSE Bursa Malaysia KLCI Index ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:
 - (aaa) on or after the date of the Underwriting Agreement; and
 - (bbb) prior to the allotment of the Issue Shares,

lower than 90% of the level of the Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to such date and remains at or below that level for at least 3 market days; or
 - (dd) in the event of national disorder, outbreak of war or the declaration of a state of national emergency; or
- (e) There is failure on the part of our Company to perform any of their respective obligations herein contained; or
- (f) Any matter which arose immediately before the date of the Prospectus would have constituted a material and adverse omission in the context of the Public Issue; or
- (g) Any event, act or omission which gives or is likely to give rise to any liability which will have a material and adverse effect on our Company pursuant to the indemnities contained under the Underwriting Agreement.

4. DETAILS OF OUR IPO (*cont'd*)

- (iv) Upon such notice(s) being given, our Underwriter shall be released and discharged of its obligations without prejudice to its rights whereby the Underwriting Agreement shall be of no further force or effect and no Party shall be under any liability to any other in respect of the Underwriting Agreement, except that our Company shall remain liable in respect of our obligations and liabilities for the payment of the costs and expenses already incurred prior to or in connection with such termination, for the payment of any taxes, duties or levies or such outstanding fees, and for any antecedent breach, and our undertaking to indemnify our Underwriter.

4.12 TRADING AND SETTLEMENT IN SECONDARY MARKET

Our Shares will be admitted to the Official List of the ACE Market and an official quotation will commence after, among others, the receipt of confirmation from Bursa Depository that all of our IPO Shares have been duly credited into the respective CDS Accounts of the successful applicants and the notices of allotment have been issued and despatched to all the successful applicants.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as securities to be deposited into the CDS. Following this, we will deposit our Shares directly with Bursa Depository and any dealings in our Shares will be carried out in accordance with the SICDA and Depository Rules. We will not issue any share certificates to successful applicants.

Upon our Listing, transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS Account being debited with the number of Shares sold and the buyer's CDS Account being credited with the number of Shares acquired.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares will trade under the odd lot board. Settlement of trades done on a "ready" basis on Bursa Securities generally takes place on the second Market Day following the transaction date, and payment for the securities is generally settled on the second Market Day following the transaction date.

[The rest of this page is intentionally left blank]

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

5.1.1 Promoters' and substantial shareholders' shareholdings

The shareholdings of our Promoters and substantial shareholders in our Company before and after our IPO are set out below:

Names	Nationality / Place of incorporation	Before IPO ⁽¹⁾			After IPO ⁽²⁾		
		No. of Shares	%	No. of Shares	%	No. of Shares	%
<u>Promoters and/or substantial shareholders</u>							
Allan	Malaysian	-	-	(3)298,720,100	80.0	-	-
Michael	Malaysian	-	-	-	-	-	-
Fragrance Century	Malaysia	298,720,100	80.0	-	-	252,045,100	54.0
<u>Substantial shareholders</u>							
Lim Chee Lip	Malaysian	74,680,000	20.0	-	-	74,680,000	16.0
Choe Sook Ling	Malaysian	-	-	(4)74,680,000	20.0	300,000	0.1
						(4)74,680,000	16.0

Notes:

- (1) Based on the share capital of 373,400,100 Shares after completion of the Acquisition and transfer of 100 subscribers Share to Fragrance Century but before our IPO.
- (2) Based on the enlarged share capital of 466,751,100 Shares after our IPO.
- (3) Deemed interested by virtue of Section 8(4) of the Act, through his shareholding of more than 20.0% in Fragrance Century.
- (4) Deemed interested by virtue of his/her spouse's interest pursuant to Section 59(11)(c) of the Act.

Our Promoters and substantial shareholders do not have different voting rights from the other shareholders of our Group.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(cont'd)*

5.1.2 Profiles of Promoters and substantial shareholders

(a) Allan

Non-Independent Executive Director, Managing Director, Promoter and substantial shareholder

Please refer to Section 5.2.1(b) of this Prospectus for details of Allan's profile.

(b) Michael

Non-Independent Executive Director and Promoter

Please refer to Section 5.2.1(c) of this Prospectus for details of Michael's profile.

(c) Fragrance Century

Promoter and substantial shareholder

Fragrance Century was incorporated on 14 February 2024 in Malaysia under the Act as a private limited company. The principal activity is investment holding company. The issued share capital of Fragrance Century is RM100 comprising 1,000 ordinary shares.

As at the LPD, the directors of Fragrance Century are Allan and Michael. The details of Fragrance Century's shareholders and their respective shareholdings are as follows:

Shareholders	Nationality	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
Allan	Malaysian	700	70.0	-	-
Michael	Malaysian	175	17.5	-	-
Tang, YuQiang	Chinese	125	12.5	-	-

(d) Tang, YuQiang

Substantial shareholder of Fragrance Century

Tang, YuQiang, a Chinese male, aged 54, is the substantial shareholder of Fragrance Century.

He graduated from Jiangxi Science & Technology Normal University with a Bachelor's Degree in Applied Chemistry in 1993.

He set up Foshan Ikeda Air Freshener Co. Ltd, a company involved in the manufacturing of air fragrance products, since 2002. Since then, he has garnered over 20 years of experiences in air fragrances industry, where he was responsible for overseeing the formulation of scents and manufacturing of air fragrance products.

He is currently an Honorary President of Foshan Foreign Trade Association, and a President Member of Oway Chamber of Commerce.

In June 2020, he became a substantial shareholder with 10.0% equity interest of Vanzo Asia. He ceased to our substantial shareholder upon completion of the Acquisition.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*cont'd*)

(e) Lim Chee Lip
Substantial shareholder

Lim Chee Lip, a Malaysian male, aged 37, is our Group's substantial shareholder.

He graduated from Robert Gordon University, United Kingdom with a Bachelor of Science (Hons) in Surveying in 2010 and a Masters of Law in Construction Law & Arbitration (LLM) in 2017. He has been admitted as a Member of The Chartered Institute of Arbitrators in the United Kingdom and Malaysia since 2015.

He has over 10 years of professional working experiences in the United Kingdom, Middle East and Asia, in the areas of dispute resolution, contract management, as well as corporate finance and advisory. He has also accumulated extensive corporate management experiences including directing, strategic planning and expansion of various private and public companies in Malaysia.

Upon graduation, he worked as Legal Consultant at Stewart Milne Group Limited from March 2010 to December 2012. Thereafter, he joined Hill International Malaysia Sdn Bhd, which is part of one of the largest public-listed consulting firms in the United States of America, as a Consultant from January 2013 to May 2016.

Thereafter, he was appointed as Director in 2 private companies, namely Zesta Holdings Sdn Bhd in May 2016 and TK Equipment Sdn Bhd in January 2017. As Director, he was responsible for overseeing the overall business operations of these companies. While he no longer holds any executive roles in these 2 companies, he is currently still a Director in these companies.

From August 2020 to December 2023, he was appointed as the Executive Director at Hextar Healthcare Berhad, managing glove export operations from August 2020 to December 2023. Subsequently, in January 2024, he grew his leadership experience when he stepped into the role of Executive Director and Chief Commercial Officer at Hextar Retail Berhad, a position he still holds as at the LPD, where he focuses on formulating and implementing strategic development initiatives within the retail segment.

In August 2021, he became our substantial shareholder with 20.0% equity interest of Vanzo Asia.

Lim Chee Lip is the spouse of Choe Sook Ling, our Non-Independent Non-Executive Director.

[The rest of this page is intentionally left blank]

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (cont'd)

5.1.3 Changes in the Promoters' and substantial shareholders' shareholdings

The changes in our Promoters and/or substantial shareholders' respective shareholdings since our incorporation are as follows:

Names	As at incorporation			Before IPO ⁽¹⁾			After IPO ⁽²⁾			
	Direct	Indirect		Direct	Indirect		Direct	Indirect		
	No. of Shares	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares	No. of Shares	%	
<u>Promoters and/or substantial shareholders</u>										
Allan	50	-	-	-	(3)298,720,100	80.0	-	-	(3)252,045,100	54.0
Michael	50	-	-	-	-	-	-	-	-	-
Fragrance Century	-	-	-	298,720,100	-	80.0	252,045,100	-	-	-
<u>Substantial shareholders</u>										
Lim Chee Lip	-	-	-	74,680,000	-	20.0	74,680,000	-	(4)300,000	0.1
Choe Sook Ling	-	-	-	-	(4)74,680,000	20.0	300,000	-	(4)74,680,000	16.0

Notes:

- (1) Based on the share capital of 373,400,100 Shares after completion of the Acquisition and transfer of 100 subscribers Share to Fragrance Century but before our IPO.
- (2) Based on the enlarged share capital of 466,751,100 Shares after our IPO.
- (3) Deemed interested by virtue of Section 8(4) of the Act, through his shareholding of more than 20.0% in Fragrance Century.
- (4) Deemed interested by virtue of his/her spouse's interest pursuant to Section 59(11)(c) of the Act.

5.1.4 Persons exercising control over the corporation

Save for our Promoters as set out in Section 5.1.1 of this Prospectus, we are not aware of any other person(s) who is able to, directly or indirectly, jointly or severally, exercise control over our Company.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(cont'd)*

5.1.5 Benefits paid or intended to be paid

Save for the dividends paid to our Promoters and substantial shareholders as disclosed in Section 11.7 of this Prospectus, our Directors' remuneration and benefits as disclosed in Section 5.5 of this Prospectus and as disclosed below, there is no amount and benefit that has been or is intended to be paid or given to our Promoters and substantial shareholders within the 2 years preceding the date of this Prospectus.

5.2 DIRECTORS

5.2.1 Profiles of Directors

The profiles of our Directors are as follows:

(a) Lim Seng Lee

Independent Non-Executive Chairman

Lim Seng Lee, a Malaysian male, aged 49, is our Independent Non-Executive Chairman and was appointed to our Board on 16 April 2024.

He graduated with a Bachelor of Science in Business Administration (International Business) from San Francisco State University, the United States in August 2002.

He started his career with Spritzer Bhd (listed on the Main Market of Bursa Securities) as a Sales Executive in December 2003, and was later promoted to Senior Manager in January 2008. He was mainly involved in carrying out sales and marketing activities of bottled water. Subsequently in March 2008, he took the position of Deputy General Manager where he was responsible for assisting the Managing Director and General Manager in strategic planning and implementing corporate social responsibility activities for the group. In March 2011, he was promoted to Group General Manager where he was responsible for overseeing the overall operational activities and ensure that they are in accordance with the group's policies and objectives. In April 2016, he was redesignated to Group Chief Executive Officer and since then, he has been responsible for the overall strategic planning and business direction of the group.

He is currently a Member of North Perak Chinese Chamber of Commerce and Industry and the Head of Small Medium Enterprise Division. He is also the Deputy Chairman of the Board of Governors of Hua Lian High School, Taiping. In September 2024, he has been elected as a National Council Member of The Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM).

Details of his directorships and shareholdings in other companies outside of our Group are set out in Section 5.2.2(a) of this Prospectus.

(b) Allan

Non-Independent Executive Director, Managing Director, Promoter and substantial shareholder

Allan, a Malaysian male, aged 35, is our Non-Independent Executive Director and Managing Director. He was appointed to our Board on 29 December 2023. He is also our Promoter and substantial shareholder. He is principally responsible for overseeing the day-to-day operations, business strategy and corporate direction as well as business development of our Group.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*cont'd*)

He obtained his Sijil Pelajaran Malaysia ("**SPM**") certificate in 2006. He completed a Food Handler Course and a Chef Training Course which were short-term culinary courses for Chinese cuisine between 2007 and 2008.

In June 2008, he began his career The Coffee Bean & Tea Leaf (Malaysia) Sdn Bhd as a commis and left in September 2008. He then took a short career break before joining with Super Sushi Sdn Bhd as a kitchen crew where he assisted in food preparation and kitchen cleaning and maintenance activities.

In February 2009, he left Super Sushi Sdn Bhd in May 2009. As a commis and kitchen crew, he assisted in food preparation as well as kitchen cleaning and maintenance activities.

Between May 2009 and March 2011, he worked as a casual worker before joining Syarikat Tar Loong Sdn Bhd as a Salesman in April 2011. During his stint with Syarikat Tar Loong Sdn Bhd, he was responsible for the sales of beverages. He left Syarikat Tar Loong Sdn Bhd in February 2013. He subsequently joined his family business, Grybhen Contract Services in March 2013 as a Site Supervisor. During his tenure there, he was in charge of supervising the construction works performed on-site. Subsequently, he left Grybhen Contract Services to join Leika Sdn Bhd in January 2014 as a Site Supervisor where he supervised the on-site construction works for underground piping works. He left Leika Sdn Bhd in July 2014. He then took a career break between August 2014 and March 2015.

In April 2015, he joined Rainbows Health Food Industries Sdn Bhd as a baker and in January 2017, he was promoted to Production Supervisor. During this time, he was in charge of baking health foods. He was later promoted to Production Manager in January 2018 and his role was extended to include undertaking research and development activities on bakery products, in addition to overseeing the company's daily production activities. He left Rainbows Health Food Industries Sdn Bhd in September 2018.

In August 2018, Vanzo Asia was incorporated by Allan, Ng Yee Heng and a few other shareholders. At the time, he was in charge of all operational activities and overseeing product development. In January 2021, he took on the role of Managing Director of Vanzo Asia.

Presently, he does not hold directorship or shareholdings in any other public listed companies or private limited companies.

(c) Michael

Non-Independent Executive Director and Promoter

Michael, a Malaysian male, aged 37, is our Non-Independent Executive Director. He was appointed to our Board on 29 December 2023. He is also our Promoter and substantial shareholder. He is responsible for overseeing the product development, QA/QC as well as the sales and marketing activities of our Group.

After obtaining his SPM certificate in 2004, he assisted in his family business in hardware retail. During this time, he gained experience in overseeing all retail operations and carrying out sales and marketing activities. He left the family business in July 2015.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*cont'd*)

He subsequently joined Sasbadi Sdn Bhd as a Sales Representative in August 2015, where he was in charge of sales of educational books to schools. He was promoted to Area Sales Manager in September 2018 and was in charge of for leading and managing a sales team in the sales of educational books. He left Sasbadi Sdn Bhd in January 2020.

In February 2020, he joined our Group as Sales Manager where he was in charge of leading and managing the sales team, as well as overseeing the wholesale and distribution of Vanzo products to distributors and customers. As Sales Manager, he was also involved in the product development and QA/QC activities. In December 2020, he started to increase his shareholdings in Vanzo Asia and in August 2021, he assumed his present role as Executive Director of our Group.

Presently, he does not hold directorship or shareholdings in any other public listed companies or private limited companies.

(d) Choe Sook Ling
Non-Independent Non-Executive Director

Choe Sook Ling, a Malaysian female, aged 33, is our Non-Independent Non-Executive Director and was appointed to our Board on 16 April 2024. She is a member of our Remuneration Committee and Nominating Committee.

She graduated with Bachelor of Science in Business Management from the University of Lancaster, the United Kingdom in 2013. She subsequently obtained her Master of Science in Supply Chain Management from University of Bolton, the United Kingdom in 2017.

She began her career in April 2013 with Halliburton Business Services Sdn Bhd as Associate Procurement Contract Specialist Associate where she was responsible for drafting and reviewing contracts. She was then promoted to Supervisor of Procurement in August 2019 where her responsibilities extended to leading and managing a procurement team in preparation of contracts and purchase orders. She left in Halliburton Business Services Sdn Bhd in January 2020.

Since February 2020, she was active in her own family businesses which spans across various industries including investment holding, trading and retail activities, and food and beverages industry. As at the LPD, she is presently an Executive Director of Sunning Group Sdn Bhd, which is one of her family businesses.

Details of her directorships and shareholdings in other companies outside of our Group are set out in Section 5.2.2(b) of this Prospectus.

Choe Sook Ling is the spouse of Lim Chee Lip, our substantial shareholder.

(e) Tan Kea Yong
Independent Non-Executive Director

Tan Kea Yong, a Malaysian male, aged 37, is our Independent Non-Executive Director and was appointed to our Board on 30 April 2024. He is a member of our Audit and Risk Management Committee.

He graduated from University of London with a Bachelor of Laws in August 2009 and obtained the Certificate of Legal Practice in September 2011. He was admitted as an Advocate and Solicitor of the High Court in Malaya in September 2012.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*cont'd*)

Prior to obtaining his Certificate of Legal Practice, he was attached with Messrs Hariati & Khoo Advocates & Solicitors as Legal Executive. He then undertook his pupillage with Messrs Albar & Partners between November 2011 and August 2012, until he was admitted as an Advocate and Solicitor of the High Court in Malaya. Pursuant to that, he continued in Messrs Albar & Partners as Legal Associate until July 2013 when he left Messrs Albar & Partners. In the same month, he joined Messrs Wong Beh & Toh as Legal Associate. He subsequently resigned from Messrs Wong Beh & Toh in May 2016 and joined Messrs Halim Hong & Quek as Legal Associate in June 2016.

While working in Messrs Albar & Partners, Messrs Wong Beh & Toh and Messrs Halim Hong & Quek, he has been involved in, among others, corporate and commercial matters and various capital market exercises such as initial public offerings, acquisitions and corporate restructuring.

He left Messrs Halim Hong & Quek in December 2016 and co-founded Messrs Chua, Tan & Partners in January 2017. As a Partner of the firm, his practice focuses primarily on corporate and commercial matters, including preparation of commercial contracts and corporate advisory matters.

To date, he has accumulated approximately 12 years of experiences in the legal profession.

Details of his directorships and shareholdings in other companies outside of our Group are set out in Section 5.2.2(c) of this Prospectus.

(f) Wong Phait Lee

Independent Non-Executive Director

Wong Phait Lee, a Malaysian female, aged 50, is our Independent Non-Executive Director and was appointed to our Board on 16 April 2024. She is the chairman of our Audit and Risk Management Committee as well as a member of our Remuneration Committee and Nominating Committee.

She obtained her Bachelor of Commerce degree from the University of Western Australia in April 1996. She has been a member of Certified Practising Accountants (CPA) Australia and Malaysia Institute of Accountant since October 1999 and September 2023 respectively.

She started her career as an Associate Consultant in Pricewaterhouse Coopers Malaysia in June 1996. She left in June 2000 as Consultant. In July 2000, she joined Alliance Merchant Bank Berhad as an Assistant Manager and her last held position in November 2003 was as Manager. During that time, she led and participated in various fund-raising exercises in equity and debt capital markets, corporate reorganisation proposals and other advisory work for the company's clients.

In December 2003, she joined Hwang-DBS Securities Berhad as a Manager in Corporate Finance and she left in March 2008 as Vice President in Investment Banking. During that time, she led and participated in various debt and equity capital markets corporate proposals, assisted in due diligence investigations on a project basis for public listed companies and carrying out the role as a financial advisor for the company's clients.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*cont'd*)

In April 2008, she joined Astro All Asia Networks Limited in the Investment/ Business Development division. Her responsibilities included developing business models, negotiating commercial and investment contracts, formulating investment structures and managing due diligence processes. She left her position in Astro All Asia Networks Limited in September 2016 as Senior Assistant Vice President.

Subsequently, she spent 5 months from September 2016 to January 2017 at Jiaotong University, Shanghai to improve her proficiency in the Chinese language. In February 2017, she returned to Malaysia and took a short career break before she joined Plato Capital Limited as Director, Investment and Head of Corporate Finance in July 2017 where she was responsible for the management of the company's investment portfolios. She left Plato Capital Limited in October 2017.

In November 2017, she joined Measat Broadcast Networks Sdn Bhd as Senior Assistant Vice President. She was the Head of Operations for 'Astro Go' for 3 years and was the Head of Operations for 'sooka' which is the company's media service. As the Head of Operations for 'sooka', she was involved in the day-to-day operations and continuous development of 'sooka'.

In March 2022, she left Measat Broadcast Networks Sdn Bhd to join Lionsgate Play LLP as Senior Vice President, Malaysia. She was the Country Head of Lionsgate Play LLP's service in Malaysia where she was responsible to build partnership and expand footprint of Lionsgate Play LLP's service in Malaysia. She has left her role at Lionsgate Play LLP since October 2023. Between November 2023 and April 2024 she took a career break. In May 2024 she took on the role of Executive Director in Supermax Corporation Berhad (listed on the Main Market of Bursa Securities) where she is responsible for overseeing the group's finance operations.

Details of her directorships and shareholdings in other companies outside of our Group are set out in Section 5.2.2(d) of this Prospectus.

(g) Choo Foong Ling

Independent Non-Executive Director

Choo Foong Ling, a Malaysian female, aged 52, is our Independent Non-Executive Director and was appointed to our Board on 16 April 2024. She is the chairman of our Remuneration Committee and Nominating Committee as well as a member of our Audit and Risk Management Committee.

She graduated from Universiti Utara Malaysia with a Bachelor of Accountancy in 1997. She has been a Member with the Malaysia Institute of Accountant and the Malaysian Institute of Certified Public Accountant since 2000.

Upon graduation, she joined Coopers & Lybrand Malaysia (now known as PricewaterhouseCoopers Malaysia) in Penang in May 1997 as an Associate. She was promoted to Senior Associate in July 1999 where she was responsible for leading an audit team and was involved in performing audits on companies undertaking initial public offering exercises. She left Coopers & Lybrand Malaysia in January 2001.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*cont'd*)

She took a career break between January 2001 and February 2002. In March 2002, she joined AKN Technology Bhd (formerly listed on the Main Market of Bursa Securities) as Internal Audit Manager. During her tenure with AKN Technology Bhd, she also joined AKN Messaging Technologies Bhd (now known as XOX Technology Berhad) as Internal Audit Manager in January 2003. As Internal Audit Manager, she was responsible for setting up the internal audit team, and supervising audit assignments. She left AKN Technology Bhd and AKN Messaging Technologies Bhd in September 2007.

In November 2007, she joined Kontron Manufacturing Services (M) Sdn Bhd, a subsidiary of Kontron AG, Germany ("**Kontron**") as Finance Manager where she was responsible for preparing financial statements and annual budgets. Later in September 2012, she took on the role as Group Internal Auditor in Kontron. At that time, she was in charge of performing audit for Kontron's subsidiaries across different countries. She left Kontron in May 2014.

Thereafter in the same year, she set up Brukopi Sdn Bhd (now known as Vonz Synergy Sdn Bhd). At that time, Brukopi Sdn Bhd is principally involved in coffee trading businesses. In 2018, Brukopi Sdn Bhd changed its name to Vonz Synergy Sdn Bhd and its principal activities to provision of business and corporate consultancy services. As the Executive Director of the company, she was responsible for overseeing and managing the overall operations of the company. The company was dormant between August 2023 and December 2023.

In June 2023, she briefly joined Empire Sushi Sdn Bhd as Chief Financial Officer where she was responsible for overseeing all financial-related matters of the company. She then left in January 2024 and currently focus on business and corporate consultancy services in Vonz Synergy Sdn Bhd.

As at the LPD, Vonz Synergy Sdn Bhd is currently active and she continues to hold the position of Executive Director.

Details of her directorships and shareholdings in other companies outside of our Group are set out in Section 5.2.2(e) of this Prospectus.

[The rest of this page is intentionally left blank]

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (cont'd)

5.2.2 Principal business performed outside our Group

Save as disclosed below, none of our Directors has any other principal directorship and/or principal business activities performed outside our Group in the past 5 years up to LPD:

(a) Lim Seng Lee

Present involvements

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held as at LPD	
					Direct	Indirect
Malaysian Alliance Berhad	1. To engage with the relevant governmental authorities and municipalities to promote policies that increase collection and recycling rate of post-consumer packaging waste in Malaysia and to facilitate the post-consumer packaging waste value chain by working with recyclers and collection sectors in Malaysia to expand their capacities and capabilities.	Director	11 May 2021	-	-	

2. To promote initiatives among businesses and society at large to increase collection rate of post-consumer packaging waste by partnering with government, non-governmental organisation, trade association, media, retailers, consumers and individuals.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held as at LPD	
					Direct	Indirect
Spritzer Bhd (Listed on the Main Market of Bursa Securities)	Investment holding company with subsidiaries principally involved in the production and sale of natural mineral water, carbonated flavoured water, distilled water, drinking water and non-carbonated flavoured water, manufacturing and selling of polyethylene terephthalate (PET) preforms, PET bottles, caps, toothbrushes and other plastic products, distribution of bottled water and other consumer products, operator of a mini golf course and recreational park and investment holding.	Executive Director	15 October 2015	-	0.97	1.80
Beribu Intan Sdn Bhd	Currently dormant. Intended for property investment holding.	Director	30 August 2005	-	50.00	-
Spritzer Ecopark Sdn Bhd	Operator of a mini golf course and recreational park.	Director	5 January 2015	-	-	-
Langit Makmur Sdn Bhd	Investment holding in shares.	Director	13 July 2021	-	0.14	-
Semangat Suwa Sdn Bhd	Leasing out of agriculture land for cultivation of palm oil.	Director	4 April 2022	-	-	-
The Tapping Tapir Sdn Bhd	Manufacture of non-alcoholic beverages, except non-alcoholic beer and wine and manufacture of soft drink (non-alcoholic flavoured and/or sweetened water).	Director	3 January 2023	-	-	-
Jasa View Sdn Bhd	Property development.	Director	12 December 2017	-	20.00	-
Jana Resources Sdn Bhd	Property investment holding.	Director	7 July 2017	-	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held as at LPD	
					Direct	Indirect
Chuan Sin Resources Sdn Bhd	Investment holding in property and shares.	Director	7 July 2017	-	20.00	-
Pilihan Inovasi Sdn Bhd	Property investment holding.	Director	16 February 2015	-	-	-
Cabaran Permai Sdn Bhd	Property developer.	Director	19 April 2019	-	20.00	-
WWK Sunland Sdn Bhd	Real estate activities with own or leased property and construction of buildings.	Director	18 February 2020	-	5.00	-
Spritzer Development Sdn Bhd	Dormant.	Director	6 January 2021	-	-	-
H20 Planet Pictures Sdn Bhd	Motion picture, video and television programme distribution activities.	Director	29 July 2022	-	40.00	-
Clarion Integrated Sdn Bhd	Sand quarrying.	Director	19 June 2023	-	33.33	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (cont'd)

Past involvements

Company	Principal activities	Position held	Date of appointment	Date of resignation	Involvement other than as a director
Bull Media Sdn Bhd	Outdoor advertising, import and export of advertising material and investment holding company.	Director	26 November 2020	7 December 2021	-
Natural Seasons Sdn Bhd	Dissolved on 31 August 2021. Previously involved in the investment holding of properties.	Director	13 January 2015	-	-
Comfort Villa Sdn Bhd	Dissolved on 2 September 2022. Previously involved in the investment holding in properties.	Director	1 July 2014	-	-

[The rest of this page is intentionally left blank]

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (cont'd)

(b) Choe Sook Ling

Present involvements

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held as at LPD	
					Direct	Indirect
Sunning Capital Sdn Bhd	Investment holding of companies involved in property investment and food and beverages services.	Director	11 November 2020	-	-	-
Sunning Group Sdn Bhd	Principally involved in food and beverage services, property development as well as human resources consulting services.	Director	1 October 2021	-	-	-
Sunning Retailer Sdn Bhd	Food, beverage and restaurant services.	Director	19 September 2022	-	-	-
Sunning Technology Sdn Bhd	Dormant with no intended activities.	Director	19 September 2022	-	-	-
Sunning Property Sdn Bhd	Property investment holding.	Director	19 September 2022	-	-	-
Sunning Services Sdn Bhd	Principally involved in the provision of accounting and human resources consulting services.	Director	6 December 2021	-	-	-
Lung Ngen Asia Sdn Bhd	Food and beverage services.	Director	26 January 2022	-	-	-
Lung Ngen Asia (1U) Sdn Bhd	Food and beverage services.	Director	22 December 2023	-	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (cont'd)

(c) Tan Kea Yong

Present involvements

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held as at LPD	
					Direct	Indirect
Mistology Sdn Bhd	Trading of e-cigarettes.	Shareholder	-	-	5.00	-
Chua, Tan & Partners	Provision of legal services (law firm)	Partner	12 January 2017	-	33.33	-

(d) Wong Phait Lee

Present involvements

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held as at LPD	
					Direct	Indirect
YX Precious Metals Berhad (Listed on the ACE Market of Bursa Securities)	Investment holding company with subsidiaries principally involved in wholesaling, design and manufacturing of gold jewellery.	Independent Non-Executive Director	1 March 2022	-	0.13	-
Supermax Corporation Berhad (Listed on the Main Market of Bursa Securities)	Investment holding company with subsidiaries principally involved in the manufacturing of various types of nitrile latex and natural rubber gloves.	Executive Director	2 January 2024 ⁽¹⁾	-	-	-
Delightful Bites Sdn Bhd	Wholesale of coffee, tea, cocoa and other beverages.	Director	10 August 2020	-	100.00	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held as at LPD	
					Direct	Indirect
JS Solar Holding Sdn Bhd	Investment holding company with subsidiaries principally involved in the provision of engineering, procurement, construction and commissioning (EPCC) services and contracting services for solar photovoltaic systems alongside operations and maintenance services.	Director	21 October 2024	-	-	-

Past involvement

Company	Principal activities	Position held	Date of appointment	Date of resignation	Involvement other than as a director
Wong Phait Lee	Consultancy services offered to media related businesses.	Sole proprietor	21 January 2022	(2)-	-

Notes:

- (1) She was appointed as an independent non-executive director on 2 January 2024. Subsequently, she was redesignated to executive director on 8 May 2024.
- (2) The business had expired on 20 January 2024.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (cont'd)

(e) Choo Foong Ling

Present involvement

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held as at LPD	
					Direct	Indirect
Vonz Synergy Sdn Bhd	Business consultancy and advisory for management and operational efficiency, provision of editorial, training, coaching and mentoring services for corporate related matters.	Director	26 September 2014	-	100.00	-

As at LPD, the directorships of our Directors in other companies are in compliance with Rule 15.06 of the Listing Requirements as our Directors do not hold more than 5 directorships in public listed companies on Bursa Securities.

The involvements of our Directors in those business activities outside our Group do not give rise to any conflict of interest situation with our business activities, after taking into consideration that the above companies in which our Directors are involved in are not involved in our business activities, and as such do not compete with our Group. The involvements of our Non-Executive Directors in other directorships or business activities outside our Group are not expected to affect their contributions to our Group as they are not involved in our Group's day-to-day operations.

[The rest of this page is intentionally left blank]

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (cont'd)

5.2.3 Board practice**(A) Board**

Our Board members are from diversified backgrounds in terms of age and expertise. They have professional experience ranging from corporate, accounting and consulting as well as industry experience. Our Board is of the opinion that at present there is adequate diversity in skills, experience, age, cultural background and gender in its composition.

Our Board has adopted the following responsibilities for effective discharge of its functions:

- (a) Our Board shall assume ultimate accountability and responsibility for the performance and affairs of our Group. Our Board is collectively responsible for meeting the objectives and goals of our Group and shall in so doing effectively represent and promote the legitimate interests of our Group and its shareholders. Our Board, at all times, shall retain full and effective control over our Group and shall direct and supervise the business and affairs of our Group.
- (b) Our Board shall ensure that Management has in place appropriate processes for risk assessment, management and internal controls and monitoring performance against agreed benchmarks. Our Board shall work with Management as collaborators in advancing the interests of our Group.
- (c) Our Board has delegated certain responsibilities to committees which operate in accordance with the Board Charter and delegated the day to day management of our Group's business to our Executive Directors and the key senior management, subject to an agreed authority limit.
- (d) The principal roles and responsibilities of our Board are as follows:
 - (i) adopting and reviewing a strategic plan, as developed by the management, taking into account the sustainability and long-term value creation of our Group's business and strategic, with attention given to the economic, environmental, social considerations underpin sustainability and governance aspects of the business;
 - (ii) setting and taking responsibility of our Group's sustainability policy to oversee, together with the management, to meet our Group's sustainability goals to maintain the confidence of stakeholders;
 - (iii) reviewing, challenging, and deciding on the management's proposals on matters for our Group including, but not limited to corporate strategy business plan and budget, and monitor the implementation by the management;
 - (iv) supervising and overseeing the conduct of our Group's business, including assessing and monitoring the performance of the management to determine whether the business is properly managed;
 - (v) identifying and assessing the principal business risks faced by our Group and ensuring the implementation of appropriate internal controls and mitigating measures to manage such risks;

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (cont'd)

- (vi) setting the risk appetite within which our Board expects the management to operate and ensure that there is an appropriate annual review and periodic testing of our Group's internal control and risk management framework. The framework adopted by the internal auditors of our Group will be based on an internationally recognised risk management framework;
- (vii) adopting a succession planning policy of our Board and the senior management and regularly reviewing the succession plan of our Group, including appointing, training, compensating and where appropriate, to provide for the orderly succession of senior management;
- (viii) establishing a corporate disclosure policy and overseeing the implementation of the shareholders communication policy and an investor relations programme for our Group;
- (ix) setting corporate values and promoting, together with the management, good governance culture within our Group which reinforces the accountability, transparency, integrity, and professional behaviour and ensuring that its obligations to shareholders and other stakeholders are met;
- (x) establishing and maintaining a strong ethical culture and standards within an organisation including combating corruption, bribery and money laundering practices;
- (xi) ensuring that governance in our Group is implemented holistically through a group governance framework and overseeing our Group's adherence to our Group's policies;
- (xii) ensure the integrity of our Group's financial and non-financial reporting. Courts have held that it is the duty of every Director to review financial statements of our Group and carefully consider whether the disclosures are consistent with the Directors' own knowledge of our Group's affairs; and
- (xiii) maintaining and keeping proper records and accounts for our Group.

As at the LPD, our Group has adopted all the relevant MCCG recommendations, which amongst others include the following:

- (i) at least half of the Board comprises independent directors;
- (ii) the positions of the Chairman and the Executive Director cum Chief Executive Officer are held by different individuals;
- (iii) the Chairman is not a member of the Audit and Risk Management Committee, Nominating Committee and Remuneration Committee;
- (iv) the Board comprises at least 30% woman directors; and
- (v) the tenure of an Independent Non-Executive Director shall not exceed a cumulative term limit of 9 years. Upon completion of the 9 years tenure, an Independent Non-Executive Director may continue to serve on the Board as a Non-Independent Non-Executive Director. If the Board intends to retain an Independent Non-Executive Director beyond 9 years, it shall seek annual shareholders' approval through a two-tier voting process.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (cont'd)

In accordance with the Company's Constitution, an election of Directors shall take place each year. At the first Annual General Meeting ("AGM") of our Company, all the Directors shall retire from office, and at the AGM in every subsequent year, 1/3 of the Directors for the time being or, if their number is not 3 or a multiple of 3, then the number nearest to 1/3 shall retire from office and be eligible for re-election provided always that all Directors shall retire from office at least once in every 3 years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires whether adjourned or not.

As at LPD, the details of the date of expiration of the current term of office for each of our Directors and the period that each of our Directors has served in office are as follows:

Name	Designation	Date of appointment as Director	Date of expiration of the current term of office in AGM	Tenure in office as at LPD
Lim Seng Lee	Independent Non-Executive Chairman	16 April 2024	At the AGM to be held in the year of 2025	Less than 1 year
Allan	Non-Independent Executive Director / Managing Director	29 December 2023	At the AGM to be held in the year of 2025	Less than 1 year
Michael	Non-Independent Executive Director	29 December 2023	At the AGM to be held in the year of 2025	Less than 1 year
Choe Sook Ling	Non-Independent Non-Executive Director	16 April 2024	At the AGM to be held in the year of 2025	Less than 1 year
Tan Kea Yong	Independent Non-Executive Director	30 April 2024	At the AGM to be held in the year of 2025	Less than 1 year
Wong Phait Lee	Independent Non-Executive Director	16 April 2024	At the AGM to be held in the year of 2025	Less than 1 year
Choo Foong Ling	Independent Non-Executive Director	16 April 2024	At the AGM to be held in the year of 2025	Less than 1 year

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(cont'd)*

(B) Audit and Risk Management Committee

The members of our Audit and Risk Management Committee as at the LPD are as follows:

Name	Designation	Directorship
Wong Phait Lee	Chairman	Independent Non-Executive Director
Tan Kea Yong	Member	Independent Non-Executive Director
Choo Foong Ling	Member	Independent Non-Executive Director

The main function of our Audit and Risk Management Committee is to assist our Board in fulfilling its oversight responsibilities on the integrity of our Group's accounting and financial reporting as well as risk management. Our Audit and Risk Management Committee has full access to all information and documents/resources as well as to the internal and external auditors as well as our key senior management team.

The key duties and responsibilities of our Audit and Risk Management Committee as stated in the terms and reference include, amongst others, the following:

- (i) To review the engagement, compensation, performance, qualifications and independence of our external auditors, its conduct of the annual statutory audit of our financial statements, and the engagement of external auditors for all other services;
- (ii) To review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
- (iii) To review the internal audit programme, processes and results of the internal audit programme, the effectiveness of the internal audit function, processes or investigation undertaken and, where necessary, ensure that appropriate action(s) is taken on the recommendations of the internal audit function;
- (iv) To review the quarterly results and annual financial statements of our Company and our Group with both the external auditors and management and report the same to the Board of Directors of our Company;
- (v) To consider and review any related-party transactions and conflict of interest situation that arose, persist or may arise within our Company and our Group including any transaction, procedure or course of conduct that raises questions of management integrity, and the measures take to resolve, eliminate, or mitigate such conflicts;
- (vi) To ensure that they are fully informed about significant matters related to the company's audit and its financial statements and addresses these matters and also their concerns on matters that may have an effect on the financial or audit of the Company are communicated to the external auditors;
- (vii) To consider the report, major findings and management's response thereto on any internal investigations carried out by the internal auditors;
- (viii) To oversight on the establishment, implementation and maintain of a sound risk management framework which identifies, assesses, manages and monitors our Group's business risk; and
- (ix) To perform such other functions as may be requested by our Board and to oversee and recommend the risk management policies and procedures of our Group.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(cont'd)*

The recommendations of our Audit and Risk Management Committee are subject to the approval of our Board.

(C) Nominating Committee

The members of our Nominating Committee as at the LPD are as follows:

Name	Designation	Directorship
Choo Foong Ling	Chairman	Independent Non-Executive Director
Wong Phait Lee	Member	Independent Non-Executive Director
Choe Sook Ling	Member	Non-Independent Non-Executive Director

The duties and responsibilities as stated in the terms of reference of our Nominating Committee include, amongst others, the following:

- (i) to establish an appropriate (fit and proper) selection criteria and processes, recruitment process and to recommend to the Board, candidates for all directorships of our Company and members of the relevant board committees;
- (ii) to oversee and shape our Group's governance policies and practices to put in place the succession planning of our Board and senior management and to achieve board effectiveness and governance;
- (iii) to integrate environmental, social and governance ("**ESG**") considerations into nomination processes such as training criteria and ESG experience in order to recruit directors that will bring ESG expertise to our Board;
- (iv) to ensure sufficient diversity and independence in our Board in order to achieve greater depth and breadth in the decision-making process;
- (v) the chairman of the Nominating Committee shall refer to the succession planning policy duly approved by our Board to lead the succession planning for Directors and senior management and appointment of members of our Board and senior management and oversee the development of a diverse pipeline for our Board and management succession, including the future chairman and Managing Director;
- (vi) to establish the mechanisms for the formal assessment on an annual basis on the effectiveness of our Board as a whole, the effectiveness of each Directors; the effectiveness of our board of committees and senior management; the performance of the Directors and senior management of our Company and the need to bring new skills and perspective to our Board and the senior management. Performance evaluations of our Board and senior management include a review of the performance of our Board and senior management in addressing our Company's material sustainability risks and opportunities;
- (vii) to utilise the annual evaluation forms duly approved by our Board to assess the effectiveness of our Board, our board committees and the contribution and performance of each individual Director and the chairman and to disclose the annual evaluation methodology and results in the corporate governance report of our Company;
- (viii) to review on an annual basis, the meeting attendance of our Board and/or board committee(s) meetings and sufficiency of time commitment of the Directors in discharging their roles and responsibilities in our Company;

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(cont'd)*

- (ix) to review on an annual basis, the term of office and performance of our audit and risk committee and each of its members to determine whether our audit committee and members have carried out their duties in accordance with the terms of reference of the audit committee;
- (x) to assess our independent non-executive Directors in terms of their independence and ability to discharge their responsibilities or functions as well as the exercise of their independent judgment or their ability to act in the best interests of our Company;
- (xi) to review on an annual basis, the length of service of each independent non-executive Director. The tenure of an independent director shall not exceed a term limit of 9 years. After a cumulative term of nine (9) years, the independent director may continue to serve on our Board as a non-independent Director. However, if our Board intends to retain an independent director beyond nine (9) years, it should provide justification and seek shareholders' approval annually through a two-tier voting process in a general meeting.
- (xii) to review and recommend on an annual basis to our Board the appropriate size, structure, balance and composition of our Board, required mix of skills, experience, boardroom diversity and other qualities, including core competencies in order for our Board to function effectively and efficiency and to ensure that the contribution of our Directors and senior management are in line with our Group's requirements and in compliance with the Listing Requirements;
- (xiii) to facilitate our Board induction programme for newly appointed Directors and identify suitable educational and training programmes for continuous development of Directors to ensure the Directors and senior management keep abreast with development in the industry, regulatory changes, sustainability issues relevant to our Company and Board business trends;
- (xiv) to recommend to our Board the removal of a Director including the managing director and senior management if he is ineffective, errant or negligent in discharging his responsibilities;
- (xv) to review and recommend to our Board re-election if Directors who retired by rotation pursuant to our Company's Constitution and re-appointment of Directors who retired pursuant to relevant provisions of the Act and in our Company's Constitution, subject to the conduct of the fit and proper assessment;
- (xvi) to assist our Board to assess and evaluate circumstances where Director's involvement outside our Group may give rise to a potential conflict of interest with our Group's businesses, upon receiving the declaration of the same. After deliberation with our audit committee, to recommend to our Board on the necessary actions to be taken in the circumstances where there is a conflict of interest. To ensure that the individual candidate standing for election should be transparent and make the necessary declaration of the potential conflict of interest to our Board and shareholders;
- (xvii) to provide shareholders of our Company the information they require to make an informed decision on the appointment and/or re-appointment of a director. The information should be included in the notes accompanying the notice of the general meeting;
- (xviii) to act in line with the directions of our Board;

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (cont'd)

- (xix) to provide a report summarising activities of our Nominating Committee for the year which include the application of fit and proper policy in compliance with the MCCG, Listing Requirements and any relevant regulations; and
- (xx) to carry out such other functions or assignments as may be delegated by our Board from time to time within the scope of the Nominating Committee or as may be required under the Listing Requirements.

The recommendations of our Nominating Committee are subject to the approval of our Board.

(D) Remuneration Committee

The members of our Remuneration Committee as at the LPD are as follows:

Name	Designation	Directorship
Choo Foong Ling	Chairman	Independent Non-Executive Director
Wong Phait Lee	Member	Independent Non-Executive Director
Choe Sook Ling	Member	Non-Independent Non-Executive Director

The main function of our Remuneration Committee is to support our Board in actively overseeing the design and operation of our Group's remuneration system to ensure corporate accountability and governance. The Remuneration Committee's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

- (i) to recommend a remuneration framework for our Directors and key senior management for our Board's approval to ensure corporate accountability and governance with respect to our Board's remuneration and compensation. There should be a balance in determining the remuneration package, which should be sufficient to attract and retain Directors and key senior management of calibre, and yet not excessive. The framework should cover all aspects of remuneration including Director's fee, salaries, allowance, bonuses, options and benefits-in-kind;
- (ii) to review and recommend to the Board on the remuneration packages of our Directors and senior management personnel in all forms, particularly on whether the remuneration remains appropriate to the contribution of each of the Directors and senior management personnel, by taking into account the level of expertise, commitment and responsibilities undertaken, with or without other independent professional advice or other outside advice, with reference to our Company's remuneration policy and procedure;
- (iii) to ensure the establishment of a formal and transparent procedure for developing policies, strategies and framework for the remuneration of our Executive Directors and key senior management that is aligned with the business strategy and long-term objectives of the Company;
- (iv) to implement the policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of our Board and key senior management;
- (v) to structure the component parts of remuneration so as to align with the business strategy and sustainability as well as long term objectives of our Company and to link rewards to individual performance and to assess the needs of our Company for talent at Board level at a particular time;

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(cont'd)*

- (vi) when recommending the fee and other benefits for our Independent Directors, our Remuneration Committee shall ensure it does not conflict with our Independent Directors' obligations to bring objectivity and independent judgment on matters discussed at Board meetings;
- (vii) to establish frequent communication with other board committees, namely Nominating Committee, to align remuneration policies and procedures to succession plans and talent management of executives, and Audit and Risk Management Committee to ensure risk outcomes are adequately considered in the design of remuneration policies and procedures;
- (viii) to table separate resolutions on the approval of the fees of each Non-Executive Directors of the Company and to provide clarification to shareholders during general meetings on matters pertaining to remuneration of directors and senior management as well as the overall remuneration framework of our Company; and
- (ix) To perform any other functions as defined by our Board.

The recommendations of our Remuneration Committee are subject to the approval of our Board.

5.2.4 Existing or proposed service agreements

As at the LPD, there are no existing or proposed service agreements (contracts for services) entered into between the companies within our Group with our Directors.

[The rest of this page is intentionally left blank]

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (cont'd)

5.2.5 Directors' shareholdings

The shareholdings of our Directors in our Company before and after our IPO, assuming that our Directors will fully subscribe for their respective entitlements under the Pink Form Allocations, are set out below:

Names	Designation / Nationality	Before IPO ⁽¹⁾				After IPO ⁽²⁾			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Lim Seng Lee	Independent Non-Executive Chairman / Malaysian	-	-	-	-	500,000	0.1	-	-
Allan	Non-Independent Executive Director and Managing Director / Malaysian	-	-	(3)298,720,100	80.0	-	-	(3)252,045,100	54.0
Michael	Non-Independent Executive Director / Malaysian	-	-	-	-	-	-	-	-
Choe Sook Ling	Non-Independent Non-Executive Director / Malaysian	-	-	(4)74,680,000	20.0	300,000	0.1	(4)74,680,000	16.0
Tan Kea Yong	Independent Non-Executive Director / Malaysian	-	-	-	-	300,000	0.1	-	-
Wong Phait Lee	Independent Non-Executive Director / Malaysian	-	-	-	-	300,000	0.1	-	-
Choo Foong Ling	Independent Non-Executive Director / Malaysian	-	-	-	-	300,000	0.1	-	-

Notes:

- (1) Based on the share capital of 373,400,100 Shares after the Acquisition and transfer of 100 subscribers Share to Fragrance Century but before our IPO.
- (2) Based on the enlarged share capital of 466,751,100 Shares after our IPO.
- (3) Deemed interested by virtue of Section 8(4) of the Act, through his shareholding of more than 20.0% in Fragrance Century.
- (4) Deemed interested by virtue of her spouse's interest pursuant to Section 59(11)(c) of the Act.

None of our Directors are the corporate representative of Fragrance Century, our corporate shareholder.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*cont'd*)

5.3 KEY SENIOR MANAGEMENT

5.3.1 Profiles of key senior management

The profiles of Allan and Michael are set out in Section 5.2.1 of this Prospectus while the profiles of our other key senior management are as follows:

(a) Poo Shea Choon
Chief Financial Officer

Poo Shea Choon, Malaysian male, aged 48, is our Chief Financial Officer. He is responsible for overseeing our Group's overall financial activities, including daily accounting and financial reporting activities.

He obtained his London Chamber of Commerce and Industry Diploma in Accounting in 1995. He has been a Member with the Association of Chartered Certified Accountants since 2002 and the Malaysian Institute of Accountants since 2003.

He began his career with Peter Chong & Co. as an Audit Assistant in February 1999 and was promoted to Semi-Senior in July 2000. He left Peter Chong & Co. in April 2001 and joined Deloitte KassimChan (now known as Deloitte Malaysia) as an Audit Junior and was involved in various audit assignments. In July 2003, he was promoted to Audit Senior and his role extended to leading an audit team. He left Deloitte KassimChan in January 2004.

From January 2004 to November 2004, he worked in Pasaraya Hiong Kong Sdn Bhd as an Accountant where he was in charge of overseeing the company's finance and accounting activities.

In November 2004, he joined Muhibbah Steel Industries Sdn Bhd (a subsidiary of Muhibbah Engineering (M) Bhd) as an Accountant. He was later transferred to Muhibbah Engineering (M) Bhd as Finance Manager in March 2005 and then to Muhibbah Petrochemical Engineering Sdn Bhd (a subsidiary of Muhibbah Engineering (M) Bhd) as Finance Manager in November 2006. He left Muhibbah Petrochemical Engineering Sdn Bhd in February 2011. During his tenure there, he was responsible for overseeing the activities of the finance team, preparing financial statements and annual budget as well as tax and finance activities.

In February 2011, he joined Wagners Global Services (Malaysia) Sdn Bhd as Senior Accountant where he was in charge of all finance and accounting-related activities. He left Wagners Global Services (Malaysia) Sdn Bhd in October 2014. In the following month, he joined KNM Group Bhd as Financial Controller - Renewable Energy Division, where he was responsible for the overall financial control and reporting activities.

In November 2015, he left KNM Group Bhd and joined Euro Holdings Berhad in the following month as Chief Financial Officer. During his tenure at Euro Holdings Berhad, he was in charge of overseeing and management of the finance, accounting, tax and treasury activities of the Group. He was also responsible for the preparation of annual budget for the Group and ensuring the submission of reports, including monthly management, as well as statutory financial reporting. He left Euro Holdings Berhad in January 2021 and took a short career break until May 2021.

In June 2021, he joined our Group and assumed his current position as Chief Financial Officer.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*cont'd*)

Presently, he does not hold directorship or shareholdings in any other public listed companies or private limited companies.

(b) Gan Shy Yin
Head of Operations

Gan Shy Yin, Malaysian female, aged 37, is our Head of Operations. She is responsible for overseeing business activities related to supply chain, procurement and administration.

In June 2008, she obtained her London Chamber of Commerce and Industry Diploma in Accounting. She subsequently obtained a Bachelor of Business in Human Resource Management from Wawasan Open University in August 2021.

She began her career as a general clerk with Concorde Brickworks Sdn Bhd in January 2005. After the acquisition of Concorde Brickworks Sdn Bhd by Ultimate Brick Manufacturing Sdn Bhd, she was transferred to Ultimate Brick Manufacturing Sdn Bhd in July 2008 and took on the role of Purchasing Officer. Later in November 2012, she was transferred to Deluxe Brickworks Sdn Bhd as Administration Assistant. She resigned from Deluxe Brickworks Sdn Bhd in September 2019. During her tenure at Concorde Brickworks Sdn Bhd, Ultimate Brick Manufacturing Sdn Bhd and Deluxe Brickworks Sdn Bhd, she was involved in managing sales orders and payroll.

In October 2019, she joined our Group as Account and Administration Manager where she was involved in the preparation of accounts and payroll as well as issuance of sales orders. She assumed her current position in our Group in July 2021.

She currently serves as director and shareholder for a number of private companies, details of which are set out in Section 5.3.2(a).

(c) Wong Sook Fun
Key Account Manager

Wong Sook Fun, Malaysian female, aged 54, is our Key Account Manager. She is responsible for supporting our Executive Director in the sales and marketing activities.

After obtaining her SPM certificate in 1989, she joined World Optical as a Customer Service Clerk in February 1989. She was then assigned to Oxbridge (M) Sdn Bhd as Customer Service Officer in June 1991 and later transferred to the sales department as Sales Executive in August 1995. She left Oxbridge (M) Sdn Bhd and joined Diethelm Malaysia Sdn Bhd as Sales Executive in December 1998 and was then promoted to Key Account Manager in September 2004. She left Diethelm Malaysia Sdn Bhd in March 2005. During her tenure at these companies, she was responsible for office administrative-related matters as well as promoting and selling optical products to consumers and key accounts customers.

In April 2005, she joined England Optical Group as Strategic Business Unit Manager where she was responsible for planning monthly promotion, organising company events, launching new opening outlets and organising press conferences. She left England Optical Group in August 2006.

In September 2006, she joined Bausch & Lomb (M) Sdn Bhd as Assistant Key Account Manager where she was responsible for promoting and selling optical products, organising events and road shows as well as planning monthly promotion. She left Bausch & Lomb (M) Sdn Bhd in November 2009.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(cont'd)*

In December 2009, she joined Blincon (M) Sdn Bhd as Key Account Manager where she was involved in marketing activities as well as promoting optical products and training promoters on product knowledge and selling skills. She left Blincon (M) Sdn Bhd in May 2011.

In June 2011, she joined Maxx Rewards Global Sdn Bhd as Sales Manager. At that time, she was in charge of building and maintaining relationship with clients as well as handling the marketing activities of the company. She left Maxx Rewards Global Sdn Bhd in June 2012.

In July 2012, she joined Lafa Luxury Sdn Bhd as Marketing Manager where she was responsible for managing marketing activities including planning and organising events, roadshows and press conference. She left Lafa Luxury Sdn Bhd in April 2013.

From May 2013 to June 2013, she joined Bionics Sciences Sdn Bhd as Sales and Marketing Manager before joining Anakku Sdn Bhd (a subsidiary of Asia Brands Berhad) in July 2013 as Brand Manager. In January 2014, she was redesignated as Trade Manager. She was mainly responsible for handling all Anakku counters in departmental stores across the Peninsular Malaysia while managing the overseas procurement. She left Anakku Sdn Bhd in February 2018.

In February 2018, she joined Eastern Decorator Sdn Bhd as Sales and Operation Manager and was promoted to Area Sales Manager in April 2018. During her tenure there, she was responsible for promoting bedding products, monitoring all sales executives, team leader and supervisor on daily operations as well as organising events and fairs. She left Eastern Decorator Sdn Bhd in March 2020.

In April 2020, she joined VMSD Pte Ltd as Account Manager where she was responsible for managing the new office start-up and operations in Malaysia as well as managing the daily retail sales and operations team leaders, promoters and ambassadors. She left VMSD Pte Ltd in January 2021.

Between February 2021 and May 2021, she joined F&V Marketing Supply Sdn Bhd as Customer Service Assistant where she assisted in the setting up of new office.

In June 2021, she joined Conceptwin Sdn Bhd as Key Account Manager where she was in charge of all consignment and outright accounts, building and maintaining relationships with customers as well as supervising sales executive and merchandisers on daily operations. She left Conceptwin Sdn Bhd in October 2021. She then took a career break from November 2021 to February 2022.

In March 2022, she joined our Group as Regional Sales and Execution Manager. She assumed her current position as Key Account Manager in January 2024.

Presently, she does not hold any directorship or shareholdings in other companies outside our Group.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (cont'd)

5.3.2 Principal business performed outside our Group

Save as disclosed below, none of our key senior management has any other principal directorship and/or principal business activities performed outside our Group in the past 5 years up to LPD:

(a) Gan Shy Yin

Present involvements

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held as at LPD	
					Direct	Indirect
Excellent Cool Air Conditioner & Electrical	Servicing, installation and selling of air conditioner and electrical services.	Sole proprietor	22 December 2014	-	-	-
Nilam Ocean Sdn Bhd	Provision of human resources consultancy services. Currently dormant.	Director	11 November 2020	-	100.00	-
Tagonfly Sdn Bhd	Dormant with no intended activities.	Director	15 August 2023	-	-	-
Vitallium Asia Sdn Bhd	Provision of human resources consultancy services.	Shareholder	-	-	100.00	-

Past involvement

Company	Principal activities	Position held	Date of appointment	Date of resignation	Involvement other than as a director
Sister Fashion Trading	Sale of clothes, accessories and cosmetics	Sole proprietor	14 September 2012	27 January 2024	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(cont'd)*

The involvements of Gan Shy Yin in those business activities outside of our Group do not give rise to any conflict of interest situation with our business activities due to different nature of business. Further, her involvements in those business activities do not require a significant amount of time as Nilam Ocean Sdn Bhd and Tagonfly Sdn Bhd are currently dormant, and she is not involved in the day-to-day operations of Excellent Cool Air Conditioner & Electrical as the daily operation is handled by technical team. For Vitallium Asia Sdn Bhd, her involvement is only limited to the role of a shareholder. Hence, her involvements outside of our Group do not affect her ability to perform her roles and responsibilities to our Group.

5.3.3 Existing or proposed service agreements

As at the LPD, there are no existing or proposed service agreements (contracts for services) entered into between the companies within our Group with our key senior management.

5.3.4 Key senior management's shareholdings

The shareholdings of Allan and Michael are set out in Section 5.2.5 of this Prospectus. The shareholdings of our other key senior management in our Company before and after our IPO are set out below:

Names / Designation / Nationality	Before IPO				After IPO ⁽¹⁾⁽²⁾			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Poo Shea Choon / Chief Financial Officer / Malaysian	-	-	-	-	700,000	0.1	-	-
Gan Shy Yin / Head of Operations / Malaysian	-	-	-	-	700,000	0.1	-	-
Wong Sook Fun / Key Account Manager / Malaysian	-	-	-	-	300,000	0.1	-	-

Notes:

- (1) Based on the enlarged share capital of 466,751,100 Shares after our IPO.
- (2) Assuming our key senior management will fully subscribe for their respective entitlements under the Pink Form Allocations.

None of our key senior management represent any corporate shareholder.

5.4 RELATIONSHIPS AND ASSOCIATIONS

Save as disclosed below, there are no family relationships or association between or amongst our Promoters, substantial shareholders, Directors and key senior management as at the LPD:

- (a) Choe Sook Ling, our Non-Independent Non-Executive Director, is the spouse of Lim Chee Lip, our substantial shareholder;
- (b) Allan, our Managing Director, is the director and shareholder of Fragrance Century; and
- (c) Michael, our Executive Director, is the director and shareholder of Fragrance Century.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(cont'd)*

5.5 REMUNERATION AND BENEFITS

5.5.1 Directors

The aggregate remuneration and benefits-in-kind (including any contingent or deferred remuneration) paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for FYE 2022, FYE 2023 and FYE 2024 are as follows:

FYE 2022	Directors			(1)Statutory	Benefits	Total
Director	fees	Salaries	Bonuses	contributions	-in-kind	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Allan	-	106	16	14	10	146
Michael	-	97	9	13	2	121

FYE 2023	Directors			(1)Statutory	Benefits	Total
Director	fees	Salaries	Bonuses	contributions	-in-kind	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Allan	-	130	16	15	10	171
Michael	-	106	14	16	2	138

Proposed for FYE 2024	Directors			(1)Statutory	Benefits	Total
Director	fees	Salaries	Bonuses	contributions	-in-kind	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Lim Seng Lee	(2)-	-	-	-	-	-
Allan	-	184	(3)-	23	10	217
Michael	-	158	(3)-	21	2	181
Choe Sook Ling	(2)-	-	-	-	-	-
Tan Kea Yong	(2)-	-	-	-	-	-
Wong Phait Lee	(2)-	-	-	-	-	-
Choo Foong Ling	(2)-	-	-	-	-	-

Notes:

- (1) Including contributions to Employee Provident Fund, SOSCO and Employment Insurance System.
- (2) They are not entitled to any fees until after our Listing. The annual remuneration are as follows:

Directors	Directors		Total
	fees	Allowance	
	RM	RM	RM
Lim Seng Lee	60,000	2,500	62,500
Choe Sook Ling	42,000	2,500	44,500
Tan Kea Yong	42,000	2,500	44,500
Wong Phait Lee	54,000	2,500	56,500
Choo Foong Ling	48,000	2,500	50,500

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(cont'd)*

- (3) The final bonuses for FYE 2024 are not included. Such bonuses, if any, will be determined later depending on the performance of our Group, subject to the recommendation of the Nomination and Remuneration Committee and approved by our Board.

The remuneration for our Directors must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board. Any change in Director's fees as set out in our Constitution must be approved by our shareholders pursuant to an ordinary resolution passed at a general meeting where appropriate notice of the proposed changes should be given. Please refer to Section 14.4.1 of this Prospectus for further details.

5.5.2 Key senior management

Save for Allan and Michael whose remuneration and benefits-in-kind are disclosed in Section 5.5.1 of this Prospectus, the aggregate remuneration and benefits-in-kind (including any contingent or deferred remuneration) paid and proposed to be paid to our key senior management for services rendered in all capacities to our Group for the FYE 2022, FYE 2023 and FYE 2024 are as follows:

FYE 2022	Remuneration band (in bands of RM50,000)		
	Remuneration	Benefits-in-kind	Total
	RM'000	RM'000	RM'000
Poo Shea Choon	300 - 350	-	300 - 350
Gan Shy Yin	100 - 150	0 - 50	100 - 150
Wong Sook Fun	50 - 100	-	50 - 100

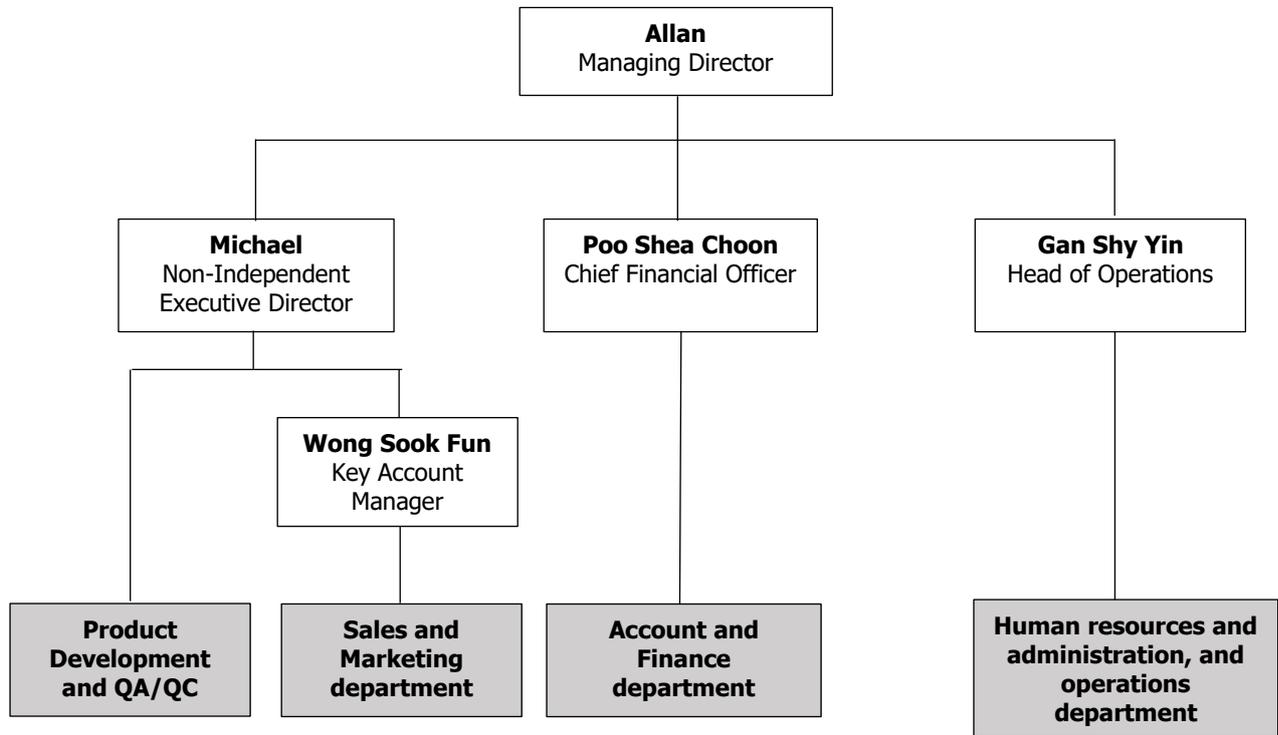
FYE 2023	Remuneration band (in bands of RM50,000)		
	Remuneration	Benefits-in-kind	Total
	RM'000	RM'000	RM'000
Poo Shea Choon	300 - 350	-	300 - 350
Gan Shy Yin	150 - 200	0 - 50	150 - 200
Wong Sook Fun	100 - 150	-	100 - 150

Proposed for FYE 2024	Remuneration band (in bands of RM50,000)		
	Remuneration	Benefits-in-kind	Total
	RM'000	RM'000	RM'000
Poo Shea Choon	350 - 400	-	350 - 400
Gan Shy Yin	150 - 200	0 - 50	150 - 200
Wong Sook Fun	100 - 150	-	100 - 150

The remuneration for our key senior management includes salaries, bonuses, allowances and other emoluments. The final bonuses for FYE 2024 are not included. Such bonuses, if any, will be determined later depending on the performance of our Group. Further, the remuneration for our key senior management must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (cont'd)

5.6 MANAGEMENT REPORTING STRUCTURE



5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(cont'd)*

5.7 DECLARATION FROM PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

As at the LPD, none of our Promoters, Directors and key senior management is or has been involved in any of the following events (whether within or outside Malaysia):

- (a) in the last 10 years, a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or member of key senior management;
- (b) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (c) in the last 10 years, charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (d) in the last 10 years, any judgment that was entered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his/her part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (e) in the last 10 years, was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his/her part that relates to the capital market;
- (f) being the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity;
- (g) being the subject of any current investigation or disciplinary proceeding, or in the last 10 years has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; or
- (h) have any unsatisfied judgment against him/her.

[The rest of this page is intentionally left blank]

6. INFORMATION ON OUR GROUP

6.1 BACKGROUND INFORMATION

6.1.1 Incorporation

Our Company was incorporated in Malaysia under the Act on 29 December 2023 as a private limited company under the name of Vanzo Holdings Sdn Bhd. On 13 June 2024, we converted into a public limited company under our present name. We are an investment holding company. Through our subsidiary, we are principally involved in the design, marketing and sale of air fragrance and fragrance-related products.

6.1.2 History and development

Background of our Group

Our Group's history can be traced back to when our Group's founding member, Ng Yee Heng, set up E&W Perfume Enterprise with Lim Soon Eng in 2017 to trade in air fragrance products. Realising the potential market for air fragrance products that do not contain harmful chemical compounds, Ng Yee Heng approached our current Managing Director, Allan and a few other shareholders to set up Vanzo Asia and establish the "Vanzo" brand.

Vanzo Asia was thus incorporated in August 2018 by Ng Yee Heng, our current Managing Director, Allan, our current Executive Director, Michael (who was then an investor) and 6 other shareholders, i.e. Lim Soon Yin, Lim Soon Eng, Tong Chang Fui, Lim Soon Yok, Kon Yip Choy and Lee Way Wei. At that time, Ng Yee Heng was in charge of our business strategic direction and sales and marketing activities, while Allan managed all operational activities and oversaw product development. In February 2020, Michael joined our Group and took over the sales and marketing activities from Ng Yee Heng.

At the point of incorporation, Allan, Ng Yee Heng and Michael held 7.0%, 40.0% and 3.0% equity interests in Vanzo Asia, respectively, while the remaining shareholders, i.e. Lim Soon Yin, Lim Soon Eng, Tong Chang Fui, Lim Soon Yok, Kon Yip Choy and Lee Way Wei each held 14.0%, 11.0%, 10.0%, 5.0%, 5.0% and 5.0%, respectively.

Later in December 2018, Tong Chang Fui acquired 14.0% equity interests from Lim Soon Yin and subsequently in January 2019, he acquired another 21.0% equity interests in Vanzo Asia from Lim Soon Eng, Lim Soon Yok and Lee Way Wei respectively, resulting in Tong Chang Fui holding 45.0% equity interest in Vanzo Asia.

In April 2019, the share capital of Vanzo Asia was increased from RM100 to RM130,100 and Teh Twan Yen emerged as the shareholder of Vanzo Asia following her subscription of 58,500 shares in Vanzo Asia which resulted in her holding 45.0% equity interests in Vanzo Asia. In August 2019, the share capital of Vanzo Asia was further increased from RM130,100 to RM160,100 and Teh Twan Yen further subscribed for 13,500 shares, maintaining her shareholdings in Vanzo Asia at 45.0%. In November 2019, Kon Yip Choy transferred his entire 5.0% shareholdings to Ng Yee Heng, resulting in Ng Yee Heng holding 45.0% equity interest in Vanzo Asia.

In April 2020, the share capital of Vanzo Asia was further increased from RM160,100 to RM200,000. Due to health concerns, Tong Chang Fui transferred his equity interests (45 shares) to his wife, Teh Twan Yen, in June 2020. Thereafter, the shareholders of Vanzo Asia were Allan, Michael, Ng Yee Heng and Teh Twan Yen who each held 7.0%, 3.0%, 45.0% and 45.0% respectively.

6. INFORMATION ON OUR GROUP (cont'd)

In June 2020, to enhance Vanzo Asia's capabilities in formulating scents, Allan invited Tang, YuQiang, the owner of our Group's outsourced manufacturer, Foshan Ikeda to be an investor in Vanzo Asia to tap onto his vast experience in air fragrance manufacturing and technical expertise in formulating scents. At the time, Tang, YuQiang held 20,000 shares, representing 10.0% equity interests in Vanzo Asia by acquiring 2,000 shares each from Allan and Michael, and 8,000 shares each from Ng Yee Heng and Teh Twan Yen at RM1.00 per share. Thereafter, the shareholders of Vanzo Asia were Allan, Michael, Ng Yee Heng, Teh Twan Yen and Tang, YuQiang who each held 6.0%, 2.0%, 41.0%, 41.0% and 10.0% respectively.

By end of 2020, Allan had built the expertise and experience to operate the company as he has been involved in the operations and product development since Vanzo Asia's inception, and Michael was put in charge of sales and marketing activities as well as QA/QC activities. Both of them saw potential growth opportunities in Vanzo Asia's business and decided to buy over the equity shareholdings of Vanzo Asia from Teh Twan Yen in December 2020 for a total cash consideration of RM0.29 million based on the audited NA of Vanzo Asia as at FYE 2019 of RM0.70 million. In January 2021, the share capital of Vanzo Asia increased from RM200,000 to RM300,000. Allan and Michael subsequently acquired 21% equity interests of Ng Yee Heng in March 2021 for total cash consideration of RM1.89 million at the PE multiple of 3.0 times based on the then forecasted PAT of RM3.00 million for FYE 2021. Ng Yee Heng and Teh Twan Yen divested their investments in Vanzo Asia due to their own personal reasons.

Recognising the need for a strategic investor with corporate experience, Allan and Michael then invited Lim Chee Lip to invest in Vanzo Asia by acquiring the remaining 20.0% equity interests of Ng Yee Heng at a cash consideration of RM3.00 million at the PE Multiple of 5.0 times based on the then forecasted PAT of RM3.00 million for FYE 2021. Lim Chee Lip then became our Group's substantial shareholder in August 2021. The involvement of Lim Chee Lip allowed Allan and Michael to better position Vanzo Asia from a corporate perspective such as gaining strategic input in general corporate management as Lim Chee Lip has executive experience in companies listed on Bursa Securities. Vanzo Asia thereafter increased its share capital to RM500,000 in May 2022 via bonus issue of shares.

[The rest of this page is intentionally left blank]

6. INFORMATION ON OUR GROUP (cont'd)

The table below sets out the shareholding structure for Vanzo Asia as at incorporation till the LPD:

Shareholders	As at incorporation		FYE 2019		FYE 2020		FYE 2021		FYE 2022 and FYE 2023		As at the LPD	
	No of shares	%	No of shares	%	No of shares	%	No of shares	%	No of shares	%	No of shares	%
Allan	7	7.0	11,207	7.0	12,000	6.0	168,000	56.0	280,000	56.0	-	-
Michael	3	3.0	4,803	3.0	4,000	2.0	42,000	14.0	70,000	14.0	-	-
Ng Yee Heng	40	40.0	64,040	40.0	82,000	41.0	-	-	-	-	-	-
Lim Soon Yin	14	14.0	-	-	-	-	-	-	-	-	-	-
Lim Soon Eng	11	11.0	-	-	-	-	-	-	-	-	-	-
Tong Chang Fuji	10	10.0	45	*	-	-	-	-	-	-	-	-
Lim Soon Yok	5	5.0	-	-	-	-	-	-	-	-	-	-
Kon Yip Choy	5	5.0	8,005	5.0	-	-	-	-	-	-	-	-
Lee Way Wei	5	5.0	-	-	-	-	-	-	-	-	-	-
Teh Twan Yen	-	-	72,000	45.0	82,000	41.0	-	-	-	-	-	-
Tang, YuQiang	-	-	-	-	20,000	10.0	30,000	10.0	50,000	10.0	-	-
Lim Chee Lip	-	-	-	-	-	-	60,000	20.0	100,000	20.0	-	-
Vanzo	-	-	-	-	-	-	-	-	-	-	500,000	100.0
	100	100.0	160,100	100.0	200,000	100.0	300,000	100.0	500,000	100.0	500,000	100.0

Note:

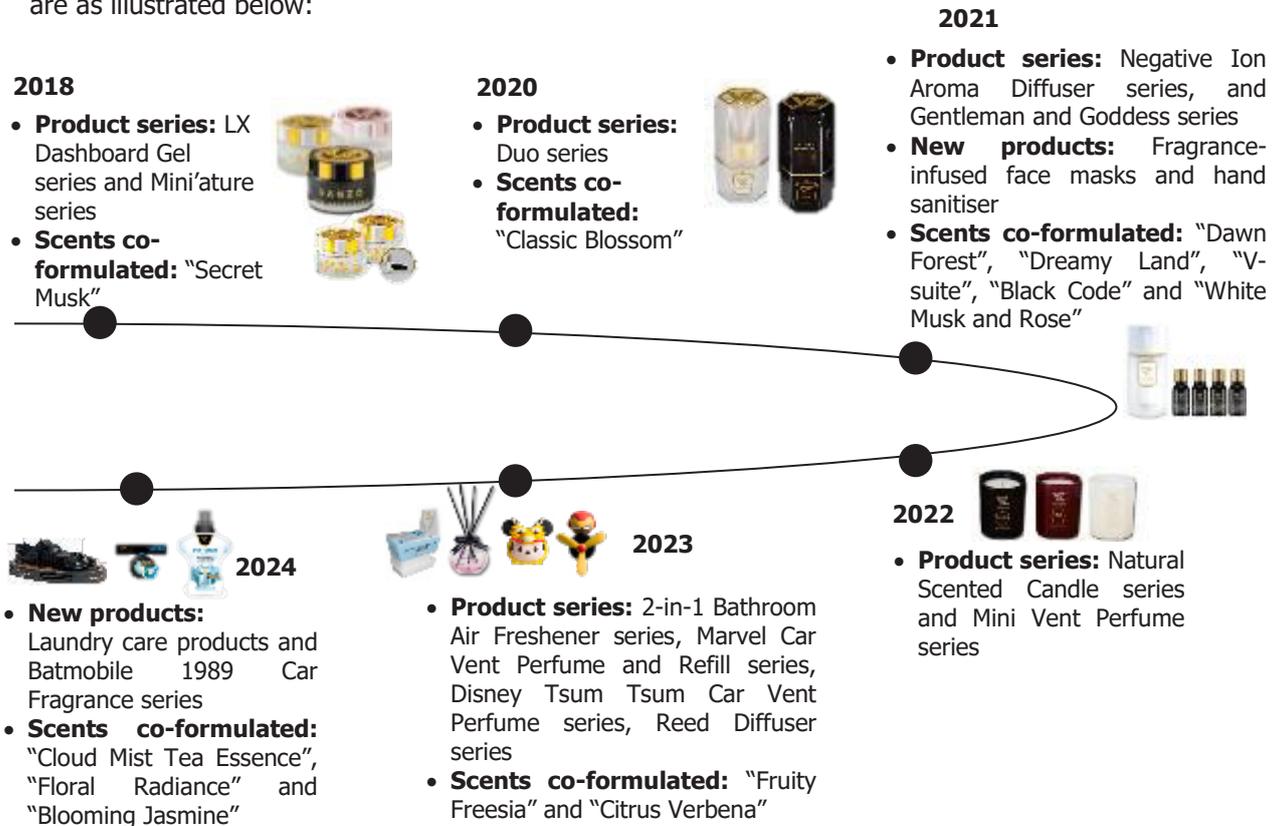
* Less than 0.1%

[The rest of this page is intentionally left blank]

6. INFORMATION ON OUR GROUP (cont'd)

Growth and evolution of our business

A summary of product series and scents we have conceptualised and launched over the years are as illustrated below:



Key business milestones

In summary, the key milestones of our business are as follows:

Year	Key milestones and achievements
2018	<ul style="list-style-type: none"> • Vanzo Asia was incorporated. • Commenced operations at a small office unit in Ara Damansara, Selangor measuring approximately 1,800 sq ft. • We began to design, market and sell jar fragrance products and car air-conditioner vent clip fragrance products. • We launched our first 2 product series, the LX Dashboard Gel series, which is a series of jar fragrance products, and the Mini'ature series, which is a series of car air-conditioner vent-clip fragrance products. • The first scent that we co-formulated and launched was "Secret Musk". We also launched scents sourced from our outsourced manufacturer in the same year, i.e. "Velvet Musk", "English Pear and Freesia", "Platinum Musk", "Pure Shampoo" and "Squash". • Our customer base was distributors, resellers and retailers based in Malaysia and Singapore.
2019	<ul style="list-style-type: none"> • We moved to a larger premise in Sunway Damansara, Selangor measuring approximately 6,000 sq ft to cater for business expansion. • We began to sell to customers based in Brunei when we secured our first order for our products from a distributor based in Brunei. • We launched our own online marketplace and began to sell to consumers.

6. INFORMATION ON OUR GROUP (cont'd)

Year	Key milestones and achievements
2020	<ul style="list-style-type: none"> We expanded our product range to include reed diffusers and refills when we launched the Duo series in the same year. We co-formulated and launched a new scent, i.e. "Classic Blossom". We began to market and sell our products through e-commerce marketplaces, "Shopee" and "Lazada". We began to sell to customers based in Australia when we secured an order from a consumer through our online marketplace. We relocated to a new headquarters cum warehouse in Kota Damansara, Selangor measuring approximately 12,000 sq ft to cater for business expansion and streamline storage and distribution processes at a single location.
2021	<ul style="list-style-type: none"> We extended our products range to include fragrance infused face masks and hand sanitizer. We collaborated with Bergamot Sdn Bhd to market and sell fragrance infused face masks under the "Vanscent" brand. We extended our range of products to include ultrasonic diffusers and essential oils when we launched the Negative Ion Aroma Diffuser series. We also conceptualised and launched a new product series under our jar fragrance product range, namely the Gentleman and Goddess series. We co-formulated and launched new scents, namely "Dawn Forest", "Dreamy Land" and "V-suite" for our essential oils, as well as "Black Code" and "White Musk and Rose". We also launched a new scent, namely "Lavender", which was sourced from our outsourced manufacturer.
2022	<ul style="list-style-type: none"> We expanded our product range to include scented candles which we named as the Natural Scented Candle series. We also conceptualised and launched the Mini Vent Perfume series, a series of car air-conditioner vent-clip fragrance products. We launched scents sourced from our outsourced manufacturer in the same year, i.e. "Berry Baies", "Cool Ice" and "Flora Blossom". We expanded our sales channels when we set up our first retail kiosk in Mid Valley Megamall, Kuala Lumpur and subsequently the second retail kiosk in 1 Utama Shopping Centre, Selangor. In line with the growth of our business, we relocated to a larger headquarters cum warehouse in Kampung Baru Subang, Shah Alam, Selangor measuring approximately 48,000 sq ft.
2023	<ul style="list-style-type: none"> We expanded our product range to include bathroom air fresheners and launched our 2-in-1 Bathroom Air Freshener series. In February 2023, we signed a licence agreement with The Walt Disney Company (Malaysia) Sdn Bhd to market and sell our Marvel Car Vent Perfume and Refill series between 1 March 2023 and 30 September 2025. In August 2023, we signed another licence agreement with The Walt Disney Company (Malaysia) Sdn Bhd to market and sell our Disney Tsum Tsum Car Vent Perfume series between 1 September 2023 and 31 March 2026. We co-formulated and launched new scents, i.e. "Fruity Freesia" and "Citrus Verbena". In the same year, we also launched a new scent, "White Musk", which was sourced from our outsourced manufacturer. We also conceptualised and launched a new product series for reed diffusers named as the Reed Diffuser series. We set up our third retail kiosk in Sunway Pyramid Mall, Selangor. Thereafter, we set up our fourth retail kiosk in Pavilion Kuala Lumpur. Subsequently, we set up our fifth retail kiosk in IOI City Mall, Putrajaya.

6. INFORMATION ON OUR GROUP (cont'd)

Year	Key milestones and achievements
2024	<ul style="list-style-type: none"> We commenced our operations at our new headquarters cum warehouse in Bukit Jelutong, Shah Alam, Selangor, with built-up area of 40,878 sq ft. The relocation to our new headquarters cum warehouse was due to better surrounding infrastructure and better access to highways, thus improving accessibility to our headquarters cum warehouse and enhancing our corporate profile. We extended our product range to include laundry care products which consist of fragranced laundry detergent capsules and softeners. We co-formulated and launched new scents, i.e. "Cloud Mist Tea Essence", "Floral Radiance" and "Blooming Jasmine". We also launched new scents, namely "Tropicana Berry", "Amberwood Aura" and "Peony & Ylang", which was sourced from our outsourced manufacturer. In July 2024, we signed a licence agreement with Warner Bros. Consumer Products Inc to market and sell our Batmobile 1989 Car Fragrance series between 1 May 2024 and 31 December 2026. We set up our sixth retail kiosk in Vivacity Megamall, Kuching, Sarawak.

Over the years, we have grown our range of products series and scents. As at the LPD, we market and sell 12 car and indoor fragrance product series as well as 4 personal and household care products with 28 scents, wherein we own the formulation for 12 of these scents. We have also established our industry reputation as the largest homegrown air fragrance company in Malaysia in 2023 in terms of our product sales value (Source: IMR report).

Awards and recognitions

Since inception, we obtained the following awards and recognitions:

Year	Awards / Recognition	Awarding body
2018	<ul style="list-style-type: none"> Awarded Asia Pacific super health brand 2018-2020 (Emerging Enterprise) 	<ul style="list-style-type: none"> The Asia Pacific Book of the Top
2020	<ul style="list-style-type: none"> Readers' Choice Awards 2019 – Best healthy car air refresher Star Outstanding Business Awards – Rising star, special mention Most number of sterilising function air freshener sold in a month Highest number of viewers in a Facebook Live broadcasting product launch Consumers' Choice Award 	<ul style="list-style-type: none"> Natural Health The Star The Malaysia Book of Records The Malaysia Book of Records National Consumer Action Council
2021	<ul style="list-style-type: none"> Star Outstanding Business Awards – Best in marketing 	<ul style="list-style-type: none"> The Star
2024	<ul style="list-style-type: none"> Awarded Asia Pacific super health brand 2024 & 2025 Excellence in Distribution Award 	<ul style="list-style-type: none"> The Asia Pacific Book of the Top The Walt Disney Company (Malaysia) Sdn Bhd

6. INFORMATION ON OUR GROUP (cont'd)

6.1.3 Pre-IPO Exercise

In preparation for our Listing, we have undertaken internal restructuring exercise, as follows:

(a) Acquisition of Vanzo Asia

On 12 June 2024, our Company had entered into a conditional share sale agreement with Allan, Michael, Tang, YuQiang and Lim Chee Lip to acquire the entire issued share capital of Vanzo Asia comprising 500,000 ordinary shares for a total purchase consideration of RM9,148,300 based on the audited NA of Vanzo Asia of RM9,148,302 as at 30 September 2023.

The total purchase consideration is to be satisfied via the issuance of 373,400,000 new Shares at an issue price of RM0.0245 per Share where Allan, Michael and Tang, YuQiang have nominated Fragrance Century to receive the Shares to be issued to them for the Acquisition as follows:

Shareholders	No. of Vanzo Asia Shares to be acquired	Shareholdings held in Vanzo Asia %	Purchase consideration RM	No. of Shares to be issued
Allan	280,000	56.0	5,123,048	-
Michael	70,000	14.0	1,280,762	-
Tang, YuQiang	50,000	10.0	914,830	-
Lim Chee Lip	100,000	20.0	1,829,660	74,680,000
Fragrance Century	-	-	-	298,720,000
Total	500,000	100.0	9,148,300	373,400,000

The shareholders' shareholding in our Company before and after the completion of the Acquisition as follows:

Name	Before completion of Acquisition		After completion of Acquisition and transfer of 100 subscriber share to Fragrance Century but before our IPO	
	No. of Shares	%	No. of Shares	(1)%
Allan	50	50.0	-	-
Michael	50	50.0	-	-
Fragrance Century	-	-	298,720,100	80.0
Lim Chee Lip	-	-	74,680,000	20.0
	100	100.0	373,400,100	100.0

Note:

- (1) Based on the share capital of 373,400,100 Shares after completion of the Acquisition and transfer of 100 subscriber share to Fragrance Century but before our IPO.

The Acquisition was conditional upon the approval of Bursa Securities being obtained for the Listing, which was obtained on 3 October 2024. The Acquisition was completed on 4 October 2024. Thereafter, Vanzo Asia became our wholly-owned subsidiary.

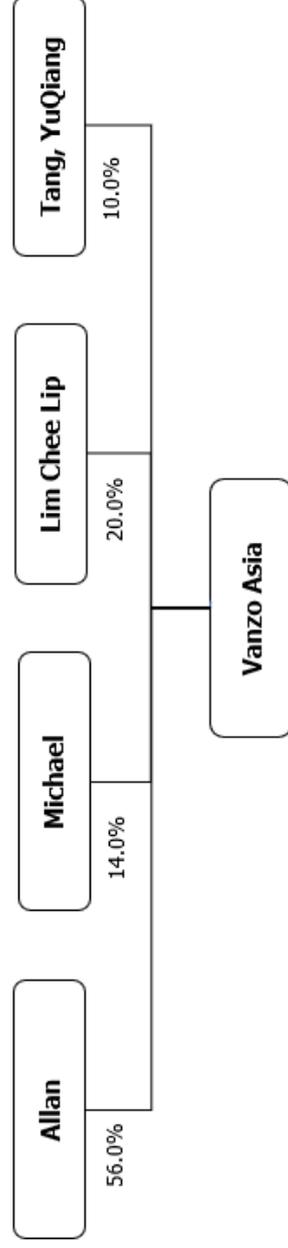
The new Shares issued under the Acquisition shall rank equally in all respects with our existing Shares including voting rights and will be entitled to all rights and dividends and/or other distributions, the entitlement date of which is immediately subsequent to the date of issuance of the new Shares.

6. INFORMATION ON OUR GROUP (cont'd)

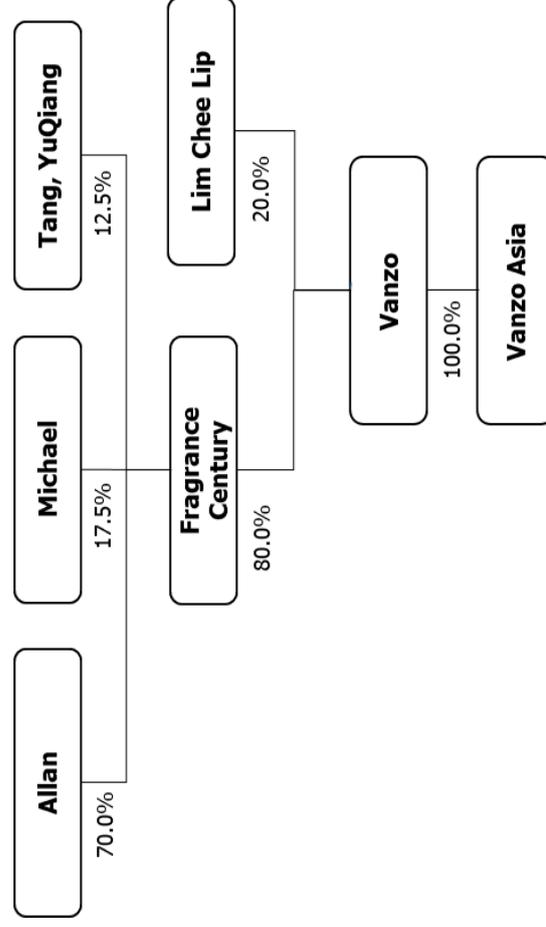
6.1.4 Group structure

Our Group structure before and after the Acquisition and IPO is as follows:

(a) Before the Acquisition and IPO

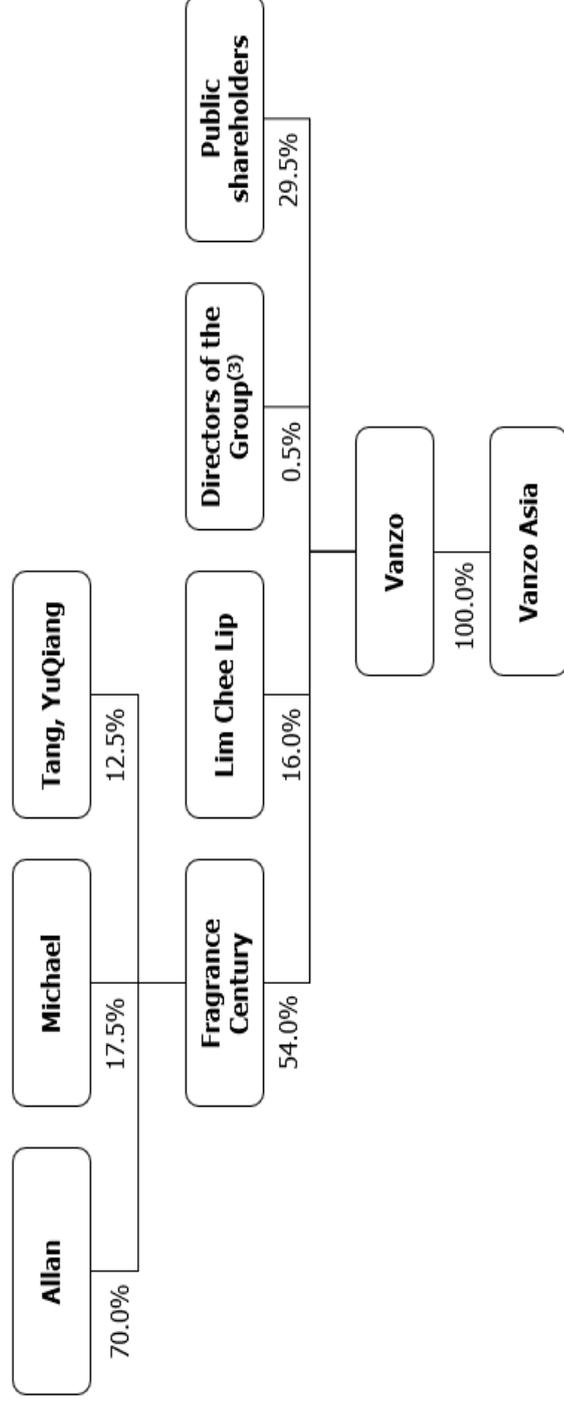


(b) After the Acquisition and before the IPO⁽¹⁾



6. INFORMATION ON OUR GROUP (cont'd)

(c) After the Acquisition and the IPO⁽²⁾



Notes:

- (1) Based on the share capital of 373,400,100 Shares after completion of the Acquisition and transfer of 100 subscribers Share to Fragrance Century but before our IPO.
- (2) Based on our enlarged share capital of 466,751,100 Shares after our IPO.
- (3) Assuming all of our eligible Directors will subscribe for their respective entitlements under the Pink Form Allocations.

6. INFORMATION ON OUR GROUP (cont'd)

6.2 SUBSIDIARY

As at the LPD, details of our subsidiary are summarised as follows:

Company	Registration No.	Date / Place of incorporation	Principal place of business	Effective equity interest (%)	Principal Activities
Vanzo Asia	201801031321 (1293347-X)	30 August 2018 / Malaysia	Malaysia	100.0	Design, marketing and sale of air fragrance and fragrance-related products.

Further details of our subsidiary are set out in Section 14 of this Prospectus.

[The rest of this page is intentionally left blank]

6. INFORMATION ON OUR GROUP (cont'd)

6.3 MATERIAL INVESTMENTS AND DIVESTITURES

6.3.1 Material investments

Material investments made by us during the Period Under Review and up to the LPD are as follows:

	Original cost of investment				
	FYE 2021	FYE 2022	FYE 2023	FPE 2024	Up to LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment comprising:					
• Leased properties ⁽¹⁾	623	1,472	3,458	402	-
• Computer and software	2	17	5	5	3
• Furniture and fittings	28	63	90	107	-
• Motor vehicles ⁽²⁾	288	309	656	193	-
• Office equipment	73	271	78	185	69
• Renovation					
- Headquarters cum warehouse	446	725	99	1,210	62
- Retail kiosks	-	101	301	280	205
• Signboard	11	26	-	40	-
• Tools and equipment	-	183	265	250	17
Total	1,471	3,167	4,952	2,672	356

Notes:

- (1) This relates mainly to the rental of our business premises in Kota Damansara in FYE 2021, Kampung Baru Subang in FYE 2022, Bukit Jelutong in FYE 2023 and our retail kiosks.
- (2) This relates to the purchases of new passenger cars mainly for the use of our Directors and sales and marketing personnel.

The above capital expenditures were made in Malaysia. They were primarily financed by a combination of bank borrowings and internally generated funds.

6.3.2 Material divestitures

Material divestitures made by us during Period Under Review and up to the LPD are as follows:

	At Cost				
	FYE 2021	FYE 2022	FYE 2023	FPE 2024	Up to LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment comprising:					
• Leased properties	(1)148	(1)623	25	(1)1,447	-
• Furniture and fittings	-	27	-	-	-
• Motor vehicles ⁽²⁾	-	-	285	-	-
• Office equipment	-	26	-	-	-
• Renovation ⁽³⁾	-	533	-	406	-
• Signboard	-	40	-	-	-
Total	148	1,249	310	1,853	-

6. INFORMATION ON OUR GROUP (cont'd)

Notes:

- (1) This relates mainly to the termination of the rental of our headquarters cum warehouse in Sunway Damansara in FYE 2021 and in Kota Damansara in FYE 2022, as well as the derecognition of the lease of our previous premise in Kampung Baru Subang in FPE 2024.
- (2) This relates to the disposal of a passenger car in FYE 2023.
- (3) This relates to renovation for our headquarters cum warehouse in Kota Damansara and Kampung Baru Subang which was written off when we moved to Kampung Baru Subang in FYE 2022 and Bukit Jelutong in FPE 2024, respectively.

The above capital divestitures involve assets located in Malaysia.

6.3.3 Material commitment

Save for the proposed utilisation of proceeds from our Public Issue and our material commitment for our capital expenditure as disclosed in Sections 4.9 and 11.3.4 of this Prospectus, we confirm that we do not have any material commitments contracted and divestitures currently in progress, within or outside Malaysia, which may have a material impact on our Group's financial position or business as at the LPD. All the above material commitments are located in Malaysia.

6.4 PUBLIC TAKE-OVERS

Since our incorporation and up to the LPD, there has been:

- (a) No public take-over offers by third parties in respect of our Shares; and
- (b) No public take-over offers by our Company in respect of other companies' shares.

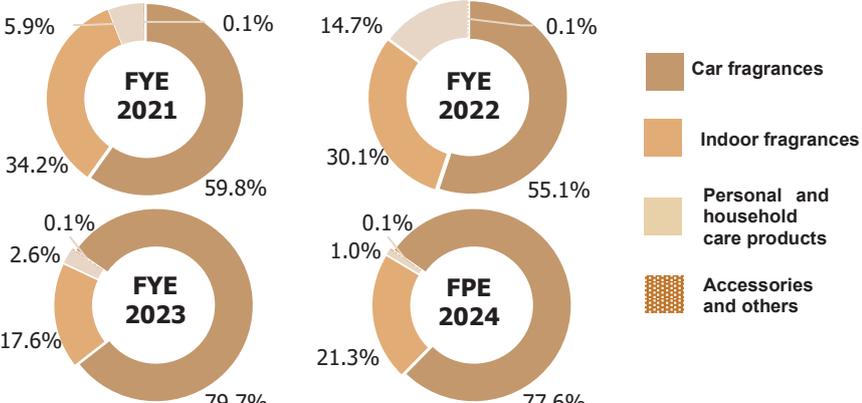
[The rest of this page is intentionally left blank]

6. INFORMATION ON OUR GROUP (cont'd)

6.5 BUSINESS OVERVIEW

6.5.1 Description of our business

We are an investment holding company. Through our subsidiary, we are principally involved in the design, marketing and sale of air fragrance and fragrance-related products. Our Group's business model is as summarised in the diagram below:

Principal activity	Design, marketing and sale of air fragrance and fragrance-related products																												
Products segments	Air fragrance products		Fragrance-related products																										
	Car fragrances 	Indoor fragrances 	Personal and household care 	Accessories and others 																									
Brands	<ul style="list-style-type: none"> • Own brand "Vanzo" 		<ul style="list-style-type: none"> • Own brand "Vanscent" • Third-party brand "CopperX" 																										
Sales channels	<ul style="list-style-type: none"> • Distributors and resellers • Retailers • Own retail kiosks • Online platforms (own online marketplace and e-commerce marketplaces) 																												
Customer segment	<ul style="list-style-type: none"> • Distributors and resellers • Retailers • Consumers 																												
Principal markets	<ul style="list-style-type: none"> • Malaysia • Others (mainly include Singapore, Brunei and Australia) 																												
Revenue contributions	 <table border="1"> <caption>Revenue Contributions by Segment</caption> <thead> <tr> <th>Year</th> <th>Car fragrances</th> <th>Indoor fragrances</th> <th>Personal and household care products</th> <th>Accessories and others</th> </tr> </thead> <tbody> <tr> <td>FYE 2021</td> <td>59.8%</td> <td>34.2%</td> <td>5.9%</td> <td>0.1%</td> </tr> <tr> <td>FYE 2022</td> <td>55.1%</td> <td>30.1%</td> <td>14.7%</td> <td>0.1%</td> </tr> <tr> <td>FYE 2023</td> <td>79.7%</td> <td>17.6%</td> <td>2.6%</td> <td>0.1%</td> </tr> <tr> <td>FPE 2024</td> <td>77.6%</td> <td>21.3%</td> <td>1.0%</td> <td>0.1%</td> </tr> </tbody> </table>				Year	Car fragrances	Indoor fragrances	Personal and household care products	Accessories and others	FYE 2021	59.8%	34.2%	5.9%	0.1%	FYE 2022	55.1%	30.1%	14.7%	0.1%	FYE 2023	79.7%	17.6%	2.6%	0.1%	FPE 2024	77.6%	21.3%	1.0%	0.1%
Year	Car fragrances	Indoor fragrances	Personal and household care products	Accessories and others																									
FYE 2021	59.8%	34.2%	5.9%	0.1%																									
FYE 2022	55.1%	30.1%	14.7%	0.1%																									
FYE 2023	79.7%	17.6%	2.6%	0.1%																									
FPE 2024	77.6%	21.3%	1.0%	0.1%																									

6. INFORMATION ON OUR GROUP (cont'd)

Our air fragrance and fragrance-related products mainly comprise car and indoor fragrance products under our own brand, "Vanzo". We also market and sell fragrance-related products to complement our car and indoor fragrance products such as accessories and other products such as candle tool sets, rechargeable electric lighters and anti-slip car mats.

As at the LPD, we retail 12 car and indoor fragrance product series.

Our Group also markets and sells personal and household care products, namely face masks, hand sanitisers and laundry care products. Our Group's personal and household care products are sold under our own brand "Vanzo" and "Vanscent", and third-party brands, i.e. "CopperX". As at the LPD, our Group partners with a third-party product manufacturer, i.e. Bergamot Sdn Bhd, to market and sell "Vanscent" branded fragrance infused face masks.

Our Group conceptualises and designs our products, which includes the following:

- Determining the type of product and intended target market segment that will be launched for the product series. Examples of product types include jar fragrance products, car air-conditioner vent-clip fragrance products, reed diffusers and refills, ultrasonic diffusers and essential oils, scented candles and bathroom air fresheners;
- Determining suitable fragrance scents in terms of the overall scent type (such as floral, fruity, fresh, woody or musky scents) and level of intensity (strong, medium or mild intensity) based on the intended target market and market trends;
- Selecting suitable scents for each product series and co-formulating the scents; and
- Designing product and its packaging to appeal to the intended target market segment.

Our Group conceptualises the products according to the latest market trends as well as the feedback and preferences received from the customers. Our Group works closely with the outsourced manufacturers to formulate and develop the scents of the products. Based on our Group's specifications, the outsourced manufacturers will provide our Group with samples of the variations of formulations until the desired scent is achieved. The scent of our air fragrance products are mainly formulated using plant-based fragrance ingredients, and our products do not contain harmful chemical compounds such as benzene, formaldehyde and toluene. As at the LPD, our Group has launched 28 scents which are used in the car and indoor fragrance products as well as the personal and household care products, wherein our Group owns the formulation for 12 of these scents.

The revenue contribution based on scents co-formulated and owned by us and sourced from outsourced manufacturers for the Period Under Review is as follows:

Analysis of revenue by scent type

Scent type	Audited							
	FYE 2021		FYE 2022		FYE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Co-formulated and owned by us	13,528	59.3	17,167	50.5	23,803	58.3	23,176	63.0
Owned by outsourced manufacturers	9,247	40.6	14,190	41.8	16,508	40.4	13,397	36.4
Others ⁽¹⁾	16	0.1	2,613	7.7	544	1.3	202	0.6
Total	22,791	100.0	33,970	100.0	40,855	100.0	36,775	100.0

6. INFORMATION ON OUR GROUP (cont'd)

Note:

- (1) Refer to accessories, ultrasonic device for the Negative Ion Aroma Diffuser series and third-party brand products.

Our Group's product development and QA/QC personnel, led by the Managing Director and Executive Director, will design the products including materials, shapes and colours of the product and its packaging, based on market trends and customer feedbacks.

Our Group's business operations are supported by the warehouse located in Bukit Jelutong, Shah Alam, Selangor, which enables our Group to enjoy the following:

- (i) A single warehousing and distribution point where our Group receives and stores all products procured from the outsourced manufacturers, as well as sorts and packages products for onward delivery to the customers and third-party warehouses. This allows for more efficient warehouse organisation and management in terms of inventory level monitoring and procurement planning; and
- (ii) A single pick-up point for third-party delivery providers to collect the deliveries to customers' premises and third-party warehouses, thereby enabling our Group to streamline parcel collection processes to minimise errors.

As at the LPD, our Group has engaged third-party warehousing service providers in Johor Bahru and Perai to stock our Group's inventory. This allows our Group to promptly deliver products to the customers based in the Southern region and Northern region of Peninsular Malaysia.

Our Group sells directly to distributors, resellers, retailers and consumers as well through distributors, resellers and retailers on a consignment basis. Our revenue from consignment sales represented 5.9%, 11.0%, 14.0% and 13.0% of our total revenue for Period Under Review. The number of our consignment customers represented 35.1%, 52.5%, 69.5% and 64.5% of our total distributors, resellers and retailers for Period Under Review.

6.5.2 Products

Our Group's key air fragrance, fragrance-related product and personal and household care are as detailed below:

Category	Types	Descriptions
Car fragrance products	<p>Jar fragrance products</p> 	<p>This product is a gel-based product that is typically used in cars. It can be placed in multiple locations within a car, such as dashboard or cup holders.</p> <p>The scent will be released in the car through the large opening at the top.</p> <p>Series:</p> <ul style="list-style-type: none"> Gentleman and Goddess series LX Dashboard Gel series

6. INFORMATION ON OUR GROUP (cont'd)

Category	Types	Descriptions
	<p>Car air conditioner vent-clip fragrance products</p> 	<p>This product either uses scented gel or scented tablets and is typically used in cars. It is specifically designed to be placed on the air conditioner vents in a car. As such, it is only available as a lightweighted product with a small opening.</p> <p>The scent will be released in the car as air is distributed through the vents flows across the small opening.</p> <p>Series:</p> <ul style="list-style-type: none"> • Mini'ature series • Marvel Car Vent Perfume and Refill series⁽¹⁾ • Mini Vent Perfume series • Disney Tsum Tsum Car Vent Perfume series⁽²⁾
	<p>Other car fragrance products</p> 	<p>This product uses scented tablets and is typically placed on the car dashboard. The scent will be released in the car through the openings in the product.</p> <p>Series:</p> <ul style="list-style-type: none"> • Batmobile 1989 Car Fragrance series⁽³⁾
<p>Indoor fragrance products</p>	<p>Reed diffusers and refills</p> 	<p>This product is a liquid-based product that is typically used in indoor areas of homes or offices. Each reed diffuser comprises 3 main components:</p> <ul style="list-style-type: none"> • fragrance liquid; • reed sticks; and • bottle to contain the liquid. <p>The reed sticks will soak up the liquid and release the scent.</p> <p>Series:</p> <ul style="list-style-type: none"> • Duo series • Reed Diffuser

6. INFORMATION ON OUR GROUP (cont'd)

Category	Types	Descriptions
	<p>Ultrasonic diffusers and essential oils</p> 	<p>This product is a liquid-based product that is typically used in indoor areas of homes or offices. It is a rechargeable device and is equipped with night light function. Users will have to add a few drops of essential oils into water in the diffuser.</p> <p>The ultrasonic diffuser will use electronic frequencies to create a fine mist which releases the scent into the environment.</p> <p>Series:</p> <ul style="list-style-type: none"> Negative Ion Aroma Diffuser series
	<p>Scented candles</p> 	<p>This product is a wax-based product that is typically used in indoor areas of homes or offices. The burn time of a single candle is approximately 40 to 45 hours.</p> <p>The scent is infused in the candle wax and as the candle burns, scent is released into the environment.</p> <p>Series:</p> <ul style="list-style-type: none"> Natural Scented Candle series
	<p>Bathroom air fresheners</p> 	<p>This product is a gel-based product that is typically used in bathrooms. It can be placed on any surfaces.</p> <p>The scent will be released when the lid is lifted.</p> <p>Series:</p> <ul style="list-style-type: none"> 2-in-1 Bathroom Air Freshener series
<p>Personal and household care products</p>	<p>Face masks</p> 	<p>4-ply face masks approved by the Malaysia Medical Device Authority.⁽⁴⁾</p> <p>Brands:</p> <ul style="list-style-type: none"> Vanscent (fragrance infused) CopperX
	<p>Fragrance infused hand sanitiser</p> 	<p>Fragranced hand sanitiser spray to kill germs.</p> <p>Brands:</p> <ul style="list-style-type: none"> Vanzo

6. INFORMATION ON OUR GROUP (cont'd)

Category	Types	Descriptions
	Laundry care products 	Fragranced laundry detergent capsules and softeners. ⁽⁵⁾ Brands: <ul style="list-style-type: none"> • Vanzo

Notes:

- (1) Our Group has signed a licence agreement with The Walt Disney Company (Malaysia) Sdn Bhd where our Group is licensed to market and sell the Marvel Car Vent Perfume and Refill series between 1 March 2023 to 30 September 2025. As the said license agreement encompasses different intellectual properties ("**Marvel Characters**"), our Group is able launch, market and sell other Marvel Characters subject to The Walt Disney Company (Malaysia) Sdn Bhd's approval. This series has contributed revenue of RM12.06 million in FYE 2023 and RM4.36 million in FPE 2024, since its launch in May 2023.
- (2) Our Group has signed a licence agreement with The Walt Disney Company (Malaysia) Sdn Bhd where our Group is licensed to market and sell the Disney Tsum Tsum Car Vent Perfume series between 1 September 2023 to 31 March 2026. As the said license agreement encompasses different intellectual properties ("**Tsum Tsum Characters**"), our Group is able launch, market and sell other Tsum Tsum Characters subject to The Walt Disney Company (Malaysia) Sdn Bhd's approval. This series has contributed revenue of RM3.83 million in FPE 2024, since its launch in December 2023.
- (3) Our Group has signed a licence agreement with Warner Bros. Consumer Products Inc where our Group is licensed to market and sell the Batmobile 1989 Car Air Freshener series between 1 May 2024 to 31 December 2026. As the said license agreement encompasses different intellectual properties ("**Batman Characters**"), our Group is able launch, market and sell other Batman Characters subject to Warner Bros. Consumer Products Inc's approval. This series has yet to contribute any revenue for the Period Under Review as it was only launched in August 2024.
- (4) Our Group has signed a collaboration agreement with Bergamot Sdn Bhd to market and sell face masks under the "Vanscent" brand.
- (5) The laundry care products were launched in June 2024.

Apart from the above, we also design, market and sell accessories and other products (mainly promotional gifts) including candle tool sets, rechargeable electric lighters and anti-slip car mats.

If requested by our customers, we may also customise our car and indoor fragrances based on their requirements in terms of packaging design, product type and scent.

Our Group's outsourced manufacturers

We outsource all manufacturing works of our products to outsourced manufacturers as we are not involved in any manufacturing activities. Our outsourced manufacturers are responsible for the purchase of materials and manufacturing/ assembly of products in accordance to our specifications and requirements. The products sourced from our outsourced manufacturers are final products for onward sale to our customers.

6. INFORMATION ON OUR GROUP (cont'd)

The outsourced manufacturers engaged by our Group are evaluated and selected based on their track record, industry reputation, pricing, production capabilities, product quality and ability to deliver within the stipulated timeframe. We also carry out site visit before appointing a new outsourced manufacturer.

In order to reduce the risk of exposure of the formulation and design of our product, we presently mainly work with Foshan Ikeda to formulate our scents and manufacture most of our car and indoor fragrance products as at the LPD. Nevertheless, we also worked with Aromate Industries Co. Ltd to manufacture products under the Mini Vent Perfume series.

6.5.3 Business processes

6.5.3.1 Product development of new product series or type

We are involved in the product conceptualisation and design for new product series or type, are as detailed below:

Process	Description
Determining product type and target market segment	<p>For new product series, our product development and QA/QC personnel, led by our Managing Director and Executive Director, continuously identify and understand the market trends by studying the available products in the market including the product range, product and packaging design, choices of scents and marketing or promotional activities. We also seek feedback from our customers. Based on their understanding of market trends and customer feedback, our Managing Director and Executive Director will conceptualise several potential product types.</p> <p>We will also identify the intended target market which include identifying the gender and age of the intended target market segment, amongst others.</p> <p>Our Managing Director and Executive Director will then hold meetings with the rest of our product development and QA/QC personnel, wherein the team will work on enhancing and selecting the most suitable product type for the new product series.</p>
↓	
Determining a suitable scent type	<p>Then, we will determine scent types that are suitable for the target market segment. This includes determining if the scent would be a floral, fruity, fresh, woody or musky base. At this stage, we will also determine the level of intensity (strong, medium or mild intensity) as well as type of mood or emotion that we would like the scent to evoke.</p>
↓	
Selecting suitable base scent provided from outsourced manufacturer	<p>We will then request for the outsourced manufacturer to provide sample base scents based on the scent type we have selected. Our product development and QA/QC personnel will then shortlist the scents that are suitable for the intended target market and evoke the emotions or moods we have previously determined.</p> <p>For scents that we co-formulate, we will specify the adjustments required to the outsourced manufacturer so that the desired scent can be achieved.</p>

6. INFORMATION ON OUR GROUP (cont'd)

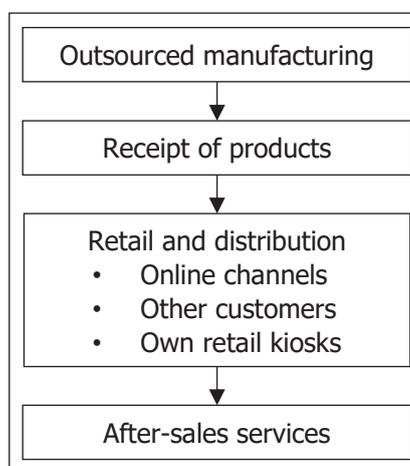
	For scents that are sourced from the outsourced manufacturer, we will not make any adjustments to the scent.
↓	
Adjustment of scent until desired scent is achieved	<p>With the adjustment specifications, the outsourced manufacturer will then make necessary adjustments to the formula for the scents we are co-formulating. We are then provided with samples of the variations of formulations until the desired scent is achieved.</p> <p>This process is not applicable for scents that are sourced from the outsourced manufacturer.</p>
↓	
Finalisation of scent formulation	<p>Our Executive Director will lead the product development and QA/QC personnel to determine and finalise the scent(s) for the new product launch.</p> <p>The final scent of our new products will be approved by our Managing Director before the outsourced manufacturer is informed to proceed with mass production.</p>
↓	
Design of product and its packaging	<p>Our product development and QA/QC team will design the product including materials, shapes and colours of the product and its packaging, or will provide the design specifications to third-party designers for the product. The product is generally designed to suit the intended target market and to meet its functional needs.</p> <p>Several 2-dimensional product designs are first presented to our Executive Director. Once the product design has been finalised, a 3-dimensional mock up design is then produced before a prototype is manufactured. For our "Marvel Car Vent Perfume and Refill" series and "Disney Tsum Tsum Car Vent Perfume" series, we will first share the designs with The Walt Disney Company (Malaysia) Sdn Bhd and will only finalise the design after approval is received from them.</p> <p>Once our Executive Director is satisfied with the product and packaging design, the specifications will be approved by our Managing Director before it is communicated to the outsourced manufacturer for mass production.</p>

[The rest of this page is intentionally left blank]

6. INFORMATION ON OUR GROUP (cont'd)

6.5.3.2 Operational process flow for existing products

We will undertake the following operational processes for our existing range of fragrance and fragrance-related products:



(i) Outsourced manufacturing

The manufacturing of products will be carried out by the outsourced manufacturers based on our specifications and requirements. We have agreements with the outsourced manufacturers, stipulating that they will not, during their engagement with us, use, divulge or appropriate any of our formulation or design to any person or business for any reason or purpose whatsoever, except upon obtaining our approval. We also own the formulation for 12 scents used in our car and indoor fragrance products as well as our personal and household care products.

The manufacturing process will usually take 2 to 3 months to manufacture the products upon placing the purchase order, depending on the order volume. The outsourced manufacturers will then deliver the products to our headquarters cum warehouse. Delivery typically takes approximately 2 weeks.

As at LPD, we have appointed 2 outsourced manufacturers located in China and Taiwan. We select our outsourced manufacturers based on the selection criteria elaborated in Section 6.5.3.3 of this Prospectus.

(ii) Receipt of products

Upon receipt of the products, our product development and QA/QC personnel will carry out visual inspections on the products to ensure that there are no physical damages on the products and that the products specifications and type of products are as per our purchase order. Our product development and QA/QC personnel will also conduct sample checks on every batch of delivery to ensure that the scents are as per the purchase order and will record the products' lifespan and fragrance longevity. Further information on the QA/QC activities is elaborated in Section 6.5.3.3 of this Prospectus.

(iii) Retail and distribution

The products that have been inspected will be stored at our warehouse. We typically allocate and store the number of products at our warehouse by product series. We utilise third-party software, AutoCount, to monitor the inventory levels at our warehouse.

6. INFORMATION ON OUR GROUP (cont'd)

The products will then be distributed and sold through various sales channels (i.e. distributors, resellers and retailers, own retail kiosks and online platforms). These products are either delivered from our warehouse to customers' premises or to our third-party warehouses. As at the LPD, we have engaged third-party warehousing service providers in Johor Bahru and Perai to stock our inventory, to serve customers in the Southern and Northern regions of Peninsular Malaysia.

For customers in the Eastern region of Peninsular Malaysia, our sales and marketing personnel will deliver the products once every month. Meanwhile, we use third-party freight forwarding companies to deliver our products to customers and our retail kiosks located in East Malaysia. We engage third-party delivery service providers to deliver our products from third-party warehouses to customers' premises. We also use third-party courier services to ship products to customers outside of Malaysia.

(iv) After-sales services

We do not provide customers with warranties for all of our products save for ultrasonic diffuser. For our ultrasonic diffuser, we provide customers with a warranty period of 1 month from the date the customer received the products for any technical issues arising from defects or malfunctions.

We do not provide technical services to repair any damaged products. As such, we will offer a direct 1-for-1 replacement for all our products on the damages or defects. Generally, our customers will replace within 1 month from the date the customer received the products.

We strive to maintain our brand reputation as well as product and service quality, through the provision of multiple avenues for our customers to reach out to us with complaints or feedbacks. These avenues include telephone call, social media messages and emails.

Any customer complaints will be assessed by our sales and marketing personnel before an investigation is launched together with the relevant departments involved to rectify the issues. During the Period Under Review, the percentage of products that have been replaced due to customer complaints were less than 0.5% of the total units of products sold.

For avoidance of doubt, there is no difference in after-sales service support provided to different customer types, be it distributors, resellers, retailers or consumers.

6.5.3.3 QA/QC activities

Our QA/QC activities are led by our Executive Director, Michael who is assisted by our product development and QA/QC personnel and operations personnel who carries out all the QA/QC activities. The following are the QA/QC procedures that we undertake:

(i) Selection of outsourced manufacturers

Prior to appointing an outsourced manufacturer, we assess the manufacturer in terms of the company's track record, industry reputation, pricing, production capabilities, product quality and ability to deliver within the stipulated timeframe as well as evaluate the samples developed by them. We will also carry out site visit before selection.

6. INFORMATION ON OUR GROUP (cont'd)

(ii) Inspection upon receipt of products from outsourced manufacturer

Upon receipt of the products at our warehouse, our operations personnel will carry out checks and inspections on products. This includes:

- visual inspections on the products to ensure that there are no physical damages on the products and the packaging; and
- visual checks to ensure that the product specifications and type of products are as per the purchase order.

In the event that there are any defects of the finished products, we will inform our outsourced manufacturers and request for replacement. As at the LPD, we have not experienced any material incidence of defects. Our outsourced manufacturers do not provide any warranties on all of the products they have manufactured but will replace the products within 1 year from date of purchase if they are damaged.

(iii) Quality assurance procedures on product samples for new product series or types and existing products

Our product development and QA/QC personnel performs the following tests on every batch of delivery of existing products or product samples:

- Product lifespan
For all car and indoor fragrances

Product lifespan refers to the amount of time the product can last. We check on the product lifespan by placing a product within a transparent enclosed box and monitoring the temperature and humidity levels within the box. The weight of the product is measured throughout the duration of the intended product lifespan to monitor its depletion rate, in order to ensure that the product can last throughout the intended product lifespan.

In the event the product lifespan of new product series or types does not last longer than the intended lifespan, we will inform our outsourced manufacturer so that the formulation for new product series or types will be re-worked until it meets the intended results.

Meanwhile, for existing product series or types, we take note of the product lifespan for record purposes for each batch, to ensure our outsourced manufacturer continuously provides us the products that can last throughout its intended product lifespan. In the event the product lifespan of existing product series or types does not last longer than the intended lifespan, we will provide feedback to our outsourced manufacturer to ensure that they review their manufacturing processes so that future batches meet the intended lifespan. Should the outsourced manufacturer continuously fail to deliver products that can meet the intended lifespan, we will review the suitability of the outsourced manufacturer.

Since commencement of our business till the LPD, we have not encountered incidences where our outsourced manufacturers have provided us with products that have not met the intended product lifespan.

6. INFORMATION ON OUR GROUP (cont'd)

- Fragrance longevity
For reed diffusers

Fragrance longevity refers to the amount of time the fragrance of the product can last. We test on fragrance longevity of our reed diffuser by placing samples of each product into 3 transparent tubes with a hole at varying heights to determine the intensity of the fragrance. Our product development and QA/QC personnel will perform a smell test every day throughout the product lifespan for each of the tubes, and note down if any scent can be detected.

In the event the fragrance of new reed diffuser product series or types cannot be detected for the intended duration, we will inform our outsourced manufacturer so that the formulation will be re-worked until it meets the intended results.

Meanwhile, for existing product series or types, we record our observations for each batch, to ensure our outsourced manufacturer continuously provides us the products that can last throughout its intended product lifespan. In the event the fragrance of the existing product series or types does not last longer than the intended duration, we will provide feedback to our outsourced manufacturer to ensure that they review their manufacturing processes to ensure that the future batches meet the intended results. Should the outsourced manufacturer continuously fail to deliver products that can meet the intended results, we will review the suitability of the outsourced manufacturer.

Since commencement of our business till the LPD, we have not encountered incidences where our outsourced manufacturers have provided us with reed diffusers that have not met the intended fragrance longevity.

[The rest of this page is intentionally left blank]

6. INFORMATION ON OUR GROUP (cont'd)

(iv) Independent third-party laboratory tests

Before launching of new products, the products will be sent to an independent certification body to test for harmful chemicals or properties. There are no regulatory requirements for us or our outsourced manufacturers to perform these tests on our products. These tests serve as an independent quality validation of our products, enabling us to strengthen our reputation as a quality air fragrance brand. As at the LPD, our products have been tested and certified with the following:

Test	Certification body	Products type
Acute inhalation toxicity test	SGS-CSTC Standards Technical Services Co., Ltd, Guangzhou Branch	Jar fragrance products, car air conditioner vent-clip fragrance products, reed diffusers and refills, essential oils, bathroom air fresheners
	SIRIM Berhad	Reed diffusers and refills
Air disinfection effect test	SGS-CSTC Standards Technical Services Co., Ltd, Guangzhou Branch	Bathroom air fresheners
	SIRIM Berhad	Reed diffusers and refills
Bacteriostatic activity test	SGS-CSTC Standards Technical Services Co., Ltd, Guangzhou Branch	Jar fragrance products, reed diffusers and refills
Candle ingredient test	Shenzhen POCE Technology Co., Ltd	Scented candles
Material safety data sheet	Shenzhen POCE Technology Co., Ltd	Car air conditioner vent-clip fragrance products, scented candles, bathroom air fresheners
Negative ion concentration test	Guang Zhou Institute of Microbiology Co., Ltd	Ultrasonic diffusers
Restriction of hazardous substances test	SGS-CSTC Standards Technical Services Co., Ltd, Guangzhou Branch	Essential oils
Test for alcohol	Bio Synergy Laboratories Sdn Bhd	Jar fragrance products
	SGS-CSTC Standards Technical Services Co., Ltd, Guangzhou Branch	Essential oils
Test for formaldehyde, benzene and toluene	SGS-CSTC Standards Technical Services Co., Ltd, Guangzhou Branch	Scented candles
	SIRIM Berhad	Jar fragrance products, reed diffusers and refills

6. INFORMATION ON OUR GROUP (cont'd)

<u>Test</u>	<u>Certification body</u>	<u>Products type</u>
Test for harmful chemical compound	Universiti Sains Malaysia	Essential oils
Test for heavy metal, formaldehyde, benzene and toluene	SGS-CSTC Standards Technical Services Co., Ltd, Guangzhou Branch	Car air conditioner vent-clip fragrance products, reed diffusers and refills, bathroom air fresheners
Test for harmful chemical compound	SGS-CSTC Standards Technical Services Co., Ltd, Guangzhou Branch	Laundry care products

For clarification purposes, our hand sanitizers and face masks do not need to undergo testing by an independent certification body as these products are regulated under the Ministry of Health Malaysia. As at the LPD, the Ministry of Health Malaysia has been notified of the sale of our hand sanitizers in Malaysia and our face masks have been registered with the Ministry of Health Malaysia.

(v) Retail kiosks' control measures

At our retail kiosks, we strive to maintain a safe and secure environment for our sales personnel and customers. Our control procedures are led by our sales personnel, and are as described below:

(a) Cash management

With retail kiosks, some of our sales transactions are carried out via physical cash. As such, we try to minimise any fraud, mismanagement or mishandling of cash by implementing standard cash management procedures, which are outlined as follows:

- Our sales personnel must reconcile physical cash received with the daily sales transactions on a daily basis;
- Our sales personnel must ensure that physical cash and its equivalent are handled in a safe manner, i.e. stored in the cash register; and
- Our sales personnel must ensure that physical cash is deposited in the designated bank account on a daily basis.

In the event of theft, mismanagement or mishandling of cash, we will take appropriate actions such as conducting internal inquiries, taking disciplinary actions or reporting such incidences to the police.

(b) Security and pilferage prevention

We maintain security procedures to protect our retail kiosks from pilferage, shoplifting and theft. All our retail kiosks are installed with closed-circuit television (CCTV) and our sales personnel conduct internal stock audit to monitor instances of theft on a daily basis.

In the event of pilferage, shoplifting and theft, we will investigate, trace and resolve the incidents by conducting internal inquiries, taking disciplinary actions or reporting such incidences to the police.

Since we set up our first kiosk in 2022 until the LPD, we have not experienced any instances of theft, mismanagement or mishandling of cash, pilferage and shoplifting.

6. INFORMATION ON OUR GROUP (cont'd)

6.5.4 Technologies used or to be used

Our Group do not utilise any machinery or equipment for our business operations.

6.5.5 Principal markets and location of operations

We principally operate in Malaysia where our head office is in Selangor. Our warehouses are located as follows:

Facility	City/town and State	Main operations	Approximate build-up area (sq ft/m ³)	Commence of rental
Bukit Jelutong headquarters cum warehouse	Shah Alam, Selangor	Headquarters warehouse	cum 40,878 sq ft	November 2023 ⁽¹⁾
Johor warehouse	Johor Bahru, Johor	Warehouse (via third-party warehousing service providers)	20.56 m ³ ⁽²⁾	December 2022
Penang warehouse	Perai, Penang	Warehouse (via third-party warehousing service providers)	12.71 m ³ ⁽²⁾	April 2024

Notes:

- (1) The tenancy agreement was signed in August 2023 and the tenancy commenced in November 2023. However, we only commenced our operation at the Bukit Jelutong headquarters cum warehouse in January 2024.
- (2) The area occupied at the third-party warehousing service providers are as at the LPD. For clarification purposes, the area size occupied varies from time-to-time depending on our requirements and the third-party warehouse service providers charge based on the area occupied every month.

By geographical location, Malaysia remains our Group's largest revenue contributor, contributing between 98.9% and 99.5% of our total revenue during the Period Under Review. The breakdown of our revenue by geographical location for the Period Under Review are as follows:

Countries	Audited							
	FYE 2021		FYE 2022		FYE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	22,607	99.2	33,799	99.5	40,425	98.9	36,362	98.9
Overseas ⁽¹⁾	184	0.8	171	0.5	430	1.1	413	1.1
Total	22,791	100.0	33,970	100.0	40,855	100.0	36,775	100.0

Note:

- (1) Overseas include Singapore, Brunei and Australia.

6. INFORMATION ON OUR GROUP (cont'd)

6.5.6 Significant products introduced

Other than our products as stated in Section 6.5.2 of the Prospectus, we have not introduced any other significant products as at the LPD.

6.5.7 Competitive strengths

(a) We are a leading homegrown air fragrance company in Malaysia with an established in-house brand

According to the IMR Report, we are the largest homegrown air fragrance company in Malaysia in 2023, where we garnered a market share of 13.3% in the air fragrance market in Malaysia in the year in terms of our product sales value.

Our own homegrown "Vanzo" brand has been established since our inception in 2018, and we have invested in various marketing activities over the years to build our brand reputation.

In the past, we have engaged several well-known brand ambassadors comprising celebrities and social media influencers to represent our brand, and sponsored various events such as awards ceremonies and concerts. We have also created awareness of our brand by investing in digital media marketing and boosting our posts on social media platform, and advertisements on digital advertising screens, billboards, television news channels and local newspapers, as well as participating in exhibitions and events.

In order to further enhance our brand presence, we have signed licence agreements with The Walt Disney Company (Malaysia) Sdn Bhd to market and sell our "Marvel Car Vent Perfume and Refill" series and "Disney Tsum Tsum Car Vent Perfume" series. We have also signed a licence agreement Warner Bros. Consumer Products Inc to market and sell our "Batmobile 1989 Car Fragrance" series. We believe that the launching of these series will not only enable us to tap onto the existing fanbase of intellectual properties of The Walt Disney Company (Malaysia) Sdn Bhd's and Warner Bros. Consumer Products Inc, but also enable us to build our brand recognition as we associate our brand with these well-known intellectual properties.

Further, as our brand name is fully owned by our Group, we can introduce or remove our product series as well as change our marketing and branding strategies to respond to market demands and customer preferences in a timely manner.

(b) We have various sales channels to reach a wide customer base

Our air fragrance and fragrance-related products are sold to various customer segments and through various sales channels to reach out to consumers. Furthermore, we have expanded our geographical footprint beyond Malaysia to Brunei, Singapore and Australia.

We sell our products through distributors/resellers such as car accessories distributors and FMCG distributors; and retailers such as health and beauty product retailers and pharmacies, supermarkets, hypermarkets, convenience stores, car wash shops, car detailing shops, car accessories retailers, and electronics and mobile gadget retailers.

We set out below the number of our distributors, resellers and retailers for the Period Under Review:

	FYE 2021	FYE 2022	FYE 2023	FPE 2024
Distributors and resellers ⁽¹⁾	1,237	839	563	303
Retailers ⁽¹⁾	682	992	1,458	1,961

6. INFORMATION ON OUR GROUP *(cont'd)*

Note:

(1) Computed based on the number of legal entities invoiced by our Group.

Some of these distributors, resellers and retailers have their own retail storefronts, thus allowing them to reach out to a large network of consumers. We are therefore able to leverage on their existing presence and customer base without having to incur capital expenditure to set up physical locations.

Meanwhile, we also market and retail our products via multiple online channels such as social media platforms (such as Facebook and Instagram), e-commerce marketplaces (such as Shopee and Lazada) and our own online marketplace. Marketing and retailing via online channels allow us to minimise our operational costs as we need not incur cost on setting up and maintaining physical retail outlets.

As at the LPD, we also have 6 retail kiosks located in Mid Valley Megamall, 1 Utama shopping mall, Sunway Pyramid, Pavilion Kuala Lumpur, IOI City Mall, Putrajaya and Vivacity Megamall, Kuching, Sarawak. These 6 retail kiosks enable our consumers to try our products. As each scent may appeal to different people, potential consumers typically prefer to try the scent of our products to select the scent or product that is appealing to them. Our sales personnel are also on-hand to assist consumers with their requests.

As we have various sales channels, we are able to reach a wide base of consumers. We are also able to appeal to different customers' preferences as some customers may prefer to shop online for the convenience, others may prefer to physically view the product.

Our Group's wide customer base also enables us to continue securing new orders as well as cross-selling other types of air fragrance and fragrance-related products. In addition, as our Group's products are sold through different sales channels, this reduces our dependence on any one sales channel and our Group can better withstand fluctuations in demand conditions and customer preferences.

(c) Our own and third-party warehouses allow us to promptly deliver our products and have more efficient warehouse organisation and management

As we have various sales channels, we need to maintain the ability to keep track of our inventory adequately and efficiently. As there is limited shelf or storage space at our distributors' or retailers' outlets and our retail kiosks, it is vital that we are able to maintain sufficient inventory to replenish stock at our customer's premises or our own retail kiosks in order to meet demand of consumers, especially popular products. We will need to be able to sort and pack our customers' orders with minimal mistakes, to reduce product returns which may incur unnecessary additional costs. We typically replenish inventory at our customers' premises and our own retail kiosks on a weekly or monthly basis, though at times, we may be required to replenish stocks sooner than the usual.

We have our own warehouse which allows us to better manage our inventories. We are able to operate on a first-in-first-out basis to ensure that newer stocks are kept. This enables us to plan and place order in advance when a certain product stock is running low, as our manufacturer requires 2 to 3 months of lead time.

In addition, we have engaged third-party warehousing service providers in Johor Bahru and Perai to stock our inventory, as at the LPD. This allows us to promptly deliver products to our customers based in the Southern region and Northern region of Peninsular Malaysia.

6. INFORMATION ON OUR GROUP (cont'd)

(d) We provide a range of air fragrance and fragrance-related products to cater to different customer needs

Since our incorporation, we have expanded our product range from car fragrance products to include indoor fragrance products, as well as personal and household care products.

Our car fragrance products are available in the form of jar fragrance or car air-conditioner vent-clip fragrance products, and in varying sizes and designs. This allows customers to choose their products based on their preferences. Meanwhile, we also offer indoor fragrance products in various forms, i.e. reed diffusers, ultrasonic diffusers and essential oils, scented candles and bathroom air fresheners. This also provides customers with various options based on their preferences.

As we offer both car and indoor fragrance products, we are also able to offer products that they can not only use in their cars, but also in their homes. We also have a variety of scents for customers to choose from, depending on their preferences.

Meanwhile, our personal and household care products were spurred by the demand during the COVID-19 for products including fragrance infused face masks and hand sanitisers. We saw the opportunity to venture into the sales of fragrance infused hand sanitisers, which would appeal to the existing consumers. We later expanded our product range to include laundry care products, i.e. fragranced laundry detergent capsules and softeners, in 2024. We were able to attract the existing consumers, especially returning consumers who are already familiar with our brand, to purchase our fragrance infused hand sanitisers for on-the-go uses and laundry care products for their household.

(e) We are cognisant of the need for our air fragrance and fragrance-related products to not contain harmful chemical compounds

We are cognisant that our air fragrance and fragrance-related products should not contain any harmful chemical compounds such as benzene, formaldehyde and toluene, as they may be harmful to an individual's health. Such harmful chemical compounds can affect a person's central nervous system resulting in fatigue, dizziness, headaches and nausea, and/or cause respiratory distress, amongst others.

Thus, we ensure that our car and indoor fragrance products do not contain harmful chemical compounds. As at the LPD, our car and indoor fragrance products have been tested and/or certified by Universiti Sains Malaysia, SIRIM Bhd, SGS-CSTC Standards Technical Services Co., Ltd, Bio Synergy Laboratories Sdn Bhd and Shenzhen POCE Technology Co. Ltd, validating that our products do not contain any harmful chemical compounds and/or pose any risks of inhalation toxicity. Further information on these certifications are elaborated in Section 6.5.3.3(iv) of this Prospectus.

As plant-based fragrance ingredients are mainly used in the manufacturing of the scents for most of our air fragrance products, the aroma of the scents used in most of our air fragrance products are natural.

We believe that this enables us to offer consumers products that are not harmful to their health. This sets us apart from other air fragrance companies who may not ensure their products are free from harmful chemical compounds.

(f) We have a committed management team

We have a committed management team. Our Managing Director, Allan is responsible for the overall strategic direction and operational activities of our Group. Meanwhile, our Executive Director, Michael is responsible for the product development, QA/QC as well as supporting our sales and marketing team in the planning and implementation of sales strategies.

6. INFORMATION ON OUR GROUP (cont'd)

Our Managing Director and Executive Director are supported by our management team which have accumulated knowledge and experience in their respective field, namely our Chief Financial Officer, Poo Shea Choon bring with him over 20 years of experience in financial management and accounting-related activities; our Head of Operation, Gan Shy Yin who brings with her 8 years of experience in supply chain, purchasing and administrative activities; and our Key Accounts Manager, Wong Sook Fun who possess over 30 years of experience in sales and marketing activities.

Our management team's combined skills, extensive knowledge of our Group's products and continued focus on realising growth strategies are vital to our Group's continued growth and future development. The combination of our key management team's experience and expertise have been integral to our success, and will continue to be a key factor in our future development.

6.5.8 Seasonality or cyclical effects

Our business is not subject to seasonal demand. However, we experienced an increase in sales during launch of new products. Depending on the market reception of the new products, our sales could increase by more than 100% in that particular month where the new products are launched as compared with our sales the preceding month.

6.5.9 Types, sources and availability of supplies

The breakdown of the purchases by our Group during the Period Under Review is as follows:

	Audited							
	FYE 2021		FYE 2022		FYE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Products	15,118	97.3	18,321	96.9	22,131	97.4	16,440	97.1
Freight and insurance charges	352	2.3	492	2.6	495	2.2	355	2.1
Packaging costs	69	0.4	90	0.5	90	0.4	130	0.8
Total purchases	15,539	100.0	18,903	100.0	22,716	100.0	16,925	100.0

The breakdown of our purchases by geographical region during the Period Under Review is as follows:

	Audited							
	FYE 2021		FYE 2022		FYE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Overseas								
- China	14,437	92.9	15,948	84.4	21,590	95.0	15,703	92.8
- Taiwan	-	-	62	0.3	608	2.7	998	5.9
Malaysia	1,102	7.1	2,893	15.3	518	2.3	224	1.3
Total purchases	15,539	100.0	18,903	100.0	22,716	100.0	16,925	100.0

We have not experienced any interruptions in supply of raw materials in the Period Under Review, save for the COVID-19. In order to ensure a stable supply, we endeavour to maintain stocks of our products for up to 2 to 3 months.

6. INFORMATION ON OUR GROUP (cont'd)**6.5.10 Sales and marketing****(a) Sales channels and customer segments**

We mainly use the following sales channels to market and sell our products:

Sales channels	Customer segments	
Direct approach	Distributors and resellers	Retailers
Online channels	Consumers	
Own retail kiosks		

The revenue contribution by sales channels for the Period Under Review is as follows:

Sales channel	Audited							
	FYE 2021		FYE 2022		FYE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Distributors and resellers	19,052	83.6	25,325	74.6	20,540	50.3	13,727	37.3
Retailers	1,390	6.1	5,382	15.8	17,248	42.2	20,826	56.6
Online channels	2,349	10.3	3,188	9.4	1,729	4.2	772	2.1
Own retail kiosks	-	-	75	0.2	1,338	3.3	1,450	4.0
Total	22,791	100.0	33,970	100.0	40,855	100.0	36,775	100.0

We sell our products through the following sales channels:

(i) Directly approaching distributors, resellers and retailers

We sell our products to distributors and resellers (such as car accessories distributors and FMCG distributors) and retailers (such as health and beauty product retailers and pharmacies, supermarkets, hypermarkets, convenience stores, car wash shops, car detailing shops, car accessories retailers, and electronics and mobile gadgets retailers) located in Malaysia, Brunei, Singapore and Australia. These distributors, resellers and retailers may have a retail storefront where they will sell our products to consumers. The products are either sold directly to them or on a consignment basis. Some retailers may also charge listing fees for displaying and promotion of our products at their retail storefront(s). We do not fix the retail price of our products. However, we provide recommended retail reference price to the distributors, resellers and retailers.

Using a wide network of distributors, resellers and retailers enables us to utilise their network to expand our market coverage as well as to reach out to a wide customer base to achieve economies of scale and grow our market share. We actively source new distributors, resellers and retailers where we assess their suitability based on their respective customer base, product range, market outreach, geographical coverage and level of commitment to promote our products.

6. INFORMATION ON OUR GROUP (cont'd)

(ii) Online channels

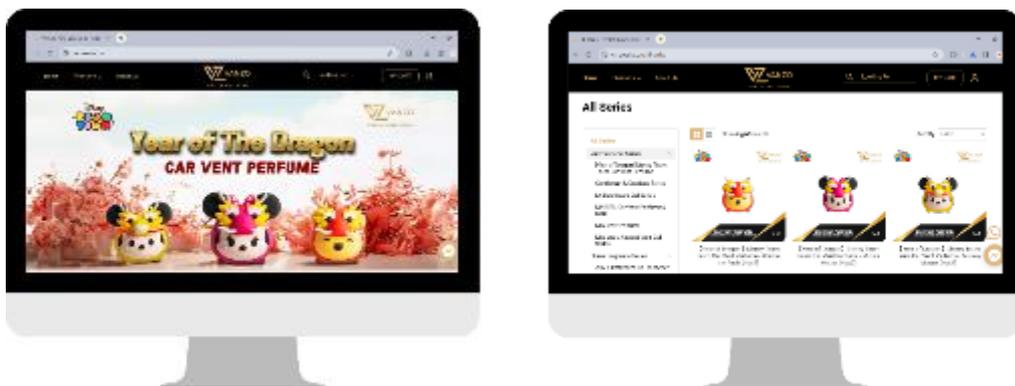
Online channels mainly target consumers, who are direct end-users of our products.

We create and maintain an online marketplace at <https://vanzoasia.com/> which allows consumers to purchase our products. It also provides immediate searchable information on our Group and details of our products.

Our online marketplace also serves as a platform for customers to connect with our sales and marketing team for enquiries on our products and to lodge complaints. This enables us to have access to first-hand consumer data based on prevailing market trends, which are essential for us to adapt our overall marketing strategies and product development to keep abreast with changing consumer trends.

The current widespread use of internet as a source of information enables us to cross geographical borders and facilitate access from any part of Malaysia as well as internationally, thus enhancing our potential market reach and exposures beyond the locations of our physical stores.

Below are illustrations of online marketplace:



We also sell our products through e-commerce marketplaces such as Lazada and Shopee, as well as through social media platforms, i.e. Facebook and Instagram.

Through these online channels, we are able to serve customers across East and Peninsular Malaysia.

(iii) Own retail kiosks

Our own retail kiosks serve as a sales channel for us to market and sell our products to consumers.

As at the LPD, we have 6 retail kiosks located in the following shopping malls:

- (i) Mid Valley Megamall
- (ii) 1 Utama Shopping Centre
- (iii) Sunway Pyramid Mall
- (iv) Pavilion Kuala Lumpur
- (v) IOI City Mall, Putrajaya
- (vi) Vivacity Megamall, Kuching, Sarawak

As each scent may appeal to different people, our retail kiosks enable potential consumers to try the scent of our products to select the scent or product that is appealing to them.

6. INFORMATION ON OUR GROUP (cont'd)

Our retail kiosks are as illustrated in the pictures below:



(b) Marketing strategies and activities

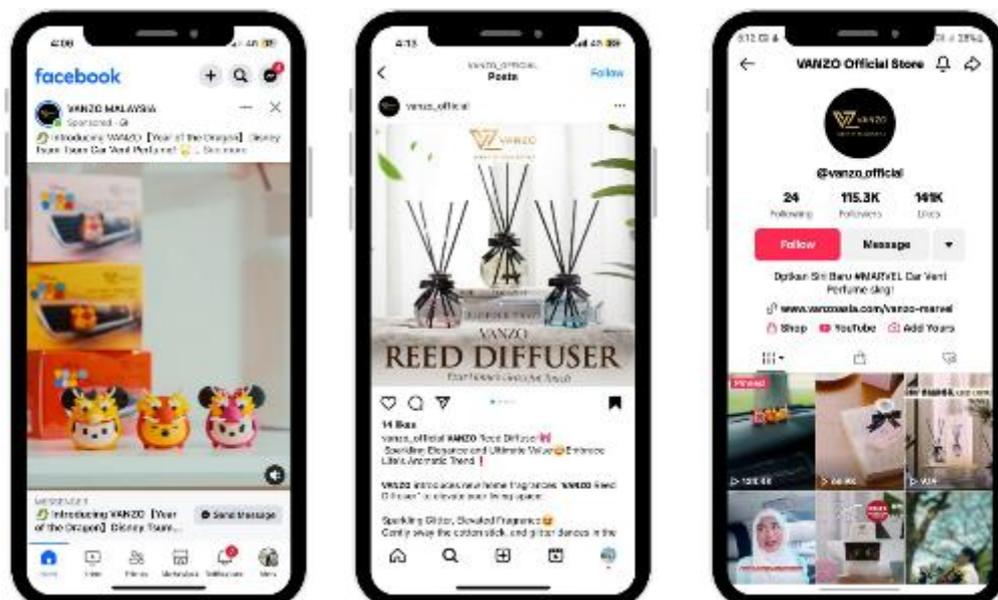
Our marketing strategies and activities are focused on building our customer base to sustain and grow our business. Our Group has initiated the following marketing strategies to sustain and expand our business:

(i) Online media advertising

We recognise the importance of investing in online media marketing on social media platform to increase our brand exposure. Hence, we maintain a profile on social media platforms such as Facebook, Instagram, TikTok, YouTube, Xiaohongshu (小红书) and Lemon8 where we post online contents to attract prospective customers and interact with our existing customers.

We engage digital marketing service provider to carry out boosted posts on Facebook, Instagram, TikTok, Lemon8 and Xiaohongshu (小红书) as well as Shopee and Lazada where we are able to display specific product advertisements and promotions which are targeted to specific users. These advertisements are linked to our online stores for viewers to make their purchases.

Below are illustrations of our advertisements and posts on social media platforms:



6. INFORMATION ON OUR GROUP (cont'd)

(ii) Brand ambassadors and influencers

We engage brand ambassadors, comprising celebrities and social media influencers. These brand ambassadors will participate in advertisements or post contents on their personal social media platforms with our products to attract prospective customers.

During the Period Under Review, we have engaged 4 celebrities or artists as our brand ambassadors.



(iii) Mass media advertising

To improve the awareness of our brand and products, we advertise our products on digital advertising screens in government departments such as the Immigration Department, Post Office, Road Transport Department and offices of The Companies Commission of Malaysia. In addition, we also advertise our brand and products on local television news channels (such as 8TV Mandarin News and Astro Awani) and local newspapers (such as Sin Chew Daily, China Press, The Edge Malaysia, Kwong Wah Yit Poh and Bernama). These media channels enable us to reach out to a larger customer base and will assist us with building our brand presence in the market.

6. INFORMATION ON OUR GROUP (cont'd)



In addition, we also utilise billboard advertisements across Klang Valley. We advertise our products on billboards in key areas with heavy traffic flow to ensure that our advertising is effective to create brand awareness to introduce our products to the vicinity. During the Period Under Review, we have advertised our products on 20 billboards.

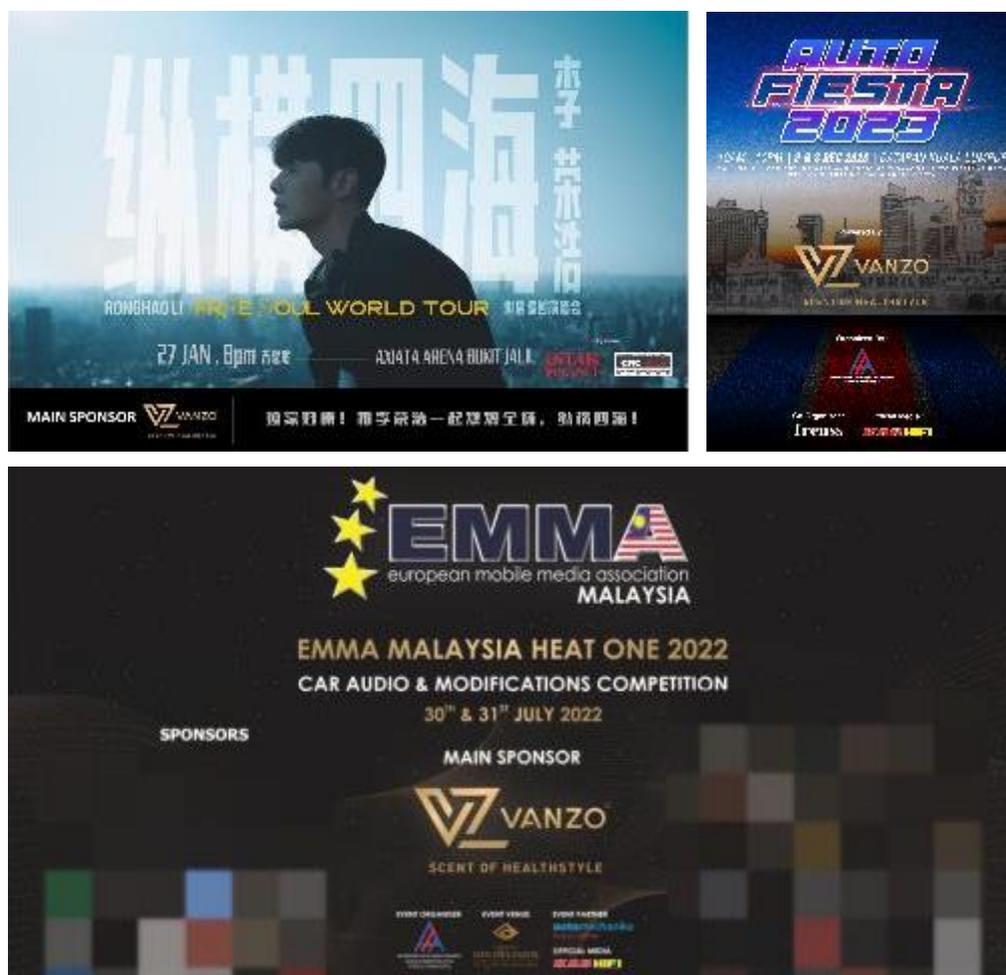


6. INFORMATION ON OUR GROUP (cont'd)

(iv) Sponsorship

We have sponsored several events for the Period Under Review. As we are able to display our brand logo on posters and advertisements for the event, we are able to create brand awareness for our products. Examples of our sponsorships include the following:

- (a) concerts such as Eason Chan "Fear and Dreams" World Tour in Malaysia 2023, Li Rong Hao "Free Soul" World Tour in Malaysia 2024, Leo Ku "I Really Love to Sing Around the World" Live in Malaysia 2024, Jay Chou "Carnival 2024" World Tour Concert in Malaysia and 911 "Celebrating 30 Years" Live in Malaysia 2024;
- (b) movies such as "All In";
- (c) sports events such as PETRONAS Malaysia Open 2022; and
- (d) automotive-related events such as Carlist.my People's Choice Awards 2020, European Mobile Media Association ("EMMA") Malaysia 2022, Auto Fiesta 2023 and CARSOME Autofair 2024.



6. INFORMATION ON OUR GROUP (cont'd)**(v) Participation in exhibition and events**

As a method to increase our brand visibility and to reach out to potential customers, we have participated in numerous exhibitions and events over the years. Some examples of exhibitions that we participated for the Period Under Review are as follows:

Year	Name of exhibition / events	Organiser	Location
2021	Carlist.my DRIVE Auto Fair 2021	iCar Asia Sdn Bhd	Selangor, Malaysia
2022	Malaysia's Largest Motor Show	Velocity Motor Show	Kuala Lumpur, Malaysia
2022	Carlist.my Drive Merdeka Roadshow Edition 2022	iCar Asia Sdn Bhd	Kuala Lumpur, Malaysia
2022	EMMA Malaysia Heat 1 Competition 2022	EMMA	Pahang, Malaysia
2022	All About Wheels 2022	Velocity Motor Show	Selangor, Malaysia
2022	EMMA Malaysia Heat 2 Competition 2022	EMMA	Kuala Lumpur, Malaysia
2023	EMMA Malaysia Final Competition 2022	EMMA	Kuala Lumpur, Malaysia
2023	D'Kroni Perhimpunan Dua Roda 2023	Vero Capital Sdn Bhd	Selangor, Malaysia
2024	SpeedFest 2024	iCar Asia Sdn Bhd, Midnight-KF, Wapcar Autofun Sdn Bhd, Oppolock Sdn Bhd, Aylezo Sdn Bhd, MUSC Motorsports, SF Wheels Showcase, Vertex Esports Productions Sdn Bhd, Malaysia Diecast Expo	Kuala Lumpur, Malaysia



6. INFORMATION ON OUR GROUP (cont'd)



(vi) Collaboration

We have collaborated with several brands to improve our brand visibility. For example, in 2021, we have collaborated with Black Whale to launch an air fragrance product with limited-edition milk tea scent. In 2022, we collaborated with Vivo to introduce a limited-edition fragrance gift box alongside the launch of their new phone series. These collaborations allowed us to expand our reach to customers.



(vii) In-store promotional activities

We carry out in-store promotions in our retail kiosks regularly, particularly during festive seasons. We may also collaborate with our retailers to undertake promotion such as rebates and purchase with purchase.

(viii) Membership program

We offer membership program as a method to increase customer retention. As at the LPD, the customers who sign up for membership are entitled to enjoy a discount on their first purchase during their birth month. As at the LPD, we have approximately 19,379 members under our membership program.

[The rest of this page is intentionally left blank]

6. INFORMATION ON OUR GROUP (cont'd)

6.5.11 Major approvals and licences

As at the LPD, save as disclosed below, there are no other major approvals, licences and permits issued to our Group in order to carry out our operations:

No.	Company	Description	Authority	License no. / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
1.	Vanzo Asia	Business premise license for No. 12, Jalan Tiang U8/92, Bukit Jelutong, Seksyen U8, 40150 Shah Alam	Shah Alam City Council	LOU8110520240001	28 February 2024 / 14 February 2025 ⁽¹⁾	Nil.	-
2.	Vanzo Asia	Fire certificate for premises located at No. 12, Jalan Tiang U8/92, Bukit Jelutong, Seksyen U8, 40150 Shah Alam	Fire and Rescue Department of Malaysia	and JBPM:SL – 7/1443/2024	8 April 2024 / 1 April 2025 ⁽¹⁾	Nil.	-

Note:

- (1) Our Group intends to submit the respective renewal applications at least 2 months prior to the respective dates of expiry.

[The rest of this page is intentionally left blank]

6. INFORMATION ON OUR GROUP (cont'd)

6.5.12 Intellectual Property Rights

As at the LPD, save as disclosed below, our Group has not registered any brand names, patents, trademarks or other intellectual property rights:

No.	Registered owner	Type of intellectual property rights	Description	Application / Registration no.	Issuing authority	Validity period
1.	Vanzo Asia	Trademark		TM2019037609	MyIPO	11 October 2019 to 11 October 2029 / 10 years

Registered under Class 16 in respect of advertising posters; advertising publications; photographs; paper cards (blank) for recording data; envelopes; business cards; paper bags; packaging materials made of cardboard; paper boxes; printed forms; booklets; books; leaflets; letterhead paper; paper for letterhead paper; writing paper; note pads; pamphlets; leaflets; stickers; paper tags; user manuals (in the form of printed matter); plastic material for packaging (not included in other classes); company magazines, catalogues, newsletters, periodicals; brochures; gift stationery, all included in class 16.

6. INFORMATION ON OUR GROUP (cont'd)

No.	Registered owner	Type of intellectual property rights	Description	Application / Registration no.	Issuing authority	Validity period
2.	Vanzo Asia	Trademark	 <p>Registered under Class 3 in respect of car perfume included in Class 3.</p>	2018004028	MyIPO	9 April 2018 to 9 April 2028 / 10 years
3.	Vanzo Asia	Trademark	 <p>Registered under Class 35 in respect of advertising by mail order; online advertisement on a computer network; presentation of goods on communication media; business management; business administration; franchise & retail services; import & export services; business merchandising display services; business advisory services; the bringing together, for the benefit of others, of a variety of goods (excluding the transport thereof), enabling customers to conveniently view and purchase those goods from a general merchandise retails & web site in the global communications network; all included in Class 35.</p>	TM2019037610	MyIPO	11 October 2019 to 11 October 2029 / 10 years

6. INFORMATION ON OUR GROUP (cont'd)

No.	Registered owner	Type of intellectual property rights	Description	Application / Registration no.	Issuing authority	Validity period
4.	Vanzo Asia	Trademark	 <p>Registered under Class 3 in respect of air fragrancing preparations; perfumery for car use; air perfuming preparations; all included in Class 3.</p>	TM2019037583	MyIPO	11 October 2019 to 11 October 2029 / 10 years
5.	Vanzo Asia	Trademark	 <p>Registered under Class 16 in respect of advertising posters; advertising publications; photographs; paper cards (blank) for recording data; envelopes; business cards; paper bags; packaging materials made of cardboard; paper boxes; printed forms; booklets; books; leaflets; letterhead paper; paper for letterhead paper; writing paper; note pads; pamphlets; leaflets; stickers; paper tags; user manuals (in the form of printed matter); plastic materials for packaging (not included in other classes); company magazines, catalogues, newsletters, periodicals; brochures; gift stationery, all included in class 16.</p>	TM2019037616	MyIPO	11 October 2019 to 11 October 2029 / 10 years

6. INFORMATION ON OUR GROUP (cont'd)

No.	Registered owner	Type of intellectual property rights	Description	Application / Registration no.	Issuing authority	Validity period
6.	Vanzo Asia	Trademark	 <p>Registered under Class 3 in respect of air fragrancing preparations; perfumery for car use; air perfuming preparations; all included in Class 3.</p>	TM2019037613	MyIPO	11 October 2019 to 11 October 2029 / 10 years
7.	Vanzo Asia	Trademark	 <p>Registered under Class 35 in respect of advertising by mail order; online advertisement on a computer network; presentation of goods on communication media; business management; business administration; franchise & retail services; import & export services; business merchandising display services; business advisory services; the bringing together, for the benefit of others, of a variety of goods (excluding the transport thereof), enabling customers to conveniently view and purchase those goods from a general merchandise retail & web site in the global communications network; all included in Class 35.</p>	TM2019037617	MyIPO	11 October 2019 to 11 October 2029 / 10 years

6. INFORMATION ON OUR GROUP (cont'd)

No.	Registered owner	Type of intellectual property rights	Description	Application / Registration no.	Issuing authority	Validity period
8.	Vanzo Asia	Trademark	<p>VANZO</p> <p>Registered under Class 3 in respect of air fresheners (fragrances); air fragrancing preparations; essential oils for use in air fresheners; car polish; car shampoos; beauty care cosmetics; perfumery; perfumery, essential oils; aromatics for perfumes; aromatic perfumery products; room fragrancing products; incense; scented preparations; oils for perfumes and scents; potpourris (fragrances); cleaning preparations; car cleaning preparations.</p>	1510855	(¹) Brunei Intellectual Property Office	22 November 2019 to 22 November 2029 / 10 years
9.	Vanzo Asia	Trademark	<p>VANZO</p> <p>Registered under Class 3 in respect of air fresheners (fragrances); air fragrancing preparations; essential oils for use in air fresheners; car polish; car shampoos; beauty care cosmetics; perfumery; perfumery, essential oils; aromatics for perfumes; aromatic perfumery products; room fragrancing products; incense; scented preparations; oils for perfumes and scents; potpourris (fragrances); cleaning preparations; car cleaning preparations.</p>	KH/83613/21	(¹) Department of Intellectual Property of the Kingdom of Cambodia	28 October 2020 to 28 October 2030 / 10 years

6. INFORMATION ON OUR GROUP (cont'd)

No.	Registered owner	Type of intellectual property rights	Description	Application / Registration no.	Issuing authority	Validity period
10.	Vanzo Asia	Trademark	<p>VANZO</p> <p>Registered under Class 3 in respect of fragrances; air fragancing preparations; aromatic essential oils; perfumed essential oils, car polishes, car shampoos, beauty care cosmetics; perfumery; essential oils; aromatics for fragrances; aromatic perfumery products; room fragrances; room fragancing preparations; incense; scents; scented substances and preparations for personal use; oils for perfumes and scents; potpourris (fragrance); cleaning preparations; car cleaning preparations.</p>	305411394	⁽¹⁾ Trade Marks Registry Intellectual Property Department (The Government of Hong Kong)	6 October 2020 to 6 October 2030 / 10 years
11.	Vanzo Asia	Trademark	<p>VANZO</p> <p>Registered under Class 3 in respect of air aromatic fragrance (for air freshening); fragrances for perfuming; essential oils for use in air fresheners; preparations for automobiles polish; car shampoo; beauty care cosmetics; perfumery products; perfumery, essential oils; fragrances for perfumes; perfumery products (aromas); fragrances for perfuming; incense; scented products; oils for perfumery; aromatic potpourris; cleaning preparations; cleaning products for automobiles.</p>	N/174782 (099)	⁽¹⁾ Government of the Special Administrative Region of Macau (Directorate of Economic Services)	3 October 2021 to 3 October 2028 / 7 years

6. INFORMATION ON OUR GROUP (cont'd)

No.	Registered owner	Type of intellectual property rights	Description	Application / Registration no.	Issuing authority	Validity period
12.	Vanzo Asia	Trademark	<p>VANZO</p> <p>Registered under Class 3 in respect of fragrances; air fragrancing preparations; essential oils for household use; car polish; beauty care preparations; perfumery; aromatics (essential oils); aromatic oils; room fragrancing preparations; incense; scented oils used to produce aromas when heated; oils for perfumes and scents; potpourris (fragrances); cleaning preparations; cleaning preparations for automobiles.</p>	4/2020/00515160	(¹)Intellectual Property Office of the Philippines	19 February 2021 to 19 February 2031 / 10 years
13.	Vanzo Asia	Trademark	<p>VANZO</p> <p>Registered under Class 3 in respect of air fresheners (fragrances); air fragrancing preparations; essential oils for use in air fresheners; car polish; car shampoos; beauty care cosmetics; perfumery; perfumery, essential oils; aromatics for perfumes; aromatic perfumery products; room fragrancing products; incense; scented preparations; oils for perfumes and scents; potpourris (fragrances); cleaning preparations; car cleaning preparations.</p>	40201924540V	(¹)Intellectual Property Office of Singapore	8 November 2019 to 8 November 2029 / 10 years

6. INFORMATION ON OUR GROUP (cont'd)

No.	Registered owner	Type of intellectual property rights	Description	Application / Registration no.	Issuing authority	Validity period
14.	Vanzo Asia	Trademark	<p>VANZO</p> <p>Registered under Class 3 in respect of air fragrancing preparations; car air fresheners; telephone freshener; auto glass cleanser; car cleaning preparations; rain repellent for car and motorcycle; perfumes; cosmetics and make-up; ethereal oils; shower creams; shampoos; polishing wax; washing-up liquids; household detergents; breath freshening sprays; sandalwood incense; sandpaper; rust removing preparations; deodorants for pets; toilet soap.</p>	02064540	(¹)Taiwan Intellectual Property Office	16 June 2020 to 15 June 2030 / 10 years
15.	Vanzo Asia	Trademark	<p>VANZO</p> <p>Registered under Class 3 in respect of air fresheners (fragrances); air fragrancing preparations; essential oils for use in air fresheners; car polish; car shampoos; beauty care cosmetics; perfumery; perfumery; essential oils; aromatics for perfumes; aromatic perfumery; room fragrancing preparations; incense; scented water; oils for perfumes and scents; potpourris (fragrances); cleaning preparations; car cleaning preparations.</p>	437006	(¹)Intellectual Property Office of Vietnam	24 June 2020 to 24 June 2030 / 10 years

6. INFORMATION ON OUR GROUP (cont'd)

No.	Registered owner	Type of intellectual property rights	Description	Application / Registration no.	Issuing authority	Validity period
16.	Vanzo Asia	Trademark	<p>VANZO</p> <p>Registered under Class 3 in respect of air fresheners (fragrances); air fragrancing preparations; essential oils for use in air fresheners; car polish; car shampoos; beauty care cosmetics; perfumery; perfumery, essential oils; aromatics for perfumes; aromatic perfumery products; room fragrancing products; incense; fragrance preparations; oils for perfumes and scents; potpourris (fragrances); cleaning preparations; car cleaning preparations.</p>	IDM001057238	⁽¹⁾ Directorate General of Intellectual Property Rights of Indonesia ("DGIP")	22 November 2019 to 22 November 2029 / 10 years
17.	Vanzo Asia	Trademark	 <p>Registered under Class 3 in respect of air fresheners preparations; cleaning preparations; essential oils for use in aromatherapy; car polish; beauty care cosmetics; perfumery; perfumery, essential oils; aromatics for perfumes; aromatic products; room fragrancing products; incense; scented lotions and cream for body; oils for perfumes and scents; potpourris (fragrances); room freshener preparations.</p>	IDM000915080	⁽¹⁾ DGIP	2 October 2020 to 2 October 2030 / 10 years

6. INFORMATION ON OUR GROUP (cont'd)

No.	Registered owner	Type of intellectual property rights	Description	Application / Registration no.	Issuing authority	Validity period
18.	Vanzo Asia	Trademark	 <p>Registered under Class 3 in respect of air fragrance reed diffusers; air fresheners (air fragrancing preparations); air fragrancing preparations; car polish; car shampoos; beauty care preparations; cosmetics; perfumery; essential oils for use in air refreshers; aromatics (essential oils); essential oils; essential oils for the production of perfumes; aromatics for perfumes; aromatic perfumery products; room fragrancing products; incense; scents; scented deodorant preparations for personal use; oils for perfumes and scents; potpourris (fragrances); cleaning preparations; car cleaning preparations.</p>	2255634	(1)IP Australia	11 March 2022 to 11 March 2032 / 10 years
19.	Vanzo Asia	Trademark	 <p>Registered under Class 3 in respect of car, bicycle polishing wax; abrasive and air freshener.</p>	32322364	(1)China National Intellectual Property Administration ("CNIPA")	21 October 2019 to 20 October 2029 / 10 years

6. INFORMATION ON OUR GROUP (cont'd)

No.	Registered owner	Type of intellectual property rights	Description	Application / Registration no.	Issuing authority	Validity period
20.	Vanzo Asia	Trademark	 <p>Registered under Class 3 in respect of air fragrance reed diffusers; air fresheners (air fragrancng preparations); air fragrancng preparations; car polishing cream; car wash liquid; car perfume; room fragrancng products; incense; dried flowers scented; car cleaning preparations; perfume concentrate; fragrance sprays; Air fresheners (fragrant preparations); Air fresheners (air fragrancng preparations); oils for perfumes and scents; ethereal oils; air fragrance reed diffusers; eau de toilette; air fragrancng preparations.</p>	200128363	⁽¹⁾ Department of Intellectual Property Thailand	29 July 2020 to 28 July 2030 / 10 years
21.	Vanzo Asia	Trademark	 <p>Class 3 in respect of laundry capsule with detergent, fabric softener for laundry, cleaning agent, toilet cleaner, toilet bowl cleaner, freshener, scented reed diffusers, cosmetics, breath freshener, aromatic incense and air freshener.</p>	78280149	⁽¹⁾ CNIPA	⁽²⁾ Pending registration

6. INFORMATION ON OUR GROUP (cont'd)

No.	Registered owner	Type of intellectual property rights	Description	Application / Registration no.	Issuing authority	Validity period
22.	Vanzo Asia	Trademark	 <p>Class 3 in respect of laundry capsule with detergent; fabric softeners for laundry; cleaning agent; toilet cleaner; toilet bowl cleaner; incense preparations (perfumes); cosmetics; breath freshener and aromatic incense.</p>	79105273	⁽¹⁾ CNIPA	⁽³⁾ Pending registration
23.	Vanzo Asia	Patent	Fragrance container	2024302359901	CNIPA	⁽⁴⁾ Pending registration
24.	Vanzo Asia	Patent	Packaging container	2024302359899	CNIPA	⁽⁴⁾ Pending registration
25.	Vanzo Asia	Patent	Bottle (body)	2024302359884	CNIPA	⁽⁴⁾ Pending registration

Notes:

(2) The registration of our trademarks in these countries allows us to:

- (a) create a barrier of entry in countries where we have registered our trademarks as third parties will not be able to leverage on our brand presence; and
- (b) venture into such countries in the future should any commercial/business opportunity arises.

6. INFORMATION ON OUR GROUP (cont'd)

- (3) The application was submitted on 26 April 2024 for our laundry care products. The outcome of our application is expected to be known approximately 12 months from the date of our submission.
- (4) The application was submitted on 7 June 2024 for our laundry care products. The outcome of our application is expected to be known approximately 12 months from the date of our submission.
- (5) The application was submitted on 24 April 2024 for our laundry care products. The outcome of our application is expected to be known approximately 12 months from the date of our submission. As our supplier is based in China, the registration of the patents will prevent our supplier, other manufacturers and/or other industry players in the said region from copying our designs. As the intellectual properties are territorial in nature, our registrations are only applicable in the countries or regions in which they have been filed and granted, in accordance with the local laws.

[The rest of this page is intentionally left blank]

6. INFORMATION ON OUR GROUP (*cont'd*)

6.5.13 Dependency on contracts, intellectual property rights, licences or processes

Our Group is dependent on the Right of Use of Formula and OEM Production Agreement dated 29 June 2021 entered into with Foshan Ikeda, the salient terms of which are as follows:

Matter	Salient Terms
Contracting parties	Foshan Ikeda (" Party A ") and Vanzo Asia (" Party B ")
Description	<p>"Formula" shall mean the list of ingredient compositions utilised in the production of the air refresher and/or such other aroma/scented related products of Party B.</p> <ol style="list-style-type: none"> The Formula belongs solely and exclusively to Party B. The Formula can only be utilised by Party A in the production of products for sale to Party B, unless otherwise agreed by Party B. All Formula related information including but not limited to composition and production is prohibited from being disclosed to third parties. Party A is responsible for the quality of Party B's products and shall ensure they are of merchantable quality such as of good quality and fit for sale in the usual course of trade. Party B, through its representative(s), shall have the liberty to monitor and inspect the manufacturing process of its products.
Breach	<ol style="list-style-type: none"> If anyone violates or breaches the terms and conditions set out in this agreement, Party B can initiate legal action to sue and restrict the other party. The defaulting party shall bear all losses and legal responsibilities.
Order and payment terms	Orders are made through purchase orders and paid in cash terms.
Warranty	Nil. However, Party A offers exchange for faulty or damaged products.
Delivery terms	Nil.
Tenure	Until termination by either party.
Termination and notification period	May be terminated by either party with notification period of 6 months.
Proper law and jurisdiction	Governed by the laws of Malaysia and China. However, any dispute is subject to the exclusive jurisdiction of the courts of Malaya.

6. INFORMATION ON OUR GROUP (cont'd)

As our Group owns the formulation to the scents, the agreement with Foshan Ikeda prohibits them from producing the same products for other customers. Our Group would still be able to engage other outsourced manufacturers to manufacture the products as there are other available outsourced manufacturers that have the capability to produce the products based on the formulation. During the Period Under Review, our Group has worked with another outsourced manufacturer in China, Foshan Hesheng Daomei Environmental Technology Co. Ltd, however as it is more efficient, cost and time saving and to reduce the risk of exposure of the formulation and design of the products, our Group has ceased such arrangement as at the LPD. Furthermore, as the owner of Foshan Ikeda, Tang, YuQiang, has been our Group's shareholder since June 2020 and our Group is able to participate in and monitor the manufacturing process, our Group has decided to maintain Foshan Ikeda as the main outsourced manufacturer in China.

Save for the agreement disclosed above and the major approvals and licences and intellectual property rights as set out in Sections 6.5.11 and 6.5.12 of this Prospectus and below, our Group's business or profitability is not materially dependent on any contracts, intellectual property rights, licences or processes.

6.5.14 Regulatory requirements and environmental issues

The relevant laws, regulations, rules or requirements governing the conduct of our Group's business which may materially affect our Group's business or operations are summarised below. The following does not purport to be an exhaustive description of all relevant laws and regulations of which our business is subject to.

(a) Local Government Act 1976 ("LGA 1976")

The LGA 1976 empowers the local authorities and councils to grant licences or permits for any trade, occupation or premise through by-laws which set out the requirements, among others, to obtain business and signage licences.

As our Group's business activity in Malaysia is carried out in Shah Alam, we are therefore subject to the by-laws of Shah Alam.

Pursuant to the LGA 1976, any person who fails to exhibit or produce his licences on the premises shall be liable to a fine not exceeding RM500.00 or to imprisonment for a term not exceeding 6 months, or to both. Further, the bylaws of Shah Alam provide that any person who contravenes the by-laws commits an offence, and such person shall upon conviction, be liable to a fine not exceeding RM2,000.00 or to imprisonment for a term not exceeding 1 year, or to both.

As at LPD, Vanzo Asia holds and maintains a valid business and advertisement license issued by the Shah Alam City Council.

(b) Street, Drainage and Building Act 1974 ("SDBA")

The SDBA 1974 regulates laws with regards to local government matters relating to street, drainage and buildings in Peninsular Malaysia including the occupation of buildings. It provides for the requirement to have a CCC to ensure that a building is safe and fit for occupation.

Pursuant to Section 70(27)(f) of SDBA 1974, any person who occupies or permits to be occupied any building or any part thereof without a CCC shall be liable, on conviction, to a fine not exceeding RM250,000.00 or to imprisonment for a term not exceeding ten (10) years or to both.

As at the LPD, our Group's tenanted property has been issued with a valid CCC.

6. INFORMATION ON OUR GROUP (cont'd)

(c) Fire Services Act 1988 ("FSA 1988")

The FSA 1988 essentially contains provisions in law required for an effective and efficient functioning of the Fire and Rescue Department of Malaysia ("**FRD**"), for the protection of persons and property from fire risks and for purposes connected therewith. The FSA provides, among other things, that a fire certificate be issued only after the designated premises have been inspected and the FRD is satisfied that there are adequate facilities for life safety, fire prevention, fire protection and firefighting.

Failure to maintain the fire certificate pursuant to the FSA 1988 constitutes an offence, which is punishable on conviction by a fine not exceeding RM50,000 or imprisonment for a term not exceeding 5 years or both. Pursuant to the Fire Services (Designated Premises) (Amendment) Order 2020, our rented property set out in Section 6.8.1.2 is regarded as designated premises whereby a fire certificate is required.

For the period between January 2024 to April 2024, Vanzo Asia operated from our rented property without a fire certificate. The application for fire certificate was made by Vanzo Asia in March 2024 following the completion of all renovation works on the rented property. Vanzo Asia had been issued with fire certificate dated 8 April 2024.

As at the LPD, Vanzo Asia has not been fined or issued with any notice of non-compliance for this past non-compliance. Our Directors are of the view that the risk of being charged, convicted, penalised and/or compounded retrospectively is low given that our Group has addressed the non-compliance by obtaining the fire certificate dated 8 April 2024.

(d) Control of Drugs and Cosmetics Regulations 1984 ("CDSR 1984")

The CDSR 1984 expressly states that no person shall sell any cosmetic unless the cosmetic is a notified cosmetic. Any person who commits an offence shall be liable on conviction to a fine not exceeding RM25,000.00 or to imprisonment for a term not exceeding 3 years or to both, and for a second or subsequent offence he shall be liable on conviction to a fine not exceeding RM50,000.00 or to imprisonment for a term not exceeding 5 years or to both. The CDSR 1984 applies to our hand sanitizers as hand sanitizers for general hand hygiene are classified as cosmetic products. As at the LPD, our hand sanitizers have been notified under the CDSR 1984.

As at LPD, our face masks, car fragrance and indoor fragrance products as well as laundry care products are not considered as cosmetic products therefore are not regulated under the CDSR 1984.

(e) Medical Device Act 2012 ("MDA 2012")

The MDA 2012 provides that no medical device shall be imported, exported or placed in the market unless the medical device is registered under the MDA 2012 and any person who contravenes the aforesaid shall, on conviction, be liable to a fine not exceeding RM200,000.00 or imprisonment for a term not exceeding 3 years or both. As our face masks are medical face masks, they are medical devices which are regulated under the MDA 2012.

As at LPD, our face masks are registered under the MDA 2012. Meanwhile, as at LPD, our hand sanitizers, car fragrance and indoor fragrance products as well as laundry care products are not considered as medical devices hence are not governed under the MDA 2012.

6. INFORMATION ON OUR GROUP (cont'd)

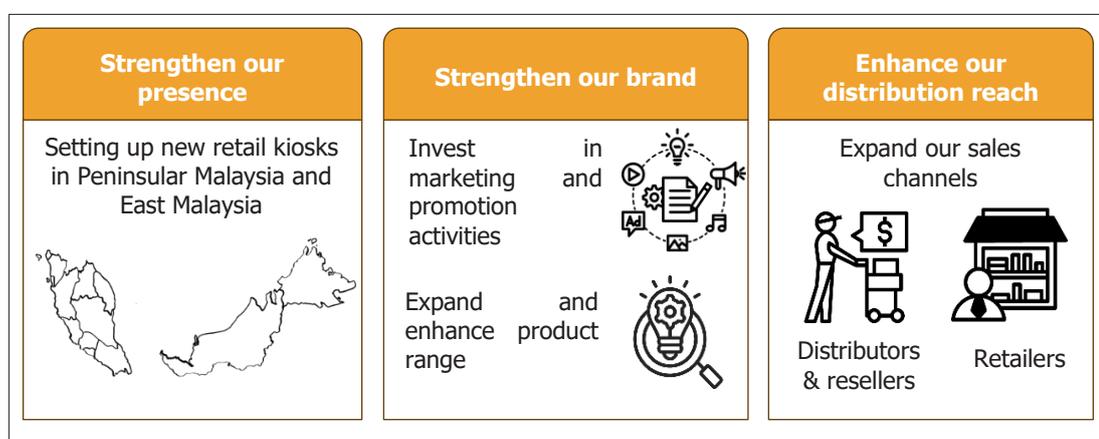
Save as disclosed above, there are no non-compliances with the aforesaid laws, regulations, rules and requirements as at the LPD and there are no other regulatory requirements and/or environmental issues which may materially affect our Group's operations arising from the utilisation of our assets.

6.5.15 Interruptions to our business and operations

We did not experience any material interruptions to our business and operations for the past 12 months prior to the LPD.

6.6 BUSINESS STRATEGIES AND PLANS

Moving forward, we will continue our existing business in the design, marketing and sale of air fragrance and fragrance-related products. We also have put in place strategies and plans to sustain and grow our business as follows:



(i) We intend to strengthen our presence within Malaysia by setting up new retail kiosks

Presently, we have 6 retail kiosks in Malaysia of which 5 are located in 5 shopping malls in Klang Valley and 1 located in Kuching, Sarawak.

Moving forward, we intend to strengthen our market presence by expanding our network of retail outlets throughout Malaysia. As such, we plan to set up 4 new retail kiosks in Peninsular Malaysia and East Malaysia, as detailed below:

No. of new retail kiosks	Location
3	Northern region, Central region or Southern region, Peninsular Malaysia
1	East Malaysia

We have identified Johor Bahru and Kota Kinabalu as suitable locations to set up another 2 retail kiosks by first half of 2025. We have not identified any specific locations for the other 2 retail kiosks to be set up in Peninsular Malaysia by first half of 2026. We intend to rent and set up new retail kiosks in established malls with high number of shoppers. We will take into consideration our target population and demographics, size and rental of the location as well as general economic conditions.

These retail kiosks will be similar to our present outlets, as our products are small in size and do not require large shelf space for display or testing. We are looking at approximately 80 to 150 sq ft of retail area for our retail kiosks.

6. INFORMATION ON OUR GROUP (cont'd)

We estimate that the costs for setting up 4 retail kiosks will amount to approximately RM1.6 million which will be funded from the IPO proceeds.

We will need to hire at least 2 additional employees to be sales assistants at each new retail kiosk.

(ii) We intend to further strengthen our brand and grow our market share within Malaysia

(a) Investing in marketing and promotion activities

We intend to enhance our product awareness and brand by investing in marketing and promotion activities which we have allocated RM5.0 million from our IPO proceeds for the following:

- marketing and promotional activities with retail chain customers to roll out promotional campaigns;
- social media engagement and digital marketing via platforms such as Facebook, Instagram, TikTok, Xiaohongshu (小红书), Lazada, Shopee and Lemon8.
- engaging brand ambassadors to participate in advertisements or post contents on their personal social media platforms with our products to attract prospective customers;
- mass media advertising which entails printed or digital placement with Vanzo branding or promotional messaging on available channels with high traffic location such as electronic billboards; and
- sponsorship of events such as concerts to display our brand on posters and advertisements for the event to create brand awareness for our products. We target to sponsor at least 2 events per annum.

Further, due to the success of our "Marvel Car Vent Perfume and Refill" series and "Disney Tsum Tsum Car Vent Perfume" and "Batmobile 1989 Car Fragrance" series series, we intend to seek new collaborations with other well-known intellectual properties to further strengthen our brand.

(b) Expanding and enhancing our product ranges

Over the years, we have been growing our range of air fragrance and fragrance-related products. Since our incorporation till the LPD, we retail 12 car and indoor fragrance product series with 23 scents.

We intend to continue enhancing our existing product range by introducing new scents or series, or launching new product types that meet market needs, preferences and trends. We intend to continue to introduce at least 1 new product series with 1 new scent co-formulated by us every year which will be funded using our internally generated fund.

Our Group has signed a licence agreement with Warner Bros. Consumer Products Inc where our Group is licensed to market and sell the Batmobile 1989 Car Air Freshener series between 1 May 2024 to 31 December 2026.

6. INFORMATION ON OUR GROUP (cont'd)**(iii) We intend to enhance our distribution reach by expanding our sales channels**

Our distributors, resellers and retailers provide us a wide reach to customers, which will in turn enhance the visibility of our brands and products, and drive the growth of our market share and financial performance. For the Period Under Review, we have the following distributors, resellers and retailers:

	<u>FYE 2021</u>	<u>FYE 2022</u>	<u>FYE 2023</u>	<u>FPE 2024</u>
Distributors and resellers	1,237	839	563	303
Retailers	682	992	1,458	1,961

We target to increase our distributors, resellers and retailers which will be funded using our internally generated fund through the following initiatives over the next 3 years:

- (i) Identify potential distributors, resellers and retailers in new markets which they have strong presence in these areas;
- (ii) Continue to motivate sales efforts and performance through incentive programs such as discounts, rebates and bonuses for those who meet the sales targets; and
- (iii) Equip them with marketing materials and resources to aid them in their promotional efforts.

We have allocated a budget of approximately RM1.1 million over the next 3 years to fund the abovementioned initiatives, which will be financed via our internally generated funds.

6.7 MATERIAL CONTRACTS

Save as disclosed below, there were no contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered into by our Group or our subsidiaries for the Period Under Review and up to the LPD:

- (i) Conditional share sale agreement dated 12 June 2024 entered into between our Company and Allan, Michael, Tang, YuQiang and Lim Chee Lip, to acquire 100% equity interest in Vanzo Asia for a purchase consideration of RM9,148,300. The acquisition was completed on 4 October 2024.
- (ii) Underwriting agreement dated 8 November 2024 entered into between our Company and M&A Securities for the underwriting of 46,676,000 Issue Shares for an underwriting commission of 2.5% of the IPO Price multiplied by the number of Issue Shares underwritten.

[The rest of this page is intentionally left blank]

6. INFORMATION ON OUR GROUP (cont'd)

6.8 PROPERTY, PLANT AND EQUIPMENT

6.8.1 Material Properties

6.8.1.1 Properties owned by our Group

As at LPD, our Group does not own any properties.

6.8.1.2 Properties rented by our Group

The details of material properties rented by our Group as at LPD are set out below:

No.	Postal address	Landlord / Tenant	Description/Existing use	Land area/ Built-up area (sq ft)	Date of issuance of CCC or CF	Period of tenancy/ Rental per annum
(a)	No. 12, Jalan Tiang U8/92, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan	Promac U8, Enterprises Sdn Bhd / Vanzo Asia	One unit of three-storey detached factory building with a covered storage area and a guard house / Office and warehouse	53,044.55 / 40,877.67	10 November 2010	Period of tenancy: 1 November 2023 to 31 October 2026 Rental per annum: (i) RM75,000 per month from 1 November 2023 to 31 October 2024; (ii) RM80,000 per month from 1 November 2024 to 31 October 2025; (iii) RM85,000 per month from 1 November 2025 to 31 October 2026

6. INFORMATION ON OUR GROUP (cont'd)

As at LPD, our Group has engaged third-party warehousing service providers in Johor Bahru and Perai to stock our Group's inventory which enables prompt delivery of products to customers in the Southern region and Northern region of Peninsular Malaysia. However, these are not rented premises and are services rendered for the storage and handling of our products which are charged based on the area used for the products every month.

As our rented retail kiosks as set out in Section 6.5.10(a)(iii) of this Prospectus primarily serve to increase our brand awareness, we are able to relocate to other shopping malls with similar or higher foot traffic if required. In addition, our retail kiosks contributed 0.2%, 3.3% and 4.0% to our Group's revenue for FYE 2022, FYE 2023 and FPE 2024, respectively. As such, we do not foresee any material adverse financial impact on our business if we have to relocate any of our retail kiosks.

As at the LPD, the above properties rented by our Group is not in breach of any other land use conditions, current statutory requirements, land rules or building regulations/by-laws, which will have material adverse impact on our operations and/or financial performance.

[The rest of this page is intentionally left blank]

6. INFORMATION ON OUR GROUP *(cont'd)*

6.8.2 Production capacities, output and utilisation

Production capacities, output and utilisation are not applicable to our business operation as our business activities are mainly involved in the design, marketing and sale of air fragrance and fragrance-related products.

6.8.3 Material plans to construct, expand or improve our facilities

Our Group has no immediate plans to construct, expand or improve our facilities as at LPD.

6.9 EMPLOYEES

As at LPD, our Group has a total workforce of 54 of which all are Malaysian and permanent employees.

None of these employees belong to any labour union. As at the LPD, there has been no industrial dispute pertaining to our employees nor has there been any incidence of work stoppage or labour disputes that have materially affected our operations since incorporation.

A summary of our Group's total workforce according to job functions as at FYE 2023 and the LPD is as below:

Departments	Number of employees	
	As at FYE 2023	As at the LPD
Management	5	5
Sales and marketing	27	34
Product development and QA/QC	2	2
Finance, human resource, and administration	7	7
Operations	6	6
Total	47	54

[The rest of this page is intentionally left blank]

6. INFORMATION ON OUR GROUP (cont'd)

6.10 MAJOR CUSTOMERS

Our Group top 5 major customers for the Period Under Review are as follows:

FYE 2021

No.	Customers	Country	Customer type	Type of products	⁽¹⁾ Length of relationship (years)	Revenue contribution	
						RM'000	(2)%
(1)	MM One Stop Station Enterprise	Malaysia	Electronics and mobile gadgets retailer	Car fragrances, indoor fragrances, face masks, hand sanitiser and accessories	2	1,734	7.6
(2)	Media Digital Solution PLT	Malaysia	Electronics and mobile gadgets retailer	Car fragrances, indoor fragrances, face masks, hand sanitiser and accessories	1	1,187	5.2
(3)	CK Distributors Sdn Bhd	Malaysia	FMCG distributor	Car fragrances, indoor fragrances, face masks, hand sanitiser	<1	1,128	5.0
(4)	Luxury Accessories Enterprise	Malaysia	Car accessories retailer	Car fragrances, indoor fragrances, face masks, hand sanitiser and accessories	2	1,100	4.8
(5)	TC Concepts (M) Sdn Bhd	Malaysia	Car accessories retailer	Car fragrances, indoor fragrances, face masks, hand sanitiser and accessories	2	954	4.2
Total						6,103	26.8

6. INFORMATION ON OUR GROUP (cont'd)

FYE 2022

No.	Customers	Country	Customer type	Type of products	⁽¹⁾ Length of relationship (years)	Revenue contribution	
						RM'000	(2)%
(1)	Yee Lee group of companies ⁽³⁾	Malaysia	FMCG distributor	Car fragrances, indoor fragrances, face masks and hand sanitiser	<1	5,160	15.2
(2)	Media Digital Solution PLT	Malaysia	Electronics and mobile gadgets retailer	Car fragrances, indoor fragrances, face masks, hand sanitiser and accessories	2	1,746	5.1
(3)	MM One Stop Station Enterprise	Malaysia	Electronics and mobile gadgets retailer	Car fragrances, indoor fragrances, face masks, hand sanitiser and accessories	3	1,585	4.7
(4)	Bergamot Sdn Bhd	Malaysia	Personal protective equipment manufacturer and distributor	Car fragrances, indoor fragrances and hand sanitiser	2	1,192	3.5
(5)	Intense United group of companies ⁽⁴⁾	Malaysia	Car accessories retailer	Car fragrances, indoor fragrances, face masks, hand sanitiser and accessories	1	1,105	3.3
Total						10,788	31.8

6. INFORMATION ON OUR GROUP (cont'd)

FYE 2023

No.	Customers	Country	Customer type	Type of products	⁽¹⁾ Length of relationship (years)	Revenue contribution	
						RM'000	(2)%
(1)	Watson's Personal Care Stores Sdn Bhd	Malaysia	Health and beauty product retailer	Car fragrances and indoor fragrances	1	5,685	13.9
(2)	Lotuss Stores (Malaysia) Sdn Bhd	Malaysia	Hypermarket retailer	Car fragrances and indoor fragrances	<1	3,019	7.4
(3)	MM One Stop Station Enterprise	Malaysia	Electronics and gadget mobile retailer	Car fragrances, indoor fragrances, face mask, hand sanitiser and accessories	4	1,784	4.4
(4)	Media Digital Solution Pjt	Malaysia	Electronics and gadget mobile retailer	Car fragrances, indoor fragrances, face mask and hand sanitiser	3	1,526	3.7
(5)	Aeon Co. (M) Bhd ⁽⁵⁾	Malaysia	Retailer	Car fragrances, indoor fragrances, face mask and hand sanitiser	2	1,382	3.4
Total						13,396	32.8

6. INFORMATION ON OUR GROUP (cont'd)

FPE 2024

No.	Customers	Country	Customer type	Type of products	(1) Length of relationship (years)	Revenue contribution RM'000	(2)%
(1)	Watson's Personal Care Stores Sdn Bhd	Malaysia	Health and beauty product retailer	Car fragrances and indoor fragrances	2	9,315	25.3
(2)	Luxury Accessories Enterprise	Malaysia	Car accessories retailer	Car fragrances, indoor fragrances, face masks, hand sanitiser and accessories	5	1,722	4.7
(3)	Mr. D.I.Y. Trading Sdn Bhd	Malaysia	Home improvement retailer	Car fragrances and indoor fragrances	<1	1,454	4.0
(4)	Lotuss Stores (Malaysia) Sdn Bhd	Malaysia	Hypermarket retailer	Car fragrances and indoor fragrances	1	1,422	3.9
(5)	MM One Stop Station Enterprise	Malaysia	Electronics and mobile gadget retailer	Car fragrances, indoor fragrances, face mask, hand sanitiser and accessories	5	1,213	3.3
Total						15,126	41.2

Notes:

- (1) Length of relationship is determined as at the respective FYE 2021, FYE 2022, FYE 2023 and FPE 2024.
- (2) Our Group's total revenue for the FYE 2021, FYE 2022, FYE 2023 and FPE 2024 are RM22.79 million, RM33.97 million, RM40.86 million and RM36.78 million respectively.

6. INFORMATION ON OUR GROUP (cont'd)

- (3) Refer to revenue from YLTC Sdn Bhd and Yee Lee Marketing Sdn Bhd. For the Period Under Review, the revenue from Yee Lee group of companies comprised the following:

Yee Lee group of companies	FYE 2021		FYE 2022		FYE 2023		FPE 2024	
	RM'000	% of total revenue	RM'000	% of total revenue	RM'000	% of total revenue	RM'000	% of total revenue
YLTC Sdn Bhd	-	-	3,486	10.3	1,193	2.9	155	0.4
Yee Lee Marketing Sdn Bhd	-	-	1,674	4.9	130	0.3	-	-
Total	-	-	5,160	15.2	1,323	3.2	155	0.4

- (4) Refer to revenue from Intense United Sdn Bhd and Innovative Store Sdn Bhd. For the Period Under Review, the revenue from Intense United group of companies comprised the following:

Intense United group of companies	FYE 2021		FYE 2022		FYE 2023		FPE 2024	
	RM'000	% of total revenue	RM'000	% of total revenue	RM'000	% of total revenue	RM'000	% of total revenue
Intense United Sdn Bhd	-	-	1,049	3.1	936	2.3	602	1.6
Innovative Store Sdn Bhd	434	1.9	56	0.2	-	-	-	-
Total	434	1.9	1,105	3.3	936	2.3	602	1.6

- (5) Consists of sales to 3 departments under AEON Co. (M) Bhd, ie AEON Wellness, AEON Supermarket and AEON DIY.

For the FYE 2021, FYE 2022, FYE 2023 and FPE 2024, our Group's top 5 customers contributed 26.8%, 31.8%, 32.8% and 41.2% of our Group's revenues, respectively. Our business is not dependent on any of our major customers as the composition of our Group's top 5 customers generally varies from year to year. Our sales to Watson's Personal Care Stores Sdn Bhd increased from 13.9% in FYE 2023 to 23.5% in FPE 2024, mainly due to the promotional activities jointly undertaken with them, which is in line with the launch of our Marvel Car Vent Perfume and Refill series and Disney Tsum Tsum Car Vent Perfume series. These promotional expenses are fully borne by our Group, and as such, we are not dependent on them as we can collaborate with other retailers to undertake similar promotional activities.

Save for sales amounting to RM0.02 million, RM0.65 million, RM0.39 million and RM0.17 million from AEON Wellness for Period Under Review which were consignment sales, the sales from our major customers are based on purchase orders for Period Under Review. In addition, our Group has a diverse customer base and we served at least 10,000 customers for each FYE during the Period Under Review.

6. INFORMATION ON OUR GROUP (cont'd)

Due to the nature of our Group's business, our sales are mostly based on purchase orders. There is also no minimum required sales quantity of our products in the retail outlets of the retailers. However, we have entered into fixed terms agreements with 8 of the retailers for periods ranging between 1-5 years. Our customer base primarily comprises of distributors and retailers. As a result, the future performance of our Group is reliant, to a certain extent, on our ability to secure repeat purchase orders from these customers.

There has been no dispute with these customers over time which has significantly affected our operations or financial performance. As at the LPD, none of our Directors, Promoters and/or substantial shareholders has any interest, direct or indirect, in any of our major customers.

[The rest of this page is intentionally left blank]

6. INFORMATION ON OUR GROUP (cont'd)

6.11 MAJOR SUPPLIERS

Our Group's top 5 major suppliers for the Period Under Review are as follows:

FYE 2021

No.	Suppliers	Country	Type of products / services provided	⁽¹⁾ Length of relationship (years)	Purchases	
					RM'000	(2)%
(1)	Foshan Ikeda	China	Air fragrance products	3	7,033	45.3
(2)	Foshan Hesheng Technology Co. Ltd	China	Air fragrance products	<1	3,218	20.7
(3)	Shenzhen Bai Xiang Hui Technology Co. Ltd ⁽⁴⁾	China	Air fragrance products	<1	2,578	16.6
(4)	Bergamot Sdn Bhd	Malaysia	Fragrance infused face masks	1	709	4.6
(5)	Fukuyama Global Solutions (Shanghai) Ltd	China	Freight services	1	316	2.0
Total					13,854	89.2

[The rest of this page is intentionally left blank]

6. INFORMATION ON OUR GROUP (cont'd)

FYE 2022

No.	Suppliers	Country	Type of products / services provided	⁽¹⁾ Length of relationship (years)	Purchases	
					RM'000	(2)%
(1)	Foshan Ikeda	China	Air fragrance products	4	9,801	51.8
(2)	Foshan Hesheng Technology Co. Ltd	China	Air fragrance products	1	3,084	16.3
(3)	Bob Spring Sdn Bhd	Malaysia	Fragrance infused hand sanitiser	1	1,942	10.3
(4)	Shenzhen Bai Xiang Hui Technology Co. Ltd ⁽⁴⁾	China	Air fragrance products	1	1,191	6.3
(5)	Bergamot Sdn Bhd	Malaysia	Fragrance infused face masks	2	781	4.1
Total					16,799	88.8

[The rest of this page is intentionally left blank]

6. INFORMATION ON OUR GROUP (cont'd)

FYE 2023

No.	Suppliers	Country	Type of products / services provided	⁽¹⁾ Length of relationship (years)	Purchases	
					RM'000	(2)%
(1)	Foshan Ikeda	China	Air fragrance products	5	12,933	56.9
(2)	Shenzhen Bai Xiang Hui Technology Co. Ltd ⁽⁴⁾	China	Air fragrance products	2	5,728	25.2
(3)	Aromate Industries Co. Ltd	Taiwan	Air fragrance products	1	578	2.5
(4)	Foshan Hesheng Daomei Environmental Technology Co. Ltd	China	Air fragrance products	2	526	2.3
(5)	Fukuyama Global Solutions (Shanghai) Ltd	China	Freight services	3	362	1.6
Total					20,127	88.5

[The rest of this page is intentionally left blank]

6. INFORMATION ON OUR GROUP (cont'd)

FPE 2024

No.	Suppliers	Country	Type of products / services provided	⁽¹⁾ Length of relationship (years)	Purchases	
					RM'000	(2)%
(1)	Foshan Ikeda group of companies ⁽³⁾	China	Air fragrance and laundry care products	5	10,322	61.0
(2)	Shenzhen Bai Xiang Hui Technology Co. Ltd ⁽⁴⁾	China	Air fragrance products	3	3,575	21.1
(3)	Aromate Industries Co. Ltd	Taiwan	Air fragrance products	1	950	5.6
(4)	Fukuyama Global Solutions (Shanghai) Ltd	China	Freight services	4	127	0.8
(5)	Bob Spring Sdn Bhd	Malaysia	Fragrance infused hand sanitiser	2	98	0.6
Total					15,072	89.1

Notes:

- Length of relationship is determined as at the respective FYE 2021, FYE 2022, FYE 2023 and FPE 2024.
- Our Group's total purchase for the FYE 2021, FYE 2022, FYE 2023 and FPE 2024 are RM15.54 million, RM18.90 million, RM22.72 million and RM16.93 million respectively.
- Refer to purchases from Foshan Ikeda and Guangdong Ikeda Car Accessories Co., Ltd as follows:

Foshan Ikeda group of companies	FPE 2024	
	RM'000	% of total revenue
Foshan Ikeda	9,835	58.1
Guangdong Ikeda Car Accessories Co., Ltd	487	2.9
Total	10,322	61.0

- The products purchased by our Group from Shenzhen Bai Xiang Hui Technology Co. Ltd are supplied by Foshan Ikeda and therefore are of the same quality. Our Group had purchased the products from Shenzhen Bai Xiang Hui Technology Co. Ltd as requested by Foshan Ikeda at the same price.

6. INFORMATION ON OUR GROUP (cont'd)

During the Period Under Review, our Group's top 5 suppliers contributed 89.2%, 88.8%, 88.5% and 89.1% of our Group's total purchases, respectively.

In order to reduce the risk of exposure of the formulation and design of our products, we limit the number of our appointed outsourced manufacturers. As at LPD, we mainly work with 1 outsourced manufacturer to formulate our scents and manufacture most of our car and indoor fragrance products. We also work with another outsourced manufacturer based in Taiwan, i.e. Aromate Industries Co. Ltd to manufacture certain air fragrance products as at the LPD.

During the Period Under Review, we mainly outsourced the manufacturing of our air fragrance and fragrance related products to Foshan Ikeda. Further, the products purchased from Shenzhen Bai Xiang Hui Technology Co. Ltd are supplied by Foshan Ikeda. Collectively, both suppliers contributed 61.9%, 58.1%, 82.1% and 82.1% of our Group's total purchases for FYE 2021, FYE 2022, FYE 2023 and FPE 2024, respectively. We are thus dependent on Foshan Ikeda.

As we own the formulation to our scents, our agreement with Foshan Ikeda prohibits them from producing the same products for other customers. We would still be able to engage other outsourced manufacturers to manufacture our products as there are other available outsourced manufacturers that have the capability to produce our products based on our formulation. During the Period Under Review, we have worked with another outsourced manufacturer in China, Foshan Hesheng Daomei Environmental Technology Co. Ltd. However as it is more efficient, cost and time saving and to reduce the risk of exposure of the formulation and design of our products, we have ceased such arrangement as at the LPD. Furthermore, as the owner of Foshan Ikeda, Tang, YuQiang, has been our shareholder since June 2020 and we are able to participate in and monitor the manufacturing process, we have decided to maintain Foshan Ikeda as our main outsource manufacturer in China.

We wish to highlight that we still have another outsource manufacturer in Taiwan, Aromate Industries Co. Ltd, which currently manufactures different types of air fragrance products for us. They have the capability to produce our products based on our formulations, if required.

For scents that are sourced directly from Foshan Ikeda and Aromate Industries Co. Ltd, we would be able to source similar scents from other outsourced manufacturers as these scents are generally widely available.

As at LPD, there has been no dispute with our suppliers which has materially affected our operations or financial performance.

[The rest of this page is intentionally left blank]

6. INFORMATION ON OUR GROUP (cont'd)

6.12 EXCHANGE CONTROL

Our Group has not established any place of business outside of Malaysia and is not subject to any governmental laws, decrees, regulations or other legislations that may affect the repatriation of capital and remittance of profits by or to our Group.

6.13 ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRACTICES

We are conscientious of factors affecting the environment, community and our employees. To this end, we have implemented, and are in the midst of implementing, the following practices:

(a) Environmental

The ingredients used in our air fragrance products are made from plant-extracts and other non-harmful ingredients, amongst others. Our products do not contain harmful substances such as synthetic dyes, paraffin, formaldehyde, benzene and toluene that are harmful to humans' health or the environment.

Internally, we are also conscious of our impact on the environment and we have adopted responsible approaches in our daily operations to promote environmental sustainability. This includes transitioning to digitalise our marketing materials such as catalogues and brochures, to minimise paper printing. In addition, in order to reduce carbon footprint, employees are encouraged to communicate via electronic methods (such as through email and instant messaging), and only print hard copies of documents when necessary. Our Group also ensures that waste is recycled where possible, and that non-recyclable waste is disposed of responsibly.

(b) Social

We place strong emphasis on maintaining a safe and healthy workplace for our employees. We have formalised control measures and procedures for safety and health functions which include, among others, formalising compliance checklists as well as educating and conducting briefing for our employees on workplace hazards and emergency response plan.

We also support and practise workplace equal opportunity, fair treatment, and gender and cultural diversity for our employees. We have a systematic appraisal system where employees are assessed based on their respective skillset and capabilities.

(c) Governance

We are committed to achieve and uphold the highest standards of corporate governance and ethical conduct in accordance with the principles and practices of corporate governance as set out in the Malaysian Code on Corporate Governance ("**MCCG**") as we believe that a high standard of corporate governance is a fundamental part of our Group in discharging our responsibilities to protect and enhance our shareholders' value and financial performance, with high corporate accountability, transparency and integrity.

Our Board is committed to the high standards of professionalism, honesty, accountability, integrity and ethical behaviour in the conduct of our business and operations. We have put in place practices and guidance in accordance with the 3 principles stipulated in the MCCG which cover:

- board leadership and effectiveness;
- effective audit and risk management; and
- integrity in corporate reporting and establishing meaningful relationship with our stakeholders.

6. INFORMATION ON OUR GROUP (cont'd)

As at the LPD, half of the members of our Board comprise independent directors and at least 30% of our Board comprise women directors.

Further, in order to ensure an effective Board to instil good corporate governance practices in our Group, we have established the Nominating Committee which comprises majority Independent Non-Executive Directors with duties and obligations of, among others, to evaluate and review the performance of our Board and senior management in addressing our material sustainability risks and opportunities. We have established and adopted the Anti-Bribery and Anti-Corruption Policy and Guidelines in compliance with the Malaysian Anti-Corruption Commission Act 2009 as we are committed to a zero-tolerance approach in our efforts to prevent corrupt and bribery practices within our Group as well as any third parties associated with us. We have also put in place the Whistleblowing Policy and Procedures to promote and maintain compliance with the Whistleblower Protection Act 2010.

[The rest of this page is intentionally left blank]

7. IMR REPORT



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

Date: 31 October 2024

The Board of Directors
VANZO HOLDINGS BERHAD
No. 12, Jalan Tiang U8/92
Seksyen U8, Bukit Jelutong
40150, Shah Alam, Selangor, Malaysia

Dear Sirs/Madam,

Independent Market Research (“IMR”) Report on The Air Fragrance Industry in Malaysia in conjunction with the Listing of VANZO HOLDINGS BERHAD on the ACE Market of Bursa Malaysia Securities Berhad

PROVIDENCE STRATEGIC PARTNERS SDN BHD (“**PROVIDENCE**”) has prepared this IMR report on the Air Fragrance Industry in Malaysia for inclusion in the Prospectus of Vanzo Holdings Berhad.

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

No part of this publication may be copied, reproduced, published, distributed, transmitted or passed, in whole or in part, without prior express written consent from PROVIDENCE.

For and on behalf of PROVIDENCE:

A handwritten signature in black ink, appearing to read 'Melissa Lim', with a long horizontal line extending to the right.

MELISSA LIM

EXECUTIVE DIRECTOR

About PROVIDENCE STRATEGIC PARTNERS SDN BHD:

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

About MELISSA LIM:

Melissa Lim is the Executive Director of PROVIDENCE. She has approximately 15 years of experience in market research for capital market exercises. Melissa Lim holds a Bachelor of Commerce (Double major in Marketing and Management) from Murdoch University, Australia.

7. IMR REPORT (cont'd)



Vanzo Holdings Berhad and its subsidiary (collectively referred to as “**Vanzo Group**” or “**the Group**”) are principally involved in the design, marketing and sale of air fragrance and fragrance-related products. Between financial year end (“**FYE**”) 2021 and financial period end (“**FPE**”) 2024, 85.2% to 98.9% of the Group’s revenue was generated from air fragrance products, while the remaining 1.1% to 14.8% of the Group’s revenue was derived from personal and household care products, accessories and other products. Malaysia is also the Group’s principal market, wherein 98.9% to 99.5% of the Group’s revenue was derived from Malaysia, while the remaining 0.5% to 1.1% of the Group’s revenue was derived from Singapore, Brunei and Australia.

As such, this IMR report will focus on the air fragrance industry in Malaysia. It will also cover an overview of the air fragrance industries in Southeast Asia and Australia, and the personal and household care market in Malaysia.

1 THE AIR FRAGRANCE INDUSTRY IN MALAYSIA

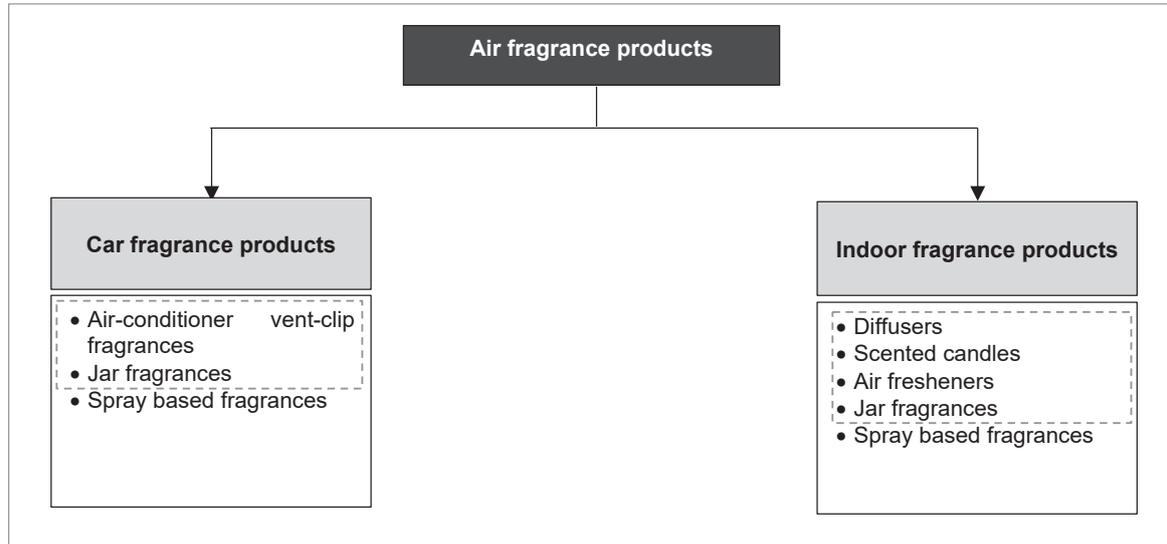
DEFINITION AND SEGMENTATION

Air fragrance products refer to scented products intended for use in a confined space such as in a vehicle, room, bathroom or office. Their function is to deodorise the air and neutralise any unpleasant odours. In addition, they may be used to enhance an environment and elevate mood, such as at a spa.

Scents can evoke emotions and moods such as relaxation, romance and fun. This is because the olfactory system, which is the sensory system for smelling, recognises scents and relates them to a previous experience. In addition, air fragrance products may be blended with essential oils to provide a variety of benefits such as relieving stress, decreasing anxiety and improving sleep quality.

The air fragrance industry may generally be segmented as follows:

Segmentation of air fragrance industry



Notes:

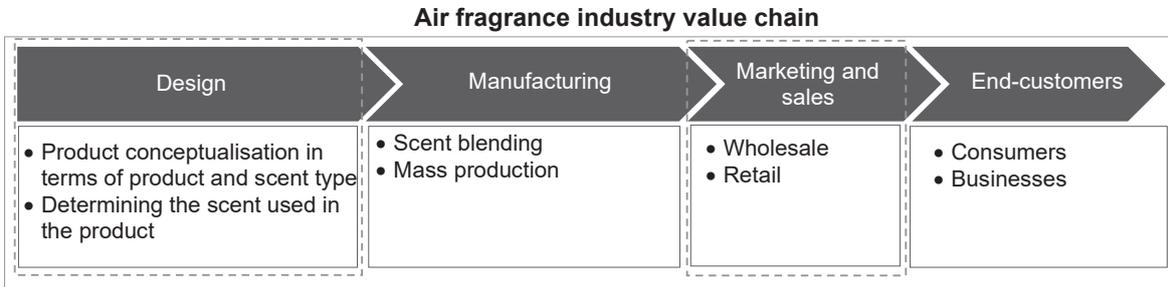
- (i) Denotes the segment in which Vanzo Group presently operates in
- (ii) This list is not exhaustive

Source: PROVIDENCE

7. IMR REPORT (cont'd)



The value chain of the air fragrance industry is as depicted below:



Notes:

- (i) Denotes the segment in which Vanzo Group presently operates in
- (ii) This list is not exhaustive

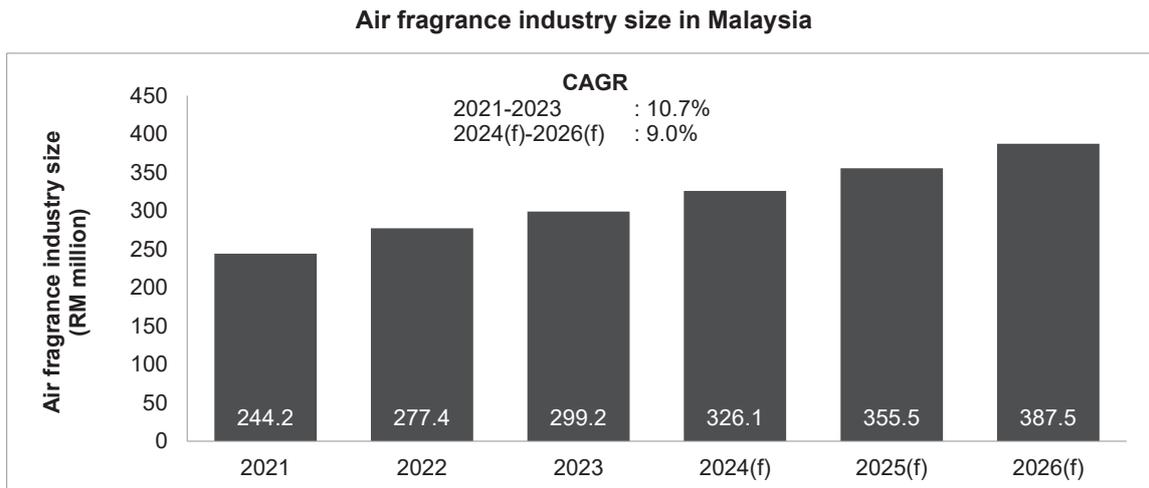
Source: PROVIDENCE

The value chain of the air fragrance industry begins with the design of the product. This includes conceptualising the product type (e.g., jar fragrances or diffusers) and scent type (e.g., floral, fruity or fresh) to meet the intended target market segment. This is followed by determining the scent that will be used in the product. Thereafter, the scent is blended with the product formula, and air fragrance products are mass manufactured. The finished products are then marketed and sold to end-customers who comprise consumers and businesses.

Vanzo Group is a homegrown company that is primarily involved in the design, marketing and sale of air fragrance products.

INDUSTRY PERFORMANCE, SIZE AND GROWTH

The air fragrance industry in Malaysia can be measured by the value of air fragrance products sold in the country. The air fragrance industry in Malaysia grew from RM244.2 million in 2021 to RM299.2 million in 2023 at a compound annual growth rate (“CAGR”) of 10.7%. Moving forward, the air fragrance industry in Malaysia is forecast to grow by a further CAGR of 9.0%, from an estimated RM326.1 million in 2024 to RM387.5 million in 2026.



Note:

(f) – Forecast

Source: Nielsen, PROVIDENCE

7. IMR REPORT (cont'd)



KEY GROWTH DRIVERS

Growing vehicle ownership will lead to increased demand for car fragrance products, contributing to the growth of the air fragrance industry

In Malaysia, the total number of passenger and commercial vehicles registered increased from 508,911 in 2021 to 799,731 in 2023¹. This has been, and is expected to continue to be supported, by continuous consumer spending in tandem with the country's positive long-term economic prospects, the introduction of new models including electric vehicles (EVs) at more competitive prices, government incentives as well as promotional sales campaigns by automotive marques.

Further, most Malaysians prefer driving cars due to convenience, comfort and safety. As an illustration, the number of vehicles in use in Malaysia was 17.7 million as of 2020, which translates to 535 vehicles per 1,000 inhabitants.² This is relatively higher than the global average in the same year of 209 vehicles per 1,000 inhabitants.

The high number of vehicles in use and the growing number of vehicles in Malaysia are expected to create continuous demand for car fragrance products. This is because drivers may use these products to keep the interior of the car smelling fresh and make commuting more pleasant.

Rising disposable income and rapid urbanisation are expected to create demand for air fragrance products

The increase in gross national income ("GNI") indicates a growing disposable income which would give rise to greater spending power amongst the population. Malaysia's GNI per capita grew from RM46,253 in 2021 to RM52,955 in 2023.³ With greater spending power, consumers in Malaysia will be more inclined to purchase lifestyle consumer products, including air fragrance products.

Malaysia is a developing nation with a high urbanisation rate of 78.7% in 2023.⁴ As a result of urbanisation, more people will be moving to cities and living in smaller spaces. This is expected to lead to increased demand for indoor fragrance products to improve indoor air quality in urban areas.

Growing number of residential and commercial properties will create demand for air fragrance products

Residential properties in Malaysia grew from 6.0 million in 2021 to 6.2 million in 2023.⁵ Meanwhile, commercial properties in Malaysia grew from 892,323 units in 2021 to 999,968 units in 2023.⁶ Moving forward, the demand for residential properties is expected to grow in light of the initiatives implemented by the Government of Malaysia. These include:

- An allocation of RM10.0 billion under the Housing Credit Guarantee Scheme, a scheme established to help individuals without a steady income to achieve home ownership, under Budget 2024. Meanwhile, Budget 2025 includes an additional RM10.0 billion allocation under the Housing Credit Guarantee Scheme, which is expected to benefit 20,000 home buyers;
- 'People's Residency Programme' (previously known as 'People's Housing Programme' (PPR)), is an initiative by the Government of Malaysia to develop affordable housing for low-income families. Under Budget 2024, RM367.0 million has been allocated. Meanwhile under Budget 2025, the Government of Malaysia has further allocated RM405.0 million for the completion of 48 ongoing projects;
- 'Rumah Selangorku', which is an initiative introduced by the Selangor State Government to provide low-cost, low-medium and medium-cost housing for the people;
- 'Residensi Wilayah' (previously known as 'Rumah Mampu Milik Wilayah Persekutuan' (RUMAWIP)), which is an initiative by the Ministry of Federal Territories to provide affordable housing to the middle-income groups in the federal territories, namely Kuala Lumpur, Putrajaya and Labuan;
- Rumah Mesra Rakyat (RMR) programme, which assists the lower income group in owning a house through cash payments or loans from financial institutions. In April 2023, the Government

¹ Source: Malaysian Automotive Association

² Source: International Organization of Motor Vehicle Manufacturers. Latest publicly available information is as at 2020.

³ Source: Department of Statistics Malaysia

⁴ Source: World Bank

⁵ Source: National Property Information Centre

⁶ Source: National Property Information Centre

7. IMR REPORT (*cont'd*)



of Malaysia extended the monthly instalment period from 16 to 25 years with a fixed rate of RM300. The Government of Malaysia has allocated RM358.0 million to construct 3,500 units under Budget 2024 and RM452.0 million to construct 5,410 units under Budget 2025; and

- Budget 2025 also includes tax incentives for first-time home buyers, such as personal tax relief of up to RM7,000 on an annual basis for 3 years on housing loan interest payments.

Meanwhile, the demand for commercial properties is expected to grow in line with the number of companies in Malaysia. Number of companies registered in Malaysia grew from 1.4 million in 2021 to 1.5 million in 2023.⁷

The growth in number of residential and commercial properties is expected to create demand for air fragrance products, particularly indoor fragrance products. Individuals generally use these products to keep their homes smelling pleasant and create a cozy atmosphere, while businesses use these products to create a positive work environment. Air fragrance products are also used in certain areas in a house or office (such as bathrooms) to keep the area smelling pleasant.

Growing awareness on the importance of natural air fragrance products

There is a growing awareness of the harm some air fragrance products can cause to an individual's health should they contain harmful chemical compounds such as benzene, formaldehyde and toluene. Studies have shown that air fragrance products emit over 100 different chemicals, including volatile organic compounds and semi-volatile organic compounds.⁸ Volatile organic compounds are chemicals that evaporate easily at room temperature and may cause negative health effects such as irritation in the eyes, nose and throat, as well as cause rashes. It can also affect a person's central nervous system, resulting in fatigue, dizziness, headaches and nausea, and/or cause respiratory distress, amongst others. In addition, volatile organic compounds such as benzene and formaldehyde are known to increase the risk of cancer.^{9,10} As such, individuals are moving towards natural-based scents and products which use plant-extracts or other non-harmful ingredients.

Apart from the above, there is also a growing awareness of plant-based scents to promote health and general well-being. Apart from being free from harmful chemicals, such scents are believed to have therapeutic properties. Examples of these plant-based scents and the health claims associated with them are:

- Eucalyptus – antibacterial;
- Lavender – promoting relaxation, stress relief and improving sleep quality;
- Lemongrass – insect repellent; and
- Peppermint – aids digestion.

Concerns about the health impacts of non-natural air fragrance products and growing awareness of the benefits of natural scents are expected to lead to an inclination towards natural scents and air fragrance products, as they do not contain chemicals and are believed to provide added benefits.

PRODUCT / SERVICE SUBSTITUTION

There are no other substitutes for air fragrance products that can deodorise the air and introduce a pleasant scent. However, air fragrance products may be substituted through do-it-yourself methods by using kitchen or garden items. For example, mixing water with essential oils can create air freshener spray. Kitchen items such as white vinegar, baking soda or coffee grounds have a deodorising effect and can be used to absorb smells.

SUPPLY CONDITIONS

Availability of ingredients and supplies used in air fragrance products

Air fragrance products use plant-based ingredients to derive scents and other compounds, both of which are readily available globally.

⁷ Source: Companies Commission of Malaysia

⁸ Source: Building and Environment, Volume 111, January 2017, Ten questions concerning air fresheners and indoor built environments

⁹ Source: Environmental Health Perspectives, May 2007, Ranking cancer risks of organic hazardous air pollutants in the United States

¹⁰ Source: National Library of Medicine, Healthcare (Basel), May 2021, Phthalates and their impacts on human health

7. IMR REPORT (cont'd)



COMPETITIVE OVERVIEW

As Vanzo Group is principally involved in the design, marketing and sale of air fragrance products under its own brand, "Vanzo", the competitive landscape will be focused on companies involved in the design, marketing and sale of their own brand of air fragrance products. PROVIDENCE estimates that there are approximately 30 industry players involved in the design, marketing and sale of air fragrance and fragrance-related products under their own brand(s), comprising multinational companies and local homegrown companies.

PROVIDENCE has identified 10 industry players, including the Group, on the basis that:

- (i) they are primarily involved in design, marketing and sale of air fragrance and fragrance-related products and distribute their own brand(s) of products;
- (ii) they design, market and sell 2 or more similar types of air fragrance products as Vanzo Group; and
- (iii) these industry players have a revenue of RM5.0 million and above in the latest financial year.

There are 2 types of industry players, i.e. local homegrown companies and multinational companies that have local subsidiaries or representative companies based in Malaysia.

The table below sets out the details of industry players who are local homegrown companies (a)(b):

Company name	Brand	Location of headquarters	Latest audited FYE	Revenue (RM million)	Gross profit ("GP") (RM million)	GP margin (%) ^(c)	Profit after tax after tax (RM million)	PAT margin (%) ^(d)
Vanzo Group	Vanzo	Malaysia	30 September 2023	39.8^(e)	18.6^(e)	46.7	5.1^(f)	12.5^(f)
Bliese (M) Sdn Bhd	Bliese	Malaysia	31 December 2022	9.5	5.5	57.9	(0.4)	- ^(h)
Scent Pur Manufacturing (M) Sdn Bhd ^(g)	Scent Pur	Malaysia	31 December 2018	9.4	2.1	22.3	0.03	0.3
Jape & Eze Sdn. Bhd	Jape	Malaysia	31 December 2023	7.1	1.2	16.9	(0.003)	- ^(h)

The table below sets out the details of industry players who are multinational companies (particularly the parent company and the subsidiary based in Malaysia) (a)(b):

Company name	Brand	Location of headquarters	Latest audited FYE	Revenue (RM million)	Gross profit ("GP") (RM million)	GP margin (%) ^(c)	Profit after tax after tax (RM million)	PAT margin (%) ^(d)
The Procter & Gamble Company ⁽ⁱ⁾	Ambi Pur	The United States	30 June 2024	134,654 ^{(j)(k)}	197,180 ^{(j)(k)}	51.4 ^(m)	68,361 ^{(j)(k)}	17.8 ^(m)
Procter & Gamble (Malaysia) Sdn Bhd	Ambi Pur	The United States	30 June 2023	890 ^(l)	132 ^(l)	14.8	19 ^(l)	2.1
Reckitt Benckiser Group plc ^(o)	Air Wick	United Kingdom	31 December 2023	82,952 ^{(j)(p)}	49,747 ^{(j)(p)}	60.0	9,359 ^{(j)(p)}	11.3

7. IMR REPORT (cont'd)



Company name	Brand	Location of headquarters	Latest audited FYE	Revenue (RM million)	Gross profit ("GP") (RM million)	GP margin (%) ^(e)	Profit after tax ("PAT") / Loss after tax (RM million)	PAT margin (%) ^(e)
RB (Health) Malaysia Sdn Bhd	Air Wick	United Kingdom	31 December 2023	555 ^(l)	273 ^(l)	49.2	43 ^(l)	7.7
S.C. Johnson & Son Inc ⁽ⁱ⁾	Glade	The United States	N/A	N/A	N/A	N/A	N/A	N/A
S.C. Johnson & Son (M) Sdn Bhd	Glade	The United States	30 June 2023	101 ^(e)	56 ^(l)	20.8 ^(m)	5 ^(l)	1.9 ⁽ⁿ⁾
Kobayashi Pharmaceutical Co., Ltd ⁽ⁱ⁾	Sawaday	Japan	31 December 2023	5,635 ^{(l)(e)}	3,238 ^{(l)(e)}	57.5	683 ^{(l)(e)}	12.1
Kobayashi Healthcare (Malaysia) Sdn. Bhd	Sawaday	Japan	31 December 2023	67 ^(l)	12 ^(l)	17.9	4 ^(l)	6.0
Earth Corporation ^(l)	Oasis	Japan	31 December 2023	2,183 ^{(l)(e)}	2,067 ^{(l)(e)}	40.2 ^(m)	143 ^{(l)(e)}	2.8 ⁽ⁿ⁾
Earth Home Products (Malaysia) Sdn Bhd	Oasis	Japan	31 December 2023	9 ^(l)	4 ^(l)	44.4	(6) ^(l)	- ^(h)
Farcent Enterprise Co., Ltd ^(v)	Farcent	Taiwan	31 December 2023	383 ^{(l)(w)}	182 ^{(l)(w)}	47.5	38 ^{(l)(w)}	9.9
Farcent Malaysia Sdn Bhd	Farcent	Taiwan	31 December 2023	8 ^(l)	3 ^(l)	37.5	(1) ^(l)	- ^(h)

Notes:

- (i) ^(a) Information based on publicly disclosed information as at 31 October 2024.
- (ii) ^(b) This list is not exhaustive. Exempt private companies and companies with revenues below RM5.0 million have been excluded from this list.
- (iii) ^(c) GP margin is computed based on GP divided by revenue.
- (iv) ^(d) PAT margin is computed based on PAT divided by revenue.
- (v) ^(e) Financial information is based on the Group's car fragrance and indoor fragrance business segments.
- (vi) ^(f) PAT and PAT margin are based on consolidated financial information as segmental PAT of the Group is not available.
- (vii) ^(g) Company is an exempt private company since 2019.
- (viii) ^(h) PAT margin cannot be calculated as the company has a loss after tax.
- (ix) ⁽ⁱ⁾ The company is a listed company on the New York Stock Exchange.
- (x) ^(j) Revenue is based on fabric and home care business segment, which includes The Procter & Gamble Company's air fragrance products.
- (xi) ^(k) Exchange rate from USD to RM in 2024 was converted based on average annual exchange rates in 2023 extracted from published information from Bank Negara Malaysia at USD1 = RM4.5653.
- (xii) ^(l) Company is involved in the sale of products other than the air fragrance products, and the segmental financial information for air fragrance products are not be publicly available and cannot be excluded.
- (xiii) ^(m) GP margin is based on consolidated GP over consolidated revenue for the company as the segmental GP for air fragrance products is not publicly available.
- (xiv) ⁽ⁿ⁾ PAT margin is based on consolidated PAT over consolidated revenue for the company as the segmental PAT for air fragrance products is not publicly available.

7. IMR REPORT (cont'd)



PROVIDENCE

- (xv) (o) The company is a listed company on London Stock Exchange.
- (xvi) (p) Exchange rate from GBP to RM in 2023 was converted based on average annual exchange rates in 2023 extracted from published information from Bank Negara Malaysia at GBP1 = RM5.6789.
- (xvii) (q) Financial information of the company is not publicly available.
- (xviii) (r) The company is a listed company on Tokyo Stock Exchange and Osaka Securities Exchange.
- (xix) (s) Exchange rate from JPY to RM in 2023 was converted based on average annual exchange rates in 2023 extracted from published information from Bank Negara Malaysia at JPY100 = RM3.2486.
- (xx) (t) The company is a listed company on Tokyo Stock Exchange.
- (xxi) (u) Revenue derived from household care business segment, which includes Earth Corporation's air fragrance products.
- (xxii) (v) The company is a listed company on the Taiwan Stock Exchange.
- (xxiii) (w) Exchange rate from TWD to RM in 2023 was converted based on average annual exchange rates in 2023 extracted from published information from Bank Negara Malaysia at TWD100 = RM14.6426.

Source: Companies Commission of Malaysia, various company websites and annual reports, PROVIDENCE

In order to set up a new air fragrance company, new entrants need sufficient capital to purchase air fragrance products, which may come with a minimum order quantity. However, air fragrance industry players need not incur high capital expenditures to set up a manufacturing facility as this may be outsourced to a manufacturer. Thus, the barriers to entry faced by air fragrance industry players are moderately low.

Among the critical success factors for air fragrance companies involved in the design, marketing and sale of air fragrance and fragrance-related products are having products that are relevant and appeal to customer needs, having the capability to build a brand reputation and sales channel to market and sell the products, determining suitable pricing strategies for the intended target market, as well as maintaining product quality.

Market share

Vanzo Group garnered a market share of 13.3% in the air fragrance industry in Malaysia, based on its revenue of the air fragrance segment revenue of RM39.8 million for the FYE 2023, computed against the air fragrance industry size in Malaysia of RM299.2 million in 2023. This is an increase from the Group's market share in 2022 of 10.4% based on its air fragrance segment revenue of RM28.9 million and the total air fragrance industry in Malaysia of RM277.4 million in 2022.

7. IMR REPORT (cont'd)



The table below sets out the 2023 market share of the air fragrance industry in Malaysia:

Company name	Brand	Location of headquarters	Facebook followers ^(a)	2023 market share in the air fragrance market (%) ^(b)
Procter & Gamble (Malaysia) Sdn Bhd	Ambi Pur	The United States	148,000	38.3%
SC Johnson & Sons (M) Sdn Bhd	Glade	The United States	3,600,000	23.5%
Vanzo Group	Vanzo	Malaysia	61,000	13.3%
RB (Health) Malaysia Sdn Bhd	Air Wick	United Kingdom	10,000	8.1%
Farcent Malaysia Sdn Bhd	Farcent	Taiwan	6,700	2.2%
Kobayashi Healthcare (Malaysia) Sdn Bhd	Sawaday	Japan	4,500	0.8%
Jape & Eze Sdn Bhd	Jape	Malaysia	1,100	0.7%
Earth Home Products (Malaysia) Sdn Bhd	Oasis	Japan	1,800	0.5%
Bliese Sdn Bhd	Bliese	Malaysia	19,000	0.1%
Scent Pur Manufacturing (M) Sdn Bhd	Scent Pur	Malaysia	854	0.01%

Notes:

- (i) ^(a) Information as at 31 October 2024.
- (ii) ^(b) 2023 market share is computed based on sales derived from air fragrance products, sourced from Nielsen. This information is based on sales of air fragrance products transacted at retail outlets and may not refer to the revenue of the respective companies.

Source: Nielsen, Facebook, various company websites, PROVIDENCE

INDUSTRY RISKS AND CHALLENGES

Among the risks and challenges faced in the air fragrance industry in Malaysia include:

- (i) Competition from other air fragrance companies, who may differentiate themselves based on their brand, product offerings and price points;
- (ii) Anticipating changes in market preferences; and
- (iii) Negative publicity towards the brand, which may adversely impact the reputation of the company and its products.

7. IMR REPORT (cont'd)

2 OVERVIEW OF THE AIR FRAGRANCE INDUSTRIES IN SOUTHEAST ASIA AND AUSTRALIA

The air fragrance industries in Southeast Asia and Australia can be measured by the retail sales of air fragrance products sold. The air fragrance industries in Southeast Asia and Australia collectively grew from USD689.8 million (RM2.9 billion¹¹) in 2021 to USD711.9 million (RM3.3 billion¹¹) in 2023 at a CAGR of 1.6%.¹² Moving forward, the air fragrance industries in Southeast Asia and Australia are forecast to grow by a further CAGR of 1.2%, from an estimated USD720.7 million (RM3.3 billion¹¹) in 2024 to USD738.7 million (RM3.4 billion¹¹) in 2026.

The growth of the air fragrance industries in Southeast Asia and Australia have been, and are expected to continue to be driven, by the following factors:

(i) Growing population and increasing disposable income

The population of Southeast Asia increased from 668.3 million in 2021 to 680.4 million in 2023.¹³ Meanwhile in Australia, the population grew from 25.8 million in 2021 to 26.6 million in 2023.¹⁴ During the same period, the gross domestic product (“GDP”) per capita in Southeast Asia grew from USD5,096 (RM21,125¹¹) to USD5,603 (RM25,579¹¹) while the GDP per capita of Australia increased from USD64,327 (RM266,661¹¹) to USD65,434 (RM298,726¹¹) in 2023.¹⁵

(ii) Growing awareness on the importance of natural air fragrance products

Similar to the air fragrance industry in Malaysia, there may be growing concerns about the health impacts of non-natural air fragrance products and growing awareness of the benefits of natural scents. Further details on the growing awareness of natural air fragrance products are detailed in **Chapter 1 – The Air Fragrance Industry in Malaysia (Key Growth Drivers) of this IMR report**. This is thus expected to lead to an inclination towards natural scents and air fragrance products, as they do not contain chemicals and are believed to provide added benefits.

3 OVERVIEW OF THE PERSONAL AND HOUSEHOLD CARE MARKET IN MALAYSIA

The personal care market size, in terms of sales value of personal care products comprising bath and shower, hair care and oral care products, deodorants, hand sanitizers and other accessories, in Malaysia grew from RM12.5 billion in 2021 to RM15.2 billion in 2023, registering a CAGR of 10.3%.¹⁶ In particular, the sales value of hand sanitizers in Malaysia grew from RM29.3 million in 2021 to RM35.4 million in 2023, registering a CAGR of 9.9%. On the other hand, sales value of face masks in Malaysia declined from RM3.1 billion in 2020 to RM83.7 million in 2023, following the decline in demand for face masks after Malaysia entered into the endemic phase of COVID-19 in 2022.¹⁷

Meanwhile, the household care market size, measured by the sales value of household care products comprising laundry care, dishwashing liquid, disinfectant and surface care, and insecticide products, in Malaysia grew at a CAGR of 6.5% between 2021 and 2023, from RM3.0 billion to RM3.4 billion.¹⁸ Specifically, sales value of laundry care products grew from RM1.5 billion in 2021 to RM1.7 billion in 2023, recording a CAGR of 6.5%.

Moving forward, the personal care market in Malaysia is forecast to grow from an estimated RM16.2 billion in 2024 to RM18.5 billion in 2026, registering a CAGR of 6.9%. PROVIDENCE forecasts that the market

¹¹ Exchange rate from USD to RM was converted based on average annual exchange rates extracted from published information from Bank Negara Malaysia at:

2021: USD1 = RM4.1454

2023: USD1 = RM4.5653

2024: USD1 = RM4.5653

2026: USD1 = RM4.5653

¹² Source: Euromonitor

¹³ Source: International Monetary Fund

¹⁴ Source: International Monetary Fund

¹⁵ Source: International Monetary Fund

¹⁶ Source: Euromonitor

¹⁷ Source: Statista

¹⁸ Source: Euromonitor

7. IMR REPORT (cont'd)



for hand sanitizers in Malaysia will grow at a CAGR of 7.5%, to reach RM45.2 million by 2026. However, the market for face masks in Malaysia is forecast to decline to RM32 million by 2026.

Meanwhile the household care market in Malaysia is forecast to grow at a CAGR of 5.4% between 2024 and 2026, from an estimated RM3.6 billion to RM4.0 billion. PROVIDENCE forecasts that the market for laundry care in Malaysia will grow at a CAGR of 5.4%, to reach RM2.0 billion by 2026.

The growth in demand for personal and household care products is expected to be driven by the following factors:

(i) Long-term economic growth leading to increasing disposable income, as well as population growth will boost the consumer products industry

Over the years, the population in Malaysia grew from 32.6 million in 2021 to 33.4 million in 2023, while nation's disposable income, as depicted by the GNI per capita grew from RM46,253 in 2021 to an estimated RM52,955 in 2023.¹⁹

The increase in disposable income will lead to greater spending power, which will result in an increase in spending on personal and household care products.

(ii) Constant introduction of new products will drive demand for personal and household care products

There are new products constantly being introduced in the personal and household care market leading to new products that differ and improve in terms of design styles, scents, functions or purposes.

In terms of scents, household care products may be infused with new scents to attract customers to purchase multiple varieties, or try new scents. As new scents are introduced, this would create demand for personal and household care products.

4 PROSPECTS AND OUTLOOK FOR VANZO GROUP

Moving forward, the air fragrance industry size in Malaysia is forecast to grow at a CAGR of 9.0% between 2024 and 2026. As an air fragrance industry player, Vanzo Group stands to benefit from this growth which is driven by:

- Growing vehicle ownership which will create continuous demand for air fragrance products;
- Rising disposable income which will lead to greater spending power, and rapid urbanisation which will result in increased demand for indoor air fragrance products to improve air quality as people move to cities and live in smaller spaces; and
- Growing number of residential and commercial properties which will create demand for indoor fragrance products; and
- Growing awareness on the importance of natural air fragrance products in line with growing concerns about the health impacts of non-natural air fragrance products and growing awareness of the benefits of natural scents, which will lead to an inclination towards natural scents and air fragrance products.

Further, as Vanzo Group also markets and sells personal and household care products, the Group is expected to benefit from the continuous growth in demand for these products. The personal care and household care markets in Malaysia are forecast to grow at a CAGR of 6.9% and 5.4% between 2024 and 2026, respectively.

¹⁹ Source: Department of Statistics Malaysia

8. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO ALL OTHER RELEVANT INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE MAKING AN APPLICATION FOR OUR IPO SHARES.

8.1 RISKS RELATING TO OUR BUSINESS

8.1.1 We are dependent on Foshan Ikeda

In order to reduce the risk of exposure of the formulation and design of our products, we limit the number of our outsourced manufacturers we appoint. During the Period Under Review, we mainly co-formulated and outsourced the manufacturing of our air fragrance and fragrance-related products to Foshan Ikeda. Further, the products purchased from Shenzhen Bai Xiang Hui Technology Co. Ltd are supplied by Foshan Ikeda. Collectively, both suppliers contributed 61.9%, 58.1%, 82.1% and 82.1% of our Group's total purchases for FYE 2021, FYE 2022, FYE 2023 and FPE 2024, respectively. We are thus dependent on Foshan Ikeda.

Although there are other available outsourced manufacturers that have the capability to formulate and manufacture our products, we could still face supply disruptions should we cease working with Foshan Ikeda. This is because the transitional period to a new outsourced manufacturer may cause a delay of up to 4 months due to time taken to manufacture new or similar products and obtain certifications for some of the products. Some of our products, i.e. ultrasonic diffusers, are required to be certified, and we will have to work with the new outsourced manufacturer to obtain certification for the new or similar product before it can be marketed and retailed. Further, should we cease working with Foshan Ikeda, there is also no assurance that we will be able to engage other outsourced manufacturer(s) at favourable prices or in a timely manner.

Any major disruptions or sudden cessation of supply from Foshan Ikeda may result in a shortage of products and inability to market and sell products to our customers, or result in our Group having to pay a higher cost for the products. This could consequently lead to a material and adverse impact to our Group's business operations, financial performance and future growth. From the commencement of business relationship up to the LPD, our Group has not encountered any instances of disruptions or sudden cessation of supply from Foshan Ikeda save for slower shipments during COVID-19 pandemic.

Further, we are subject to risks associated with their non-performance. This includes their inability to deliver products in a timely manner or the delivery of substandard products to us. Such non-performance risks could lead to our Group experiencing delays in replenishing our inventories in a timely manner, which could materially and adversely impact our operation and consequently our financial performance. From the commencement of business relationship up to the LPD, our Group has not encountered any instances of non-performance by Foshan Ikeda.

8. RISK FACTORS (cont'd)

8.1.2 Our business operations may be affected if there are negative publicity regarding our brand arises

Over the years, we have established our "Vanzo" brand. Our company and brand reputation are critical to our ability to attract customers to buy our products and maintain relationships with distributors, resellers and retailers.

The occurrences of events which draw negative publicity to, or otherwise adversely impact our reputation or damage our brands, may deter customers from buying our products. These events include incidents relating to the quality of our products, and negative comments from our existing customers regarding our products, our retail kiosks and business practices, which may be beyond our control. Further, our reputation may be adversely affected by employees of distributors, resellers and retailers who market and sell our products to consumers, which may be beyond our control.

Increasingly, consumers are using social media platforms to provide feedback and information on products and their shopping experience in a manner that may result in a rapid and broad dissemination of such feedback. Customer complaints in relation to, amongst others, our failure to meet consumer expectations with respect to our products, delivery times, customer support or other matters could have a negative impact on our reputation, if disseminated widely.

Further, any actual or perceived position represented by our Group on social, environmental, or other sensitive issues, and any perceived lack of transparency about those matters, could harm our reputation with certain customer demographics.

Any of such events could undermine our customers' confidence in our business, brand and products. This could consequently reduce demand for our products, which could adversely and materially impact our business, financial condition, results of operations and prospects.

Since the commencement of our business operations till the LPD, we have not experienced any events that have adversely impacted our brand and industry reputation which have a material and adverse impact on our business and financial performance. However, there can be no assurance that such events will not occur in the future.

8.1.3 We are subject to changes in consumer preferences

Consumer's preferences are ever changing and to a certain extent, our success is dependent on our ability to anticipate the changes in the market and to develop new products to cater to such changes. Hence, our product development and QA/QC personnel is constantly keeping track of the latest consumer's preferences to ensure the products of our Group remain relevant and are sought after by consumers in the market. However, there is no assurance that we will be able to continuously adapt to the changes in consumer's preferences and market conditions.

If we fail to market and sell products that customers demand and/or market through appropriate and popular sales channels, we could experience a decline in customers' demand for our products and number of sales transactions. This would consequently adversely impact our business and financial performance.

8.1.4 We are exposed to risk relating to failure to protect our proprietary formulation for the scents of our products

As at the LPD, we own the formulation for 12 of the scents used in our car and indoor fragrance products as well as our personal and household care products. Failure to protect proprietary information including formulation of these scents could inadvertently lead to the infringement of our products by external parties. This could consequently result in external parties providing similar or same products to the market, which could impact our Group's business and financial performance.

8. RISK FACTORS (cont'd)

As at LPD, we limit the exposure of our formulation to Foshan Ikeda. However, there can be no assurance that we will be able to protect our proprietary formulation for the product scents and that this would not materially and adversely impact our Group's business and financial performance. As at LPD, our Group has not experienced any failure to protect our proprietary formulation for the scents of our products.

8.1.5 We are exposed to the risk of counterfeit products

We cannot assure that we will not encounter counterfeiting of our products, such as unauthorised imitation or replication of our designs and labelling, by third-parties from time to time. Third-parties may make and sell an inferior counterfeit of our Group's products. These counterfeit products are generally sold at prices that are lower than our market prices. The presence of counterfeit products in the market could have a negative impact on the value and image of our brands, result in a loss of consumer confidence in our products and as a consequence, adversely affect our business.

Although we have trademarked our "Vanzo" brand and had not encountered any counterfeit products in the market that had materially and adversely affected our business and financial performance in the past, there is no assurance that such incident will not occur and that we will be successful in preventing future counterfeiting. Please refer to Section 6.5.12 of this Prospectus for further details of our trademarks.

8.1.6 The continuing success of our Group depends on the expertise of our Managing Director and Executive Director

Our present and future success are largely dependent upon the continuous efforts and invaluable experience of our Managing Director and Executive Director. Our Managing Director and Executive Director are vital for the strategic direction, leadership, business planning and development, as well as management of our Group's operations, in addition to formulating and implementing strategies to drive the future growth of our Group.

As such, the loss of both of our Managing Director and Executive Director without suitable or timely replacements may adversely affect our Group's future development, business operations and financial performance.

8.1.7 We are exposed to interest rate risk

Our total outstanding borrowings as at 30 June 2024 stood at RM7.90 million. Our borrowings comprise mainly trade facilities such as bankers' acceptances, hire purchasing and term loans, resulting in a gearing ratio of 0.6 time.

As all our bank borrowings are interest-bearing, any hikes in interest rates would increase our interest expenses, and thus, will adversely affect our profitability and cash flow. In the event where our Group fails or encounter difficulties to meet our financial obligations when they fall due, it will have an adverse impact on our financial performance.

For the Period Under Review, we have not defaulted on any payments of either the principal or interests in relation to our borrowings. However, there can be no assurance that we will continue to make principal and interest payments on time in the future.

8. RISK FACTORS (cont'd)

8.1.8 We are exposed to fluctuation in foreign exchange rates which may impact our product costs

Majority of our purchase of supplies is denominated in RMB. As our sales are mainly transacted in RM, any depreciation of the RM against the RMB will affect the cost of our purchases. This may adversely affect our financial performance as it would reduce our gross profit margin if we are unable to pass on the additional costs to our customers.

The following is our Group's breakdown of purchases made in RMB, USD and RM during the Period Under Review:

	FYE 2021		FYE 2022		FYE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
RMB	12,844	82.7	14,134	74.8	19,346	85.2	15,528	91.8
USD	316	2.0	455	2.4	940	4.1	1,173	6.9
RM	2,379	15.3	4,314	22.8	2,430	10.7	224	1.3
Total	15,539	100.0	18,903	100.0	22,716	100.0	16,925	100.0

Our exposure to foreign exchange risk for the imports of products is typically 2 to 3 months starting from the confirmation of purchase orders to receipt of products. However, during the Period Under Review, we have not faced any material increase in our overall cost of sales or any material fluctuations in foreign exchange rates which have materially affected our Group's financial performance.

We do not have any formal hedging contracts to manage our foreign exchange risk. However, we will continue to assess the need to utilise financial instruments to hedge our currency exposure, taking into consideration factors such as foreign currency involved, exposure period and transaction costs.

There can be no guarantee that there will not be any material fluctuation in foreign exchange rates in the future that could result in us recording higher cost of sales or lower revenue, thereby adversely affecting our profit margin and thus, our financial performance.

8.1.9 We are subject to credit risks

Our credit sales represented 20.7%, 36.4%, 48.0% and 60.6% of our revenue for the FYE 2021, FYE 2022, FYE 2023 and FPE 2024, respectively. Thus, we are subject to credit risks associated with our customers, and our profitability and cash flow may be affected if our customers fail to make timely payments for the purchase of our products. We grant our customers credit periods of between 30 and 90 days, and as such we are exposed to credit risks arising from our Group's trade receivables which may arise from events and circumstances beyond our control. Our trade receivable turnover days have been 77 days, 84 days, 108 days and 92 days in FYE 2021, FYE 2022, FYE 2023 and FPE 2024, respectively.

If a customer delays payment in part or at all, our cash flow and working capital may be adversely affected. While our finance team monitors collections from our customers regularly and follows up on any overdue amounts, the payment recovery process is usually time-consuming. Furthermore, there is no assurance that any outcome will be in our favour or that any dispute will be resolved in a timely manner. If we fail to secure adequate payments in time or to manage past due debts effectively, our business operations and financial conditions may be materially and adversely affected. During the Period Under Review and up to the LPD, our Group do not have any instances of bad debts which materially affected our operations and financial performance.

8. RISK FACTORS (cont'd)

Nevertheless, there is no guarantee that our customers will be able to fulfil their debt obligations and our Group will not encounter collection problems in the future. Hence, any failure by our customers to make payment to us on a timely manner may materially and adversely affect our operating cash flows, financial condition and results of operations.

8.1.10 Our insurance coverage may not cover all losses or liabilities that may arise from our business operations

We maintain insurance policies that apply to our business operations to protect against various losses and liabilities, this include fire, product liability and public liability. As at the LPD, the total sum insured for our insurance policies that apply to our business operations including retail kiosks and inventories is RM11.93 million. During the Period Under Review and up to the LPD, our Group do not have any instances of insurance claims.

We may be exposed to liabilities and losses resulting from among others, environmental factors, operational hazards and occupational risks where we may not have adequate insurance or there may not be sufficient insurance to cover all the risks associated with our business operations. Any losses or damage over our insured limits or in areas where we are not insured or fully insured may adversely affect our financial conditions.

8.2 RISKS RELATING TO THE INDUSTRY WHICH WE OPERATE IN

8.2.1 We face competition from other industry players

As we are principally involved in the provision of air fragrance and fragrance-related products, we face competition from other industry players who offer similar products as us. They may compete with us in terms of product features, product pricing, product quality, sales channel or customer service.

Some of our competitors may have longer operating history, greater financial and marketing abilities, larger customer bases or more retail outlets as compared to us. Whilst we compete based on the quality of our products, there can be no assurance that our performance will not be affected by the competition and that we will be able to compete successfully against existing or new competitors in the future.

In the event where there is an increase in competition, it may result in our Group experiencing reduced profits or profit margins, loss of market share and increased difficulty in market penetration. All of these may adversely affect our Group's business operation and financial performance.

8.2.2 We are subject to economic, social, political, regulatory and pandemic risks

Any adverse changes in the political, social, economic and regulatory conditions in Malaysia could have a negative impact on our business operations and financial performance. We are also susceptible to the risk of local epidemics or pandemics where we may face business interruptions including, among others, temporary suspension of our business operations.

Changes in the political, social, economic, fiscal and regulatory conditions could arise from, among others, changes in political leadership, risks of war or civil unrest, changes in import tariffs and related duties, and conditions governing licensing, registrations and permits to conduct business. Similarly, any local, regional or global economic downturn would also affect overall business conditions, consumer confidence, as well as investments, which would subsequently affect the demand for our products. As such, there can be no assurance that any adverse political, social, economic, fiscal and regulatory developments or outbreak of diseases which are beyond our control, will not materially affect our business operations and financial performance.

8. RISK FACTORS (cont'd)

8.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES

8.3.1 There is no prior market for our Shares

Prior to our Listing, there has been no prior market for our Shares. Our Listing does not guarantee that an active market for the trading of our Shares will develop, or if developed, that such market can be sustained. There is also no assurance as to the liquidity of the market that may develop for our Shares, the ability of holders to sell our Shares or the prices at which holders would be able to sell our Shares.

There also can be no assurance that the IPO Price which has been determined after taking into consideration the factors as set out in Section 4.4 of this Prospectus will correspond to the price at which our Shares will be traded on the ACE Market upon or subsequent to our Listing.

8.3.2 Our Listing is exposed to the risk that it may be aborted or delayed

Our Listing may be aborted or delayed should any of the following occurs:

- (a) The selected investors failed to subscribe for their portion of our IPO Shares;
- (b) Our Underwriter exercising its rights under the Underwriting Agreement to discharge itself from its obligations therein;
- (c) The revocation of the approvals from the relevant authorities prior to our Listing and/or admission for whatever reason; or
- (d) We are unable to meet the public shareholding spread requirements of the Listing Requirements, whereby at least 25.0% of our total number of Shares for which Listing is sought must be held by a minimum number of 200 public shareholders each holding not less than 100 Shares upon the completion of our IPO and at the point of our Listing.

In this respect, we will exercise our best endeavours to comply with the various regulatory requirements, including, amongst others the public shareholding spread requirement in paragraph (d) above for our successful Listing. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or non-implementation of our Listing.

Upon the occurrence of any of these events, investors will not receive any Shares and we will return in full without interest, all monies paid in respect of any application for our Shares within 14 days, failing which the provisions of Sections 243(2) of the CMSA will apply accordingly and we will be liable to repay the monies with interest at the rate of 10.0% per annum or such other rate as may be prescribed by the SC upon expiration of that period until full refund is made.

In the event our Listing is aborted and/or terminated, and our Shares have been allotted to the shareholders, a return of monies to all holders of our Shares can only be achieved by way of cancellation of share capital as provided under the Act and its related rules. Such cancellation requires, among others, the sanction of our shareholders by special resolution in a general meeting and consent of our creditors (if required). There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

8. RISK FACTORS (cont'd)

8.3.3 The trading price and trading volume of our Shares following our Listing may be volatile

The trading price and volume of our Shares may fluctuate due to various factors, some of which are not within our control and may be unrelated or disproportionate to our financial results. These factors may include variations in the results of our operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

The performance of Bursa Securities is also affected by external factors such as the performance of the regional and world bourses, inflow or outflow of foreign funds, economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our Shares.

8.3.4 There is no assurance of payment of dividends to our shareholders

It is the intention of our Board to recommend and distribute a dividend of the profit attributable to our shareholders. However, our Group's ability to distribute dividends or make other distributions to our shareholders is subject to various factors, such as profits recorded, excess of funds not required to be retained for working capital for our business, capital expenditure and other investment plans.

In addition, as we are a holding company, our Company's income and therefore our ability to pay dividends are dependent upon the dividends we receive from our subsidiaries, present or future. The payment of dividends or other distributions by our subsidiaries will depend on their distributable profits, operating results, financial condition, capital expenditure plans, business expansion plans and other factors that their respective boards of directors deem relevant.

There can be no assurance that dividends will be paid out in the future or on timing of any dividends that are to be paid in the future. If we do not pay dividends or pay dividends at levels lower than that anticipated by investors, the market price of our Shares may be negatively affected.

Please refer to Section 11.7 of this Prospectus for further information on our dividend policy.

[The rest of this page is intentionally left blank]

8. RISK FACTORS (cont'd)

8.4 OTHER RISKS

8.4.1 Our Promoter will be able to exert significant influence over our Company

Upon completion of our IPO, our Promoter will hold 252,045,100 Shares, representing approximately 54.0% of our enlarged share capital. Because of the size of its shareholdings, our Promoter will be able to control the business direction and management of our Group and as such there can be no assurance that the interests of our Promoter will be aligned with those of our other shareholders. The interests of our Promoter may differ from the interests of our other shareholders and our Promoter may be able to exercise significant influence over the vote of our Shares.

Our Promoter could also have significant influence in determining the outcome of any corporate transaction or other matters submitted to our shareholders for approval. This includes the election of Directors, dividend policy, approval of business ventures and having voting control over our Group. As such, our Promoter will have significant influence on the outcome of any ordinary resolution (which requires a simple majority of 50% plus 1 voting share) to be tabled at any general meeting, unless he is required to abstain from voting by law and/or as required by the relevant authorities.

8.4.2 Our future fund-raising exercise may result in dilution of shareholdings

Our capital requirements are dependent on, amongst others, our business, the availability of our resources in attracting, maintaining and enlarging our customer base and the need to maintain and expand our product offerings. Thus, we may need additional capital expenditure for future expansions and/or investments. Subject to Section 85 of the Act and the Constitution, an issue of new Shares or other securities to raise funds will dilute shareholders' equity interest and may, in case of a rights issue, require additional investment by shareholders.

8.4.3 Forward-looking/prospective statements in this Prospectus may not be achievable

Certain statements in this Prospectus are based on historical data which may not be reflective of future results and others are forward-looking in nature that are based on assumptions and subject to uncertainties and contingencies which may or may not be achievable. Whether such statements would ultimately prove to be accurate depends upon a variety of factors that may affect our businesses and operations, and such forward-looking statements also involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance and achievements, or industry results, to be materially different from any future results, plans, performances and achievements, expressed or implied, by such prospective statements. Although we believe that the expectations reflected in such future statements are reasonable at this time, there can be no assurance that such prospective statements or expectations will prove to be correct in the future. Any deviation from the expectations may have a material adverse effect on our business and financial performance.

The above is not an exhaustive list of challenges we are currently facing or that may develop in the future. Additional risks whether known or unknown, may in the future have a material adverse effect on us and/or our Shares.

9. RELATED PARTY TRANSACTIONS

9.1 MATERIAL RELATED PARTY TRANSACTIONS

Save for the Acquisition and as disclosed below, there were no transactions, existing and/or potential, entered or to be entered into by our Group which involve the interests, direct or indirect, of our directors, substantial shareholders and/or persons connected with them which are material to our Group during Period Under Review and up to LPD:

Related party	Transacting company in our Group	Interested persons and nature of relationship	Nature of transactions	Transaction values					(2)1 July 2024 up to LPD
				FYE 2021	FYE 2022	FYE 2023	FPE 2024	RM	
Foshan Ikeda	Vanzo Asia	Tang, YuQiang is our substantial shareholder from June 2020 until the completion of the Acquisition.	Purchase of air fragrance products by Vanzo Asia from Foshan Ikeda	7,033,102 (45.3% of our Group's total purchases)	9,801,064 (51.8% of our Group's total purchases)	12,932,676 (56.9% of our Group's total purchases)	9,835,589 (58.1% of our Group's total purchases)	4,590,897	(1)(N/A)
Guangdong Ikeda Car Accessories Co. Ltd	Vanzo Asia	Tang, YuQiang is a director and shareholder of Foshan Ikeda Freshener Co. Ltd.	Purchase of laundry care products by Vanzo Asia from Guangdong Ikeda Car Accessories Co. Ltd	-	-	-	486,558	447,321	(1)(N/A)

9. RELATED PARTY TRANSACTIONS (cont'd)

Notes:

- (1) Not applicable as we did not prepare any financial statements from 1 July 2024 up to LPD.
- (2) Subsequent to the completion of the Acquisition, transactions with Foshan Ikeda and Guangdong Ikeda Car Accessories Co. Ltd will no longer be regarded as related party transaction.

As at the LPD, there are no related party transactions entered into but not yet completed.

In reviewing the related party transactions, our Board took note that we worked with Foshan Ikeda since incorporation. Our Promoters only invited Tang, YuQiang, the shareholder of Foshan Ikeda to invest in Vanzo Asia in June 2020. As such prior to June 2020, Tang, YuQiang was an independent party and was not a related party. After having considered the rationale and the cost/benefit to our Company, comparing the following:

- (i) prices of the products supplied by Foshan Ikeda when it was an independent entity;
- (ii) prices of the products supplied by other outsourced manufacturer; and
- (iii) payment terms.

Our Directors are of the view that the related party transactions above were carried out in the best interest of our Group on an arm's length basis, competitive commercial terms not more favourable to the related parties and were not to the detriment of our minority shareholders as the purchases of products from the related parties were performed within the cost structure and market rates, whereby the price paid to the related parties are in line and/or on terms equivalent to those that prevail in an arm's length transaction with third parties.

Moving forward, if there are potential related party transactions, the related parties must first inform our Audit and Risk Management Committee on their interests in the transaction and the nature of the transaction before the transaction is entered into.

Our Audit and Risk Management Committee is responsible for the review of all related party transactions to ensure that there is no conflict of interest. Our Audit and Risk Management Committee shall deliberate and determine if the related party transactions (if any) are undertaken on arm's length basis and on normal commercial terms, we have established the following procedures:

(a) Recurrent related party transactions

- (i) At least 2 other contemporaneous transactions with third parties for similar products and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered by all related parties are fair and reasonable and comparable to those offered by third parties; or
- (ii) In the event that quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on those offered by third parties for substantially similar type of transaction to ensure that the recurrent related party transactions are not detrimental to us.

Our Board shall seek mandate from shareholders to enter into any recurrent related party transactions at general meetings of our Company. Due to its time-sensitive nature, the shareholders' mandate will enable us to enter into such recurrent transactions which are transacted in our ordinary course of business without having to convene numerous general meetings to approve such recurrent transactions as and when they are entered into.

9. RELATED PARTY TRANSACTIONS (cont'd)

(b) Other related party transactions

- (i) Whether the terms of the related party transaction are fair and on arm's length basis to our Group and would apply on the same basis if the transaction did not involve a related party;
- (ii) The rationale for our Group to enter into the related party transaction and the nature of alternative transactions, if any; and
- (iii) Whether the related party transaction would present a conflict of interest between our Group and the related parties, taking into account the size of the transaction and nature of the related parties' interest in the transaction.

Where required under the Listing Requirements, a related party transaction may require prior approval of shareholders at a general meeting to be convened. An independent adviser may be appointed to comment as to whether the related party transaction is fair and reasonable so far as the shareholders are concerned; and whether the transaction is to the detriment of minority shareholders. In such instances, the independent adviser shall also advise minority shareholders on whether they should vote in favour of the transaction.

For related party transaction that requires prior approval of shareholders, the Directors, major shareholders and/or persons connected to them, which have any interest, direct or indirect, in the proposed related party transaction will abstain from voting in respect of their direct and/or indirect shareholdings. Where a person connected with a Director or major shareholder has interest, direct or indirect, in any proposed related party transaction, the Director or major shareholder concerned will also abstain from voting in respect of his direct and/or indirect shareholdings.

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit and Risk Management Committee will, amongst others, supervise and monitor any related party transaction and the terms thereof and report to our Board for further action. Where necessary, our Board would make appropriate disclosures in our annual report with regards to any related party transaction entered into by us.

9.2 TRANSACTIONS ENTERED INTO THAT ARE UNUSUAL IN THEIR NATURE OR CONDITIONS

There were no transactions that were unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party during Period Under Review and the subsequent period up to the LPD.

9.3 LOANS MADE TO AND FINANCIAL ASSISTANCE PROVIDED FOR THE BENEFIT OF THE RELATED PARTIES

As at LPD, there are no loans made to and financial assistance provided for the benefit of the related parties for the Period Under Review and the subsequent period up to the LPD.

9.4 LOANS AND/OR FINANCIAL ASSISTANCE FROM RELATED PARTIES TO OUR GROUP

As at LPD, there are no loans and/or financial assistance received by our Group from any related parties for the Period Under Review and the subsequent period up to the LPD.

9. RELATED PARTY TRANSACTIONS (cont'd)

9.5 OTHER TRANSACTIONS

9.5.1 Personal and corporate guarantees

As at LPD, the following individuals have jointly and severally provided personal guarantees for the banking and financing facilities extended by the following financial institutions ("Financiers") to our Group. The banking and financing facilities are generally for working capital purposes. The details of the banking and financing facilities are set out below:

Financiers/ Borrower	Guarantor	Type of facility	Tenure	Facility Limit		Outstanding balance as at the LPD
				RM	RM'000	
Maybank Islamic Berhad	Allan, Michael and Lim Chee Lip	Term loan for working capital	5 years	500,000	267	
	Allan, Michael and Lim Chee Lip	Trade facilities for working capital	5 years	900,000	502	
	Allan, Michael and Lim Chee Lip	Trade facilities for working capital	5 years	5,000,000	3,867	
	Allan, Michael and Lim Chee Lip	Trade facilities for working capital	5 years	8,000,000	-	
United Overseas Bank (Malaysia) Berhad	Allan and Michael	Term loan for working capital	5 years	1,000,000	503	
RHB Bank Berhad	Allan and Michael	Term loan for working capital	7 years	388,000	216	
RHB Islamic Bank Berhad	Allan and Michael	Term loan for working capital	7 years	750,000	559	
		Overdraft facilities for working capital	5 years	750,000	599	
OCBC (Malaysia) Berhad	Allan and Michael	Trade facilities for working capital	-	1,000,000	-	

9. RELATED PARTY TRANSACTIONS (cont'd)

In conjunction with our Listing, we have applied to the Financiers to obtain a release and/or discharge of the guarantees by substituting the same with a corporate guarantee from our Company and/or other securities from our Group acceptable to the Financiers. Until such release and/or discharge are obtained from the respective Financiers, our Directors and the respective guarantors set out above will continue to guarantee the banking facilities extended to our Group.

As at the date of this Prospectus, we have received all conditional approvals from the Financiers to discharge the above guarantees by substituting the same with a corporate guarantee from Vanzo.

The Financiers have imposed conditions that the discharge is conditional upon the completion of the Listing and execution and perfection of a corporate guarantee by the Company.

9.5.2 Promotions of any material assets acquired/to be acquired within 3 financial years preceding the date of this Prospectus

None of our Directors or substantial shareholder had any interest, direct or indirect, in the promotion of or in any material assets which had been, within Period Under Review, acquired, disposed or leased or proposed to be acquired, disposed or leased to/by us.

9.5.3 Transactions entered into with M&A Securities

Save as disclosed below, we have not entered into any transactions with M&A Securities which is the Principal Adviser, Sponsor, Underwriter and Placement Agent for our Listing:

- (i) Agreement between Vanzo and M&A Securities for the appointment of M&A Securities as Principal Adviser, Sponsor, Underwriter and Placement Agent; and
- (ii) Underwriting Agreement entered into between our Company and M&A Securities for the underwriting of 46,676,000 Issue Shares.

[The rest of this page is intentionally left blank]

10. CONFLICT OF INTEREST

10.1 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CUSTOMERS AND OUR SUPPLIERS

Save as disclosed below, during the Period Under Review and up to LPD, none of our Directors or substantial shareholder have or has any interest, direct or indirect, in other businesses or corporations carrying on a similar or related trade or are the customers and/or suppliers of our Group.

Foshan Ikeda and Guangdong Ikeda Car Accessories Co. Ltd (“Guangdong Ikeda”)

Tang, YuQiang, the substantial shareholder of Fragrance Century, is the sole shareholder and legal representative of Foshan Ikeda, our Group’s supplier, outsourced manufacturer and co-formulator for air fragrance products since incorporation. Guangdong Ikeda is a subsidiary of Foshan Ikeda. Foshan Ikeda holds 95.0% equity interest in Guangdong Ikeda. Tang, YuQiang is also our substantial shareholder for the period from June 2020 until the completion of the Acquisition.

Purchases made from Foshan Ikeda (including purchases from Shenzhen Bai Xiang Hui Technology Co. Ltd, also the major supplier, as the products purchased from Shenzhen Bai Xiang Hui Technology Co. Ltd are also supplied by Foshan Ikeda) ranged between 58.1% to 82.1% of our Group’s total purchases during the Period Under Review. There were no purchases made from Guangdong Ikeda during the Period Under Review as Guangdong Ikeda only commenced business in October 2023.

Foshan Ikeda is principally engaged in the manufacturing of various air fragrance products. It is an original equipment manufacturer for various brands of air fragrance products. Guangdong Ikeda is also an original equipment manufacturer for various brands of air fragrance and fragrance-related products. Apart from being an original equipment manufacturer, Foshan Ikeda also manufactures its own brand of air fragrance products, “Ikeda”.

Our Board is of the view that the any existing or potential conflict of interest situation arising from the involvement and interests of Tang, YuQiang in Foshan Ikeda and Guangdong Ikeda have been mitigated due to the following:

- (i) Foshan Ikeda and Guangdong Ikeda are principally manufacturers of air fragrance and fragrance-related products for various brands worldwide, whereas our Group’s business focus is in the design, marketing and sale of our Group’s own brand “Vanzo” air fragrance and fragrance-related products. The revenue from the distribution of “Ikeda” brand air fragrance products globally represented 15.0%, 18.2% and 19.3% of Foshan Ikeda’s total revenue for 2021, 2022 and 2023 respectively. The “Ikeda” brand of air fragrance products was previously sold to 1 retailer in Malaysia until the arrangement ceased in May 2024, and the distribution of “Ikeda” brand air fragrance products in Malaysia represented only 1.8%, 2.5% and 2.9% of Foshan Ikeda’s total revenue for 2021, 2022 and 2023 respectively. In addition, “Vanzo” brand products contributed to 23.2%, 23.7% and 33.9% of Foshan Ikeda’s total revenue for 2021, 2022 and 2023 respectively.

Both Foshan Ikeda and Tang, YuQiang had on 7 May 2024 provided confirmation and undertaking that, so long as Foshan Ikeda remain as our supplier, both Foshan Ikeda and Tang, YuQiang will:

- (aa) cease the selling and distribution of all “IKEDA/香道尔” brand air refreshers and fragrance-related products in Malaysia through all distribution channels⁽¹⁾;

10. CONFLICT OF INTEREST (cont'd)

- (bb) not engage in any business activities that would directly compete with our business in Malaysia in any manner, specifically the selling and distribution of the "IKEDA/香道尔" brand relating to air refresheners and fragrance-related products;
- (cc) not engage any agents, representatives and/or proxies to sell and distribute "IKEDA/香道尔" brand air refresheners and fragrance-related products in Malaysia through all distribution channels; and
- (dd) not promote the "IKEDA/香道尔" brand in Malaysia.

Guangdong Ikeda had also via the agreement with Vanzo dated 5 May 2024, provided the above confirmations and undertakings.

Note:

- (1) Although Foshan Ikeda and Guangdong Ikeda will not sell in Malaysia, there could be instances that their customers outside Malaysia may bring their products to Malaysia without their knowledge.
- (ii) Our Group's main target customers are consumers, retailers, distributors and resellers whereas Foshan Ikeda and Guangdong Ikeda's customers mainly comprise brand owners of air fragrance products;
- (iii) Tang, YuQiang does not hold any executive roles in our Group and is not involved in the day-to-day operations of our Group. Tang, YuQiang is merely a shareholder of our Company through his interest in Fragrance Century and is not involved in the procurement decisions made by our Group;
- (iv) Upon completion of the Acquisition, Tang, YuQiang is no longer our substantial shareholder; and
- (v) Foshan Ikeda and Guangdong Ikeda and our Group have independent and standalone management team to undertake its day-to-day management and operations.

The Audit and Risk Management Committee has reviewed the transactions with Foshan Ikeda for the Period Under Review and will review all future transactions with Foshan Ikeda to ensure that all purchase made to Foshan Ikeda will be undertaken on an arm's length basis. In addition, our Group will also seek approval from shareholders for any related party transactions as required under the Listing Requirements.

Based on the Audit and Risk Management Committee's review, all transactions entered into with Foshan Ikeda during the Period Under Review and up to the LPD were conducted on an arm's length basis.

Details of the interests, shareholdings and directorships in other businesses of our Directors are disclosed in Section 5.2.2 of this Prospectus.

10. CONFLICT OF INTEREST (cont'd)

It is our Directors' fiduciary duty to avoid conflict, and they are required to attend courses which provide them guidelines on their fiduciary duties. In order to mitigate any possible conflict of interest situation in the future, our Directors will declare to our Nomination Committee and our Board their interests in other companies at the onset and as and when there are changes in their respective interests in companies outside our Group. Our Nomination Committee will first evaluate if such Director's involvement gives rise to an actual or potential conflict of interest with our Group's business after the disclosure provided by such Director. After a determination has been made on whether there is an actual or potential conflict of interest of a Director, our Nomination Committee will then:

- (a) immediately inform our Board of the conflict of interest situation;
- (b) make recommendations to our Board to direct the conflicted Director to:
 - (i) withdraw from all his executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director is an Executive Director); and
 - (ii) abstain from all Board's deliberation and voting in the matter that has given rise to the conflict of interest.

In relation to (b)(ii) above, the conflicted Director and persons connected to him (if applicable) shall be absent from any Board's discussion relating to the recommendation of our Nomination Committee and the conflicted Director and persons connected to him (if applicable) shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director, may however, at the request of the Chairman of our Board, be present at our Board meeting to answer any questions.

In circumstances where a Director is determined to have a significant, ongoing and irreconcilable conflict of interest with our Group, and where such conflict of interest significantly impedes the Director's ability to carry out his fiduciary responsibility to our Group, our Nomination Committee may determine that a resignation of the conflicted Director from our Board is appropriate and necessary.

Where there are related party transactions between our Group and our Directors (or person connected to them) or companies in which our Directors (or person connected to them) have an interest, our Audit and Risk Management Committee will, amongst others, supervise and monitor such related party transaction and the terms thereof and report to our Board for further action. Please refer to Section 9.1 of this Prospectus for the procedures to be taken to ensure that related party transactions (if any) are undertaken on arm's length basis.

[The rest of this page is intentionally left blank]

10. CONFLICT OF INTEREST (cont'd)

10.2 DECLARATIONS OF CONFLICT OF INTEREST BY OUR ADVISERS

- (a) M&A Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Principal Adviser, Sponsor, Underwriter and Placement Agent for our Listing.
- (b) Eco Asia Capital Advisory Sdn Bhd has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Financial Adviser for our Listing. Its scope of work as Financial Adviser includes the following:
 - (i) to conceptualise and advise on our Group's restructuring, equity and corporate structure in preparation for our Listing;
 - (ii) to assist our Group in compiling information and documents for our Listing;
 - (iii) to assist in reviewing and commenting on the draft documents prepared by the relevant advisers in relation to our Listing;
 - (iv) to liaise with all professionals and advisers involved in our Listing;
 - (v) to attend relevant meetings with us and the professionals and advisers in relation to our Listing; and
 - (vi) to assess and advise on any other issues relevant to our Listing.

The scope of work of our Financial Adviser as set out above for (i), (iii), (iv), (v) and (vi) are performed jointly with our Principal Adviser.
- (c) Teh & Lee has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Solicitors for our Listing.
- (d) Ecovis Malaysia PLT has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants for our Listing.
- (e) PROVIDENCE has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as the IMR for our Listing.

11. FINANCIAL INFORMATION

11.1 HISTORICAL FINANCIAL INFORMATION

Our audited combined financial statements for the Period Under Review have been prepared in accordance with MFRS and IFRS and were not subject to any audit qualification. The selected financial information included in this Prospectus is not intended to predict our Group's financial position, results or cash flows position.

The following sets out a summary of our historical financial information for Period Under Review which have been extracted from the Accountants' Report set out in Section 12 of this Prospectus. It should be read with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Accountants' Report set out in Sections 11.2 and 12 of this Prospectus respectively.

11.1.1 Combined statements of profit or loss and other comprehensive income

The following table sets out a summary of our historical audited combined statements of profit or loss and other comprehensive income for Period Under Review:

	Audited			Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	22,791	33,970	40,855	28,878	36,775
Cost of sales	(12,921)	(18,707)	(21,785)	(15,464)	(18,556)
GP	9,870	15,263	19,070	13,414	18,219
Other income	1,152	118	124	122	59
Administrative expenses	(2,144)	(3,186)	(3,944)	(2,886)	(4,850)
Selling and distribution expenses	(4,391)	(6,204)	(7,699)	(5,727)	(7,395)
Other operating expenses	(63)	(90)	(78)	(59)	(369)
Profit from operations	4,424	5,901	7,473	4,864	5,664
Finance costs	(210)	(356)	(614)	(448)	(549)
PBT	4,214	5,545	6,859	4,416	5,115
Tax expenses	(1,176)	(1,270)	(1,764)	(1,145)	(1,458)
PAT	3,038	4,275	5,095	3,271	3,657
Adjusted PBT ⁽⁶⁾	3,064	5,442	6,859	4,416	5,112
Adjusted PAT ⁽⁶⁾	2,164	4,197	5,095	3,271	3,655
EBIT (RM'000) ⁽¹⁾	4,422	5,897	7,464	4,857	5,650
EBITDA (RM'000) ⁽¹⁾	5,107	6,820	8,427	5,542	7,111
GP margin (%) ⁽²⁾	43.3	44.9	46.7	46.5	49.5
PBT margin (%) ⁽³⁾	18.5	16.3	16.8	15.3	13.9
PAT margin (%) ⁽³⁾	13.3	12.6	12.5	11.3	9.9
Adjusted PBT margin (%) ⁽⁶⁾	13.4	16.0	16.8	15.3	13.9
Adjusted PAT margin (%) ⁽⁶⁾	9.5	12.4	12.5	11.3	9.9
Effective tax rate (%) ⁽⁴⁾	27.9	22.9	25.7	25.9	28.5
Basic and diluted EPS (sen) ⁽⁵⁾	0.65	0.92	1.09	0.70	0.78

11. FINANCIAL INFORMATION (cont'd)**Notes:**

- (1) EBIT and EBITDA are calculated as follows:

	Audited			Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
PAT	3,038	4,275	5,095	3,271	3,657
Less:					
Interest income	(2)	(4)	(9)	(7)	(14)
Add:					
Finance costs	210	356	614	448	549
Tax expenses	1,176	1,270	1,764	1,145	1,458
EBIT	4,422	5,897	7,464	4,857	5,650
Add:					
Depreciation and amortisation	685	923	963	685	1,461
EBITDA	5,107	6,820	8,427	5,542	7,111

- (2) GP margin is computed based on GP over revenue for the financial years.
- (3) PBT margin and PAT margin are computed based on the respective PBT and PAT for the Period Under Review over revenue.
- (4) Effective tax rate is computed based on tax expenses divided by PBT.
- (5) Basic and diluted EPS is computed based on PAT for the Period Under Review over enlarged share capital of 466,751,100 Shares upon Listing. There are no potential dilutive securities in issue during the respective Period Under Review.
- (6) After deducting the one-off income (adjusted for the tax effect based on income tax rate of 24.0%) incurred by our Group for the Period Under Review. Please refer to Section 11.2.2(iii) of this Prospectus for further details.

[The rest of this page is intentionally left blank]

11. FINANCIAL INFORMATION (cont'd)**11.1.2 Combined statements of financial position**

The following table sets out a summary of our historical audited combined statements of financial position as at Period under Review:

	Audited			
	As at 30 September			As at 30 June
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
Assets				
Non-current assets				
Property, plant and equipment	1,227	3,291	7,233	7,383
Intangible assets	104	101	95	86
Other investment	-	95	95	95
Deferred tax assets	2	5	13	23
Total non-current assets	1,333	3,492	7,436	7,587
Current assets				
Inventories	2,938	3,134	6,048	5,772
Trade receivables	736	4,946	6,606	8,268
Other receivables, deposits and prepayments	915	1,046	2,157	2,557
Fixed deposits with licensed banks	360	441	530	315
Cash and bank balances	1,967	1,713	1,496	454
Total current assets	6,916	11,280	16,837	17,366
Total assets	8,249	14,772	24,273	24,953
Equity and liabilities				
Equity				
Invested equity	300	500	500	500
Retained earnings	3,678	6,753	8,648	11,805
Total equity	3,978	7,253	9,148	12,305
Non-current liabilities				
Bank borrowings	879	2,487	1,920	1,275
Lease liabilities	390	1,466	3,502	2,470
Deferred tax liabilities	7	7	45	79
Total non-current liabilities	1,276	3,960	5,467	3,824
Current liabilities				
Trade payables	215	116	43	504
Other payables, accruals and deposits received	747	217	1,247	770
Bank borrowings	1,375	2,547	6,377	5,641
Lease liabilities	384	478	1,608	1,443
Current tax liabilities	274	201	383	466
Total current liabilities	2,995	3,559	9,658	8,824
Total liabilities	4,271	7,519	15,125	12,648
Total equity and liabilities	8,249	14,772	24,273	24,953

11. FINANCIAL INFORMATION (cont'd)

11.1.3 Combined statements of cash flows

The following table sets out the combined statements of cash flows of our Group for the Period Under Review:

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
PBT	4,214	5,545	6,859	5,115
Adjustments for:				
Amortisation of intangible assets	9	8	8	9
Depreciation of property, plant and equipment	278	416	284	368
Depreciation of right-of-use-assets	398	499	671	1,084
Finance costs	210	356	614	549
Loss/(gain) on lease modification	-	18	-	(40)
Net impairment on financial assets	18	39	78	54
Gain on disposal of property, plant and equipment	-	(11)	(115)	-
Deposit forfeited	44	25	-	-
Loss on property, plant and equipment written off	-	8	-	315
Interest income	(2)	(4)	(9)	(14)
Operating profit before working capital changes	5,169	6,899	8,390	7,440
Changes in working capital:				
(Increase)/Decrease in trade and other receivables	807	(4,405)	(2,850)	(2,115)
Decrease/(Increase) in inventories	(2,622)	(197)	(2,914)	275
Increase/(Decrease) in trade and other payables	579	(628)	957	(16)
Cash flows generated from operations	3,933	1,669	3,583	5,584
Interest income received	2	4	9	14
Tax paid	(1,535)	(1,346)	(1,553)	(1,350)
Net cash generated from operating activities	2,400	327	2,039	4,248
Cash flows from investing activities				
Increase in other investment	-	(95)	-	-
Addition of intangible assets	(20)	(5)	(2)	-
Purchase of property, plant and equipment	(555)	(1,388)	(1,045)	(2,079)
Proceeds from disposal of property, plant and equipment	-	34	170	-
Net cash used in investing activities	(575)	(1,454)	(877)	(2,079)

11. FINANCIAL INFORMATION (cont'd)

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities				
Proceeds from issuance of ordinary shares	100	-	-	*
(Increase)/Decrease in fixed deposits pledged	(60)	(381)	(89)	215
Decrease in amount owing by/to a director	48	-	-	-
Drawdown of bank borrowings	1,201	3,088	3,799	-
Repayment of bank borrowings	(57)	(309)	(535)	(1,961)
Repayment of lease liabilities	(379)	(521)	(815)	(1,108)
Finance costs paid	(186)	(304)	(539)	(436)
Dividends paid	(1,430)	(1,000)	(3,200)	(500)
Net cash (used in)/generated from financing activities	(763)	573	(1,379)	(3,790)
Net (decrease)/increase in cash and cash equivalents	1,062	(554)	(217)	(1,621)
Cash and cash equivalents at the beginning of the financial year/period	1,205	2,267	1,713	1,496
Cash and cash equivalents at the end of the financial year/period⁽¹⁾	2,267	1,713	1,496	(125)

Notes:

* Less than RM1,000

(1) Cash and cash equivalents comprised of the following:

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Cash in hand	11	18	20	12
Cash at bank	1,956	1,695	1,476	442
Fixed deposits with licensed banks	360	441	530	315
Bank overdraft	-	-	-	(579)
	2,327	2,154	2,026	190
Less: Fixed deposit pledged to licensed banks	(60)	(441)	(530)	(315)
	2,267	1,713	1,496	(125)

[The rest of this page is intentionally left blank]

11. FINANCIAL INFORMATION (*cont'd*)

11.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations is based on our combined financial statements for the Period Under Review. It should be read in conjunction with the Accountants' Report included in Section 12 of this Prospectus.

11.2.1 Overview of our operations

(a) Principal activities

Our Group is principally involved in the design, marketing and sale of air fragrance products and fragrance-related products.

Please refer to Section 6 of this Prospectus for a detailed overview on our Group's business.

(b) Revenue

Our revenue was derived from the sale of our products such as car fragrances, indoor fragrances and other products. Details on the full range of our products are set out in Section 6 of this Prospectus.

Revenue from sales of our products are recognised when the control of the goods has been transferred to the customers (i.e. delivery of goods or cash and carry basis), net of sales and service tax and discounts.

Revenue from products which are distributed on consignment basis are only recognised when the products are sold by the consignee or distributor, and the control of the goods has been transferred to the customers (i.e. delivery of goods or cash and carry basis), net of sales and service tax and discounts.

Our sales transactions are mainly settled in RM. Sales transactions between our Group and customers based in Malaysia are settled in RM while other sales transactions between our Group with customers based in countries other than Malaysia are mainly settled in SGD and BND.

(c) Cost of sales

Our cost of sales mainly comprises products costs, freight and insurance charges, packaging costs as well as royalty fees.

(d) Other income

Other income mainly comprises sales commission earned from selling our customer's glove product, government subsidy, gain on disposal of property, plant and equipment and interest income.

(e) Administrative expenses

Administrative expenses mainly consist of staff costs, directors' remuneration, amortisation and depreciation expenses, professional fees, utilities, rental, travelling expenses and maintenance.

11. FINANCIAL INFORMATION (cont'd)

(f) Selling and distribution expenses

Selling and distribution expenses mainly comprises advertisement, staff costs promotional expenses, transport and postage charges.

(g) Other operating expenses

Other operating expenses mainly consist of allowance for impairment losses and deposit forfeited due to the early termination of our leases.

(h) Finance cost

Finance cost comprises interest expenses on our bank borrowings and lease liabilities.

(i) Significant factors affecting our financial condition and result of operations

Section 8 of this Prospectus details a number of risk factors relating to our business and industry in which we operate. Some of these risk factors have an impact on our Group's financial condition and the result of operations. The main factors which affect our revenue and profits include but are not limited to the following:

(i) We are dependent on Foshan Ikeda

During the Period Under Review, we mainly co-formulated and outsourced the manufacturing of our air fragrance and fragrance-related products to Foshan Ikeda. Further, the products purchased from Shenzhen Bai Xiang Hui Technology Co. Ltd are supplied by Foshan Ikeda. Collectively, both suppliers contributed 61.9%, 58.1%, 82.1% and 82.1% of our Group's total purchases for FYE 2021, FYE 2022, FYE 2023 and FPE 2024, respectively. We are thus dependent on Foshan Ikeda.

Any major disruptions or sudden cessation of supply from Foshan Ikeda may result in a shortage of products and inability to market and sell products to our customers, or result in our Group having to pay a higher cost for the products. This could consequently lead to a material and adverse impact to our Group's business operations, financial performance and future growth.

(ii) Our business operations may be affected if there are negative publicity regarding our brand arises

Over the years, we have established our "Vanzo" brand. Our company and brand reputation are critical to our ability to attract customers to buy our products and maintain relationships with distributors, resellers and retailers.

The occurrences of events which draw negative publicity to, or otherwise adversely impact our reputation or damage our brands, may deter customers from buying our products. These events include incidents relating to the quality of our products, and negative comments from our existing customers regarding our products, our retail kiosks and business practices, which may be beyond our control. Further, our reputation may be adversely affected by employees of distributors, resellers and retailers who market and sell our products to consumers, which may be beyond our control.

11. FINANCIAL INFORMATION (cont'd)

(iii) We are subject to changes in consumer preferences

Consumer's preferences are ever changing and to a certain extent, our success is dependent on our ability to anticipate the changes in the market and to develop new products to cater to such changes. Hence, our product development and QA/QC personnel is constantly keeping track of the latest consumer's preferences to ensure the products of our Group remain relevant and are sought after by consumers in the market. However, there is no assurance that we will be able to continuously adapt to the changes in consumer's preferences and market conditions.

If we fail to market and sell products that customers demand and/or market through appropriate and popular sales channels, we could experience a decline in customers' demand for our products and number of sales transactions. This would consequently adversely impact our business and financial performance.

(iv) We are exposed to the risk of counterfeit products

We cannot assure that we will not encounter counterfeiting of our products, such as unauthorised imitation or replication of our designs and labelling, by third-parties from time to time. Third-parties may make and sell an inferior counterfeit of our Group's products. These counterfeit products are generally sold at prices that are lower than our market prices. The presence of counterfeit products in the market could have a negative impact on the value and image of our brands, result in a loss of consumer confidence in our products and as a consequence, adversely affect our business.

Although we have trademarked our "Vanzo" brand and had not encountered any counterfeit products in the market that had materially and adversely affected our business and financial performance in the past, there is no assurance that such incident will not occur and that we will be successful in preventing future counterfeiting.

(v) We are exposed to interest rate risk

Our total outstanding borrowings as at 30 June 2024 stood at RM7.90 million. Our borrowings comprise mainly trade facilities such as bankers' acceptances, hire purchasing and term loans, resulting in a gearing ratio of 0.6 times.

As all our bank borrowings are interest-bearings, any hikes in interest rates would increase our interest expenses, and thus, will adversely affect our profitability and cash flow. In the event where our Group fails or encounter difficulties to meet our financial obligations when they fall due, it will have an adverse impact on our financial performance.

11. FINANCIAL INFORMATION (cont'd)

(vi) We are exposed to fluctuation in foreign exchange rates which may impact our product costs

Majority of our purchase of supplies is denominated in RMB. As our sales are mainly transacted in RM, any depreciation of the RM against the RMB will affect the cost of our purchases. This may adversely affect our financial performance as it would reduce our gross profit margin if we are unable to pass on the additional costs to our customers. Please refer to Section 11.2.4 (i) of this Prospectus for details of our purchases in foreign currencies.

Our exposure to foreign exchange risk for the imports of products is typically 2 to 3 months starting from the confirmation of purchase orders to receipt of products. However, during the Period Under Review, we have not faced any material increase in our overall cost of sales or any material fluctuations in foreign exchange rates which have materially affected our Group's financial performance.

We do not have any formal hedging contracts to manage our foreign exchange risk. However, we will continue to assess the need to utilise financial instruments to hedge our currency exposure, taking into consideration factors such as foreign currency involved, exposure period and transaction costs.

[The rest of this page is intentionally left blank]

11. FINANCIAL INFORMATION (cont'd)

11.2.2 Review of our results of operations

(i) Revenue

Analysis of revenue by business segments and products

	FYE 2021		Audited FYE 2022		FYE 2023		Unaudited FPE 2023		Audited FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Car fragrances	13,628	59.8	18,719	55.1	32,563	79.7	22,461	77.7	28,543	77.6
Indoor fragrances	7,790	34.2	10,221	30.1	7,206	17.6	5,598	19.4	7,850	21.3
Personal and household care products	1,357	5.9	5,013	14.7	1,064	2.6	802	2.8	367	1.0
Accessories and others ⁽¹⁾	16	0.1	17	0.1	22	0.1	17	0.1	15	0.1
Total	22,791	100.0	33,970	100.0	40,855	100.0	28,878	100.0	36,775	100.0

Note:

(1) Includes accessories and promotional gifts such as anti-slip mats, gift boxes and water bottles.

Analysis of revenue by sales channel

	FYE 2021		Audited FYE 2022		FYE 2023		Unaudited FPE 2023		Audited FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Distributors and resellers	19,052	83.6	25,325	74.6	20,540	50.3	14,521	50.3	13,727	37.3
Retailers	1,390	6.1	5,382	15.8	17,248	42.2	11,997	41.6	20,826	56.6
Online channels	2,349	10.3	3,188	9.4	1,729	4.2	1,427	4.9	772	2.1
Own retail kiosks	-	-	75	0.2	1,338	3.3	933	3.2	1,450	4.0
Total	22,791	100.0	33,970	100.0	40,855	100.0	28,878	100.0	36,775	100.0

11. FINANCIAL INFORMATION (cont'd)

Analysis of revenue by product series

	FYE 2021		Audited FYE 2022		FYE 2023		Unaudited FPE 2023		Audited FPE 2024	
	RM'000	Unit ('000)	RM'000	Unit ('000)	RM'000	Unit ('000)	RM'000	Unit ('000)	RM'000	Unit ('000)
Car fragrances										
- LX Dashboard Gel series	6,137	395	9,128	544	10,604	601	8,156	461	10,721	587
- Gentleman and Goddess series	4,905	199	5,479	217	4,497	165	3,725	136	3,254	123
- Mini'ature series	2,448	151	3,532	207	4,450	239	3,386	180	3,593	192
- Mini Vent Perfume series	-	-	129	15	786	90	535	62	2,333	240
- Marvel Car Vent Perfume and Refill series	-	-	-	-	12,056	457	6,657	244	4,358	187
- Disney Tsum Tsum Car Vent Perfume series	-	-	-	-	-	-	-	-	3,832	139
- Customised products	-	-	350	17	168	11	-	-	452	32
- Others ⁽¹⁾	138	16	101	12	2	*	2	*	-	-
	13,628	761	18,719	1,012	32,563	1,563	22,461	1,083	28,543	1,500
Indoor fragrances										
- Duo series and Refill	7,790	342	6,337	279	4,567	193	3,604	152	3,042	131
- Negative Ion Aroma Diffuser series and Essential Oils	-	-	3,870	115	669	14	607	14	579	19
- Cotton sticks for indoor fragrances	-	-	14	6	7	3	6	3	4	2
- Natural Scented Candle series	-	-	-	-	963	23	909	22	74	2
- 2-in-1 Bathroom Air Freshener series	-	-	-	-	1,000	135	472	66	1,898	256
- Reed Diffuser	-	-	-	-	-	-	-	-	2,253	93
	7,790	342	10,221	400	7,206	368	5,598	257	7,850	503

11. FINANCIAL INFORMATION (cont'd)

	FYE 2021		Audited FYE 2022		FYE 2023		Unaudited FPE 2023		Audited FPE 2024	
	RM'000	Unit ('000)	RM'000	Unit ('000)	RM'000	Unit ('000)	RM'000	Unit ('000)	RM'000	Unit ('000)
Personal and household care products										
- Face masks	956	55	2,096	480	329	54	187	11	42	3
- Hand sanitisers	401	49	2,917	324	735	75	615	63	218	21
- Laundry care	-	-	-	-	-	-	-	-	107	8
	1,357	104	5,013	804	1,064	129	802	74	367	32

Notes:

- * Less than 1,000
- (1) Consist of phased out products which are no longer offered by our Group.

Analysis of revenue by geographical locations

	FYE 2021		Audited FYE 2022		FYE 2023		Unaudited FPE 2023		Audited FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	22,607	99.2	33,799	99.5	40,425	98.9	28,751	99.6	36,362	98.9
Overseas ⁽¹⁾	184	0.8	171	0.5	430	1.1	127	0.4	413	1.1
Total	22,791	100.0	33,970	100.0	40,855	100.0	28,878	100.0	36,775	100.0

Note:

- (1) Overseas include mainly Singapore, Brunei and Australia.

11. FINANCIAL INFORMATION (cont'd)

Comparison between FYE 2021 and FYE 2022

Our revenue increased by RM11.18 million or 49.1% to RM33.97 million in FYE 2022 from RM22.79 million in FYE 2021. Car fragrances has been our largest revenue contributor, contributing 59.8% and 55.1% to our total revenue for FYE 2021 and FYE 2022 respectively.

In terms of sales channels, revenue from our distributors and resellers remained as the largest revenue contributor, contributing 83.6% and 74.6% to our total revenue for FYE 2021 and FYE 2022 respectively. The Malaysian market contributed more than 99.0% of our revenue for both FYE 2021 and FYE 2022.

Car fragrances segment

Our revenue derived from car fragrances segment increased by RM5.09 million or 37.3% to RM18.72 million in FYE 2022 from RM13.63 million in FYE 2021. The increase was mainly attributable to the following:

- (i) Increase in the number of car fragrances sold from approximately 0.76 million units in FYE 2021 to approximately 1.01 million units in FYE 2022, representing an increase of approximately 32.9%. The overall increase in the sales of our car fragrance products was mainly due to an increase in the number of retailers from 682 for FYE 2021 to 992 for FYE 2022. Although the number of distributors and resellers decreased in the same period, our sales improved as the selling price of our car fragrance products to retailers is higher than the selling price to distributors and resellers;
- (ii) The launch of a new car fragrance product series, namely the "Mini Vent Perfume" series, in September 2022, which contributed RM0.13 million in FYE 2022 with the sales of approximately 0.02 million units; and
- (iii) We have also customised car fragrances for one of our customers, Vtalent Business Sdn Bhd, the distributor of "Vivo" brand mobile phone in Malaysia in FYE 2022, which contributed RM0.35 million in FYE 2022.

Indoor fragrances segment

Our revenue derived from indoor fragrances segment increased by RM2.43 million or 31.2% to RM10.22 million in FYE 2022 from RM7.79 million in FYE 2021. The increase was mainly attributable to the launch of a new product series, namely the Negative Ion Aroma Diffuser series in December 2021, which contributed a total of RM3.87 million in FYE 2022.

The increase was partially offset by the decrease in sales from the Duo series for reed diffusers and refills by RM1.45 million as we focus more of our marketing activities on the new ultrasonic diffuser and essential oils launched in FYE 2022.

11. FINANCIAL INFORMATION (cont'd)

Personal and household care products segment

Our revenue derived from personal and household care products segment increased by RM3.66 million or 269.4% to RM5.01 million in FYE 2022 from RM1.36 million in FYE 2021. The increase was mainly due to the higher sales of face masks and hand sanitisers in FYE 2022. Our revenue for face masks and hand sanitisers increased by RM1.14 million and RM2.52 million respectively in FYE 2022. The increase was mainly due to:

- (i) We entered into a collaboration agreement with Bergamot Sdn Bhd ("**Bergamot**") on 1 October 2021 to market and sell face masks under the brand of "Vanscent". Pursuant to the terms of the collaboration agreement, we are responsible for all the advertising and promotion of "Vanscent" face masks and in return, is entitled to 50% of the profit for "Vanscent" face masks sold by Bergamot. Such collaboration has contributed RM1.05 million to our revenue in FYE 2022. In addition, face masks sold under the brand of "CopperX" has increased by RM0.09 million in FYE 2022; and
- (ii) Increase in the number of hand sanitisers sold from approximately 0.05 million units in FYE 2021 to approximately 0.32 million units in FYE 2022. We launched and commenced sales of hand sanitisers in August 2021 and as such it only contributed about 2 months of revenue in FYE 2021 as compared to full 12 months revenue recorded for FYE 2022.

Accessories and others segment

Our revenue derived from accessories and others segment increased marginally by RM0.001 million or 6.3% in FYE 2022. The overall increase was mainly due to the revenue growth of our products which spurred the higher sales of our products' accessories.

Comparison between FYE 2022 and FYE 2023

Our revenue increased by RM6.89 million or 20.3% to RM40.86 million in FYE 2023 from RM33.97 million in FYE 2022. Car fragrances has been our largest revenue contributor, contributing 55.1% and 79.7% of our total revenue for FYE 2022 and FYE 2023 respectively.

In terms of sales channels, revenue from our distributors and resellers remained as the largest revenue contributor, contributing 74.6% and 50.3% to our total revenue for FYE 2022 and FYE 2023 respectively. The Malaysian market contributed approximately 99.0% of our revenue for both FYE 2022 and FYE 2023.

11. FINANCIAL INFORMATION (cont'd)

Car fragrances segment

Our revenue derived from car fragrances segment increased by RM13.84 million or 73.9% to RM32.56 million in FYE 2023 from RM18.72 million in FYE 2022. The increase was mainly attributable to the following:

- (i) The launch of new car fragrances product, which is the Marvel Car Vent Perfume and Refill series in May 2023, which contributed RM12.06 million in FYE 2023 with the sales of approximately 0.46 million units; and
- (ii) Increase in the number of car fragrances sold from approximately 1.01 million units in FYE 2022 to approximately 1.56 million units in FYE 2023, representing an increase of approximately 56.0%. The overall increase in the sales of our car fragrances products was mainly due to the increase in the number of retailers from 992 for FYE 2022 to 1,458 for FYE 2023. Although the number of distributors and resellers decreased in the same period, our sales improved as the selling price of our car fragrance products to retailers is higher than the selling price to distributors and resellers.

Indoor fragrances segment

Our revenue derived from indoor fragrances segment decreased by RM3.01 million or 29.5% to RM7.21 million in FYE 2023 from RM10.22 million in FYE 2022. The decrease was mainly attributable to the decrease in sales for the Negative Ion Aroma Diffuser series by RM3.20 million, and Duo series by RM1.77 million. As the Negative Ion Aroma Diffuser series requires the use of an ultrasonic device which consumers are able to continuously use, the sales for the Negative Ion Aroma Diffuser series decreased in FYE 2023 as lesser consumers purchased it. The decrease was also because we focus more marketing activities on our new products such as the Marvel Car Vent Perfume and Refill series, Natural Scented Candles series and 2-in-1 Bathroom Air Fresheners series in FYE 2023.

The decrease was partially offset by the increase in sales for the Natural Scented Candles series by RM0.96 million and the 2-in-1 Bathroom Air Fresheners series by RM1.00 million, as both of these product series were launched in FYE 2023.

Personal and household care products segment

The revenue from personal and household care products segment decreased by RM3.95 million or 78.8% to RM1.06 million in FYE 2023 from RM5.01 million in FYE 2022. The decrease was mainly due to the decrease in sales of hand sanitisers by RM2.18 million and face masks by RM1.77 million. The sales of the personal care products were negatively affected as the Malaysian Government relaxed the COVID-19 preventive measures where face masks are no longer mandatory and as the general public resumed normal life post COVID-19.

11. FINANCIAL INFORMATION (cont'd)

Accessories and others segment

Our revenue derived from accessories and others segment increased marginally by RM0.005 million in FYE 2023 in line with the revenue growth of our products which spurred the higher sales of our products' accessories.

Comparison between FPE 2023 and FPE 2024

Our revenue increased by RM7.90 million or 27.4% to RM36.78 million in FPE 2024 from RM28.88 million in FPE 2023. Car fragrances remained as our largest revenue contributor, contributing 77.7% and 77.6% of our total revenue for FPE 2023 and FPE 2024 respectively.

In terms of sales channels, revenue from our retailers was the largest revenue contributor for FPE 2024, contributing 56.6% of our total revenue for FPE 2024. The Malaysian market contributed approximately 99.6% and 98.9% of our revenue for FPE 2023 and FPE 2024 respectively.

Car fragrances segment

Our revenue derived from car fragrances segment increased by RM6.08 million or 27.1% to RM28.54 million in FPE 2024 from RM22.46 million in FPE 2023. The increase was mainly attributable to the following:

- (i) The launch of new car fragrances product, which is the Disney Tsum Tsum Car Vent Perfume series in December 2023, which contributed RM3.83 million in FPE 2024 with the sales of approximately 0.14 million units;
- (ii) The increase in sales by RM2.56 million from the LX Dashboard Gel series, mainly due to the launch of new scent (cloud mist tea essence) for the LX Dashboard Gel series in May 2024 as well as the increase in number of retailers from 1,340 for FPE 2023 to 1,961 for FPE 2024. The number of units sold for the LX Dashboard Gel series increased from approximately 0.46 million units in FPE 2023 to approximately 0.59 million units in FPE 2024; and
- (iii) The increase in sales by RM1.79 million from the Mini Vent Perfume series, mainly due to the launch of new scents (tropicana berry, amberwood aura and peony & ylang) for the Mini Vent Perfume series in May 2024. Comparing to FPE 2023, this product series was also distributed to more distributors, resellers and retailers in FPE 2024 as it was only launched in November 2022. The number of units sold for the Mini Vent Perfume series increased from approximately 0.06 million units in FPE 2023 to approximately 0.24 million units in FPE 2024.

The above increases were partially offset by the decrease in sales for the Marvel Car Vent Perfume and Refill series by RM2.30 million as we focused more marketing and promotion activities on our new products such as the Disney Tsum Tsum Car Vent Perfume series in FPE 2024.

11. FINANCIAL INFORMATION (cont'd)

Indoor fragrances segment

Our revenue derived from indoor fragrances segment increased by RM2.25 million or 40.2% to RM7.85 million in FPE 2024 from RM5.60 million in FPE 2023. The increase was mainly attributable to the sales from bathroom air fresheners and reed diffusers, which collectively contributed to an increase in sales by RM3.68 million in FPE 2024. The bathroom air fresheners were launched in May 2023 and as such, only 2 months of sales for the bathroom air fresheners were recorded in FPE 2023, whereas 9 months of sales were recorded in FPE 2024. The reed diffusers were launched in October 2023 and as such sales of reed diffusers were only recorded in FPE 2024.

The increase was partially offset by the decrease in sales for the scented candles and Duo series by RM0.56 million and RM0.84 million respectively, as we focussed more marketing and promotional activities on our new products such as the bathroom air fresheners and reed diffusers in FPE 2024.

Personal and household care products segment

The revenue from personal and household care products segment decreased by RM0.43 million or 53.8% to RM0.37 million in FPE 2024 from RM0.80 million in FPE 2023. The decrease was mainly due to the decrease in sales of hand sanitisers by RM0.40 million and face masks by RM0.15 million. The demand for our personal care products reduced significantly as the public resumes their normal life post COVID-19, where hand sanitisers and face masks are less frequently used.

The decrease was partially offset by the sales of laundry care products of RM0.11 million, which were launched in June 2024.

Accessories and others segment

Our revenue derived from accessories and others segment remained relatively consistent at approximately RM0.02 million for both FPE 2023 and FPE 2024.

11. FINANCIAL INFORMATION (cont'd)

(ii) Cost of sales, GP and GP margin

Analysis of cost of sales by cost components

	FYE 2021		Audited FYE 2022		FYE 2023		Unaudited FPE 2023		Audited FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Product costs	12,495	96.7	18,125	96.9	19,218	88.2	13,946	90.2	16,715	90.1
Freight and insurance charges	352	2.7	492	2.6	495	2.3	357	2.3	355	1.9
Packaging costs	74	0.6	90	0.5	90	0.4	70	0.5	130	0.7
Royalty fees	-	-	-	-	1,982	9.1	1,091	7.0	1,356	7.3
Total	12,921	100.0	18,707	100.0	21,785	100.0	15,464	100.0	18,556	100.0

(a) Product costs

Product costs mainly comprises costs of our car fragrances, indoor fragrances, personal and household care products and accessories. These were the largest components of our cost of sales, representing 96.7%, 96.9%, 88.2% and 90.1% of our total cost of sales for the Period Under Review. If there is any revision in our purchase prices, we are able to pass down such increase to customers via revision in our products' selling price. However, we will first assess and evaluate the quantum and reasons for the increase prior to deciding on whether to revise its products' selling prices.

(b) Freight and insurance charges

Freight and insurance charges represented 2.7%, 2.6%, 2.3% and 1.9% of our total cost of sales for the Period Under Review.

(c) Packaging costs

Packaging costs represented 0.6%, 0.5%, 0.4% and 0.7% of our total cost of sales for the Period Under Review.

(d) Royalty fees

Royalty fees represent the fees paid to The Walt Disney Company (Malaysia) Sdn Bhd for us to market and sell our car fragrances and indoor fragrances products under their characters. It represented 9.1% and 7.3% of our total cost of sales for FYE 2023 and FPE 2024 respectively.

11. FINANCIAL INFORMATION (cont'd)

Analysis of cost of sales by business segments and products

	FYE 2021		Audited FYE 2022		FYE 2023		Unaudited FPE 2023		Audited FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Car fragrances	7,662	59.3	10,580	56.6	17,357	79.7	11,951	77.3	14,667	79.1
Indoor fragrances	4,350	33.7	5,628	30.1	3,813	17.5	2,979	19.3	3,640	19.6
Personal and household care products	899	6.9	2,432	13.0	551	2.5	473	3.0	224	1.2
Accessories and others	10	0.1	67	0.3	64	0.3	61	0.4	25	0.1
Total	12,921	100.0	18,707	100.0	21,785	100.0	15,464	100.0	18,556	100.0

Analysis of GP and GP margin by business segments and products

	FYE 2021		Audited FYE 2022		FYE 2023		Unaudited FPE 2023		Audited FPE 2024	
	GP RM'000	GP margin %	GP RM'000	GP margin %	GP RM'000	GP margin %	GP RM'000	GP margin %	GP RM'000	GP margin %
Car fragrances	5,966	43.8	8,139	43.5	15,206	46.7	10,510	46.8	13,876	48.6
Indoor fragrances	3,440	44.2	4,593	44.9	3,393	47.1	2,619	46.8	4,210	53.6
Personal and household care products	458	33.8	2,581	51.5	513	48.2	329	41.0	143	39.0
Accessories and others ⁽¹⁾	6	37.5	(50)	(294.1)	(42)	(190.9)	(44)	(258.8)	(10)	(66.7)
Total	9,870	43.3	15,263	44.9	19,070	46.7	13,414	46.5	18,219	49.5

Note:

- (1) As part of our sales promotion, we occasionally give out free gifts such as anti-slip mats and water bottles to our customers and as such resulted in negative GP for this segment.

11. FINANCIAL INFORMATION (cont'd)

Comparison between FYE 2021 and FYE 2022

Analysis by cost components

Our cost of sales increased by RM5.79 million or 44.8% to RM18.71 million in FYE 2022 from RM12.92 million in FYE 2021. The increase was mainly attributable to the increase in product costs by RM5.63 million or 45.0%, which corresponds with the increase in revenue for FYE 2022.

Analysis by business segments and products

The increase in cost of sales was mainly contributed by the car fragrances segment, which increased by RM2.92 million or 38.1% from RM7.66 million in FYE 2021 to RM10.58 million in FYE 2022.

Our GP increased by RM5.39 million or 54.6% to RM15.26 million in FYE 2022 from RM9.87 million in FYE 2021. Our car fragrances segment is the main contributor to our GP, which recorded an increase of RM2.17 million or 36.3% to RM8.14 million in FYE 2022 from RM5.97 million in FYE 2021. Our GP margin increased marginally from 43.3% recorded in FYE 2021 to 44.9% recorded in FYE 2022. The GP margin for:

- (i) Car fragrances segment remained stable at 43.5% in FYE 2022 as compared with 43.8% in FYE 2021;
- (ii) Indoor fragrances segment remained stable at 44.9% in FYE 2022 as compared with 44.2% in FYE 2021; and
- (iii) Personal and household care products segment increased from 33.8% in FYE 2021 to 51.5% in FYE 2022 mainly due to the collaboration with Bergamot, which has contributed additional RM1.05 million to our revenue in FYE 2022. As the advertising and promotion expenses is captured under selling and distribution expenses, the additional revenue increased our GP and GP margin for personal care products segment.

Comparison between FYE 2022 and FYE 2023

Analysis by cost components

Our cost of sales increased by RM3.08 million or 16.5% to RM21.79 million in FYE 2023 from RM18.71 million in FYE 2022. The increase was mainly attributable to the increase in product costs by RM1.09 million and royalty fees of RM1.98 million.

11. FINANCIAL INFORMATION (cont'd)

Analysis by business segments and products

The increase in cost of sales was mainly contributed by the car fragrances segment, which increased by RM6.78 million or 64.1% from RM10.58 million in FYE 2022 to RM17.36 million in FYE 2023.

Our GP increased by RM3.81 million or 25.0% to RM19.07 million in FYE 2023 from RM15.26 million in FYE 2022. Our car fragrances segment is the main contributor to our GP, which recorded an increase of RM7.07 million or 86.9% to RM15.21 million in FYE 2023 from RM8.14 million in FYE 2022. Our GP margin increased from 44.9% recorded in FYE 2022 to 46.7% recorded in FYE 2023. The GP margin for:

- (i) Car fragrances segment increased from 43.5% in FYE 2022 to 46.7% in FYE 2023 mainly due to the upward revision in selling prices of between 7% to 10% for our car fragrance products such as LX Dashboard Gel series, Gentleman and Goddess series and Mini'ature series, which led to higher GP margin contributions. We have not increased the selling prices of our products since its launch until FYE 2023 where we have revised our products' selling prices upwards mainly due to increase in product costs resulting from the foreign exchange rate fluctuations. Our product costs are mainly denominated in RMB. As the exchange rate for RMB has increased gradually since 2021 (from approximately RM0.6176 : RMB1 on 4 January 2021 to RM0.6524 : RMB1 on 30 September 2022), we decided to revise our car fragrance products' selling prices. We will assess and review our products' selling prices as and when necessary, especially if it contributes to a material change in our product costs; and
- (ii) Indoor fragrances increased from 44.9% in FYE 2022 to 47.1% in FYE 2023 mainly due to upward revision in selling prices of between 3% to 4% for our indoor fragrance products, Duo series. We have not increased the selling prices of our products since its launch until FYE 2023 where we have revised our products' selling prices upwards mainly due to increase in product costs resulting from the foreign exchange rate fluctuations. Our product costs are mainly denominated in RMB. As the exchange rate for RMB have increased gradually since 2021 (from approximately RM0.6176 : RMB1 on 4 January 2021 to RM0.6524 : RMB1 on 30 September 2022), we decided to revise our indoor fragrance products' selling prices. We will assess and review our products' selling prices as and when necessary, especially if it contributes to a material change in our product costs. The scented candles and bathroom air fresheners launched in FYE 2023 also has a higher GP margin as compared to the other indoor fragrance products, which led to higher GP margin contributions.

11. FINANCIAL INFORMATION (cont'd)

Comparison between FPE 2023 and FPE 2024

Analysis by cost components

Our cost of sales increased by RM3.10 million or 20.1% to RM18.56 million in FPE 2024 from RM15.46 million in FPE 2023. The increase was mainly attributable to the increase in product costs by RM2.77 million, in line with the increase in our revenue for FPE 2024.

Analysis by business segment

The increase in cost of sales was mainly contributed by the car fragrances segment, which increased by RM2.72 million or 22.8% from RM11.95 million in FPE 2023 to RM14.67 million in FPE 2024.

Our GP increased by RM4.81 million or 35.9% to RM18.22 million in FPE 2024 from RM13.41 million in FPE 2023. Our car fragrances segment was the main contributor to our GP, which recorded an increase of RM3.37 million or 32.1% to RM13.88 million in FPE 2024 from RM10.51 million in FPE 2023. Our GP margin increased from 46.5% recorded in FPE 2023 to 49.5% recorded in FPE 2024. The increased in GP margin was mainly attributable to:

- (i) Indoor fragrances segment increased from 46.8% in FPE 2023 to 53.6% in FPE 2024 mainly due to the higher GP margins earned from our 2-in-1 Bathroom Air Freshener series launched in May 2023 and Reed Diffuser series launched in October 2023; and
- (ii) Car fragrances segment increased from 46.8% in FPE 2023 to 48.6% in FPE 2024 mainly due to the increase in sales from the Mini Vent Perfume series which yields a higher profit margin.

[The rest of this page is intentionally left blank]

11. FINANCIAL INFORMATION (cont'd)

(iii) Other income

	FYE 2021		Audited		FYE 2023		Unaudited		Audited	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Sales commission earned from selling our customer's glove products ⁽¹⁾⁽²⁾	1,150	99.8	45	38.2	-	-	-	-	-	-
Wages subsidy ⁽¹⁾	-	-	58	49.2	-	-	-	-	3	5.1
Gain on disposal of property, plant and equipment	-	-	11	9.3	114	91.9	115	94.3	-	-
Interest income	2	0.2	4	3.3	9	7.3	7	5.7	14	23.7
Realised gain on foreign exchange	-	-	-	-	1	0.8	-	-	2	3.4
Gain on lease modification	-	-	-	-	-	-	-	-	40	67.8
Total	1,152	100.0	118	100.0	124	100.0	122	100.0	59	100.0

Notes:

- (1) One-off income incurred by the Group for the Period Under Review.
- (2) Our Group is entitled for sales commission based on the number of pieces of gloves products sold to our referred customer.

Comparison between FYE 2021 and FYE 2022

Our other income decreased by RM1.03 million or 89.6% to RM0.12 million in FYE 2022 from RM1.15 million in FYE 2021. The decrease was mainly due to the higher sales commission from selling our customer's glove products in FYE 2021.

The decrease was partially offset by wages subsidy received from the Malaysian Government as part of the COVID-19 economic stimulus package. Our Group received the said subsidy in FYE 2022 under *Program Subsidi Upah 4.0* and *Program Penjana Kerjaya*.

Comparison between FYE 2022 and FYE 2023

Our other income increased by RM0.06 million or 5.1% to RM0.12 million in FYE 2023. The increase was mainly due to gain on disposal of a motor vehicle in FYE 2023.

11. FINANCIAL INFORMATION (cont'd)

The increase was partially offset by decrease in sales commission earned from selling our customer's glove products and wages subsidy as it did not recur in FYE 2023.

Comparison between FPE 2023 and FPE 2024

Our other income decreased by RM0.06 million or 50.0% to RM0.06 million in FPE 2024. The decrease was mainly due to the gain on disposal of property, plant and equipment recorded in FPE 2023 of RM0.12 million which did not recur in FPE 2024.

The decrease was partially offset by the gain on lease modification recorded in FPE 2024 of RM0.04 million. The gain on lease modification was due to the change in the lease terms of our previous premise in Kampung Baru Subang as we did not renew the lease upon the expiry of the initial lease term.

(iv) Administrative expenses

	FYE 2021		Audited FYE 2022		FYE 2023		Unaudited FPE 2023		Audited FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Staff costs ⁽¹⁾	607	28.3	1,299	40.8	1,582	40.1	1,232	42.7	1,737	35.8
Directors' remuneration	410	19.1	251	7.9	296	7.5	227	7.9	325	6.7
Amortisation and depreciation ⁽²⁾	685	31.9	923	29.0	963	24.4	685	23.7	1,461	30.1
Professional fees ⁽³⁾	194	9.1	226	7.1	349	8.8	161	5.6	341	7.0
Utilities ⁽⁴⁾	26	1.2	45	1.4	56	1.4	41	1.4	77	1.6
Travelling expenses	14	0.7	54	1.7	117	3.0	89	3.1	301	6.2
Maintenance	18	0.8	65	2.0	66	1.7	53	1.8	107	2.2
Printing	34	1.6	51	1.6	36	0.9	28	1.0	47	1.0
Insurance and road tax	43	2.0	34	1.0	63	1.6	52	1.8	44	0.9
Rental expense	-	-	15	0.5	128	3.3	94	3.2	154	3.2
Stamp duty	8	0.4	36	1.1	37	0.9	32	1.1	4	0.1
Software fees ⁽⁵⁾	14	0.7	44	1.4	28	0.7	22	0.8	33	0.7
Others ⁽⁶⁾	91	4.2	143	4.5	223	5.7	170	5.9	219	4.5
Total	2,144	100.0	3,186	100.0	3,944	100.0	2,886	100.0	4,850	100.0

Notes:

(1) Staff costs include salaries, bonus, allowances, statutory contributions, overtime, training and medical expenses.

11. FINANCIAL INFORMATION (cont'd)

- (2) Amortisation and depreciation include amortisation of trademark, depreciation of property, plant and equipment and right-of-use assets.
- (3) Professional fees incurred for audit, tax, legal, consultation and secretarial services.
- (4) Utilities include electricity, water and telephone charges.
- (5) Software fees relates to subscription and maintenance fees paid for our accounting, payroll and online sales platform software as well as website design fees.
- (6) Others include bank charges, donations, gift, entertainment and security fees.

Comparison between FYE 2021 and FYE 2022

Our administrative expenses increased by RM1.05 million or 49.1% to RM3.19 million in FYE 2022 from RM2.14 million in FYE 2021. The increase was mainly attributable to the following:

- (i) The increase in staff costs of RM0.69 million mainly due to salary increments and bonuses, and recruitment of 4 new staff in FYE 2022 for the finance, administration and operations department;
- (ii) The increase in amortisation and depreciation expenses of RM0.24 million mainly due to increase in depreciation of property, plant and equipment. Our property, plant and equipment increased by RM3.17 million in FYE 2022 as we move to bigger premise in Subang from our previous premise in Kota Damansara which resulted in increased of leased properties and renovations, and purchase of office equipment and tools and equipment for our operations;
- (iii) The increase in maintenance expenses by RM0.05 million and increase in travelling expenses by RM0.04 million. The increase in maintenance expenses is mainly due to the increase in maintenance for motor vehicles whilst increase in travelling expenses is mainly due to increase in travelling and petrol claims;
- (iv) The increase in professional fees of RM0.03 million mainly due to fees paid for the research collaboration with Universiti Sains Malaysia; and
- (v) The increase in software fees of RM0.03 million mainly due to expenses incurred for the design of our website and its related monthly maintenance which commenced in December 2021.

The above increases were partially offset by the decrease in director's remuneration by RM0.16 million in FYE 2022 because of lower directors' remuneration package following the resignation of our previous director, Ng Yee Heng in August 2021.

11. FINANCIAL INFORMATION (cont'd)

Comparison between FYE 2022 and FYE 2023

Our administrative expenses increased by RM0.75 million or 23.5% to RM3.94 million in FYE 2023 from RM 3.19 million in FYE 2022. The increase was mainly attributable to the following:

- (i) The increase in staff costs of RM0.28 million mainly due to annual salary increments and higher bonuses in FYE 2023;
- (ii) The increase in professional fees of RM0.12 million mainly due to fees paid to various professionals in preparation for our Listing;
- (iii) The increase in rental expenses of RM0.11 million mainly due to full year rental recorded for our retail kiosk in Mid Valley as compared to approximately 2 months rental recorded in FYE 2022 as the Mid Valley kiosk was launched in August 2022;
- (iv) The increase in travelling expenses by RM0.06 million mainly due to the increase in travelling claims as our sales personnel visited more customers in FYE 2023 in line with the increase in our customer base;
- (v) The increase in directors' remuneration by RM0.05 million mainly due to the salary increments for our directors; and
- (vi) The increase in depreciation and amortisation expenses of RM0.04 million mainly due to increase in depreciation expenses for our new retail kiosks and the related equipment as we launched 2 new retail kiosks in FYE 2023.

Comparison between FPE 2023 and FPE 2024

Our administrative expenses increased by RM1.96 million or 67.8% to RM4.85 million in FPE 2024 from RM2.89 million in FPE 2023. The increase was mainly attributable to the following:

- (i) Increase in amortisation and depreciation expenses by RM0.77 million mainly due to increase in depreciation expenses for our new retail kiosks and the related equipment as we expanded to 5 retail kiosks in FPE 2024 as compared to 3 retail kiosks in FPE 2023. In addition, we also moved to a new headquarter cum warehouse in Bukit Jelutong in FPE 2024 which resulted in higher depreciation of property, plant and equipment;
- (ii) Increase in staff costs by RM0.51 million mainly due to annual salary increments and higher bonuses in FPE 2024;
- (iii) Increase in travelling expenses by RM0.21 million due to the increase in travelling claims as our sales personnel visited more customers in FPE 2024 in line with the increase in our customer base;

11. FINANCIAL INFORMATION (cont'd)

- (iv) Increase in directors' remuneration by RM0.10 million mainly due to the salary increments and bonuses for our directors; and
- (v) Increase in professional fees by RM0.18 million mainly due to fees paid to various professionals in preparation for our Listing.

(v) Selling and distribution expenses

	FYE 2021		Audited FYE 2022		FYE 2023		Unaudited FPE 2023		Audited FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Advertisement	2,460	56.0	3,342	53.9	2,459	31.9	2,180	38.1	1,439	19.5
Staff costs	711	16.2	1,338	21.6	1,861	24.2	1,317	23.0	1,950	26.4
Promotional expenses	131	3.0	474	7.6	1,380	17.9	903	15.8	2,481	33.5
Transport and postage charges ⁽¹⁾	386	8.8	425	6.8	708	9.2	489	8.5	773	10.5
Listing fees ⁽²⁾	28	0.6	153	2.5	800	10.4	460	8.0	389	5.3
Sales commission ⁽³⁾	59	1.3	117	1.9	77	1.0	58	1.0	48	0.6
Management fee ⁽⁴⁾	358	8.2	31	0.5	-	-	-	-	-	-
Others ⁽⁵⁾	258	5.9	324	5.2	414	5.4	320	5.6	315	4.2
Total	4,391	100.0	6,204	100.0	7,699	100.0	5,727	100.0	7,395	100.0

Notes:

- (1) Transport and postage charges includes transportation and postage charges to retailers, distributors, resellers and/or consumers.
- (2) Listing fees are charged for displaying and promotion of our products at retailers such as groceries stores, hypermarkets, convenience stores and pharmacies.
- (3) Sales commission are mainly paid to sellers or live hosts who sell our products via live streaming or live selling using e-commerce or social media platforms.
- (4) Management fees paid to an e-commerce platform operator in China, Jinbaomen Co Ltd, for the sales and distribution of our products on the said e-commerce platform, which is www.tmall.com.
- (5) Others include e-commerce platform charges, samples of perfume, withholding taxes, testing fees and designing fees.

11. FINANCIAL INFORMATION (cont'd)

Comparison between FYE 2021 and FYE 2022

Our selling and distribution expenses increased by RM1.81 million or 41.2% to RM6.20 million in FYE 2022 from RM4.39 million in FYE 2021. The increase was mainly attributable to the following:

- (i) The increase in advertisement expenses of RM0.88 million mainly due to fees paid for brand ambassador, video production and increased advertisements both on social media and mass media, to strengthen our brand awareness and for launching of the new product series, namely the Negative Ion Aroma Diffuser series in December 2021;
- (ii) The increase in staff costs of RM0.63 million mainly due to salary increments and increase of 15 new sales and marketing staff in FYE 2022 as a result of the increase in our distribution channels in line with our business growth;
- (iii) The increase in promotional expenses of RM0.34 million mainly due to promotional rebates during campaigns such as purchase with purchase programmes carried out by our retailers in FYE 2022 as a strategy to increase the sales of our products; and
- (iv) The increase in listing fees of RM0.13 million as we display our products in more retailers in FYE 2022. The number of retailers that carries our product increased from 682 for FYE 2021 to 992 for FYE 2022.

The above increases were partially offset by the decrease in management fees of RM0.33 million in FYE 2022 because we terminated the services of an e-commerce platform operator in China, Jinbaomen Co Ltd, and ceased the sales of our products on tmall.com as it was not profitable.

Comparison between FYE 2022 and FYE 2023

Our selling and distribution expenses increased by RM1.50 million or 24.2% to RM7.70 million in FYE 2023 from RM6.20 million in FYE 2022. The increase was mainly attributable to the following:

- (i) The increase in promotional expenses of RM0.91 million mainly due to promotional campaigns such as purchase with purchase programmes and member price discounts, undertaken by hypermarkets and retailers to increase the sales of our products. Such promotional campaigns have also contributed to the increase in our sales for FYE 2023;
- (ii) The increase in listing fees by RM0.65 million as we display our products in more retailers in FYE 2023 such as in hypermarkets, convenience stores and pharmacies. The number of retailers that carries our product increased from 992 for FYE 2022 to 1,458 for FYE 2023;
- (iii) The increase in staff costs of RM0.52 million mainly due to annual salary increments and increase of 2 new sales and marketing staff including a marketing manager, as we launched 2 new retail kiosks during FYE 2023; and

11. FINANCIAL INFORMATION (cont'd)

- (iv) The increase in transport and postage charges by RM0.28 million in line with the increase in the number of our retailers from 992 for FYE 2022 to 1,458 for FYE 2023.

The above increases were partially offset by the decrease in advertisement expenses of RM0.88 million as we reduced advertisements and focused more on promotional activities such as giving promotional rebates in FYE 2023.

Comparison between FPE 2023 and FPE 2024

Our selling and distribution expenses increased by RM1.67 million or 29.1 % to RM7.40 million in FPE 2024 from RM5.73 million in FPE 2023. The increase was mainly attributable to the following:

- (i) Increase in promotional expenses by RM1.58 million as we conducted more promotional campaigns such as purchase with purchase programmes and member price discounts, with hypermarkets and retailers to increase the sales of our products;
- (ii) Increase in staff costs by RM0.63 million mainly due to annual salary increments, higher bonuses, and increase of new sales and marketing staff as we expanded to 5 retail kiosks in FPE 2024 as compared to 3 retail kiosks in FPE 2023; and
- (iii) Increase in transportation and postage charges by RM0.28 million in line with the increase in our revenue and the number of retailers from 1,340 for FPE 2023 to 1,961 for FPE 2024.

The above increases were partially offset by the decrease in advertisement expenses by RM0.74 million as we reduced advertisements and focused more on promotional activities such as giving promotional rebates in FPE 2024.

[The rest of this page is intentionally left blank]

11. FINANCIAL INFORMATION (cont'd)

(vi) Other operating expenses

	FYE 2021		Audited FYE 2022		FYE 2023		Unaudited FPE 2023		Audited FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Net impairment ⁽¹⁾	18	28.6	39	43.3	78	100.0	58	98.3	54	14.6
Deposit forfeited ⁽²⁾	44	69.8	25	27.8	-	-	-	-	-	-
Realised loss on foreign exchange	1	1.6	-	-	-	-	1	1.7	-	-
Property, plant and equipment written off	-	-	8	8.9	-	-	-	-	315	85.4
Loss on lease modification	-	-	18	20.0	-	-	-	-	-	-
Total	63	100.0	90	100.0	78	100.0	59	100.0	369	100.0

Notes:

- (1) Net impairment relates to expected credit loss and specific impairment on our trade receivables.
- (2) Deposit forfeited was due to early termination of our rental for premise in Sunway Damansara for FYE 2021 and premise in Kota Damansara for FYE 2022.

Comparison between FYE 2021 and FYE 2022

Our other operating expenses increased by RM0.03 million or 50.0% from RM0.06 million in FYE 2021 to RM0.09 million in FYE 2022 mainly due to the following:

- (i) The increase in net impairment of RM0.02 million due to the increase in impairment for expected credit losses by RM0.02 million as a result of the increase in our total trade receivables amount from RM0.74 million as at FYE 2021 to RM4.95 million as at FYE 2022; and
- (ii) The increase in loss on lease modification of RM0.02 million because we moved to premise in Subang in March 2022 which resulted in the early termination of our rental agreement for previous premise in Kota Damansara. The tenure for the rental of our Kota Damansara premise was for 2 years, but we terminated it approximately 6 months prior to its expiry.

11. FINANCIAL INFORMATION (cont'd)

Comparison between FYE 2022 and FYE 2023

Our other operating expenses decreased by RM0.01 million or 11.1% mainly due to the decrease in deposit forfeited by RM0.03 million and loss on lease modifications of RM0.02 million as we did not incur such expenses in FYE 2023. The decreases were partially offset by increase in net impairment of RM0.04 million mainly due to the increase in our total trade receivables amount from RM4.95 million as at FYE 2022 to RM6.61 million as at FYE 2023.

Comparison between FPE 2023 and FPE 2024

Our other operating expenses increased by RM0.31 million or 516.67% in FPE 2024 mainly due to the write-off of renovations for our previous premise at Kampung Baru Subang when we moved to our new headquarter cum warehouse in Bukit Jelutong in FPE 2024.

(vii) Finance costs

	FYE 2021		Audited		FYE 2022		Audited		FYE 2023		Unaudited		FYE 2024		Audited		
	RM'000	%	RM'000	%	RM'000	%	RM'000	%									
Interest expenses on:																	
- Overdraft	-	-	2	0.5	15	2.4	14	3.1	27	4.9							
- Bankers' acceptances	23	10.9	96	27.0	241	39.3	163	36.4	214	39.0							
- Lease liabilities	39	18.6	83	23.3	110	17.9	80	17.9	149	27.1							
- Term loans	148	70.5	175	49.2	248	40.4	191	42.6	159	29.0							
Total	210	100.0	356	100.0	614	100.0	448	100.0	549	100.0							

Comparison between FYE 2021 and FYE 2022

Our finance costs increased by RM0.15 million or 71.4% to RM0.36 million in FYE 2022 from RM0.21 million in FYE 2021. The increase was mainly attributable to the following:

- (i) The increase in interest for bankers' acceptances by RM0.07 million as we utilised more bankers' acceptances for working capital purposes in FYE 2022. Our outstanding bankers' acceptances increased from RM1.20 million as at 30 September 2021 to RM2.04 million as at 30 September 2022;
- (ii) The increase in interest for lease liabilities by RM0.04 million as a result of additional lease liabilities of RM1.78 million taken up in FYE 2022; and

11. FINANCIAL INFORMATION (cont'd)

- (iii) The increase in interest for term loans by RM0.03 million as additional term loan of RM2.25 million was drawdown from several banks in FYE 2022 for working capital purposes.

Comparison between FYE 2022 and FYE 2023

Our finance costs increased by RM0.26 million or 72.5% to RM0.61 million in FYE 2023 from RM0.36 million in FYE 2022. The increase was mainly attributable to the following:

- (i) The increase in interest for bankers' acceptances by RM0.15 million as we utilised more bankers' acceptances for working capital purposes in FYE 2023. Our outstanding bankers' acceptances increased from RM2.04 million as at 30 September 2023 to RM5.84 million as at 30 September 2023; and
- (ii) The increase in interest for term loans by RM0.07 million as we incurred full year interest on the additional term loans obtained in FYE 2022.

Comparison between FPE 2023 and FPE 2024

Our finance costs increased by RM0.10 million or 22.2% to RM0.55 million in FPE 2024 from RM0.45 million in FPE 2023. The increase was mainly attributable to the following:

- (i) The increase in interest for lease liabilities by RM0.07 million as a result of additional lease liabilities from rights-of-use assets in FPE 2024; and
- (ii) The increase in interest for bankers' acceptances by RM0.05 million as we utilised more bankers' acceptances for working capital purposes in FPE 2024.

[The rest of this page is intentionally left blank]

11. FINANCIAL INFORMATION (cont'd)

(viii) PBT and PBT margin

	Audited			Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
PBT (RM'000)	4,214	5,545	6,859	4,416	5,115
PBT margin (%)	18.5	16.3	16.8	15.3	13.9

Comparison between FYE 2021 and FYE 2022

Our Group's PBT increased by RM1.34 million or 31.8% to RM5.55 million in FYE 2022 from RM4.21 million in FYE 2021. The increase was mainly due to overall growth of our Group's businesses.

Our PBT margin decreased from 18.5% in FYE 2021 to 16.3% in FYE 2022 mainly due to higher other income earned in FYE 2021, which did not recur in FYE 2022. Please refer to Section 11.2.2 (iii) of this Prospectus for further details on our other income.

Comparison between FYE 2022 and FYE 2023

Our Group's PBT for FYE 2023 increased by RM1.31 million or 23.6% to RM6.86 million in FYE 2023 from RM5.55 million in FYE 2022. The increase was in line with the growth in our revenue for FYE 2023.

Our PBT margin remained consistent at 16.8% for FYE 2023 vis-à-vis 16.3% recorded for FYE 2022.

Comparison between FPE 2023 and FPE 2024

Our Group's PBT for FPE 2024 increased by RM0.70 million or 15.8% to RM5.12 million in FPE 2024 from RM4.42 million in FPE 2023. The increase was in line with the growth in our revenue and the improved GP for FPE 2024.

Our PBT margin decreased slightly from 15.3% for FPE 2023 to 13.9% for FPE 2024 mainly due to the higher administrative expenses, selling and distribution expenses and other operating expenses as detailed in Section 11.2.2 (iv), (v) and (vi) above.

(ix) Taxation

The following sets out the reconciliation of income tax expense applicable to our PBT at the Malaysian statutory tax rates to income tax expense at the effective tax rate of our Group:

	Audited			Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Tax expenses	1,176	1,270	1,764	1,145	1,458
Effective tax rate (%)	27.9	22.9	25.7	25.9	28.5
Malaysian statutory tax rate (%)	24.0	24.0	24.0	24.0	24.0

11. FINANCIAL INFORMATION (cont'd)

Comparison between FYE 2021 and FYE 2022

Our effective tax rate for FYE 2021 was higher than the statutory tax rate mainly due to timing difference where a deposit amounting to RM0.26 million received and taxed in FYE 2021 was only recognised as revenue in FYE 2022.

However, the effective tax rate for FYE 2022 was lower as compared to FYE 2021 mainly due to the following:

- (i) The deposit of RM0.26 million received and taxed in FYE 2021 was recognised as revenue in FYE 2022 when the products were delivered to the customer;
- (ii) Renovation of RM0.30 million which was a special deduction allowed on the costs for renovating and refurbishing business premises for costs incurred between 1 March 2020 and 31 December 2022; and
- (iii) Increased utilisation of capital allowances of RM0.22 million in FYE 2022 as we purchased new moulds to produce our ultrasonic diffuser and new office equipment, tools and equipment when we moved to our premise in Subang.

Comparison between FYE 2022 and FYE 2023

Our effective tax rate for FYE 2023 was higher than the statutory tax rate mainly due to the non-deductible expenses such as professional fees amounting to RM0.16 million recorded in FYE 2023. In addition, there was no special deduction allowed in FYE 2023.

Comparison between FPE 2023 and FPE 2024

Our effective tax rate for both FPE 2023 and FPE 2024 is higher than the statutory tax rate mainly due to the non-deductible expenses such as professional fees amounting to RM0.34 million in FPE 2024.

[The rest of this page is intentionally left blank]

11. FINANCIAL INFORMATION (cont'd)**11.2.3 Review of Financial Position****(i) Assets**

	Audited			
	As at 30 September			As at 30
	2021	2022	2023	June 2024
	RM'000	RM'000	RM'000	RM'000
<u>Non-current assets</u>				
Property, plant and equipment	1,227	3,291	7,233	7,383
Intangible assets	104	101	95	86
Other investment	-	95	95	95
Deferred tax assets	2	5	13	23
Total non-current assets	1,333	3,492	7,436	7,587
<u>Current assets</u>				
Inventories	2,938	3,134	6,048	5,772
Trade receivables	736	4,946	6,606	8,268
Other receivables, deposits and prepayments	915	1,046	2,157	2,557
Fixed deposits with licensed banks	360	441	530	315
Cash and bank balances	1,967	1,713	1,496	454
Total current assets	6,916	11,280	16,837	17,366
Total assets	8,249	14,772	24,273	24,953

Comparison between FYE 2021 and FYE 2022**Non-current assets**

Our non-current assets increased by RM2.16 million or 162.4% to RM3.49 million in FYE 2022 from RM1.33 million in FYE 2021 mainly due to increase in property, plant and equipment. We moved from our previous premise in Kota Damansara to a bigger premise in Subang in March 2022 resulting in an increase of leased properties and renovations, and purchase of new office equipment, tools and equipment for our operations.

Current assets

Our current assets increased by RM4.36 million or 63.0% to RM11.28 million in FYE 2022 from RM6.92 million in FYE 2021 mainly due to the following:

- (i) Increase in trade receivables by RM4.21 million to RM4.95 million in FYE 2022 from RM0.74 million in FYE 2021. For FYE 2021, 79.3% of our sales were on cash term basis whilst the remaining 20.7% were on credit term basis. As we expanded our business and distribution channels in FYE 2022, our number of credit customers increased to 36.4% of our total sales. As such, our trade receivables increased accordingly in FYE 2022; and
- (ii) Increase in inventories by RM0.20 million to RM3.13 million in FYE 2022 from RM2.94 million in FYE 2021 as we purchased more stocks towards the end of FYE 2022 in anticipation of higher sales during the year end promotion period.

11. FINANCIAL INFORMATION (cont'd)**Comparison between FYE 2022 and FYE 2023****Non-current assets**

Our non-current assets increased by RM3.95 million or 113.2% to RM7.44 million in FYE 2023 from RM3.49 million in FYE 2022 mainly due to increase in property, plant and equipment. We launched 2 new retail kiosks in FYE 2023 and rented a new headquarter cum warehouse in Bukit Jelutong in August 2023, which increased our leased properties, renovations and equipment.

Current assets

Our current assets further increased by RM5.56 million or 49.3% to RM16.84 million in FYE 2023 from RM11.28 million in FYE 2022 mainly due to the following:

- (i) Increase in inventories by RM2.92 million to RM6.05 million in FYE 2023 from RM3.13 million in FYE 2022. We launched more new products in FYE 2023 such as the Natural Scented Candles series, Marvel Car Vent Perfume and Refill series and 2-in-1 Bathroom Air Freshener series. As such, we increased our inventories level to ensure sufficient inventories for our retail kiosks and to service the increased number of retailers from 992 for FYE 2022 to 1,458 for FYE 2023;
- (ii) Increase in trade receivables by RM1.66 million to RM6.61 million in FYE 2023 from RM4.95 million in FYE 2022. For FYE 2023, our number of credit customers increased to 48.0% of our sales and as such our trade receivables increased accordingly; and
- (iii) Increase in other receivables, deposits and prepayments by RM1.11 million to RM2.16 million in FYE 2023 from RM1.05 million in FYE 2022. The increase was mainly due to increase in prepayments by RM0.91 million for renovation deposits of RM0.37 million, prepayment of professional fees for our Listing of RM0.38 million and prepayment for sponsorships and advertisements of RM0.18 million.

Comparison between 30 September 2023 and 30 June 2024**Non-current assets**

Our non-current assets increased by RM0.15 million or 2.0% to RM7.59 million in FPE 2024 from RM7.44 million in FYE 2023 mainly due to increase in property, plant and equipment. The increase in property, plant and equipment was mainly due to increase in renovations when we moved to our new headquarter cum warehouse in Bukit Jelutong in FPE 2024.

Current assets

Our current assets increased by RM0.53 million or 3.1% to RM17.37 million in FPE 2024 from RM16.84 million in FYE 2023 mainly due to increase in trade receivables by RM1.66 million. For FYE 2023, 52.0% of our sales were on cash term basis whilst the remaining 48.0% were on credit term basis. As we expanded our business and distribution channels in FPE 2024, our credit sales increased to 60.6% of our total sales. As such, our trade receivables increased accordingly in FPE 2024.

The above increase was partially offset by the decrease in our cash and bank balances by RM1.05 million as we utilised more of our cash at hand for our business operations as at 30 June 2024.

11. FINANCIAL INFORMATION (cont'd)**(ii) Liabilities**

	Audited			
	As at 30 September			As at 30
	2021	2022	2023	June 2024
	RM'000	RM'000	RM'000	RM'000
<u>Non-current liabilities</u>				
Bank borrowings	879	2,487	1,920	1,275
Lease liabilities	390	1,466	3,502	2,470
Deferred tax liabilities	7	7	45	79
Total non-current liabilities	1,276	3,960	5,467	3,824
<u>Current liabilities</u>				
Trade payables	215	116	43	504
Other payables, accruals and deposits received	747	217	1,247	770
Bank borrowings	1,375	2,547	6,377	5,641
Lease liabilities	384	478	1,608	1,443
Current tax liabilities	274	201	383	466
Total current liabilities	2,995	3,559	9,658	8,824
Total liabilities	4,271	7,519	15,125	12,648

Comparison between FYE 2021 and FYE 2022**Non-current liabilities**

Our non-current liabilities increased by RM2.68 million or 209.4% to RM3.96 million in FYE 2022 from RM1.28 million in FYE 2021 mainly due to the following:

- (i) Increase in bank borrowings by RM1.61 million as additional term loan of RM2.25 million was drawdown from several banks in FYE 2022 for working capital purposes; and
- (ii) Increase in lease liabilities by RM1.08 million mainly due to increase in our leased property as we moved to our bigger premise in Subang and the purchase of motor vehicles under finance lease arrangement.

Current liabilities

Our current liabilities further increased by RM0.56 million or 18.7% to RM3.56 million in FYE 2022 from RM3.00 million in FYE 2021 mainly due to the following:

- (i) Increase in bank borrowings by RM1.17 million mainly due to increased utilisation of bankers' acceptances in FYE 2022 for working capital purposes. Our outstanding bankers' acceptances increased from RM1.20 million as at 30 September 2021 to RM2.04 million as at 30 September 2022; and
- (ii) Increase in lease liabilities by RM0.09 million to RM0.48 million in FYE 2022 from RM0.38 million in FYE 2021 mainly due to increase in our leased properties as we moved to our bigger premise in Subang and the purchase of motor vehicles under finance lease arrangement.

11. FINANCIAL INFORMATION (cont'd)

The above increases were partially offset by the drop in the following:

- (i) Decrease in other payables, accruals and deposits received by RM0.53 million. We received deposit amounting to RM0.26 million from a customer in FYE 2021, where the product was delivered and recognised as revenue in FYE 2022; and
- (ii) Decrease in trade payables by RM0.10 million mainly due to lower purchase from credit suppliers towards end of FYE 2022 as compared to FYE 2021.

Comparison between FYE 2022 and FYE 2023

Non-current liabilities

Our non-current liabilities increased by RM1.51 million or 38.1% to RM5.47 million in FYE 2023 from RM3.96 million in FYE 2022 mainly due to increase in lease liabilities by RM2.04 million. The increase in lease liabilities was mainly due to increase in our leased properties for our retail kiosks and our new headquarter cum warehouse in Bukit Jelutong, and the purchase of motor vehicles under finance lease arrangement.

Current liabilities

Our current liabilities further increased by RM6.10 million or 171.3% to RM9.66 million in FYE 2023 from RM3.56 million in FYE 2022 mainly due to the following:

- (i) Increase in bank borrowings by RM3.83 million as we utilised more bankers' acceptances for working capital purposes in FYE 2023. Our outstanding bankers' acceptances increased from RM2.04 million as at 30 September 2022 to RM5.84 million as at 30 September 2023;
- (ii) Increase in lease liabilities by RM1.13 million mainly due to increase in our leased properties for our retail kiosks and our new headquarter cum warehouse in Bukit Jelutong, and the purchase of motor vehicles under finance lease arrangement; and
- (iii) Increase in other payables, accruals and deposits received by RM1.03 million mainly due to accruals for royalty fees to be paid of RM0.88 million.

Comparison between 30 September 2023 and 30 June 2024

Non-current liabilities

Our non-current liabilities decreased by RM1.65 million or 30.2% to RM3.82 million in FPE 2024 from RM5.47 million in FYE 2023 mainly due to decrease in lease liabilities by RM1.03 million and bank borrowings by RM0.64 million. The decrease in lease liabilities was mainly due to repayment made during the year and derecognition of the lease of our previous premise in Kampung Baru Subang, whilst decrease in bank borrowings was mainly due to repayment made during the period.

Current liabilities

Our current liabilities decreased by RM0.84 million or 8.7% to RM8.82 million in FPE 2024 mainly due to decrease in bank borrowings by RM0.74 million as a result of the repayment made during the period.

11. FINANCIAL INFORMATION (cont'd)**11.2.4 Impact of foreign exchange rates, interest rates and/or commodity prices****(i) Impact of foreign exchange rates**

Our exposure to foreign currency risk arises primarily from purchases that are denominated in currencies other than the functional currency of our Group. Our foreign currency risk arises when and to the extent these payment and receivable amounts do not match. As almost 99.0% of our revenue are generated in Malaysia, majority of our sales are denominated in RM.

Our purchases are mainly denominated in the following currencies, as tabulated below:

	Audited							
	FYE 2021		FYE 2022		FYE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
RMB	12,844	82.7	14,134	74.8	19,346	85.2	15,528	91.8
USD	316	2.0	455	2.4	940	4.1	1,173	6.9
RM	2,379	15.3	4,314	22.8	2,430	10.7	224	1.3
Total	15,539	100.0	18,903	100.0	22,716	100.0	16,925	100.0

Any appreciation or depreciation of the RMB/USD against RM will affect our GP and GP margin. We use internally generated cash and bankers' acceptances for payment of purchases. As at LPD, we do not have foreign currency borrowings nor have we entered into any foreign currency exchange contracts to hedge our foreign currency exposure. We only purchase the required amount of foreign currency as and when we settle the import bills which are due. Our realised gain/loss on foreign exchanges for the Period Under Review has been below RM2,000 per year/period.

Realised gain/(loss) on foreign exchange represent the difference in the foreign exchange rate as at the date of our invoice as compared to the foreign exchange rate when the payments receipt/against the respective sales/purchase invoices.

If the foreign exchange rate as at the date of our invoice is higher as compared to the rate when the payment for the invoice is received, we will record a realised loss on foreign exchange. Conversely, if the foreign exchange rate as at the date of our invoice is lower as compared to the rate when the payment for the invoice is received, we will record a realised gain on foreign exchange.

We are generally able to quote our selling prices based on our products' purchase price, and hence we are able to pass on some of the product costs increase to our customers. Notwithstanding the above, there is no assurance that any fluctuation in foreign exchange rates would not have an impact on our financial performance. In the event that we are unable to pass the increase in product costs to our customers, we may have to bear the increasing costs, and this may have a material impact on our financial performance for the year.

(ii) Impact of interest rates

Our exposure to changes in interest rate risk relates primarily to our borrowings from banks. We do not generally hedge interest rate risks.

Interest coverage ratio measures the number of times a company can make its interest payments with its EBIT. The interest coverage ratio for the Period Under Review are as follows:

11. FINANCIAL INFORMATION (cont'd)

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
EBIT	4,422	5,897	7,464	5,650
Finance costs	210	356	614	549
Interest coverage ratio (times) ⁽¹⁾	21.1	16.6	12.2	10.3

Note:

(1) Computed based on EBIT over finance costs for the financial years/period.

Our interest coverage ratio of between 10.3 times to 21.1 times for FYE 2021 to 2023 and FPE 2024, indicates that our Group has been able to generate sufficient EBIT to meet our interest servicing obligations.

(iii) Impact of commodity prices

As the cost of our products are not directly dependent on commodity prices, we were not affected by fluctuations in commodity prices during the Period Under Review.

(iv) Impact of inflation

Our Group's financial performance during the Period Under Review was not significantly affected by the impact of inflation. There is no assurance that our business will not be adversely affected by the impact of inflation in the future.

(v) Impact of government, economic, fiscal or monetary policies

There were no government, economic, fiscal or monetary policies or factors which have materially affected our financial performance during the Period Under Review.

Any adverse changes in the political, social, economic, and regulatory conditions in Malaysia could have a negative impact on our business operations and financial performance. We are also susceptible to the risk of local epidemics or pandemics where we may face business interruptions, including, among others, temporary suspension of our business operations.

Changes in the political, social, economic, fiscal and regulatory conditions could arise from, among others, changes in political leadership, risks of war or civil unrest, changes in import tariffs and related duties, and conditions governing licensing, registrations and permits to conduct business. Similarly, any local, regional or global economic downturn would also affect overall business conditions, consumer confidence, as well as investments, which would subsequently affect the demand for our products. As such, there can be no assurance that any adverse political, social, economic, fiscal and regulatory developments or outbreak of diseases which are beyond our control will not materially affect our business operations and financial performance.

11. FINANCIAL INFORMATION (cont'd)**11.2.5 Review of cash flow position**

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Net cash generated from operating activities	2,400	327	2,039	4,248
Net cash used in investing activities	(575)	(1,454)	(877)	(2,079)
Net cash (used in) / generated from financing activities	(763)	573	(1,379)	(3,790)
Net (decrease)/increase in cash and cash equivalents	1,062	(554)	(217)	(1,621)
Cash and cash equivalents at the beginning of the financial year	1,205	2,267	1,713	1,496
Cash and cash equivalents at the end of the financial year	2,267	1,713	1,496	(125)

FYE 2021**Net cash generated from operating activities**

In FYE 2021, net cash generated from operating activities was RM2.40 million. We collected total of RM24.41 million from our customers and interests received. However, the above was partially offset by cash payments made of RM22.01 million, mainly for the following:

- (i) RM15.51 million paid to our trade suppliers;
- (ii) RM4.96 million paid for our operating expenses and staff salaries; and
- (iii) Income tax paid of RM1.54 million.

Net cash used in investing activities

In FYE 2021, we recorded net cash used in investing activities of RM0.58 million which was mainly due to purchase of property, plant and equipment of RM0.56 million for our business operations. This relates mainly to renovation costs incurred for our headquarters cum warehouse in Kota Damansara as we moved there in October 2020.

Net cash used in financing activities

In FYE 2021, we recorded a net cash used in financing activities of RM0.76 million mainly due to the dividends paid of RM1.43 million, repayment of lease liabilities of RM0.38 million and finance costs paid of RM0.19 million.

The above was offset mainly by the drawdown of bank borrowings of RM1.20 million for working capital purposes.

11. FINANCIAL INFORMATION (cont'd)

FYE 2022**Net cash generated from operating activities**

In FYE 2022, net cash generated from operating activities was RM0.33 million. We collected total of RM29.18 million from our customers and interests received. However, the above was partially offset by cash payments made of RM28.85 million, mainly for the following:

- (i) RM18.83 million paid to our trade suppliers;
- (ii) RM8.67 million paid for our operating expenses and staff salaries; and
- (iii) Income tax paid of RM1.35 million.

Net cash used in investing activities

In FYE 2022, we recorded net cash used in investing activities of RM1.45 million which was mainly due to purchase of property, plant and equipment of RM1.39 million for our business operations. This relates mainly to renovation costs, office equipment and tools and equipment purchased for our headquarters cum warehouse in Subang and our first retail kiosk in Mid Valley Megamall.

Net cash generated from financing activities

In FYE 2022, we recorded a net cash generated from financing activities of RM0.57 million mainly due to the drawdown of bank borrowings amounting to RM3.09 million.

The above was offset mainly by dividend paid of RM1.00 million, repayment of lease liabilities of RM0.52 million, repayment of borrowings of RM0.31 million, finance costs paid of RM0.30 million and additional fixed deposits pledged to the banks for our term loan of RM0.38 million.

FYE 2023**Net cash generated from operating activities**

In FYE 2023, net cash generated from operating activities was RM2.04 million. We collected RM36.53 million from our customers and interest received. However, the above was partially offset by cash payments made of RM34.49 million, mainly for the following:

- (i) RM23.74 million paid to our trade suppliers;
- (ii) RM9.20 million paid for our operating expenses and staff salaries; and
- (iii) Income tax paid of RM1.55 million.

Net cash used in investing activities

In FYE 2023, we recorded net cash used in investing activities of RM0.88 million which was mainly due to purchase of property, plant and equipment of RM1.05 million for our business operations. This relates mainly to renovation costs and tools and equipment purchased for our retail kiosks in 1 Utama Shopping Centre and Sunway Pyramid Mall, as well as purchase of passenger cars for our Director.

11. FINANCIAL INFORMATION (cont'd)

Net cash used in financing activities

In FYE 2023, we recorded a net cash used in financing activities of RM1.38 million mainly due to dividends paid of RM3.20 million, repayment of lease liabilities of RM0.82 million, repayment of bank borrowings of RM0.54 million and finance costs paid of RM0.54 million.

The above was offset mainly by drawdown of bank borrowings of RM3.80 million for working capital purposes.

FPE 2024**Net cash generated from operating activities**

In FPE 2024, net cash generated from operating activities was RM4.25 million. We collected total of RM32.09 million from our customers and interests received. However, the above was partially offset by cash payments made of RM27.84 million, mainly for the following:

- (j) RM18.60 million paid to our trade suppliers;
- (jj) RM7.89 million paid for our operating expenses and staff salaries; and
- (iii) Income tax paid of RM1.35 million.

Net cash used in investing activities

In FPE 2024, we recorded net cash used in investing activities of RM2.08 million which was mainly due to purchase of property, plant and equipment for our business operations. This relates mainly to renovation costs, office equipment, furniture and fittings and tools and equipment purchased for our headquarters cum warehouse in Bukit Jelutong and our retail kiosks in Pavilion Kuala Lumpur and IOI City Mall, Putrajaya.

Net cash used in financing activities

In FPE 2024, we recorded a net cash used in financing activities of RM3.79 million mainly due to repayment of bank borrowings and lease liabilities of RM1.96 million and RM1.11 million respectively, finance costs paid of RM0.44 million and dividends paid of RM0.50 million.

[The rest of this page is intentionally left blank]

11. FINANCIAL INFORMATION (cont'd)

11.3 LIQUIDITY AND CAPITAL RESOURCES

11.3.1 Working capital

We have been financing our operations and working capital requirements through combination of existing cash and bank balances, cash generated from our operating activities, credit extended by our suppliers as well as various credit facilities extended to us by financial institutions. The principal use of our borrowings is for our acquisition of property, plant and equipment and working capital requirements.

The decision to utilise either internally generated funds or borrowings for our business operations depends on, amongst others, our cash and bank balances, expected cash inflow and outflow, future working capital requirements, future capital expenditure requirements and the interest rate on borrowings.

After taking into consideration the following, our Board is confident that our working capital will be sufficient for our existing and foreseeable requirements for a period of 12 months from the date of this Prospectus:

- (i) our cash and bank balances as at 30 June 2024 of RM0.45 million and our cash and cash equivalent as at LPD of RM0.33 million;
- (ii) our expected future cash flows from operations;
- (iii) our banking facilities (excluding finance leases) of up to a limit of RM9.09 million as at the LPD, of which RM7.91 million has been utilised; and
- (iv) our pro forma NA position and gearing level as at 30 June 2024 after distribution of dividend, Acquisition, Public Issue and utilisation of proceeds of RM22.38 million and 0.23 times, respectively.

At this juncture, we do not foresee any circumstances which may materially affect our liquidity. Our Group has not encountered any major disputes with our debtors. Our finance personnel work closely with our marketing and sales staff for the collection of outstanding balances on a monthly basis. This measure has proven to be effective while allowing us to maintain cordial relationship with our customers.

[The rest of this page is intentionally left blank]

11. FINANCIAL INFORMATION (cont'd)

11.3.2 Borrowings

All of our borrowings are secured, interest-bearing and denominated in RM. Our total outstanding borrowings as at 30 June 2024 stood at RM7.90 million (excluding lease liabilities for right-of-use assets of RM2.93 million), details of which are set out below:

	Purposes	Interest rate % per annum	Tenure	As at 30 June
				2024 RM'000
<u>Current</u>				
Bank overdraft	For working capital purposes	8.4 to 9.7	On demand	579
Bankers' acceptances	For working capital purposes	5.2 to 9.7	up to 150 days	4,572
Term loans	For working capital purposes	4.0 to 15.0	5 to 7 years	490
Hire purchases	To finance motor vehicles	2.2 to 3.3	5 to 9 years	148
	Total current borrowings			5,789
<u>Non-current</u>				
Term loans	For working capital purposes	4.0 to 15.0	5 to 7 years	1,275
Hire purchases	To finance motor vehicles	2.2 to 3.4	5 to 9 years	833
	Total non-current borrowings			2,108
	Total borrowings			7,897

Pro forma gearing (times)

After adjustments for distribution of dividend and Acquisition but before IPO⁽¹⁾
After adjustments for distribution of dividend, Acquisition and IPO⁽²⁾

0.66
0.22

Notes:

- Computed based on our pro forma equity attributable to the owners of our Company of RM 11.91 million in the pro forma combined statements of financial position after adjustments for distribution of dividend and Acquisition but before IPO.
- Computed based on our pro forma equity attributable to the owners of our Company of RM 22.38 million in the pro forma combined statements of financial position after adjustments for distribution of dividend, Acquisition and IPO which includes the repayment of bank borrowings of RM3.00 million.

11. FINANCIAL INFORMATION (cont'd)

Separately, we have also recognised the following lease liabilities on the right-of-use assets, which are denominated in RM:

Purpose	Tenure	As at 30 June 2024
		RM'000
Lease liabilities payable within 1 year	Rental of property Initial lease of 2 to 3 years, with option to renew further 2 to 3 years	1,295
Lease liabilities payable after 1 year	Rental of property Initial lease of 2 to 3 years, with option to renew further 2 to 3 years	1,637

Our Directors have provided personal guarantees for the above borrowings. In conjunction with our Listing, we have applied to the financiers to obtain a release and/or discharge of the personal guarantees by substituting the same with a corporate guarantee from our Company and/or other securities from our Group acceptable to the financiers. Until such release and/or discharge are obtained from the respective financiers, our Directors will continue to guarantee the banking facilities extended to our Group.

As at the date of this Prospectus, we have received all conditional approvals from the financiers to discharge the above guarantees by substituting the same with a corporate guarantee from the Company. The financiers have imposed conditions that the discharge is conditional upon the completion of the Listing and execution and perfection of a corporate guarantee by the Company.

[The rest of this page is intentionally left blank]

11. FINANCIAL INFORMATION (cont'd)

The maturity profile based on the undiscounted contractual repayment obligation of our total borrowings (excluding lease liabilities for right-of-use assets) as of the dates indicated is as follows:

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Within one year	1,549	2,900	6,749	5,985
One to five years	1,260	3,069	2,809	2,214
More than five years	232	653	387	261
Total contractual cash flow	3,041	6,622	9,945	8,460
Total carrying amount	2,708	5,710	9,192	7,987

Our interest-bearing borrowings (excluding lease liabilities for right-of-use assets) carry the following effective interest rates for the Period Under Review:

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	% per annum			
Bankers' acceptance	4.13 to 8.90	4.06 to 8.90	4.86 to 9.65	5.24 to 9.65
Term loans	7.35 to 13.45	4.00 to 14.20	4.00 to 15.00	4.00 to 15.00
Bank overdrafts	N/A	7.17	6.95 to 9.40	8.42 to 9.70
Lease liabilities	2.35 to 3.44	2.20 to 3.44	2.20 to 3.44	2.20 to 3.34

As at LPD, we do not have any borrowings which are non-interest bearing. We have not defaulted on payments of principal sums and/or interests in respect of any borrowings throughout the Period Under Review as well as subsequent to FPE 2024 up to LPD.

As at LPD, neither our Group nor our subsidiary is in breach of any terms and conditions or covenants associated with the credit arrangement or bank loan which can materially affect our financial position and results or business operations or the investments by holders of our securities.

During the Period Under Review, we have not experienced any claw back or reduction in the facilities limit granted to us by our lenders.

11.3.3 Types of financial instruments used, treasury policies and objectives

As at LPD, save for our borrowings as disclosed in Section 11.3.2 of this Prospectus, we do not have nor utilise any other financial instruments or have any other treasury policies. We finance our operations mainly through cash generated from our operations, credit extended by our suppliers and external sources of fund which mainly comprise borrowings. The principal usages of these bank borrowings are for working capital or purchase of property, plant and equipment.

As at 30 June 2024, save for our hire purchase and certain term loans which are based on fixed rates, all our other facilities with licensed financial institutions are based on cost of funds or base lending rate plus or minus a rate which varies depending on the type of facility.

11. FINANCIAL INFORMATION (cont'd)

11.3.4 Material capital commitments, litigation and contingent liabilities

(i) Material capital commitments for capital expenditure

Save as disclosed in Section 4.9.1(a) of this Prospectus, our Group does not have any material capital commitment as at LPD. We expect to finance these capital expenditures through the IPO proceeds and/or internally generated funds.

(ii) Material litigations and contingent liabilities

We are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and there is no proceeding pending or threatened or any fact likely to give rise to any proceeding which might materially or adversely affect our position or business as at LPD.

As at LPD, our Directors confirm that there are no material contingent liabilities incurred by our Group, which upon becoming enforceable may have a material effect on our Group's business, financial results or position.

11.4 KEY FINANCIAL RATIOS

The following table sets forth certain key financial ratios of our Group based on the combined financial statements of our Group for the Period Under Review:

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
Trade receivables turnover period (days) ⁽¹⁾	77	84	108	92
Trade payables turnover period (days) ⁽²⁾	62	72	59	124
Inventory turnover period (days) ⁽³⁾	39	59	74	96
Current ratio (times) ⁽⁴⁾	2.3	3.2	1.7	2.0
Gearing ratio (times) ⁽⁵⁾	0.7	0.8	1.0	0.6

Notes:

- (1) Computed based on the average trade receivables as at year/period end over credit sales for the respective years/period, multiplied by 365/366 days for each financial year or 274 days for the financial period.
- (2) Computed based on the average trade payables as at year/period end over credit purchases for the respective years/period, multiplied by 365/366 days for each financial year or 274 days for the financial period.
- (3) Computed based on the average inventory as at year/period end over total purchases for the respective years/period, multiplied by 365/366 days for each financial year or 274 days for the financial period.
- (4) Computed based on current assets over current liabilities as at the end of each financial year/period.
- (5) Computed based on total borrowings (excluding lease liabilities for rights-of-use assets) over total equity as at the end of each financial year/period.

11. FINANCIAL INFORMATION (cont'd)**11.4.1 Trade receivables turnover**

Our average trade receivables turnover (days) for the Period Under Review is as follows:

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Opening trade receivables	1,242	736	4,946	6,606
Closing trade receivables	736	4,946	6,606	8,268
Average trade receivables	989	2,841	5,776	7,437
Credit sales ⁽¹⁾	4,719	12,357	19,609	22,288
Average trade receivable turnover period (days)	77	84	108	92

Note:

(1) Revenue comprise of:

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Cash sales	18,072	21,613	21,246	14,487
Credit sales	4,719	12,357	19,609	22,288
Total revenue	22,791	33,970	40,855	36,775

The normal credit period offered by our Group in respect of our trade receivables is between 30 to 90 days from the date of invoice on a case-by-case basis by taking into consideration various factors such as our business relationship with our customers and credit history of the customers while new customers are subject to our credit verification and assessment process. Other credit terms can sometimes be negotiated (such as for new customers or large orders) upon the request of our customer. Such terms would be assessed and approved on a case-by-case basis. All of our outstanding trade receivables are closely monitored by our finance department.

Our Group established policies on credit control involving credit evaluations, setting up appropriate credit limits, ensuring the sales are made to customers with good credit history, and regular review of customers' outstanding balances and payment trends. Despite the increasing credit sales over the Period Under Review, our Group considers the risk of material loss in the event of non-performance by the customers to be unlikely as we have established the credit control policies as stated above and we have not encountered such event since incorporation. In addition, our cash sales represent 39.4% to 79.3% of our total revenue for the Period Under Review. Furthermore, based on the ageing analysis set out below, subsequent to 30 June 2024 and up to LPD, we have collected RM7.78 million, representing 94.1% of the total trade receivables as at 30 June 2024, which indicates high collections from our credit customers.

Our trade receivables turnover period for the Period Under Review were between 77 days to 108 days. Our trade receivables turnover days increased from 77 days in FYE 2021 to 84 days in FYE 2022 and further to 108 days in FYE 2023 mainly due to the increase in the number of our credit customers from 20.7% of sales for FYE 2021 to 48.0% of sales for FYE 2023.

The increase in trade receivables turnover period in FYE 2023 was mainly due to the outstanding trade receivables exceeding 90 days as at 30 September 2023 from two of our distributors and resellers, who are our major customers amounting to RM1.08 million. Our Group are of the view that the said amount is collectible considering the follow-up and

11. FINANCIAL INFORMATION (cont'd)

reminders to said distributors and resellers. Nonetheless, as at LPD, these outstanding receivables had been collected. Our trade receivables turnover period improved to 92 days in FPE 2024 as our sales and marketing personnel had put in more efforts in following up with our customers when payments become due.

The ageing analysis of our trade receivables (net of impairment losses) as at 30 June 2024 is as follows:

	Within normal credit period	Exceeding credit period (days past due)			Total
	0 – 90 days	1 – 30 days	31 – 90 days	> 90 days	
Trade receivables (RM'000)	7,256	240	85	687	8,268
Percentage of total trade receivables (%)	87.8	2.9	1.0	8.3	100.0
Subsequent collections up to the LPD (RM'000)	7,198	172	19	390	7,779
Trade receivables net of subsequent collections (RM'000)	58	68	66	297	489
Percentage of total trade receivables net of subsequent collections (%)	11.9	13.9	13.5	60.7	100.0

Note:

- (1) The trade receivables is net of impairment losses as there are expected credit losses provided for amount outstanding more than 90 days.

As at 30 June 2024, our Group's trade receivables amount to approximately RM8.27 million, of which RM1.01 million or 12.2% of our trade receivables exceeded the normal credit period. Subsequent to 30 June 2024 and up to LPD, we have collected RM7.78 million, representing 94.1% of the total trade receivables as at 30 June 2024.

Our Group has not encountered any major disputes with our trade receivables. With respect to overdue debts, we have generally been able to collect payment eventually as evident by our subsequent collections after 30 June 2024. Our Group has put in place a credit procedure to monitor and minimise the exposure of default. Receivables are monitored on a regular and ongoing basis. Our Group will assess the collectability of trade receivables on an individual customer basis and impairment will be made for those customers where recoverability is uncertain based on our past dealings with customers. Where receivables have been written off, we will continue to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss. For the Period Under Review up to the LPD, our Group has not encountered such incident.

11. FINANCIAL INFORMATION (cont'd)

11.4.2 Trade payables turnover

Our average trade payables turnover (days) for the Period Under Review is as follows:

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Opening trade payables	34	215	116	43
Closing trade payables	215	116	43	504
Average trade payables	125	166	80	274
Credit purchases ⁽¹⁾	734	849	496	608
Average trade payable turnover period (days)	62	72	59	124

Note:

(1) Purchases comprise of:

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Cash purchases	14,805	18,054	22,220	16,317
Credit purchases	734	849	496	608
Total purchases	15,539	18,903	22,716	16,925

The ageing analysis of our trade payables as at 30 June 2024 is as follows:

	Within normal credit period	Exceeding credit period (days past due)			Total
	0 – 60 days	1 – 30 days	31 – 90 days	> 90 days	
Trade payables (RM'000)	504	-	-	-	504
Percentage of total trade payables (%)	100.0	-	-	-	100.0
Subsequent payments up to the LPD (RM'000)	504	-	-	-	504
Trade payables net of subsequent payments (RM'000)	-	-	-	-	-
Percentage of total trade payables net of subsequent payments (%)	-	-	-	-	-

The normal credit terms granted by our suppliers (which are mainly our personal care products supplier and logistic services providers) are generally between 30 to 60 days.

Our average trade payables turnover period for FYE 2021 to FYE 2023 and FPE 2024 were 62 days, 72 days, 59 days and 124 days, respectively. The trade payables turnover period was higher in FYE 2022 mainly due to the higher average trade payables of RM0.17 million for FYE 2022. The higher average trade payables was due to higher closing trade payables balances as at 30 September 2021 and 2022 as compared to the closing trade payables balances as at 30 September 2023. The higher trade payables balances as at 30 September 2021 and 2022 was due to purchases made towards end of FYE 2021 and 2022 in the month of August and

11. FINANCIAL INFORMATION (cont'd)

September 2021 and 2022, which was still not due for payment as at 30 September of the respective years.

The trade payables turnover period was higher in FPE 2024 mainly due to the higher average trade payables of RM0.27 million for FPE 2024. The higher average trade payables was due to higher closing trade payables balances as at 30 June 2024. The higher trade payables balances as at 30 June 2024 was due to purchases made in June 2024 amounted to approximately RM0.40 million, which was still not due for payment as at 30 June 2024.

As at LPD, we have fully paid our trade payables as at 30 June 2024.

11.4.3 Inventories turnover

Our average inventory turnover (days) for the Period Under Review is as follows:

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Opening inventory	315	2,938	3,134	6,048
Closing inventory	2,938	3,134	6,048	5,772
Average inventory	1,627	3,036	4,591	5,910
Purchases	15,539	18,903	22,716	16,925
Average inventory turnover period (days)	39	59	74	96

Our inventories mainly comprise of our products.

In general, our orders from our suppliers would take 2 to 3 months from the date of purchase order is received to be processed. We maintain a certain level of inventory of about 2 to 3 months as part of our inventory management to ensure stock availability to satisfy our customers' orders. Our inventory turnover days vary from year to year according to our sales orders.

Our average inventory turnover period from FYE 2021 to FYE 2023 and FPE 2024 were 39 days, 59 days, 74 days and 96 days respectively. Our inventory turnover period increased in FYE 2022 and FPE 2024 as we increased our inventories level to cater for our own retail kiosks and to service the increased number of retailers from 682 for FYE 2021 to 992 for FYE 2022, to 1,458 for FYE 2023 and to 1,961 for FPE 2024. Further, as we launched more new products in FYE 2023 and FPE 2024 such as the Natural Scented Candles series, Marvel Car Vent Perfume and Refill series, 2-in-1 Bathroom Air Freshener series, Reed Diffuser and laundry care products, our inventories level also increased to ensure that we have sufficient inventories for our customers.

We conduct a monthly internal meeting to review our inventory level and inventory ageing. Approval is required from authorised personnel at management level for replenishment of inventories and impairment on slow moving inventories.

11. FINANCIAL INFORMATION (cont'd)

The ageing analysis of our inventories as at 30 June 2024 is set out below:

	Within 12 months	Above 12 months	Total
	RM'000	RM'000	RM'000
Car fragrance	3,105	16	3,121
Indoor fragrance	1,144	848	1,992
Personal and household care products	604	40	644
Accessories and others	11	4	15
	4,864	908	5,772

We perform annual review on our inventories to assess the impairment of slow moving inventories. Our policy is to provide full provision for inventories aged more than 5 years as the shelf life of our products are 5 years. For the Period Under Review, there was no allowance for slow moving inventories and no inventories were written off.

11.4.4 Current ratio

	As at 30 September			As at 30 June
	FYE 2021	FYE 2022	FYE 2023	2024
	RM'000	RM'000	RM'000	RM'000
Current assets	6,916	11,280	16,837	17,366
Current liabilities	2,995	3,559	9,658	8,824
Net current assets	3,921	7,721	7,179	8,542
Current ratio (times) ⁽¹⁾	2.3	3.2	1.7	2.0

Note:

(1) Computed based on current assets over current liabilities.

Our current ratio remains healthy throughout the Period Under Review and ranged from 1.7 to 3.2 times. This indicates that our Group is capable to continuously meet our current obligations as our current assets (which can be readily converted to cash, together with our cash in the bank) are enough to meet immediate current liabilities.

Our current ratio increased from 2.3 times as at 30 September 2021 to 3.2 times as at 30 September 2022 mainly due to higher trade receivables as a result of the increased in revenue for FYE 2022.

Our current ratio decreased from 3.2 times in FYE 2022 to 1.7 times in FYE 2023 mainly due to increase in current liabilities resulting from increase in bank borrowings, lease liabilities and accruals. Subsequently, our current ratio increased to 2.0 times in FPE 2024 mainly due to decreased in current liabilities resulting from decrease in bank borrowings.

11. FINANCIAL INFORMATION (cont'd)**11.4.5 Gearing ratio**

Our gearing ratio throughout the Period Under Review is as follows:

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Total borrowings ⁽¹⁾	2,708	5,710	9,192	7,897
Total equity	3,978	7,253	9,148	12,305
Gearing ratio (times)	0.7	0.8	1.0	0.6

Note:

- (1) Computed based on interest-bearing borrowings, excluding lease liabilities for rights-of-use assets (which is not interest-bearing borrowing) of RM0.32 million, RM1.27 million, RM4.22 million and RM2.93 million as at 30 September 2021, 2022 and 2023 and 30 June 2024 respectively.

Our gearing ratio ranged from 0.6 times to 1.0 times during the Period Under Review. Our Group's gearing ratio increased from 0.7 times as at 30 September 2021 to 0.8 times as at 30 September 2022 mainly due to the additional term loans drawdown for working capital purposes in FYE 2022.

Our Group's gearing ratio increased from 0.8 times as at 30 September 2022 to 1.0 times as at 30 September 2023 mainly due to higher outstanding bankers' acceptances as at 30 September 2023 as a result of increased purchases to support our revenue growth. Our Group's gearing ratio decreased to 0.6 times as at 30 June 2024 mainly due to increase in retained earnings resulting from the profit earned during the period and lower outstanding borrowings as at 30 June 2024, as a result of repayment made during the period.

11.5 TREND INFORMATION

Based on our track record for the Period Under Review, including our segmental analysis of revenue and profitability, the following trends may continue to affect our business:

- (a) during the Period Under Review, the car fragrance segment has been the main revenue contributor for our business. We expect that this segment will continue contributing significantly to our revenue in the future;
- (b) during the Period Under Review, our revenue was mainly derived from local sales. We expect this trend to continue in the future;
- (c) The main components of our cost of sales are the product costs. Moving forward, our cost of sales is expected to fluctuate in tandem with our revenue levels. Our cost of sales is dependent on amongst others, the price fluctuation of our products; and
- (d) we achieved a GP margin of 43.3%, 44.9%, 46.7% and 49.5% for FYE 2021, FYE 2022, FYE 2023 and FPE 2024, respectively. We expect to maintain our GP margin within the same range in the future. This would depend on, amongst others, our continued ability to manage our costs efficiently.

11. FINANCIAL INFORMATION (cont'd)

As at LPD, our Board confirms that our operations have not been and are not expected to be affected by any of the following:

- (a) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations, other than those discussed in Sections 6.5, 8 and 11.2 of this Prospectus;
- (b) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical combined financial statements not necessarily indicative of the future financial performance and position other than those discussed in Sections 8 and 11.2 of this Prospectus;
- (c) known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our Group's revenue save for those that had been discussed in Sections 11.2 of this Prospectus, business and industry overview in Sections 6.5 and 7 of this Prospectus;
- (d) material commitments for capital expenditure as set out in Section 11.3.5 of this Prospectus; and
- (e) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as discussed in Sections 8 and 11.2 of this Prospectus.

Our Board is optimistic about the future prospects of our Group given the positive outlook of the air fragrance industry as set out in Section 7 of this Prospectus, our Group's competitive strengths as set out in Section 6.5.8 of this Prospectus and our business strategies and prospects as set out in Section 6.6 of this Prospectus.

11.6 ORDER BOOK

Due to the nature of our business, we do not maintain an order book as our sales are based on confirmed purchase orders from our customers. We generate our revenue as and when we deliver our products based on purchase orders received.

11.7 DIVIDENDS

As our Company is an investment holding company, our ability to declare and pay dividends or make other distributions to our shareholders are dependent upon the dividends we receive from our subsidiary, present or future. Our subsidiary will require their financiers' consent as set out in the respective facility agreements to pay dividends to our Company. Save for compliance with the solvency requirement under the Act, which is applicable to all Malaysian companies, there are no legal, financial, or economic restrictions on the ability of our existing subsidiary to transfer funds in the form of cash dividends, loans or advances to us.

Our Group presently does not have any formal dividend policy. The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board. It is our intention to pay dividends to shareholders in the future; however, such payments will depend upon a number of factors, including our Group's financial performance, capital expenditure requirements, general financial condition and any other factors considered relevant by our Board. Dividend payments, capital gains and profits from dealing in our Shares will not be subject to Malaysian taxation (not applicable to entities, including companies with trading of shares as their principal activity). No withholding tax is imposed on the above transactions.

11. FINANCIAL INFORMATION (cont'd)

During the Period Under Review and up to LPD, we have declared and paid the following dividend:

	FYE 2021	FYE 2022	FYE 2023	Up to LPD
	RM'000	RM'000	RM'000	RM'000
Dividends declared	1,430	2,700	1,500	900
Dividends paid	1,430	1,000	3,200	900

All dividends were paid using internally generated funds. As at LPD and prior to our Listing, we declared and paid dividends amounting to RM0.90 million for the FYE 2024 which was funded via our internally generated funds.

Our Group confirms that save as disclosed above, there will be no further dividends to be declared/paid up to the completion of our Listing. Our Board does not foresee that dividends paid during the Period Under Review would affect the execution and implementation of our future plans or business strategies moving forward. Together with the proceeds raised from the Public Issue, we believe we have sufficient cash from operations and bank borrowings to fund our operations and expansion plans.

11.8 SIGNIFICANT CHANGES

There are no significant changes have occurred since FPE 2024, being our most recent financial statements, which may have a material effect on the financial position and results of our Group.

[The rest of this page is intentionally left blank]

11. FINANCIAL INFORMATION *(cont'd)*

11.9 CAPITALISATION AND INDEBTEDNESS

The table below summarises our capitalisation and indebtedness as at 30 September 2024 and after adjusting for the effects of the Acquisition, Public Issue and utilisation of proceeds.

	Unaudited as at 30 September 2024 RM'000	I After Acquisition RM'000	II After I and Public Issue RM'000	III After II and utilisation of proceeds RM'000
<u>Indebtedness</u>				
<u>Current</u>				
<i>Secured</i>				
Loans and borrowings	5,560	5,560	5,560	2,560
Lease liabilities ⁽¹⁾	150	150	150	150
<u>Non-current</u>				
<i>Secured</i>				
Loans and borrowings	1,155	1,155	1,155	1,155
Lease liabilities ⁽¹⁾	795	795	795	795
Total indebtedness	7,660	7,660	7,660	4,660
<u>Capitalisation</u>				
Share capital	-	9,148	23,151	22,450
Invested equity	500	-	-	-
Total capitalisation	500	9,148	23,151	22,450
Total capitalisation and indebtedness	8,160	16,808	30,811	27,110
Gearing ratio (times)⁽²⁾	15.32	0.84	0.33	0.21

Notes:

- (1) Excluding lease liabilities for right-of-use assets as the right-of-use asset is not an interest-bearing borrowing.
- (2) Calculated based on the total indebtedness divided by total capitalisation.

12. ACCOUNTANTS' REPORT



VANZO HOLDINGS BERHAD

**(Incorporated in Malaysia)
202301051922 (1545836-M)**

**ACCOUNTANTS' REPORT ON
COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIODS ENDED
30 JUNE 2024 AND 30 JUNE 2023
AND FINANCIAL YEARS ENDED
30 SEPTEMBER 2023, 30 SEPTEMBER 2022
AND 30 SEPTEMBER 2021**

ECOVIS MALAYSIA PLT
201404001750 (LLP0003185-LCA) & AF 001825
Chartered Accountants

12. ACCOUNTANTS' REPORT (cont'd)



8 November 2024

The Board of Directors
Vanzo Holdings Berhad
No. 12, Jalan Tiang U8/92
Seksyen U8, Bukit Jelutong
40150 Shah Alam
Selangor Darul Ehsan

Dear Sirs

REPORTING ACCOUNTANTS' OPINION ON THE COMBINED FINANCIAL STATEMENTS CONTAINED IN THE ACCOUNTANTS' REPORT OF VANZO HOLDINGS BERHAD

Opinion

We have audited the accompanying combined financial statements of **Vanzo Holdings Berhad** (the "Company") and its combining entities, namely Vanzo Asia Sdn. Bhd., (collectively the "Group"), which comprises the combined statements of financial position as at 30 June 2024, 30 September 2023, 30 September 2022 and 30 September 2021, the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flow for financial period ended ("FPE") 30 June 2024 and for each of the financial years ended ("FYE") 30 September 2023, 30 September 2022 and 30 September 2021, including material accounting policy information and other explanatory notes as set out on page 6 to 92.

This historical combined financial statements of the Group have been prepared solely for inclusion in the prospectus of the Company (the "Prospectus") in connection with the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad.

In our opinion, the accompanying combined financial statements of the Group give a true and fair view of the financial positions of the Group as at 30 June 2024, 30 September 2023, 30 September 2022 and 30 September 2021, and of their financial performance and cash flows for FPE 30 June 2024 and for each of the FYE 30 September 2023, 30 September 2022 and 30 September 2021 in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS"). This report is required by the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and is given for the purpose of complying with Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines and for no other purpose.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Reporting Accountants' Responsibilities for the Audit of the Combined 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.

ECOVIS MALAYSIA PLT 201404001750 (LLP0003185-LCA) & AF 001825 Chartered Accountants, D-10-03, Level 10, EXSIM Tower, Millerz Square @ Old Klang Road, Megan Legasi, No.357, Jalan Kelang Lama, 58000 Kuala Lumpur. Phone: +60(3) 7986 0066 E-Mail: kuala-lumpur@ecovis.com.my

A member of ECOVIS International tax advisors, accountants, auditors and lawyers, operating in more than 90 countries worldwide.

ECOVIS International is a Swiss association. Each Member Firm is an independent legal entity in its own country and is only liable for its own acts or omissions, not those of any other entity. ECOVIS MALAYSIA PLT is a Malaysia member firm of ECOVIS International.

12. ACCOUNTANTS' REPORT (cont'd)**Basis for Opinion (cont'd)***Independence and Other Ethical Responsibilities*

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

Directors’ Responsibilities for the Combined Financial Statements

The Directors of the Company (“Directors”) are responsible for the preparation of combined financial statements of the Group that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of combined financial statements of the Group that are free from material misstatement, whether due to fraud or error.

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

Reporting Accountants’ Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements of the Group as a whole is free from material misstatement, whether due to fraud or error, and to issue a 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 ISAs 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 basis of these combined financial statements.

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

- (a) Identify and assess the risks of material misstatement of the combined financial statements of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

12. ACCOUNTANTS' REPORT (cont'd)



Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements (cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also: (cont'd)

- (d) 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 of the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the combined financial statements of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the combined financial statements of the Group, including the disclosures, and whether the combined financial statements of the Group represents the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Other Reporting Responsibility

The comparative information in respect of the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows and related notes to the combined financial statements for the FPE 30 June 2023 ("FPE 2023") has not been audited.

In accordance with paragraph 10.05 of Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines as issued by the Securities Commission Malaysia, we report that the significant and subsequent events identified by the Group since 30 June 2024, the reporting date of the most recent audited combined financial statements to the date of this report, are as disclosed on Note 32 to this report.

12. ACCOUNTANTS' REPORT (cont'd)



Restriction on Distribution and Use

This report is made solely to the Company for inclusion in the Prospectus in relation to the initial public offering and listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad and should not be relied upon for any other purposes. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to read "Ecovis" with a stylized flourish at the end.

ECOVIS MALAYSIA PLT
AF 001825
Chartered Accountants

Kuala Lumpur
8 November 2024

A handwritten signature in black ink, appearing to read "CHUA KAH CHUN" in a stylized, cursive font.

CHUA KAH CHUN
02696/09/2025 J
Chartered Accountant

12. ACCOUNTANTS' REPORT (cont'd)**VANZO HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT**COMBINED STATEMENTS OF FINANCIAL POSITION**

	Note	Audited			
		As at 30 June	As at 30 September		
		2024 RM	2023 RM	2022 RM	2021 RM
Assets					
Non-current assets					
Property, plant and equipment	7	7,382,897	7,233,391	3,290,988	1,227,200
Intangible assets	8	86,413	95,413	100,996	103,602
Other investment	9	95,196	95,196	95,196	-
Deferred tax assets	10	22,525	12,828	4,864	1,863
Total non-current assets		7,587,031	7,436,828	3,492,044	1,332,665
Current assets					
Inventories	11	5,772,507	6,047,972	3,134,264	2,937,608
Trade receivables	12	8,267,847	6,606,111	4,946,115	735,573
Other receivables, deposits and prepayments	13	2,556,785	2,157,222	1,045,333	915,451
Fixed deposits with licensed banks		314,886	529,674	441,110	360,000
Cash and bank balances		453,969	1,495,588	1,713,020	1,966,954
Total current assets		17,365,994	16,836,567	11,279,842	6,915,586
Total assets		24,953,025	24,273,395	14,771,886	8,248,251

12. ACCOUNTANTS' REPORT (cont'd)**VANZO HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)**COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

	Note	Audited			
		As at 30 June	As at 30 September		
		2024 RM	2023 RM	2022 RM	2021 RM
Equity and liabilities					
Equity					
Invested equity	14	500,010	500,000	500,000	300,000
Retained earnings	15	11,805,781	8,648,302	6,752,619	3,677,826
Total equity		12,305,791	9,148,302	7,252,619	3,977,826
Non-current liabilities					
Bank borrowings	16	1,274,692	1,920,403	2,486,909	878,715
Lease liabilities	17	2,469,685	3,502,174	1,465,983	389,806
Deferred tax liabilities	10	79,000	45,000	7,183	7,183
Total non-current liabilities		3,823,377	5,467,577	3,960,075	1,275,704
Current liabilities					
Trade payables	18	504,457	42,916	116,100	214,700
Other payables, accruals and deposits received	19	769,544	1,246,785	216,826	746,561
Bank borrowings	16	5,641,125	6,377,154	2,547,031	1,375,085
Lease liabilities	17	1,443,057	1,608,454	477,727	383,533
Current tax liabilities		465,674	382,207	201,508	274,842
Total current liabilities		8,823,857	9,657,516	3,559,192	2,994,721
Total liabilities		12,647,234	15,125,093	7,519,267	4,270,425
Total equity and liabilities		24,953,025	24,273,395	14,771,886	8,248,251

The accompanying notes form an integral part of these combined financial statements.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Audited		Audited		
		For the FPE 30 June *		For the FYE 30 September		
		2024	2023	2023	2022	2021
		RM	RM	RM	RM	RM
Revenue	20	36,775,278	28,878,270	40,854,920	33,969,562	22,790,559
Cost of sales		(18,555,951)	(15,463,715)	(21,785,047)	(18,707,186)	(12,920,935)
Gross profit		18,219,327	13,414,555	19,069,873	15,262,376	9,869,624
Other income		58,591	122,352	124,493	118,167	1,151,925
Administrative expenses		(4,849,682)	(2,885,698)	(3,943,841)	(3,186,269)	(2,144,089)
Selling and distribution expenses		(7,394,743)	(5,727,345)	(7,698,603)	(6,203,367)	(4,390,881)
Other operating expenses		(368,789)	(59,306)	(78,481)	(90,352)	(62,661)
Profit from operations		5,664,704	4,864,558	7,473,441	5,900,555	4,423,918
Finance costs	21	(548,786)	(448,190)	(613,945)	(355,429)	(209,497)
Profit before tax	22	5,115,918	4,416,368	6,859,496	5,545,126	4,214,421
Tax expenses	23	(1,458,439)	(1,145,444)	(1,763,813)	(1,270,333)	(1,176,311)
Profit/Total comprehensive income for the financial period/year		3,657,479	3,270,924	5,095,683	4,274,793	3,038,110

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

COMBINED STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)

	Note	Audited		Audited		
		For the FPE 30 June *		For the FYE 30 September		
		2024	2023	2023	2022	2021
		RM	RM	RM	RM	RM
Profit/Total comprehensive income attributable to:						
- Owners of the Groups		3,657,479	3,270,924	5,095,683	4,274,793	3,038,110
- Non-controlling interests		-	-	-	-	-
		<u>3,657,479</u>	<u>3,270,924</u>	<u>5,095,683</u>	<u>4,274,793</u>	<u>3,038,110</u>
EPS attributable to owners of the Group						
- Basic and diluted	24	<u>7.31</u>	<u>6.54</u>	<u>10.19</u>	<u>8.55</u>	<u>10.13</u>

* For the nine (9)-month financial period ended 30 June

The accompanying notes form an integral part of these combined financial statements.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Note	← Attributable to owners of the Group →		Total equity RM
		Non-distributable Invested equity RM	Distributable Retained earnings RM	
Audited				
At 1 October 2020		200,000	2,069,716	2,269,716
Issuance of shares	14	100,000	-	100,000
Net profit/Total comprehensive income for the financial year		-	3,038,110	3,038,110
Dividend paid	25	-	(1,430,000)	(1,430,000)
At 30 September 2021/ 1 October 2021		300,000	3,677,826	3,977,826
Bonus issue	14	200,000	(200,000)	-
Net profit/Total comprehensive income for the financial year		-	4,274,793	4,274,793
Dividend paid	25	-	(1,000,000)	(1,000,000)
At 30 September 2022/ 1 October 2022		500,000	6,752,619	7,252,619
Net profit/Total comprehensive income for the financial year		-	5,095,683	5,095,683
Dividend paid	25	-	(3,200,000)	(3,200,000)
At 30 September 2023/ 1 October 2023		500,000	8,648,302	9,148,302
Issuance of shares	14	10	-	10
Net profit/Total comprehensive income for the financial period		-	3,657,479	3,657,479
Dividend paid	25	-	(500,000)	(500,000)
At 30 June 2024		500,010	11,805,781	12,305,791

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

COMBINED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

	Note	← Attributable to owners of the Group →		Total equity RM
		Non-distributable Invested equity RM	Distributable Retained earnings RM	
Unaudited				
At 1 October 2022		500,000	6,752,619	7,252,619
Net profit/Total comprehensive income for the financial period		-	3,270,924	3,270,924
Dividend paid	25	-	(1,700,000)	(1,700,000)
At 30 June 2023		500,000	8,323,543	8,823,543

The accompanying notes form an integral part of these combined financial statements.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

COMBINED STATEMENTS OF CASH FLOWS

	Note	Audited	Unaudited	Audited		
		For the FPE 30 June 2024 RM	2023 RM	For the FYE 30 September		
				2023 RM	2022 RM	2021 RM
Cash flows from operating activities						
Profit before tax		5,115,918	4,416,368	6,859,496	5,545,126	4,214,421
Adjustments for:						
Amortisation of intangible assets		9,000	6,000	8,233	7,641	9,439
Depreciation of property, plant and equipment		368,013	296,832	283,338	416,027	277,732
Depreciation of right-of-use assets		1,084,312	381,521	671,303	499,348	397,561
Finance costs		548,786	448,190	613,945	355,429	209,497
(Gain)/Loss on lease modification		(39,949)	-	-	18,253	-
Net impairment on financial assets		54,288	58,000	78,481	39,645	18,328
Gain on disposal of property, plant and equipment		-	(114,741)	(114,741)	(10,980)	-
Deposit forfeited		-	-	-	24,500	44,000
Loss on property, plant and equipment written off		314,501	-	-	7,954	-
Interest income		(14,382)	(7,611)	(8,804)	(3,902)	(1,805)
Operating profit before working capital changes		7,440,487	5,484,559	8,391,251	6,899,041	5,169,173
Changes in working capital:						
(Increase)/Decrease in trade and other receivables		(2,115,587)	(3,351,040)	(2,850,366)	(4,404,569)	807,399
Decrease/(Increase) in inventories		275,465	(1,824,603)	(2,913,708)	(196,656)	(2,622,291)
(Decrease)/Increase in trade and other payables		(15,700)	893,112	956,775	(628,335)	579,422
Cash flows generated from operations		5,584,665	1,202,028	3,583,952	1,669,481	3,933,703
Interest income received		14,382	7,611	8,804	3,902	1,805
Tax paid		(1,350,669)	(1,053,258)	(1,553,261)	(1,346,668)	(1,535,431)
Net cash generated from operating activities		4,248,378	156,381	2,039,495	326,715	2,400,077

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

COMBINED STATEMENTS OF CASH FLOWS (CONT'D)

	Note	Audited	Unaudited	Audited		
		For the FPE 30 June 2024 RM	2023 RM	For the FYE 30 September		
				2023 RM	2022 RM	2021 RM
Cash flows from investing activities						
Increase in other investment		-	-	-	(95,196)	-
Additions of intangible assets	8	-	(2,650)	(2,650)	(5,035)	(19,577)
Purchase of property, plant and equipment	(a)	(2,079,416)	(1,021,174)	(1,044,604)	(1,387,984)	(554,974)
Proceeds from disposal of property, plant and equipment		-	170,000	170,000	33,800	-
Net cash used in investing activities		(2,079,416)	(853,824)	(877,254)	(1,454,415)	(574,551)
Cash flows from financing activities						
Proceeds from issuance of shares		10	-	-	-	100,000
Decrease/(Increase) in fixed deposit pledged		214,788	(67,515)	(88,564)	(381,110)	(60,000)
Decrease in amount owing by/to a Director	(b)	-	-	-	-	47,689
Drawdown of bank borrowings	(b)	-	3,179,398	3,798,398	3,088,669	1,201,479
Repayment of bank borrowings	(b)	(1,961,492)	(396,346)	(534,781)	(308,529)	(57,027)
Repayment of lease liabilities	(b)	(1,107,568)	(613,729)	(815,271)	(520,918)	(379,280)
Finance costs paid		(436,071)	(392,222)	(539,455)	(304,346)	(186,621)
Dividend paid	25	(500,000)	(1,700,000)	(3,200,000)	(1,000,000)	(1,430,000)
Net cash (used in)/generated from financing activities		(3,790,333)	9,586	(1,379,673)	573,766	(763,760)

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

COMBINED STATEMENTS OF CASH FLOWS (CONT'D)

	Note	Audited	Unaudited	Audited		
		For the FPE 30 June 2024	2023	For the FYE 30 September		
		RM	RM	2023	2022	2021
				RM	RM	RM
Net (decrease)/increase in cash and cash equivalents		(1,621,371)	(687,857)	(217,432)	(553,934)	1,061,766
Cash and cash equivalents at the beginning of the financial period/year		1,495,588	1,713,020	1,713,020	2,266,954	1,205,188
Cash and cash equivalents at the end of the financial period/year	26	(125,783)	1,025,163	1,495,588	1,713,020	2,266,954

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)
Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

COMBINED STATEMENTS OF CASH FLOWS (CONT'D)

Notes: - (cont'd)

(b) Changes in liabilities arising from financing activities: (cont'd)

	At 1 October 2022 RM	Drawdown RM	Cash flows RM	Interest expenses RM	Lease modification RM	New leases RM	At 30 June 2023 RM
Unaudited							
Bank borrowings	5,033,940	3,179,398	(396,346)	-	-	-	7,816,992
Lease liabilities	1,943,710	450,000	(613,729)	55,968	-	516,515	2,352,464

	At 1 October 2022 RM	Drawdown RM	Cash flows RM	Interest expenses RM	Lease modification RM	New leases RM	At 30 September 2023 RM
Audited							
Bank borrowings	5,033,940	3,798,398	(534,781)	-	-	-	8,297,557
Lease liabilities	1,943,710	450,000	(815,271)	74,490	-	3,457,699	5,110,628

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)
Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

COMBINED STATEMENTS OF CASH FLOWS (CONT'D)

Notes: - (cont'd)

(b) Changes in liabilities arising from financing activities: (cont'd)

	At 1 October 2021 RM	Drawdown RM	Cash flows RM	Interest expenses RM	Lease modification RM	New leases RM	At 30 September 2022 RM
Audited							
Bank borrowings	2,253,800	3,088,669	(308,529)	-	-	-	5,033,940
Lease liabilities	773,339	307,000	(520,918)	51,083	(138,774)	1,471,980	1,943,710

	At 1 October 2021 RM	Drawdown RM	Cash flows RM	Interest expenses RM	Lease modification RM	New leases RM	At 30 September 2021 RM
Audited							
Amount owing (by)/to a Director *	(47,689)	-	47,689	-	-	-	-
Bank borrowings	1,109,348	1,201,479	(57,027)	-	-	-	2,253,800
Lease liabilities	214,166	293,000	(379,280)	22,876	-	622,577	773,339

* Consist of amount owing by Director, Ng Yee Heng and amount owing to Director, Teh Twan Yen. Boths Directors had resigned as Director of Vanzo Asia since 25 August 2021 and 7 January 2021 respectively.

The accompanying notes form an integral part of these combined financial statements.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

1. GENERAL INFORMATION

Vanzo Holdings Sdn Bhd. was incorporated in Malaysia under the Companies Act 2016 on 29 December 2023 as a private limited company. On 13 June 2024, Vanzo Holdings Sdn Bhd. converted into a public limited company under the name of Vanzo Holdings Berhad (the "Company").

The registered office of the Company is located at D-09-02, Level 9, EXSIM Tower, Millerz Square @ Old Klang Road, Megan Legasi, No. 357, Jalan Kelang Lama, 58000 Kuala Lumpur. The principal place of business is located at No. 12, Jalan Tiang U8/92, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The Company was incorporated to be the holding company for the restructured group pursuant to the internal restructuring exercise as disclosed in Note 2 to this report.

The combining entity is involved in the business of design, marketing and sale of air fragrance and fragrance-related products.

2. RESTRUCTURING EXERCISE

For the purpose of its Proposed Listing on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Proposed Listing"), the Company undertook a restructuring exercise via the acquisition of Vanzo Asia Sdn. Bhd. ("Vanzo Asia") (collectively known as "Group").

The Company was incorporated as a special purpose investment holding vehicle to hold the combining entities pursuant to an internal restructuring.

On 12 June 2024, Vanzo Holdings Berhad had entered into a conditional share sale agreement with Wong Liang Tzer, Tan Chin Soon, Tang, YuQiang and Lim Chee Lip to acquire the entire issued share capital of Vanzo Asia comprising 500,000 ordinary shares for a total purchase consideration of RM9,148,300 based on audited net assets of Vanzo Asia of RM9,148,302 as at 30 September 2023.

The total purchase consideration is to be satisfied via the issuance of 373,400,000 new ordinary shares at an issue price of RM0.0245 per share ("Acquisition of Vanzo Asia") where Wong Liang Tzer, Tan Chin Soon and Tang, YuQiang had nominated Fragrance Century Sdn. Bhd. to receive the shares to be issued to them.

On 4 October 2024, the shares were allotted to Fragrance Century Sdn. Bhd. and Lim Chee Lip. The submission of above transaction was completed and approved by Suruhanjaya Syarikat Malaysia on 11 October 2024.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

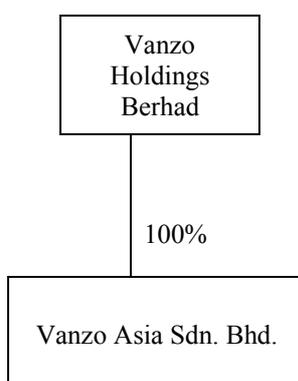
(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

2. RESTRUCTURING EXERCISE (CONT'D)

The corporate structure following completion of the Acquisitions is as follows:



Vanzo Holdings Berhad and its combining entities are collectively known as “Group” in the combined financial statements contained in this Accountants’ Report.

3. AUDITED COMBINED FINANCIAL STATEMENTS

This Report comprises solely the audited financial statements of the Vanzo Asia for the Financial Year Ended (“FYE”) 30 September 2021, 30 September 2022 and 30 September 2023, as the Company was only incorporated on 29 December 2023.

The audited financial statements of the Company and Vanzo Asia was included for the nine (9)-month Financial Period Ended (“FPE”) 30 June 2024.

4. RELEVANT FINANCIAL YEARS

The relevant financial periods/years of the audited financial statements presented for the purpose of this report (“Relevant Financial Periods/Years”) and the statutory auditors of the respective companies within the Group are as follows:

Company	Relevant Financial Periods/Years	Auditor
Vanzo Holdings Berhad	FPE 30 June 2024	Ecovis Malaysia PLT
Vanzo Asia	FYE 30 September 2021 (“FYE 2021”)	Ecovis Malaysia PLT
	FYE 30 September 2022 (“FYE 2022”)	Ecovis Malaysia PLT
	FYE 30 September 2023 (“FYE 2023”)	Ecovis Malaysia PLT
	FPE 30 June 2024 (“FPE 2024”)	Ecovis Malaysia PLT

The audited financial statements of combining entities within the Group for the Relevant Financial Periods/ Years reported above were not subject to any qualification or modification.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

The combined financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of common controlled entities are included in the financial statements from the day that control commences until the date that control ceases.

The combined financial statements of the Group for the relevant period were prepared in a manner similar to the "pooling-of-interest" method, as if the entities within the Group were operating as a single economic enterprise from the beginning of the earliest comparative period covered by the relevant period from the days the control commences, if later. Such manner of presentation reflects the economic substance of the combining companies, which were under common control throughout the relevant years.

The combined financial statements consist of the financial statements of the Group as disclosed in page 6 to 92 of this report, which were under common control throughout the reporting periods by virtue of common controlling shareholders and Directors.

The audited combined financial statements of the Group have been prepared as if the Group has operated as a single economic entity throughout FYE 2021, FYE 2022 and FYE 2023 and FPE 2024 and have been prepared from the books and records maintained by each entity. No financial statements of Vanzo Holdings Berhad was included for all the financial years as Vanzo Holdings Berhad was only incorporated on 29 December 2023. The audited financial statements of the Vanzo Holdings Berhad and Vanzo Asia was included for the nine (9)-month Financial Period Ended ("FPE") 30 June 2024. The combined financial statements of the Group have been audited by Ecovis Malaysia PLT.

The combined financial statements are prepared under the historical cost convention except otherwise indicated in the summary of material accounting policy information.

The accounting policies set out in Note 5.3 of this report have been applied in preparing the combined financial statements for the FYE 2021, FYE 2022 and FYE 2023 and FPE 2024.

The combined financial statements are presented in RM, which is also the functional currency of the Group.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**5.1 MFRS, amendments to MFRS and IC Interpretations that are effective and have been adopted in the current financial period**

The following are MFRS, amendments to MFRS and IC Interpretations that are effective and have been adopted by the Group:

- MFRS 17, 'Insurance Contracts' and Amendments to MFRS 17, 'Insurance Contracts'
- Amendment to MFRS 17, 'Insurance Contracts' – Initial Application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 101, 'Presentation of Financial Statements' – Disclosure of Accounting Policies
- Amendments to MFRS 108, 'Accounting Policies, Changes in Accounting Estimates and Errors' – Definition of Accounting Estimates
- Amendments to MFRS 112, 'Income Taxes' – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
- Amendments to MFRS 112, 'Income Taxes' – International Tax Reform – Pillar Two Model Rules

The adoption of the above MFRS, amendments to MFRS and IC Interpretations did not have any significant effect on the financial statements of the Group and did not result in significant changes to the Group's existing accounting policies.

5.2 MFRS, amendments to MFRS and IC Interpretations that have been issued, but yet to be adopted

The following are MFRS, amendments to MFRS and IC Interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective and have not been adopted by the Group:

(i) Effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16, 'Leases' – Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101, 'Presentation of Financial Statements' – Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101, 'Presentation of Financial Statements' – Non-current Liabilities with Covenants
- Amendments to MFRS 107, 'Statement of Cash Flows' and MFRS 7, 'Financial Instruments Disclosures' – Supplier Finance Arrangements'

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**5.2 MFRS, amendments to MFRS and IC Interpretations that have been issued, but yet to be adopted (cont'd)**

The following are MFRS, amendments to MFRS and IC Interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective and have not been adopted by the Group: (cont'd)

(ii) Effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, "The Effects of Changes in Foreign Exchange Rates" – Lack of Exchangeability

(iii) Effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9, 'Financial Instruments' and MFRS 7, 'Financial Instruments: Disclosures' – Amendments to the Classification and Measurement of Financial Instruments
- Annual improvements to MFRS Accounting Standards – Volume 11

(iv) Effective for annual periods beginning on or after 1 January 2027

- MFRS 18, 'Presentation and Disclosure in Financial Statements'
- MFRS 19, 'Subsidiaries without Public Accountability: Disclosures'

(v) Deferred to a date to be determined by the MASB

- Amendments to MFRS 10, 'Consolidated Financial Statements' and MFRS 128, 'Investments in Associates and Joint Ventures' – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

The Group plans to apply the abovementioned MFRS, amendments to MFRS and IC Interpretations, where applicable to the Group, from the beginning of the financial year where they become effective.

The initial application of above MFRS, amendments to MFRS and IC Interpretations are not expected to have any material financial impacts to the financial statements of the Group.

12. ACCOUNTANTS' REPORT (*cont'd*)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.3 Material accounting policy information

(a) Basis of combination

Common control business combination outside the scope of MFRS 3, 'Business Combinations' ("MFRS 3")

A business combination involving entities under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. A business combination involving common control entities, are outside the scope of MFRS 3. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the combined financial statements.

The Group is regarded as a continuing entity as mentioned in Note 1 of this report since the management of all the combining entities which took part were managed by the common shareholders before and immediately after the restructuring exercise in Note 2. Accordingly, the financial information have been prepared on the basis of merger accounting.

In applying merger accounting, financial statement line items of the combining entities or businesses for the reporting period in which the common control combination occurs, and for any comparative periods disclosed, are included in the combined financial statements of the combining entity as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party or parties.

A single uniform set of accounting policies is adopted by the combining entities. Therefore, the assets, liabilities and equity of the combining entities or businesses are recognised at the carrying amounts in the combined financial statements of the controlling party or parties prior to the common control combination. The carrying amounts are included as if such combined financial statements had been prepared by the controlling party, including adjustments required for conforming to the Company's accounting policies and applying those policies to all years presented. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination. The effects of all transactions between the combining entities or businesses, whether occurring before or after the combination, are eliminated in preparing the combined financial statements of the combining entity.

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the combining entity are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.3 Material accounting policy information (cont'd)

(a) Basis of combination (cont'd)

Common control business combination outside the scope of MFRS 3, 'Business Combinations' ("MFRS 3") (cont'd)

The combined financial statements were prepared based on the audited financial statements of combining entities which were prepared in accordance with MFRS and IFRS for the purpose of combination. The combining entities maintain their accounting records and prepare the relevant statutory financial statements in accordance with MFRS, IFRS and the requirements of the Act in Malaysia.

The Group resulting from the restructuring exercise as disclosed in Note 2, is made up by two entities under common control. Accordingly, the combined financial statements have been accounted for using the principles of merger accounting where financial statements line items of the merged entities for the reporting periods in which the common control combination occur are included in the combined financial statements of the Group as if the combination had occurred from the date when the merged entities first came under the control of the same shareholders.

(b) Basis of consolidation

(i) Investment in subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the combined financial statements from the date that control commences until the date that control ceases.

Control is achieved when the Group is exposed to, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing control, potential voting rights that presently are exercisable are taken into account.

The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affects the investee's return. When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**5.3 Material accounting policy information (cont'd)****(b) Basis of consolidation (cont'd)****(i) Investment in subsidiaries (cont'd)**

Investments in subsidiaries are measured in the Company's separate financial statements at cost less any impairment losses, unless the investment is held for sale (accounted for in accordance with MFRS 5, 'Non-current Assets Held for Sale and Discontinued Operations') or distribution. The cost of investment includes transaction costs.

The policy for the recognition and measurement of impairment losses is in accordance with Note 5.3(e) to this report. On disposal, the difference between the net disposal proceeds and its carrying amount is recognised as gain or loss on disposal in profit or loss.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are expensed as incurred and included in administrative expenses.

For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9, 'Financial Instruments' ("MFRS 9") is measured at fair value with changes in fair value recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**5.3 Material accounting policy information (cont'd)****(b) Basis of consolidation (cont'd)****(iii) Acquisitions of non-controlling interests**

Changes in the Company's ownership interest in a combining entity that do not result in a loss of control are accounted for as equity transactions between the Group and its non-controlling interest holders. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received are recognised directly in equity and attributable to the equity holders of the Company.

(iv) Loss of control

Upon the loss of control of a combining entity, the Group derecognises the assets and liabilities of the former combining entity, any non-controlling interests and the other components of equity related to the former combining entity from the consolidated statements of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former combining entity, then such interest is measured at fair value at the date the control ceases. Subsequently it is accounted for as an equity-accounted investee or as an equity instrument at fair value through other comprehensive income ("FVTOCI") depending on the level of influence retained.

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a combining entity not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statements of financial position and statements of changes in equity, separately from equity attributable to equity holders of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statements of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the equity holders of the Company.

Losses applicable to non-controlling interests in a combining entity are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and carrying amount of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

12. ACCOUNTANTS' REPORT *(cont'd)*

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.3 Material accounting policy information (cont'd)

(b) Basis of consolidation (cont'd)

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the combined financial statements.

(c) Property, plant and equipment

All items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation of an asset begins when it is ready for its intended use. All property, plant and equipment are depreciated by allocating the depreciable amount of a significant component or of an item over the remaining useful life.

The annual depreciation rates used to write off the property, plant and equipment over their estimated useful life are as follows:

Computer and software	10% - 20%
Furniture and fittings	10% - 20%
Motor vehicle	10% - 20%
Office equipment	10% - 50%
Renovation	10% - 50%
Signboard	10% - 20%
Tools and equipment	10% - 33%

The assets' residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**5.3 Material accounting policy information (cont'd)****(c) Property, plant and equipment (cont'd)**

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The policy for recognition and measurement of impairment losses is in accordance with Note 5.3(e) to the financial statements.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

(d) Intangible assetsTrademarks

Trademarks are stated at cost less any accumulated impairment losses.

Trademarks with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

The estimate useful life of trademarks is 10 years.

Intangible assets with indefinite useful lives or not yet available for use are not amortised but tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash generating unit level. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

(e) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset (except for inventories and tax recoverable) may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful lives or that are not available for use, the recoverable amount is estimated each period at the same time.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**5.3 Material accounting policy information (cont'd)****(e) Impairment of non-financial assets (cont'd)**

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows from continuing use cash-generating units ("CGU"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGU to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of the combination.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. Where the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount, the asset is written down to its recoverable amount.

In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses are recognised in profit or loss except for assets that have been previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation. Impairment losses recognised in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro-rated basis.

An impairment loss in respect of goodwill is not reversed. In respect of assets other than goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Such reversal is credited to profit or loss in the financial year in which the reversal is recognised.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.3 Material accounting policy information (cont'd)

(f) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the combining entities become a party to the contractual provisions of the financial instrument.

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs.

The Group determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets under MFRS 9 are as below:

(i) Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objectives are to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss through the amortisation process and when the financial assets are impaired or derecognised.

(ii) Financial assets measured at fair value

a. At FVTOCI

Financial assets that are debt instruments are measured at FVTOCI if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value of these financial assets are recognised in other comprehensive income, except impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

b. At FVTPL

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL. The Group does not have any financial assets measured at FVTOCI or FVTPL.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**5.3 Material accounting policy information (cont'd)****(f) Financial assets (cont'd)****(ii) Financial assets measured at fair value (cont'd)****b. At FVTPL (cont'd)**

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Financial assets are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives). The Group does not have any financial assets that are equity instruments.

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value of these financial assets are recognised in other comprehensive income and are not subsequently transferred to profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the settlement date, i.e. the date that the asset is delivered to or by the Group.

(g) Impairment of financial assets

The Group assesses at each financial year end whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition.

In determining whether credit risk on a financial asset has increased significantly since initial recognition, the Group uses historical experience and other supportive information to assess deterioration in credit quality of a financial asset. The Group assesses whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For collective basis evaluation, financial assets are grouped on the basis of similar risk characteristics.

The Group considers past loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**5.3 Material accounting policy information (cont'd)****(g) Impairment of financial assets (cont'd)**

The amount of impairment loss is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Group and all the cash flows that the Group expects to receive. The carrying amount of the financial asset is reduced through the use of an allowance account and the impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance account.

The Group assesses on a forward-looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The assessment of whether credit risk has increased significantly is based on quantitative and qualitative information that include financial evaluation of the creditworthiness of the debtors or issuers of the instruments, ageing of receivables, defaults and past due amounts, past experiences with the debtors, current conditions and reasonable forecast of future economic conditions.

The Group measures the impairment loss on financial assets other than trade receivables based on the two-step approach as follow:

(i) 12-months ECL

For a financial asset for which there is no significant increase in credit risk since initial recognition, the Group shall measure the allowance for impairment for that financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

(ii) Lifetime ECL

For a financial asset for which there is a significant increase in credit risk since initial recognition, a lifetime ECL for that financial asset is recognised as allowance for impairment by the Group. If, in a subsequent period the significant increase in credit risk since initial recognitions is no longer evident, the Group shall revert the loss allowance measurement from lifetime ECL to 12-months ECL.

If in a subsequent period, the credit quality improves and reverses any previously assessed significant increase in credit risk since initial recognition, then the impairment loss reverts from lifetime ECL to 12-months ECL.

For trade receivables and contract assets, the Group measures impairment loss based on lifetime ECL at each reporting date until the financial assets are derecognised.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**5.3 Material accounting policy information (cont'd)****(h) Financial liabilities****(i) Initial recognition and subsequent measurement**

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. All financial liabilities are measured initially at fair value plus directly attributable costs, except in the case of financial liabilities at FVTPL.

Financial liabilities are recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

a. Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities held for trading include derivatives entered into by the Group that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group does not have any financial liabilities at FVTPL.

b. Other financial liabilities

The Group's other financial liabilities consist of payables and borrowings.

Payables and borrowings are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**5.3 Material accounting policy information (cont'd)****(h) Financial liabilities (cont'd)****(ii) Derecognition**

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

(iii) Offsetting

Financial liabilities are offset and net amount presented in the statement of financial position when, only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liabilities simultaneously.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank balances, deposits placed with licensed banks which have an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are determined using first-in-first-out method. The cost comprises purchase price and directly attributable costs of bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**5.3 Material accounting policy information (cont'd)****(k) Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the proceeds received at issuance and classified as equity. Transaction costs directly related to the issuance of equity instrument are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the reporting date. A dividend proposed or declared after the reporting date, but before the report are authorised for issue, is not recognised as liability at the reporting date.

(l) Leases**• As lessee**

The Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

The right-of-use assets are initially recorded at cost, which comprise:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date of the lease, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lessor.

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

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**5.3 Material accounting policy information (cont'd)****(l) Leases (cont'd)****• As lessee (cont'd)**

Depreciation is computed on a straight-line basis over the estimated useful lives of the right-of-use assets or lease term whichever is earlier.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

In determining the enforceable period of the lease, the Group considers the following:

- the broader economics of the contract, and not only contractual termination payments. If either party has an economic incentive not to terminate the lease such that it would incur a penalty on termination that is more than insignificant, the contract is deemed enforceable beyond the date on which the contract can be terminated; and
- whether each of the parties has the right to terminate the lease without permission from the other party with no more than an insignificant penalty. A lease is no longer enforceable only when both parties have such a right. Consequently, if only one party has the right to terminate the lease without permission from the other party with no more than an insignificant penalty, the contract is deemed enforceable beyond the date on which the contract can be terminated by that party.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**5.3 Material accounting policy information (cont'd)****(l) Leases (cont'd)****• As lessee (cont'd)**

The Group reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

The right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis, as follows:

Leased properties	12 months to 46 months
Motor vehicles	10% - 20%

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the Group's incremental borrowing rate. Subsequent to the initial recognition, the Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications.

• As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**5.3 Material accounting policy information (cont'd)****(m) Revenue and other income**

The Group recognises revenue from contracts with customers based on the five-step model as set out in MFRS 15, 'Revenue from Contracts with Customers':

- (i) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.
- (ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- (iii) Determine the transaction price. The transaction price is the amount of consideration to which the combining entities expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- (iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- (v) Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time if the Group's performance:

- (i) Does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; or
- (ii) Creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (iii) Provides benefits that the customer simultaneously receives and consumes as the Group performs.

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability. Revenue is measured at the fair value of consideration received or receivable.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**5.3 Material accounting policy information (cont'd)****(m) Revenue and other income (cont'd)**

The following describes the performance obligation with customers:

(i) Sales of goods

Revenue from sales of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and taxes applicable to the revenue.

The requirements in MFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, the Group adjusts revenue and recognises a refund liability instead. Correspondingly, costs of sales is also adjusted and a right of return asset is recognised as the right to recover the goods from the customer.

(ii) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(n) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying assets if they are directly attributable to the acquisition, construction or production of that assets. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit and loss in the period they are incurred. Borrowing costs consists of interest and other costs that the Group incurred in connection with the borrowing of funds.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**5.3 Material accounting policy information (cont'd)****(o) Employee benefits****(i) Short-term employee benefits**

Wages, salaries and social security contributions and non-monetary benefits are recognised as an expense in the financial year in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences sick leave, maternity and paternity leave are recognised when absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(ii) Defined contribution plans

The Group makes contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contribution to defined contribution pension schemes is recognised as an expense in the period in which the related service is performed.

(p) Taxes**(i) Current tax**

Taxes payable are determined by each individual entity in the Group. A current tax for current and prior periods, to the extent unpaid, is recognised as a current tax liability. If the amount already paid in respect of current and prior periods exceed the amount due for those periods, the excess is recognised as a current tax asset. A current tax liability or asset is measured at the amount the entity expects to pay or recover using tax rates and laws that have been enacted or substantially enacted by the reporting date.

(ii) Deferred tax

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit or tax loss.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**5.3 Material accounting policy information (cont'd)****(p) Taxes (cont'd)****(ii) Deferred tax (cont'd)**

The exceptions for initial recognition differences include items of property, plant and equipment that do not qualify for capital allowances.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit or tax loss.

A deferred tax asset is recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Unused tax credits do not include unabsorbed reinvestment allowances and unabsorbed investment tax allowances because the Group treat these as part of initial recognition differences.

Deferred taxes are measured using tax rates and tax laws that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred taxes reflects the tax consequences that would follow from the manner in which the Group expect, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

At the end of each reporting period, the carrying amount of a deferred tax asset is reviewed, and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of a part or all of that deferred tax asset to be utilised. Any such reduction will be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

A current or deferred tax is recognised as income or expense in profit or loss for the period, except to the extent that the tax arises from items recognised outside profit or loss. For an income or expense item recognised in other comprehensive income, the current or deferred tax expense or tax income is recognised in other comprehensive income. For items recognised directly in equity, the related tax effect is also recognised directly in equity. Deferred tax assets and liabilities arising from a business combination, including tax effects of any fair value adjustment, are recognised as part of the net assets acquired.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**5.3 Material accounting policy information (cont'd)****(p) Taxes (cont'd)****(iii) Sales and Service Tax ("SST")**

Revenue, expenses and assets are recognised net of SST except:

- where the SST incurred in a purchase of asset, the SST is recognised as part of cost of acquisition of asset; and
- receivables and payables that stated with SST inclusive.

The rate for Sales Tax is fixed at 5% or 10%, while the rate for Service Tax is fixed at 6%.

(q) Foreign currency transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Group and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**5.3 Material accounting policy information (cont'd)****(r) Fair value measurement**

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different level in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within 1 level that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfer between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**5.3 Material accounting policy information (cont'd)****(s) Contingent liabilities and contingent assets**

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations not under common control, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

(t) Current versus non-current classification

Assets and liabilities in statement of financial position are presented based on current/non-current classification. An asset is current when it is:

- (i) Expected to be realised or intended to sold or consumed in normal operating cycle;
- (ii) Held primarily for the purpose of trading;
- (iii) Expected to be realised within twelve months after the reporting period; or
- (iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- (i) It is expected to be settled in normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**5.3 Material accounting policy information (cont'd)****(u) Earnings per share ("EPS")**

The Group presents basic and diluted EPS data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the periods, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

(v) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decision about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENT

The preparation of financial statements in conformity with MFRS requires management to exercise their judgement in the process of applying the Group's accounting policies and the use of accounting estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the reporting date and which may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future periods. Although these judgements and estimates are based on the management's best knowledge of current events and actions, actual results may differ.

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

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is disclosed below:

(i) Measurement of income taxes

There are certain transactions and computation for which the ultimate tax determination may be different from the initial estimate. The Group recognises 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 and deferred tax provisions in the year in which such determination is made.

(ii) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on the straight-line basis over the asset's useful lives. Management estimates the useful lives of these assets based on expected usage level and current conditions of the assets with proper maintenance schedule, therefore future depreciation charges could be revised.

(iii) Determining the lease term where the Group acts as a lessee

In determining the lease term and assessing the length of the non-cancellable period of a lease, the Group applies the definition of a contract and determines the period for which the contract is enforceable. The Group also considers whether the lessee and lessor each has the right to terminate the lease without the permission from the other party with no more than an insignificant penalty, in determining the lease term. In determining a penalty, the Group assesses monetary and non-monetary considerations.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

The determination of the lease term is a significant judgment as it will directly affect the recognition of a lease as a short-term lease or a right-of-use asset with a corresponding lease liability.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENT (CONT'D)

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is disclosed below: (cont'd)

(iv) Leases – estimating the incremental borrowing rate

The Group uses its incremental borrowing rate (“IBR”) to measure lease liabilities as the interest rate implicit in the lease is not readily determinable. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group ‘would have to pay’, which requires estimation 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 IBR using observable inputs, such as market interest rates when available and is required to make certain entity-specific estimates.

(v) 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.

(vi) Classification of non-current bank borrowings

Bank facilities agreements entered into by the Group include repayment on demand clauses at the discretion of financial institutions. The Group believes that in the absence of a default being committed by the Group, these financial institutions are not entitled to exercise their right to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and non-current liabilities based on their repayment period.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)
Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

7. PROPERTY, PLANT AND EQUIPMENT

Audited Cost	Leased properties RM	Computer and software RM	Furniture and fittings RM	Motor vehicle RM	Office equipment RM	Renovation RM	Signboard RM	Tools and equipment RM	Total RM
At 1 October 2020	148,161	5,248	67,773	284,601	89,386	88,401	28,941	16,474	728,985
Additions	622,577	2,544	27,912	288,300	72,886	445,629	10,703	-	1,470,551
Derecognised	(148,161)	-	-	-	-	-	-	-	(148,161)
At 30 September 2021/ 1 October 2021	622,577	7,792	95,685	572,901	162,272	534,030	39,644	16,474	2,051,375
Additions	1,471,980	16,647	63,394	309,405	270,995	825,525	25,864	183,154	3,166,964
Disposals	-	-	(5,200)	-	(25,810)	(1,500)	-	-	(32,510)
Derecognised	(622,577)	-	-	-	-	-	-	-	(622,577)
Written off	-	-	(21,504)	-	-	(532,530)	(39,644)	-	(593,678)
At 30 September 2022/ 1 October 2022	1,471,980	24,439	132,375	882,306	407,457	825,525	25,864	199,628	3,969,574
Additions	3,457,699	4,876	90,400	655,688	78,447	399,760	-	265,433	4,952,303
Disposals	-	-	-	(284,601)	-	-	-	-	(284,601)
Derecognised	(24,544)	-	-	-	-	-	-	-	(24,544)
At 30 September 2023/ 1 October 2023	4,905,135	29,315	222,775	1,253,393	485,904	1,225,285	25,864	465,061	8,612,732
Additions	402,100	5,300	106,626	193,000	184,608	1,490,394	39,501	249,987	2,671,516
Reclassification	-	-	418,271	-	-	(418,271)	-	-	-
Written off	-	-	-	-	-	(405,545)	-	-	(405,545)
Derecognised	(1,447,436)	-	-	-	-	-	-	-	(1,447,436)
At 30 June 2024	3,859,799	34,615	747,672	1,446,393	670,512	1,891,863	65,365	715,048	9,431,267

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)
Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

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

Audited	Leased properties RM	Computer and software RM	Furniture and fittings RM	Motor vehicle RM	Office equipment RM	Renovation RM	Signboard RM	Tools and equipment RM	Total RM
Accumulated depreciation									
At 1 October 2020	137,413	1,635	8,933	77,555	7,981	59,227	1,828	2,471	297,043
Charge for the year	322,036	1,092	18,234	75,525	28,801	218,568	7,742	3,295	675,293
Derecognised	(148,161)	-	-	-	-	-	-	-	(148,161)
At 30 September 2021/									
1 October 2021	311,288	2,727	27,167	153,080	36,782	277,795	9,570	5,766	824,175
Charge for the year	378,614	2,124	21,548	120,734	49,652	291,615	31,307	19,781	915,375
Disposals	-	-	(1,560)	-	(8,130)	-	-	-	(9,690)
Derecognised	(465,550)	-	-	-	-	-	-	-	(465,550)
Written off	-	-	(13,550)	-	-	(532,530)	(39,644)	-	(585,724)
At 30 September 2022/									
1 October 2022	224,352	4,851	33,605	273,814	78,304	36,880	1,233	25,547	678,586
Charge for the year	542,529	3,508	28,871	128,774	72,302	110,048	2,586	66,023	954,641
Disposals	-	-	-	(229,342)	-	-	-	-	(229,342)
Derecognised	(24,544)	-	-	-	-	-	-	-	(24,544)
At 30 September 2023/									
1 October 2023	742,337	8,359	62,476	173,246	150,606	146,928	3,819	91,570	1,379,341
Charge for the period	972,149	2,734	25,670	112,163	74,162	174,116	4,244	87,087	1,452,325
Reclassification	-	-	89,165	-	-	(89,165)	-	-	-
Written off	-	-	-	-	-	(91,044)	-	-	(91,044)
Derecognised	(692,252)	-	-	-	-	-	-	-	(692,252)
At 30 June 2024	1,022,234	11,093	177,311	285,409	224,768	140,835	8,063	178,657	2,048,370

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)
Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

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

	Leased properties RM	Computer and software RM	Furniture and fittings RM	Motor vehicle RM	Office equipment RM	Renovation RM	Signboard RM	Tools and equipment RM	Total RM
Audited									
Net carrying amounts									
At 30 June 2024	2,837,565	23,522	570,361	1,160,984	445,744	1,751,028	57,302	536,391	7,382,897
At 30 September 2023	4,162,798	20,956	160,299	1,080,147	335,298	1,078,357	22,045	373,491	7,233,391
At 30 September 2022	1,247,628	19,588	98,770	608,492	329,153	788,645	24,631	174,081	3,290,988
At 30 September 2021	311,289	5,065	68,518	419,821	125,490	256,235	30,074	10,708	1,227,200

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

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

(a) Right-of-use assets

The carrying amount of right-of-use assets included under property, plant and equipment are as follows:

	Leased properties RM	Motor vehicle RM	Total RM
Audited			
Cost			
At 1 October 2020	148,161	284,601	432,762
Additions	622,577	288,300	910,877
Derecognised	(148,161)	-	(148,161)
At 30 September 2021/1 October 2021	622,577	572,901	1,195,478
Additions	1,471,980	309,405	1,781,385
Derecognised	(622,577)	-	(622,577)
At 30 September 2022/1 October 2022	1,471,980	882,306	2,354,286
Additions	3,457,699	655,688	4,113,387
Disposals	-	(284,601)	(284,601)
Derecognised	(24,544)	-	(24,544)
At 30 September 2023/1 October 2023	4,905,135	1,253,393	6,158,528
Additions	402,100	193,000	595,100
Derecognised	(1,447,436)	-	(1,447,436)
At 30 June 2024	3,859,799	1,446,393	5,306,192

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

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

(a) Right-of-use assets (cont'd)

The carrying amount of right-of-use assets included under property, plant and equipment are as follows:
(cont'd)

	Leased properties RM	Motor vehicle RM	Total RM
Audited			
Accumulated depreciation			
At 1 October 2020	137,413	77,555	214,968
Charge for the year	322,036	75,525	397,561
Derecognised	(148,161)	-	(148,161)
At 30 September 2021/1 October 2021	311,288	153,080	464,368
Charge for the year	378,614	120,734	499,348
Derecognised	(465,550)	-	(465,550)
At 30 September 2022/1 October 2022	224,352	273,814	498,166
Charge for the year	542,529	128,774	671,303
Disposals	-	(229,342)	(229,342)
Derecognised	(24,544)	-	(24,544)
At 30 September 2023/1 October 2023	742,337	173,246	915,583
Charge for the period	972,149	112,163	1,084,312
Derecognised	(692,252)	-	(692,252)
At 30 June 2024	1,022,234	285,409	1,307,643
Net carrying amounts			
At 30 June 2024	2,837,565	1,160,984	3,998,549
At 30 September 2023	4,162,798	1,080,147	5,242,945
At 30 September 2022	1,247,628	608,492	1,856,120
At 30 September 2021	311,289	419,821	731,110

With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the statement of financial position as a right-of-use asset and lease liability.

The leased properties represent operating lease agreements entered into by the Group for the use of kiosk, factory and office. The lease is for an initial lease for 12 months to 36 months with option to renew for another 12 months to 36 months. The Group also has motor vehicle with lease term of 60 months to 108 months.

The carrying amount of the right-of-use assets of the Group are acquired under lease arrangement as disclosed in Note 17 to the financial statements.

12. ACCOUNTANTS' REPORT (cont'd)**VANZO HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)**8. INTANGIBLE ASSETS**

	Trademark Audited			
	As at 30 June	As at 30 September		
	2024 RM	2023 RM	2022 RM	2021 RM
Cost				
At 1 October	120,726	118,076	113,041	93,464
Addition during the period/year	-	2,650	5,035	19,577
At 30 June/30 September	<u>120,726</u>	<u>120,726</u>	<u>118,076</u>	<u>113,041</u>
Accumulated amortisation				
At 1 October	25,313	17,080	9,439	-
Amortisation charge during the period/year	9,000	8,233	7,641	9,439
At 30 June/30 September	<u>34,313</u>	<u>25,313</u>	<u>17,080</u>	<u>9,439</u>
Net carrying amounts				
At 30 June/30 September	<u>86,413</u>	<u>95,413</u>	<u>100,996</u>	<u>103,602</u>

9. OTHER INVESTMENT

	Audited			
	As at 30 June	As at 30 September		
	2024 RM	2023 RM	2022 RM	2021 RM
Non-current				
Financial asset at amortised cost	<u>95,196</u>	<u>95,196</u>	<u>95,196</u>	<u>-</u>

The financial asset represents the insurance policy as a security to the bank borrowings as disclosed in Note 16 to the financial statement. The financial asset carries in effective interest rate at 2.95% (30.09.2023: 2.95%, 30.09.2022: 2.95%; 30.09.2021: Nil) per annum and to be receive after six years.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

10. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax related to the same tax authority.

	Audited			
	As at 30 June	As at 30 September		
	2024	2023	2022	2021
	RM	RM	RM	RM
Deferred tax assets	22,525	12,828	4,864	1,863
Deferred tax liabilities	(79,000)	(45,000)	(7,183)	(7,183)
	<u>(56,475)</u>	<u>(32,172)</u>	<u>(2,319)</u>	<u>(5,320)</u>

The components and movement of the group's deferred tax assets and liabilities are as follows:

	Audited			
	As at 30 June	As at 30 September		
	2024	2023	2022	2021
	RM	RM	RM	RM
Deferred tax assets:				
Leases				
At 1 October	12,828	4,864	1,863	-
Credited to profit or loss:				
- Origination and reversal of temporary differences	9,697	7,964	3,001	1,863
At 30 June/30 September	<u>22,525</u>	<u>12,828</u>	<u>4,864</u>	<u>1,863</u>
Deferred tax liabilities:				
Property, plant and equipment				
At 1 October	45,000	7,183	7,183	7,183
Credited to profit or loss:				
- Origination and reversal of temporary differences	34,000	37,817	-	-
At 30 June/30 September	<u>79,000</u>	<u>45,000</u>	<u>7,183</u>	<u>7,183</u>

12. ACCOUNTANTS' REPORT (cont'd)**VANZO HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)**11. INVENTORIES**

	Note	Audited			
		As at 30	As at 30 September		
		June	2023	2022	2021
		RM	RM	RM	
At cost:					
Finished goods		3,825,312	4,490,983	2,144,049	2,369,744
Consignment stock		1,806,795	1,424,989	990,215	567,864
Right to recover returned goods	(a)	140,400	132,000	-	-
		<u>5,772,507</u>	<u>6,047,972</u>	<u>3,134,264</u>	<u>2,937,608</u>
Recognised in profit or loss:					
Inventories recognised as cost of sales		<u>15,273,045</u>	<u>17,306,264</u>	<u>16,781,084</u>	<u>11,218,085</u>

(a) Right to recover returned goods

A right to recover goods from customer on settling the refund liability is recognised as an asset and included as part of inventories for the goods expected to be returned.

These are measured by reference to the former carrying amount of the sold inventories less any expected costs to recover those inventories and any potential decreases in the value to the Group of the returned inventories.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

12. TRADE RECEIVABLES

	Audited			
	As at 30 June	As at 30 September		
	2024	2023	2022	2021
	RM	RM	RM	RM
Trade receivables	8,474,471	6,758,447	5,019,970	769,783
Less: Accumulated impairment losses	(206,624)	(152,336)	(73,855)	(34,210)
	<u>8,267,847</u>	<u>6,606,111</u>	<u>4,946,115</u>	<u>735,573</u>

Movement in impairment of trade receivables

	Audited			
	As at 30 June	As at 30 September		
	2024	2023	2022	2021
	RM	RM	RM	RM
At 1 October	152,336	73,855	34,210	15,882
Impairment losses:				
- Expected credit loss	27,218	61,571	16,954	1,236
- Specific allowances	39,690	20,380	23,485	17,764
Reversal of impairment of trade receivables	(12,620)	(3,470)	(794)	(672)
At 30 June/30 September	<u>206,624</u>	<u>152,336</u>	<u>73,855</u>	<u>34,210</u>

Trade receivables are non-interest bearing and the normal credit terms granted by the Group ranges from 30 days to 90 days (30.09.2023: 30 days to 90 days; 30.09.2022: 30 days to 90 days; 30.09.2021: 30 days to 90 days).

They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Other credit terms are assessed and approval on a case-by-case basis.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Audited			
	As at 30 June	As at 30 September		
	2024	2023	2022	2021
	RM	RM	RM	RM
Other receivables	190,929	204,944	296,129	607,133
Deposits	479,959	487,858	198,376	92,759
Prepayments	1,885,897	1,464,420	550,828	215,559
	<u>2,556,785</u>	<u>2,157,222</u>	<u>1,045,333</u>	<u>915,451</u>
Total other receivables, deposits and prepayments	2,556,785	2,157,222	1,045,333	915,451
Less: Prepayments	<u>(1,885,897)</u>	<u>(1,464,420)</u>	<u>(550,828)</u>	<u>(215,559)</u>
Total other receivables and deposits at amortised cost	<u>670,888</u>	<u>692,802</u>	<u>494,505</u>	<u>699,892</u>

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)
Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

14. INVESTED EQUITY

For the purpose of this report, the total number of shares for all FPE and FYE represents the aggregate number of issued and fully paid-up share capital of all entities within the Group.

The movement in the issued and fully paid-up share capital of the Company and its combining entities are as follows:

	Audited					
	As at 30 June 2024		As at 30 September 2022		As at 30 September 2021	
	Number of shares	RM	Number of shares	RM	Number of shares	RM
<u>Issued and fully paid:</u>						
At 1 October	500,000	500,000	300,000	300,000	200,000	200,000
Issuance of shares	100	10	-	-	100,000	100,000
Bonus issue	-	-	200,000	200,000	-	-
At 30 June/30 September	500,100	500,010	500,000	500,000	300,000	300,000
Total issued and paid-up share capital of the Group	500,100	500,010	500,000	500,000	300,000	300,000

The invested equity for the FYE 2021, 2022 and 2023 represented the ordinary shares of Vanzo Asia only as the Company was incorporated on 29 December 2023.

On 29 December 2023, Vanzo Holdings Berhad was incorporated with issued and paid-up share capital of RM10 comprising 100 ordinary shares.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

15. RETAINED EARNINGS

The combining entities' policy is to treat all gains and losses in other statement of comprehensive income (i.e. non-owner transactions or events) as revenue reserves. Other than retained earnings, all other revenue reserves are regarded as non-distributable in the form of cash dividends to shareholders.

The retained earnings of the combining entities are available for distributions by way of cash dividends or dividends in specie. Under the single-tier system of taxation, dividends payable to shareholders are deemed net of income taxes. There are no potential income tax consequences to the combining entities that would result from the payment of dividends to shareholders. The dividends would not be taxable in the hands of the shareholders.

16. BANK BORROWINGS

	Audited			
	As at 30 June	As at 30 September		
	2024 RM	2023 RM	2022 RM	2021 RM
Secured:				
Current:				
Bank overdraft	579,752	-	-	-
Banker acceptance I	4,571,453	5,093,547	298,000	873,000
Banker acceptance II	-	745,000	1,742,148	328,479
Term loan I	73,270	70,075	62,068	58,542
Term loan II	-	70,527	64,526	61,205
Term loan III	71,492	70,431	60,571	53,859
Term loan IV	89,891	79,043	81,917	-
Term loan V	160,000	160,000	160,000	-
Term loan VI	95,267	88,531	77,801	-
	5,641,125	6,377,154	2,547,031	1,375,085
Non-current:				
Term loan I	162,346	207,561	263,636	313,535
Term loan II	-	246,126	316,267	380,936
Term loan III	-	52,898	123,617	184,244
Term loan IV	208,767	287,095	365,023	-
Term loan V	409,993	559,993	760,000	-
Term loan VI	493,586	566,730	658,366	-
	1,274,692	1,920,403	2,486,909	878,715
Total borrowings	6,915,817	8,297,557	5,033,940	2,253,800

12. ACCOUNTANTS' REPORT (cont'd)**VANZO HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)**16. BANK BORROWINGS (CONT'D)**

	Audited			
	As at 30 June	As at 30 September		
	2024	2023	2022	2021
	RM	RM	RM	RM
Maturities of borrowings:				
Within 1 year	5,641,125	6,377,154	2,547,031	1,375,085
More than 1 year and less than 2 years	448,111	554,834	543,917	190,792
More than 2 years and less than 5 years	821,000	1,252,340	1,558,023	575,038
More than 5 years	5,581	113,229	384,969	112,885
	<u>6,915,817</u>	<u>8,297,557</u>	<u>5,033,940</u>	<u>2,253,800</u>

The above bank borrowings which are obtained from bank institutions are secured as follow:-

Term loan I

- (i) As principal instrument, a facility agreement for RM388,000;
- (ii) Joint and several guarantee by one of Directors of the Vanzo Asia, Wong Liang Tzer and former Director of the Vanzo Asia, Ng Yee Heng; *
- (iii) Against 70% guarantee by Government of Malaysia (GOM) under Working Capital Guarantee Scheme);
- (iv) Personal Smart Shield Plus for the sum insured of RM388,000 to cover the life of the Directors or guarantor for a period of 7 years; and
- (v) Personal guarantee of Tan Chin Soon for RM388,000. *

The term loan is repayable by 84 months. Term loan interest is charged at 7.35% (30.09.2023: 7.35%; 30.09.2022: 7.35%; 30.09.2021: 7.35%) and is subject to change from according to bank's Base Lending Rate ("BLR").

Term loan II

- (i) As principal instrument, a facility agreement for RM500,000;
- (ii) Joint and several guarantee by one of Directors of the Vanzo Asia, Wong Liang Tzer and former Director of the Vanzo Asia, Ng Yee Heng; *
- (iii) Personal guarantee of Tan Chin Soon for RM388,878; and *
- (iv) Against 70% guarantee by Credit Guarantee Corporation Malaysia Berhad for RM350,000.

The term loan is repayable by 84 months. Term loan interest is charged at 2.50% (30.09.2023: 2.50%; 30.09.2022: 2.50%; 30.09.2021: 2.50%) above the Base Lending Rate ("BLR") per annum.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

16. BANK BORROWINGS (CONT'D)

The above bank borrowings which are obtained from bank institutions are secured as follow:- (cont'd)

Term loan III

- (i) As principal instrument, a facility agreement for RM300,000 together with profit, commission and all other bank charges duly executed and stamped;
- (ii) Joint and several guarantee by former Directors of the Vanzo Asia, Ng Yee Heng and Teh Twan Yen; and #
- (iii) Credit Guarantee Corporation Malaysia Berhad guarantee under Portfolio Guarantee Scheme of up to RM210,000 being 70% of the principal limit of the facility.

The term loan is repayable by 60 months. Term loan interest bear effective profit rates at 8.00% (30.09.2023: 8.00%; 30.09.2022: 8.00%; 30.09.2021: 8.00%) above the Base Financing Rate ("BFR") per annum.

Term loan IV

- (i) As principal instrument, a facility agreement for RM500,000;
- (ii) Joint and several guarantee by the Directors of the Vanzo Asia, Wong Liang Tzer and Tan Chin Soon, and two former Directors of the Vanzo Asia, Ng Yee Heng and Lim Chee Lip; and *
- (iii) Against 70% guarantee by Credit Guarantee Corporation Malaysia Berhad for RM350,000.

The term loan is repayable by 60 months. Term loan interest is charged at 5.00% (30.09.2023: 5.00%; 30.09.2022: 5.00%; 30.09.2021: Nil) above the Base Lending Rate ("BLR") per annum or flat 15% whichever is higher.

Term loan V

- (i) As principal instrument, a facility agreement for RM1,000,000;
- (ii) Guarantee by the Directors of the Vanzo Asia, Wong Liang Tzer and Tan Chin Soon; and *
- (iii) Against 70% guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad ("SJPP") for RM700,000. *

The term loan is repayable by 60 months. Term loan interest is charged at 4.00% (30.09.2023: 4.00%; 30.09.2022: 4.00%; 30.09.2021: Nil) per annum.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

16. BANK BORROWINGS (CONT'D)

The above bank borrowings which are obtained from bank institutions are secured as follow:- (cont'd)

Term loan VI and bank overdraft

- (i) As principal instrument, a facility agreement for RM1,500,000;
- (ii) Joint and several guarantee by the Directors of the Vanzo Asia, Wong Liang Tzer and Tan Chin Soon, and a former Director of the Vanzo Asia, Ng Yee Heng; *
- (iii) Against 70% guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad ("SJPP") for RM1,050,000; and
- (iv) Fixed deposits with licensed banks as disclosed in Note 26 to the financial statement and profits earned to be capitalised to principal.

The term loan is repayable by 84 months. Term loan interest and bank overdraft interest are charged at 3.00% (30.09.2023: 3.00%; 30.09.2022: 3.00%; 30.09.2021: Nil) above the Base Lending Rate ("BLR") per annum.

Banker acceptance I

- (i) Joint and several guarantee by the Directors of the Vanzo Asia, Wong Liang Tzer and Tan Chin Soon, and two former Directors of the Vanzo Asia, Ng Yee Heng and Lim Chee Lip; and *
- (ii) Guarantee from Syarikat Jaminan Pembiayaan Perniagaan Berhad ("SJPP") for RM800,000 under the Working Capital Guarantee Scheme-I.

Banker acceptance II

- (i) Joint and several guarantee by one of the Directors of the Vanzo Asia, Wong Liang Tzer and a former Director of the Vanzo Asia, Ng Yee Heng; *
- (ii) Personal guarantee of Tan Chin Soon for RM1,000,000; *
- (iii) Guarantee from Syarikat Jaminan Pembiayaan Berhad under the Working Capital Guarantee Scheme-I; and
- (iv) Fixed deposits with licensed banks as disclosed in Note 26 to the financial statement and profits earned to be capitalised to principal.

* The guarantee will be discharged and execution of new Corporate Guarantee by Vanzo Holdings Berhad upon successful listing on the ACE Market of Bursa Securities Malaysia Berhad.

The guarantee had been discharged on 5 March 2024.

12. ACCOUNTANTS' REPORT (cont'd)**VANZO HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)**17. LEASE LIABILITIES**

	Audited			
	As at 30 June	As at 30 September		
	2024	2023	2022	2021
	RM	RM	RM	RM
At 1 October	5,110,628	1,943,710	773,339	214,166
New lease liabilities in the period/year	592,100	3,907,699	1,778,980	915,577
Adjustment due to lease modification	-	-	(138,774)	-
Finance lease interest	149,187	109,500	82,777	39,143
Less: lease payments	(1,144,040)	(850,281)	(552,612)	(395,547)
Less: derecognised	(795,133)	-	-	-
At 30 June/30 September	<u>3,912,742</u>	<u>5,110,628</u>	<u>1,943,710</u>	<u>773,339</u>
Future lease payments payables:				
- Not later than one year	1,596,073	1,817,122	568,380	412,908
- More than one year to five years	2,384,070	3,460,193	1,386,756	328,200
- More than five years	255,612	269,365	211,669	115,473
Total future minimum lease payments	<u>4,235,755</u>	<u>5,546,680</u>	<u>2,166,805</u>	<u>856,581</u>
Less: Future finance charges	(323,013)	(436,052)	(223,095)	(83,242)
Present value of minimum lease payments	3,912,742	5,110,628	1,943,710	773,339
Payments due within 12 months, presented as current	<u>(1,443,057)</u>	<u>(1,608,454)</u>	<u>(477,727)</u>	<u>(383,533)</u>
Non-current portion of lease liabilities	<u>2,469,685</u>	<u>3,502,174</u>	<u>1,465,983</u>	<u>389,806</u>
Present value of lease liabilities				
- Not later than one year	1,443,057	1,608,454	477,727	383,533
- More than one year to five years	2,226,391	3,243,282	1,291,423	282,480
- More than five years	243,294	258,892	174,560	107,326
	<u>3,912,742</u>	<u>5,110,628</u>	<u>1,943,710</u>	<u>773,339</u>

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

17. LEASE LIABILITIES (CONT'D)

The lease liabilities of the Group at the end of the reporting year bore effective interest rate range from 2.20% to 5.20% (30.09.2023: 2.20% to 5.80% ;30.09.2022: 2.20% to 5.80% ; 30.09.2021: 2.35% to 5.00%) per annum.

	Audited	Unaudited	Audited		
	For the FPE 30 June		For the FYE 30 September		
	2024	2023	2023	2022	2021
	RM	RM	RM	RM	RM
Included in net cash from operating activities					
Payment relating to short-term leases	162,659	104,463	141,682	27,196	14,042
Payment relating to low value assets	2,800	2,799	3,744	3,270	1,620
Included in net cash from financing activities					
Payment of lease liabilities	994,853	613,729	740,781	469,835	356,404
Interest paid in relation to lease liabilities	149,187	80,346	109,500	82,777	39,143
	<u>1,309,499</u>	<u>801,337</u>	<u>995,707</u>	<u>583,078</u>	<u>411,209</u>

Included in an amount of RM443,848 (30.09.2023: RM300,098; 30.09.2022: RM347,601; 30.09.2021: RM78,656) of finance lease arrangement of motor vehicle is guaranteed by the Directors of the Vanzo Asia, Wong Liang Tzer and Tan Chin Soon, and a former Director of the Vanzo Asia, Ng Yee Heng.

Conditional discharge above guarantees are subject to successful listing on the ACE Market of Bursa Malaysia Securities Berhad.

18. TRADE PAYABLES

Trade payables are non-interest bearing and the Group's normal credit terms ranges from 30 days to 60 days (30.09.2023: 30 days to 90 days; 30.09.2022: 30 days to 60 days; 30.09.2021: 30 days to 60 days).

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

19. OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

	Note	Audited			
		As at 30 June	As at 30 September		
		2024 RM	2023 RM	2022 RM	2021 RM
Other payables		19,779	8,347	47,958	666,020
Deposits received		15,141	15,338	2,313	2,023
Accruals		464,624	983,100	166,555	78,518
Refund liabilities	(a)	270,000	240,000	-	-
		<u>769,544</u>	<u>1,246,785</u>	<u>216,826</u>	<u>746,561</u>

(a) Refund liabilities

Refund liabilities are the obligations to refund some or all of the consideration received from the customers and are measured at the amount the Group ultimately expects it will have to return to the customers.

20. REVENUE

The Group derives revenue from local sales as follows:

	Audited		Audited		
	For the FPE 30 June		For the FYE 30 September		
	2024 RM	2023 RM	2023 RM	2022 RM	2021 RM
Sales of goods	<u>36,775,278</u>	<u>28,878,270</u>	<u>40,854,920</u>	<u>33,969,562</u>	<u>22,790,559</u>
Timing of revenue recognition:					
- At a point in time	<u>36,775,278</u>	<u>28,878,270</u>	<u>40,854,920</u>	<u>33,969,562</u>	<u>22,790,559</u>

(a) Performance obligation

The Group is in the business of trading of air fragrance products, indoor fragrances products, personal care products, accessories and others.

The performance obligation is satisfied upon transfer of control of the goods to the customers and payment is generally due within 30 days to 90 days (30.09.2023: 30 days to 90 days; 30.09.2022: 30 days to 90 days; 30.09.2021: 30 days to 90 days).

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

20. REVENUE (CONT'D)

(b) Nature of goods

Nature of goods	Timing of recognition or method used to recognised revenue	Significant payment terms	Variable element in consideration
Air fragrance, products, indoor fragrances products, personal care products, accessories and others.	Revenue is recognised when the goods are delivered and accepted by the customers.	Credit period ranging from 30 days to 90 days based on various terms.	Trade incentives, discounts, returns and other rebates are granted to customers, subject to certain terms and conditions.

21. FINANCE COSTS

	Audited	Unaudited	Audited		
	For the FPE 30 June		For the FYE 30 September		
	2024	2023	2023	2022	2021
	RM	RM	RM	RM	RM
Bank overdraft interest	26,646	14,289	14,556	1,694	82
Bankers' acceptance interest	214,441	163,104	241,464	96,309	22,950
Lease liabilities interest	149,187	80,346	109,500	82,777	39,143
Bank borrowings interest	158,512	190,451	248,425	174,649	147,322
	<u>548,786</u>	<u>448,190</u>	<u>613,945</u>	<u>355,429</u>	<u>209,497</u>

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

22. PROFIT BEFORE TAX

	Audited	Unaudited	Audited		
	For the FPE 30 June		For the FYE 30 September		
	2024	2023	2023	2022	2021
	RM	RM	RM	RM	RM
Profit before tax is arrived at after charging/(crediting):					
Amortisation of intangible assets	9,000	6,000	8,233	7,641	9,439
Auditors' remuneration	51,500	42,000	56,000	48,000	37,000
Deposit forfeited	-	-	-	24,500	44,000
Depreciation of property, plant and equipment	368,013	296,832	283,338	416,027	277,732
Depreciation of right-of-use assets	1,084,312	381,521	671,303	499,348	397,561
Expense of short-term leases ^	162,659	104,463	141,682	27,196	14,042
Expense of low value assets ^	2,800	2,799	3,744	3,270	1,620
Formation cost	3,500	-	-	-	-
(Gain)/Loss on lease modification	(39,949)	-	-	18,253	-
Loss on property, plant and equipment written off	314,501	-	-	7,954	-
Net impairment on financial assets	54,288	58,000	78,481	39,645	18,328
Realised (gain)/loss on foreign exchange	(1,861)	1,306	(948)	(105)	333
Staff costs:					
- Salaries, wages, bonuses and allowance	2,201,639	1,636,603	2,209,689	1,752,023	893,550
- Defined contribution plan	291,612	224,063	304,452	239,220	126,012
- Social contribution plan	27,379	21,417	29,469	19,335	11,159
- Employment insurance system	3,119	2,447	3,367	2,213	1,276
- Other benefits	996,774	623,400	820,334	561,539	234,477

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

22. PROFIT BEFORE TAX (CONT'D)

	Audited	Unaudited	Audited		
	For the FPE 30 June		For the FYE 30 September		
	2024	2023	2023	2022	2021
	RM	RM	RM	RM	RM
Profit before tax is arrived at after charging/ (crediting): (cont'd)					
Gain on disposal of property, plant and equipment	-	(114,741)	(114,741)	(10,980)	-
Interest income	(14,382)	(7,611)	(8,804)	(3,902)	(1,805)
Wages subsidy	(2,400)	-	-	(58,180)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

^ These amounts represent short-term leases and leases for low value underlying assets under MFRS 16.

23. TAX EXPENSES

	Audited	Unaudited	Audited		
	For the FPE 30 June		For the FYE 30 September		
	2024	2023	2023	2022	2021
	RM	RM	RM	RM	RM
Income tax					
- Current year	1,421,788	1,156,792	1,746,652	1,282,622	1,178,174
- Under/(Over) provision in prior year	12,348	(12,692)	(12,692)	(9,288)	-
	<u>1,434,136</u>	<u>1,144,100</u>	<u>1,733,960</u>	<u>1,273,334</u>	<u>1,178,174</u>
Deferred tax (Note 10)					
Relating to originating and recognition of temporary differences	24,303	1,344	29,853	(3,001)	(1,863)
	<u>1,458,439</u>	<u>1,145,444</u>	<u>1,763,813</u>	<u>1,270,333</u>	<u>1,176,311</u>

12. ACCOUNTANTS' REPORT (cont'd)**VANZO HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)**23. TAX EXPENSES (CONT'D)**

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

	Audited	Unaudited	Audited	Audited	Audited
	For the FPE 30 June		For the FYE 30 September		
	2024	2023	2023	2022	2021
	RM	RM	RM	RM	RM
Profit before tax	5,115,918	4,416,368	6,859,496	5,545,126	4,214,421
Malaysian statutory tax rate of 24%	1,227,820	1,059,928	1,646,279	1,330,830	1,011,461
Tax effect in respect of:					
Non-deductible expenses *	331,611	189,059	208,300	73,394	236,119
Under/(Over) provision of current tax expenses in prior years	12,348	(12,692)	(12,692)	(9,288)	-
Utilisation of capital allowance	(92,643)	(47,195)	(62,927)	(79,602)	(27,406)
Differential in tax rate	(45,000)	(45,000)	(45,000)	(42,000)	(42,000)
Relating to originating and recognition of temporary differences	24,303	1,344	29,853	(3,001)	(1,863)
Income tax expense for the financial period/year	1,458,439	1,145,444	1,763,813	1,270,333	1,176,311

* In financial year ended 30 September 2022, the non-deductible expenses had included special deduction for cost of renovation and refurbishment of business premise.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

24. EARNINGS PER SHARE

Basic and diluted EPS share are calculated by dividing the profit for the financial year attributable to owners of the Group by the weighted average number of ordinary shares in issue for the financial period/years.

For the purpose of this report, the number of ordinary shares for the FPE 30 June 2024 and 30 June 2024 and FYE 30 September 2023, 30 September 2022 and 30 September 2021 represents the weighted average aggregate ordinary shares issued of the Group.

	Audited	Unaudited	Audited		
	For the FPE 30 June	2023	For the FYE 30 September		
	2024	2023	2023	2022	2021
	RM	RM	RM	RM	RM
Profit for the financial period/year attributable to owners of the Group (RM)	<u>3,657,479</u>	<u>3,270,924</u>	<u>5,095,683</u>	<u>4,274,793</u>	<u>3,038,110</u>
Weighted average number of ordinary shares at 30 June/30 September (unit)	<u>500,010</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>300,000</u>
Basic and diluted EPS (RM) at 30 June/30 September	<u>7.31</u>	<u>6.54</u>	<u>10.19</u>	<u>8.55</u>	<u>10.13</u>

There were no dilutive potential equity instruments in issue as at each FPE and FYE that have dilutive effect to the EPS.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

25. DIVIDEND PAID

	Audited	Unaudited	Audited		
	For the FPE 30 June 2024 RM	2023 RM	For the FYE 30 September		
			2023 RM	2022 RM	2021 RM
Single-tier interim dividend of RM1.00 per ordinary shares in respect of the financial year ended 30 September 2024	500,000	-	-	-	-
Single-tier interim dividend of RM3.00 per ordinary shares in respect of the financial year ended 30 September 2023	-	-	1,500,000	-	-
Single-tier interim dividend of RM3.40 per ordinary shares in respect of the financial year ended 30 September 2022	-	1,700,000	1,700,000	-	-
Single-tier interim dividend of RM2.00 per ordinary shares in respect of the financial year ended 30 September 2022	-	-	-	1,000,000	-
Single-tier interim dividend of RM0.25 per ordinary shares in respect of the financial year ended 30 September 2021	-	-	-	-	50,000
Single-tier interim dividend of RM0.40 per ordinary shares in respect of the financial year ended 30 September 2021	-	-	-	-	119,025
Single-tier interim dividend of RM0.20 per ordinary shares in respect of the financial year ended 30 September 2021	-	-	-	-	60,975
Single-tier interim dividend of RM4.00 per ordinary shares in respect of the financial year ended 30 September 2021	-	-	-	-	1,200,000
	500,000	1,700,000	3,200,000	1,000,000	1,430,000

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

26. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	Audited For the FPE 30 June 2024 RM	Unaudited 2023 RM	Audited For the FYE 30 September		
			2023 RM	2022 RM	2021 RM
Cash in hand	12,454	21,111	19,839	18,145	10,965
Cash at bank	441,515	1,004,052	1,475,749	1,694,875	1,955,989
Fixed deposits with licensed banks	314,886	508,625	529,674	441,110	360,000
Bank overdraft	(579,752)	-	-	-	-
	<u>189,103</u>	<u>1,533,788</u>	<u>2,025,262</u>	<u>2,154,130</u>	<u>2,326,954</u>
Less: Fixed deposits pledged to licensed banks	<u>(314,886)</u>	<u>(508,625)</u>	<u>(529,674)</u>	<u>(441,110)</u>	<u>(60,000)</u>
	<u>(125,783)</u>	<u>1,025,163</u>	<u>1,495,588</u>	<u>1,713,020</u>	<u>2,266,954</u>

Included in fixed deposits with licensed banks is an amount of RM314,886 (30.09.2023: RM529,674; 30.09.2022: RM441,110; 30.09.2021: RM60,000) pledged to bank for bank facilities granted to the group as disclosed in Note 16 to the financial statements.

The effective interest rate for fixed deposits with licensed banks are range from 1.85% to 2.85% (30.09.2023: 1.85% to 3.05%; 30.09.2022: 1.85% to 2.85%; 30.09.2021: 1.80% to 1.85%) per annum with maturity period is 12 months (30.09.2023: 12 months; 30.09.2022: 12 months; 30.09.2021: 12 months).

27. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the combining entities have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or influence over the party in making financial and operating decisions, or vice versa, or where combining entities and the party are subject to common control or common significant influence. Related parties could be individual or other entities.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

27. RELATED PARTY DISCLOSURES (CONT'D)

- (b) In addition to the information detailed elsewhere in this report, the combining entities had the following transactions with related parties during the reporting periods:

	Audited	Unaudited	Audited		
	For the FPE 30 June		For the FYE 30 September		
	2024	2023	2023	2022	2021
	RM	RM	RM	RM	RM
Purchase of material from					
- Related parties	<u>10,322,147</u>	<u>9,417,696</u>	<u>12,932,676</u>	<u>9,801,064</u>	<u>7,033,102</u>

- (c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group.

The remuneration of Directors and key management personnel of the Group during the financial years are as follows:

	Audited	Unaudited	Audited		
	For the FPE 30 June		For the FYE 30 September		
	2024	2023	2023	2022	2021
	RM	RM	RM	RM	RM
Directors' remuneration:					
- Salaries and bonus	291,450	204,100	265,900	223,280	364,100
- Defined contribution plan	31,908	21,792	28,308	25,932	43,728
- Social contribution plan	1,560	1,560	2,080	1,692	1,441
- Employment insurance system	178	178	237	194	165
	<u>325,096</u>	<u>227,630</u>	<u>296,525</u>	<u>251,098</u>	<u>409,434</u>

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

27. RELATED PARTY DISCLOSURES (CONT'D)

(c) Compensation of key management personnel (cont'd)

The remuneration of Directors and key management personnel of the Group during the financial years are as follows: (cont'd)

	Audited	Unaudited	Audited		
	For the FPE 30 June		For the FYE 30 September		
	2024	2023	2023	2022	2021
	RM	RM	RM	RM	RM
Key management personnel's compensation:					
Salaries, wages and bonus	469,900	424,900	549,200	468,623	175,000
Defined contribution plan	56,090	50,928	65,904	56,154	21,000
Social contribution plan	2,340	2,340	3,120	2,193	1,105
Employment insurance system	267	267	356	251	126
	<u>528,597</u>	<u>478,435</u>	<u>618,580</u>	<u>527,221</u>	<u>197,231</u>

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

28. SEGMENT INFORMATION

No segmental information is provided as the Group is primarily involved in the air fragrance industry and the Group's activities are predominantly in Malaysia.

Major customers

Revenue from external customers contributed 10% or more to the total revenue recognised are as follows:

	Audited	Unaudited	Audited		
	For the FPE 30 June		For the FYE 30 September		
	2024	2023	2023	2022	2021
	RM	RM	RM	RM	RM
Customer A	-	-	-	3,486,313	-
Customer B	9,315,175	4,140,468	5,685,064	-	-

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

29. FINANCIAL INSTRUMENTS

(i) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost based on their respective classification. The material accounting policy information in Note 5.3(f) & (h) of this report describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The table below provides an analysis of financial instruments of the Group in the statements of financial position by the classes and categories of financial instruments to which they are assigned and therefore by the measurement basis, as follows:

	Audited			
	As at 30 June	As at 30 September		
	2024	2023	2022	2021
	RM	RM	RM	RM
Financial assets carried at amortised cost				
Trade receivables	8,267,847	6,606,111	4,946,115	735,573
Other receivables, deposits and prepayments [^]	670,888	692,802	494,505	699,892
Other investment	95,196	95,196	95,196	-
Fixed deposits with licensed banks	314,886	529,674	441,110	360,000
Cash and bank balances	453,969	1,495,588	1,713,020	1,966,954
	<u>9,802,786</u>	<u>9,419,371</u>	<u>7,689,946</u>	<u>3,762,419</u>
Financial liabilities carried at amortised cost				
Trade payables	504,457	42,916	116,100	214,700
Other payables, accruals and deposits received	769,544	1,246,785	216,826	746,561
Bank borrowings	6,915,817	8,297,557	5,033,940	2,253,800
Lease liabilities	3,912,742	5,110,628	1,943,710	773,339
	<u>12,102,560</u>	<u>14,697,886</u>	<u>7,310,576</u>	<u>3,988,400</u>

[^] Excluding prepayments

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

29. FINANCIAL INSTRUMENTS (CONT'D)

(ii) Net (losses)/gains arising from financial instruments

	Audited	Unaudited	Audited		
	For the FPE 30 June		For the FYE 30 September		
	2024	2023	2023	2022	2021
	RM	RM	RM	RM	RM
Net (losses)/gains arising from:					
Financial assets measured at amortised cost	(54,288)	(58,000)	(78,481)	(39,645)	18,328
Financial liabilities measured at amortised cost	1,861	(1,306)	948	105	(333)
	<u>(52,427)</u>	<u>(59,306)</u>	<u>(77,533)</u>	<u>(39,540)</u>	<u>17,995</u>

Interest income and interest expense arising from financial instruments are not included in the above net gains and losses.

(iii) Financial risk management objective and policies

The Group is exposed to financial risk arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk.

The Board of Directors review and agree policies and procedure for the management of these risks, which are executed by the Managing Director. The Group's financial risk management policies are to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group operates within clearly defined guidelines that are approved by the Board of Directors.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of those risks.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its floating rate instruments.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

29. FINANCIAL INSTRUMENTS (CONT'D)

(iii) Financial risk management policies (cont'd)

(a) Interest rate risk (cont'd)

The Group's manage the next exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis.

Management does not enter into interest rate hedging transactions as the cost of such instruments out weights the potential risk of interest risk fluctuation.

The Group does not account for any fixed rate financial assets and liabilities at FVTPL. Therefore, a change interest rates at the end of the reporting period would not affect profit or loss.

The interest rate profile of the Group's significant interest bearing financial instruments, based on the carrying amounts as at end of the financial years are as follows:

	Audited			
	As at 30 June	As at 30 September		
	2024	2023	2022	2021
	RM	RM	RM	RM
Fixed rate instruments				
<i>Financial assets</i>				
Fixed deposits with licensed banks	314,886	529,674	441,110	360,000
<i>Financial liabilities</i>				
Lease liabilities	(3,912,742)	(5,110,628)	(1,943,710)	(773,339)
	<u>(3,597,856)</u>	<u>(4,580,954)</u>	<u>(1,502,600)</u>	<u>(413,339)</u>
Floating rate instruments				
<i>Financial liabilities</i>				
Bank borrowings	(6,915,817)	(8,297,557)	(5,033,940)	(2,253,800)
	<u>(6,915,817)</u>	<u>(8,297,557)</u>	<u>(5,033,940)</u>	<u>(2,253,800)</u>

Interest rate risk sensitivity analysis

Sensitivity analysis is not disclosed on fixed rate instruments as fixed rate instruments are not exposed to interest rate risk and are measured at amortised cost.

A 100 basis points strengthening in the interest rate of floating rate instruments as at the end of the reporting periods would have decreased profit/(loss) after tax by RM28,345 (30.09.2023: RM37,232; 30.09.2022: RM20,593; 30.09.2021: RM12,941). 100 basis points weakening would have had an equal but opposite effect on the profit after tax. This assumes that all other variables remain constant.

12. ACCOUNTANTS' REPORT *(cont'd)*

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

29. FINANCIAL INSTRUMENTS (CONT'D)

(iii) Financial risk management policies (cont'd)

(b) Credit risk

Credit risk is the risk of a financial loss to the Group that may arise if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group' exposure to credit risk arises principally from its trade and other receivables, fixed deposits with licensed banks and bank balances.

Credit risk is managed by the application of credit approvals, credit limits and monitoring procedures. Credit risks are minimised and monitored by strictly limiting the group's associations to business partners with high creditworthiness.

The Group trades only with creditworthy third parties. Customers' credit terms are assessed on case by case basis.

The management has in place a credit procedure to monitor and minimise the exposure of default. Receivables are monitored on a regular and an ongoing basis by the management team.

For other financial assets (including bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

a. Trade receivables

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

In determining the recoverability of these receivables, the Group consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Credit risk concentration profile of trade receivables

The Group major concentration of credit risk relates to the amount owing by 8 customers (30.09.2023: 5 customers; 30.09.2022: 2 customers; 30.09.2021: 6 customers) which constituted 83% (30.09.2023: 59%; 30.09.2022: 56%; 30.09.2021: 63%) of its trade receivables as at the end of each reporting period.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

29. FINANCIAL INSTRUMENTS (CONT'D)

(iii) Financial risk management policies (cont'd)

(b) Credit risk (cont'd)

a. Trade receivables (cont'd)

Exposure to credit risk and credit quality

The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 120 days, which are deemed to have higher credit risk, are monitored individually.

The Group does not have exposure to international credit risk as the entire trade receivables are concentrated in Malaysia.

At the end of financial year, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the combined statements of financial position.

The information of the Group about the exposure to credit risk and loss allowances for trade receivables calculated under MFRS 9 are as follows:

	Expected loss rate	Gross amount RM	Loss allowance RM	Carrying amount RM
Audited				
As at 30 June 2024				
Not past due		7,255,990	-	7,255,990
Past due				
- less than 30 days		239,832	-	239,832
- 31 to 90 days		85,460	-	85,460
- over 90 days	14%	795,823	(109,258)	686,565
		<u>8,377,105</u>	<u>(109,258)</u>	<u>8,267,847</u>
Individually credit impaired		97,366	(97,366)	-
		<u>8,474,471</u>	<u>(206,624)</u>	<u>8,267,847</u>

12. ACCOUNTANTS' REPORT (cont'd)**VANZO HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)**29. FINANCIAL INSTRUMENTS (CONT'D)****(iii) Financial risk management policies (cont'd)****(b) Credit risk (cont'd)****a. Trade receivables (cont'd)**

The information of the Group about the exposure to credit risk and loss allowances for trade receivables calculated under MFRS 9 are as follows: (cont'd)

	Expected loss rate	Gross amount RM	Loss allowance RM	Carrying amount RM
Audited				
As at 30 September 2023				
Not past due		4,592,363	-	4,592,363
Past due				
- less than 30 days		573,483	-	573,483
- 31 to 90 days		409,148	-	409,148
- over 90 days	25%	1,113,157	(82,040)	1,031,117
		<u>6,688,151</u>	<u>(82,040)</u>	<u>6,606,111</u>
Individually credit impaired		70,296	(70,296)	-
		<u>6,758,447</u>	<u>(152,336)</u>	<u>6,606,111</u>
	Expected loss rate	Gross amount RM	Loss allowance RM	Carrying amount RM
Audited				
As at 30 September 2022				
Not past due		4,745,954	-	4,745,954
Past due				
- less than 30 days		155,076	-	155,076
- 31 to 90 days		5,547	-	5,547
- over 90 days	34%	60,008	(20,470)	39,538
		<u>4,966,585</u>	<u>(20,470)</u>	<u>4,946,115</u>
Individually credit impaired		53,385	(53,385)	-
		<u>5,019,970</u>	<u>(73,855)</u>	<u>4,946,115</u>

12. ACCOUNTANTS' REPORT (cont'd)**VANZO HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)**29. FINANCIAL INSTRUMENTS (CONT'D)****(iv) Financial risk management policies (cont'd)****(b) Credit risk (cont'd)****a. Trade receivables (cont'd)**

The information of the Group about the exposure to credit risk and loss allowances for trade receivables calculated under MFRS 9 are as follows: (cont'd)

	Expected loss rate	Gross amount RM	Loss allowance RM	Carrying amount RM
Audited				
As at 30 September 2021				
Not past due		412,146	-	412,146
Past due				
- less than 30 days		225,580	-	225,580
- 31 to 90 days		94,171	-	94,171
- over 90 days	49%	7,192	(3,516)	3,676
		<u>739,089</u>	<u>(3,516)</u>	<u>735,573</u>
Individually credit impaired		30,694	(30,694)	-
		<u>769,783</u>	<u>(34,210)</u>	<u>735,573</u>

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

29. FINANCIAL INSTRUMENTS (CONT'D)**(iii) Financial risk management policies (cont'd)****(b) Credit risk (cont'd)****a. Other receivables**Exposure to credit risk, credit quality and collateral

Other receivables balances are monitored on an ongoing basis.

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of other receivables as at the end of the reporting period.

Ageing analysis of other receivables and impairment losses

The Group does not maintain ageing analysis for other receivables. Based on past experience, the management determines that no impairment is necessary in respect of other receivables. There had been no allowance for impairment losses on other receivables during the financial periods/years.

b. Other financial assets (including fixed deposits with financial institutions and cash and bank balances)

Other financial assets are held with licensed financial institutions. The Group minimises credit risk by dealing exclusively with high credit rating counterparties.

Exposure to credit risk, credit quality and collateral

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations. As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of cash and bank balances and fixed deposits with financial institutions in the combined statements of financial position.

Impairment losses

The financial institutions have low credit risk and the Group's bank balances are protected to an extent by Perbadanan Insurans Deposit Malaysia. Consequently, the Group is of the view that loss allowance is not material and hence it is not provided for.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)
Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

29. FINANCIAL INSTRUMENTS (CONT'D)

(iii) Financial risk management policies (cont'd)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group maintains a level of cash and cash equivalents and loan facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial liabilities at the end of the reporting period based on undiscounted contractual payments:

Audited	Effective interest rate	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On demand or within One year RM	One to Five Years RM	Over Five Years RM
As at 30 June 2024						
Trade payables		504,457	504,457	504,457	-	-
Other payables, accruals and deposits received		769,544	769,544	769,544	-	-
Bank borrowings	4.00% - 15.00%	6,915,817	7,320,665	5,793,105	1,521,934	5,626
Lease liabilities	2.20% - 5.20%	3,912,742	4,235,755	1,596,073	2,384,070	255,612
		12,102,560	12,830,421	8,663,179	3,906,004	261,238

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)
Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

29. FINANCIAL INSTRUMENTS (CONT'D)

(iii) Financial risk management policies (cont'd)

(c) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

The table below summarises the maturity profile of the Group's financial liabilities at the end of the reporting period based on undiscounted contractual payments: (cont'd)

Audited	Effective interest rate	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On demand or within One year RM	One to Five Years RM	Over Five Years RM
As at 30 September 2023						
Trade payables		42,916	42,916	42,916	-	-
Other payables, accruals and deposits received		1,246,785	1,246,785	1,246,785	-	-
Bank borrowings	4.00% - 15.00%	8,297,557	8,912,778	6,584,187	2,210,460	118,131
Lease liabilities	2.20% - 5.80%	5,110,628	5,546,680	1,817,122	3,460,193	269,365
		14,697,886	15,749,159	9,691,010	5,670,653	387,496

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)
Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

29. FINANCIAL INSTRUMENTS (CONT'D)

(iii) Financial risk management policies (cont'd)

(c) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

The table below summarises the maturity profile of the Group's financial liabilities at the end of the reporting period based on undiscounted contractual payments: (cont'd)

Audited	Effective interest rate	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On demand or within One year RM	One to Five Years RM	Over Five Years RM
As at 30 September 2022						
Trade payables		116,100	116,100	116,100	-	-
Other payables, accruals and deposits received		216,826	216,826	216,826	-	-
Bank borrowings	7.35% - 14.20%	5,033,940	5,841,913	2,772,970	2,627,177	441,766
Lease liabilities	2.20% - 5.80%	1,943,710	2,166,805	568,380	1,386,756	211,669
		7,310,576	8,341,644	3,674,276	4,013,933	653,435

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)
Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

29. FINANCIAL INSTRUMENTS (CONT'D)

(iii) Financial risk management policies (cont'd)

(c) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

The table below summarises the maturity profile of the Group's financial liabilities at the end of the reporting period based on undiscounted contractual payments: (cont'd)

Audited	Effective interest rate	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On demand or within One year RM	One to Five Years RM	Over Five Years RM
As at 30 September 2021						
Trade payables		214,700	214,700	214,700	-	-
Other payables, accruals and deposits received		746,561	746,561	746,561	-	-
Bank borrowings	7.35% - 13.45%	2,253,800	2,510,902	1,462,099	932,159	116,644
Lease liabilities	2.35% - 5.00%	773,339	856,581	412,908	328,200	115,473
		3,988,400	4,328,744	2,836,268	1,260,359	232,117

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

29. FINANCIAL INSTRUMENTS (CONT'D)

(iii) Financial risk management policies (cont'd)

(d) Foreign currency risk

The Group is exposed to foreign currency risk as a result of its normal operating activities with foreign companies, denominated mainly in Singapore Dollar ("SGD"), Brunei Dollar ("BND"), United States Dollar ("USD") and Chinese Yuan ("CNY").

The Group's exposure to foreign currency is as follows:

	SGD RM	BND RM	USD RM	CNY RM	Total RM
Audited					
As at 30 June 2024					
Financial assets					
Trade receivables	-	14,081	-	-	14,081
Other receivables	-	-	221,203	4,350	225,553
	-	14,081	221,203	4,350	239,634
Financial liabilities					
Trade payables	-	-	-	446,765	446,765
Other payables	3,450	-	-	-	3,450
	3,450	-	-	446,765	450,215
Net exposure	(3,450)	14,081	221,203	(442,415)	(210,581)
Audited					
As at 30 September 2023					
Financial assets					
Trade receivables	172,529	12,740	-	-	185,269
Other receivables	-	-	71,613	5,778	77,391
	172,529	12,740	71,613	5,778	262,660
Financial liabilities					
Trade payables	-	-	-	6,002	6,002
Net exposure	172,529	12,740	71,613	(224)	256,658

12. ACCOUNTANTS' REPORT (cont'd)**VANZO HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)**29. FINANCIAL INSTRUMENTS (CONT'D)****(iii) Financial risk management policies (cont'd)****(d) Foreign currency risk (cont'd)**

The Group is exposed to foreign currency risk as a result of its normal operating activities with foreign companies, denominated mainly in Singapore Dollar ("SGD"), Brunei Dollar ("BND"), United States Dollar ("USD") and Chinese Yuan ("CNY"). (cont'd)

The Group's exposure to foreign currency is as follows: (cont'd)

	SGD	BND	USD	CNY	Total
	RM	RM	RM	RM	RM
Audited					
As at 30 September 2022					
Financial assets					
Trade receivables	35,646	13,331	-	-	48,977
Other receivables	-	-	98,426	3,649	102,075
Net exposure	35,646	13,331	98,426	3,649	151,052
Audited					
As at 30 September 2021					
Financial assets					
Other receivables	-	-	17,678	512,441	530,119
Net exposure	-	-	17,678	512,441	530,119

12. ACCOUNTANTS' REPORT (cont'd)**VANZO HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)**29. FINANCIAL INSTRUMENTS (CONT'D)****(iii) Financial risk management policies (cont'd)****(d) Foreign currency risk (cont'd)**Sensitivity analysis for foreign currency risk

A 10% foreign currency fluctuation of the RM against following currencies at the end of the reporting date would increase/(decrease) in the Group's profit after tax as per below. The analysis assumes that all other variables remain unchanged.

	Audited			
	As at 30 June	As at 30 September		
	2024	2023	2022	2021
	RM	RM	RM	RM
Effects on profit after tax				
SGD	(262)	13,112	2,709	-
BND	1,070	968	1,013	-
USD	16,811	5,443	7,480	1,344
CNY	(33,624)	(17)	277	38,946

(v) Fair value of financial instruments**(a) Financial instruments not carried at fair value**

Financial assets and financial liabilities not carried at fair value are disclosed in Note 29(i) to this report. These financial instruments are carried at the amounts approximate of their fair values on the combined statements of financial position due to the relatively short term maturity of these financial instruments and the Group does not anticipate the carrying amounts recorded at the reporting date to be significantly different from the values that would eventually be received or settled.

As at the end of each financial period/year, the carrying amounts of floating rate term loans approximate their fair values as their effective interest rates change according to movements in the market interest rates.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

30. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic condition. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders, returning of capital to shareholders or issuing new shares. No changes were made in the objectives, policies or processes during the financial periods/years under review.

31. COMMITMENT

	Contracted RM	Paid RM	Commitment RM
Contracted but not provided for:			
- Capital expenditure in respect of property, plant and equipment	195,000	(50,000)	145,000
- Sponsorship and promotional activities expenses	900,000	(270,000)	630,000
As at 30 June 2024	<u>1,095,000</u>	<u>(320,000)</u>	<u>775,000</u>

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

32. SIGNIFICANT AND SUBSEQUENT EVENTS DURING THE REPORTING PERIOD

- (a) On 12 June 2024, Vanzo Holdings Berhad had entered into a conditional share sale agreement with Wong Liang Tzer, Tan Chin Soon, Tang, YuQiang and Lim Chee Lip to acquire the entire issued share capital of Vanzo Asia comprising 500,000 ordinary shares for a total purchase consideration of RM9,148,300 based on audited net assets of Vanzo Asia of RM9,148,302 as at 30 September 2023.

The total purchase consideration is to be satisfied via the issuance of 373,400,000 new ordinary shares at an issue price of RM0.0245 per share where Wong Liang Tzer, Tan Chin Soon and Tang, YuQiang had nominated Fragrance Century Sdn. Bhd. to receive the shares to be issued to them.

On 4 October 2024, the shares were allotted to Fragrance Century Sdn. Bhd. and Lim Chee Lip. The submission of above transaction was completed and approved by Suruhanjaya Syarikat Malaysia on 11 October 2024.

- (b) On 9 September 2024, Vanzo Asia had declared an interim single-tier dividend of RM0.80 per ordinary share totalling RM400,000 in respect of the financial year ended 30 September 2024. The dividend was subsequently paid on 18 September 2024 and 15 October 2024 respectively.

12. ACCOUNTANTS' REPORT (cont'd)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

STATEMENT BY DIRECTORS

We, **Wong Liang Tzer** and **Tan Chin Soon**, being the Directors of **Vanzo Holdings Berhad**, state that, in the opinion of the Directors, the combined financial information set out on page 6 to 92 are drawn up in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") and the Prospectus Guidelines – issued by the Securities Commission Malaysia so as to give a true and fair view of the financial position of the Group as at 30 September 2021, 30 September 2022, 30 September 2023 and 30 June 2024 and of their financial performance and their cash flows for the financial years ended 30 September 2021, 30 September 2022, 30 September 2023 and nine (9)-month financial period ended 30 June 2024.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 8 November 2024.



WONG LIANG TZER
Director



TAN CHIN SOON
Director

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION



ECOVIS MALAYSIA PLT

201404001750 (LLP0003185-LCA) & AF 001825
Chartered Accountants. Kuala Lumpur, Malaysia

Kuala Lumpur office

Phone : +603 7986 0066

Board of Directors

VANZO HOLDINGS BERHAD

No. 12, Jalan Tiang U8/92
Seksyen U8, Bukit Jelutong
40150 Shah Alam
Selangor Darul Ehsan

Kuala Lumpur, 8 November 2024

Dear Sirs

**VANZO HOLDINGS BERHAD (THE "COMPANY") AND ITS COMBINING ENTITIES (THE "GROUP")
REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION AS
AT 30 JUNE 2024**

We have completed our assurance engagement to report on the compilation of pro forma combined statement of financial position of the Group as at 30 June 2024 by the Board of Directors of the Company (the "Directors") for inclusion in the Company's prospectus to be issued in connection with the listing of and quotation for the entire issued ordinary shares of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") (the "Listing"). The pro forma combined statement of financial position consists of the pro forma combined statement of financial position and the accompanying notes thereon, for which we have stamped for identification.

The applicable criteria on the basis of which the Directors have compiled the pro forma combined statement of financial position are described in notes to the pro forma combined statement of financial position, and are in accordance with the requirements of Chapter 9, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants ("Guidance Note").

The pro forma combined statement of financial position has been compiled by the Directors to illustrate the impact of the events or transactions as set out in the notes to the pro forma combined statement of financial position, on the Group's financial position as at 30 June 2024 as if the events or transactions had taken place at 30 June 2024. As a part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the financial year ended 30 June 2024, on which an auditors' report has been issued.

ECOVIS MALAYSIA PLT 201404001750 (LLP0003185-LCA) & AF 001825 Chartered Accountants, D-10-03, Level 10, EXSIM Tower, Millerz Square @ Old Klang Road, Megan Legasi, No. 357, Jalan Kelang Lama, 58000 Kuala Lumpur, Malaysia Phone: +60(3) 7986 0066 E-Mail: kuala-lumpur@ecovis.com.my

A member of ECOVIS International tax advisors, accountants, auditors and lawyers, operating in more than 90 countries worldwide.

ECOVIS International is a Swiss association. Each Member Firm is an independent legal entity in its own country and is only liable for its own acts or omissions, not those of any other entity. ECOVIS MALAYSIA PLT is a Malaysia member firm of ECOVIS International.

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION (cont'd)



Directors' Responsibility for the Pro Forma Combined Statement of Financial Position

The Directors are responsible for compiling the pro forma combined statement of financial position on the basis described in the notes to the pro forma combined statement of financial position, and in accordance with the requirements of the Prospectus Guidelines and the Guidance Note.

Reporting Accountant's Professional Ethics and Quality Management

We have complied with the independence and other ethical requirement of the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the pro forma combined statement of financial position has been compiled, in all material respects, by the Directors on the basis as described in the notes to the pro forma combined statement of financial position, and in accordance with the requirements of the Prospectus Guidelines and the Guidance Note.

We conducted our engagement in accordance with International Standards on Assurance Engagements ("ISAE") 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Accounting Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the pro forma combined statement of financial position on the basis described in the notes to the pro forma combined statement of financial position, and in accordance with the requirements of the Prospectus Guidelines and the Guidance Note.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma combined statement of financial position.

The purpose of the pro forma combined statement of financial position included in a prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the Group as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION (cont'd)



Reporting Accountants' Responsibilities (Cont'd)

A reasonable assurance engagement to report on whether the pro forma combined statement of financial position has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma combined statement of financial position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma combined statement of financial position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the pro forma combined statement of financial position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma combined statement of financial position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma combined statement of financial position has been compiled, in all material respects, on the basis described in the notes to the pro forma combined statement of financial position, and in accordance with the requirements of the Prospectus Guidelines and the Guidance Note.

Other Matter

This report has been prepared solely for the purpose of inclusion in the prospectus of the Company to be issued in connection with the Listing. As such, this report should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

A handwritten signature in black ink, appearing to read "Ecovis" in a cursive style.

ECOVIS MALAYSIA PLT
AF 001825
Chartered Accountants

A handwritten signature in black ink, appearing to read "CHUA KAH CHUN" in a stylized, bold cursive.

CHUA KAH CHUN
02696/09/2025 J
Chartered Accountant

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION (*cont'd*)

**VANZO HOLDINGS BERHAD
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

1.0 Pro Forma Group and Basis of Preparation

1.1 Basis of Preparation

The pro forma combined statements of financial position of Vanzo Holdings Berhad ("Vanzo" or "the Company") and its combining entity, namely Vanzo Asia Sdn. Bhd. ("Vanzo Asia"), (hereinafter collectively referred to as "Vanzo Group" or "the Group") has been prepared by the Board in a manner consistent with the format of the audited financial statements and accounting policies of the Group for the financial period ended ("FPE") 30 June 2024, in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Prospectus Guidelines issued by the Securities Commission Malaysia. The pro forma combined statements of financial position has been prepared solely for illustrative purposes, to show the effects of transactions as disclosed in Note 2.

The pro forma combined statements of financial position is combined using the merger method as both the Group are under the common control of the same party both before and after the Acquisitions. When the merger method is used, the difference between the cost of investment recorded by Vanzo and the share capital of the combining entities are accounted for as reorganisation reserve in the pro forma combined statements of financial position.

The Group is regarded as a continuing entity resulting from the reorganisation exercise because the management of all the entities within the Group, which took part in the reorganisation exercise, was under common control before and immediately after the reorganisation exercise. The Group has applied the merger method of accounting on a retrospective basis and restated its comparative as if the consolidation had taken place before the start of the earliest period presented in the financial statements.

The audited financial statements of the Group as at 30 June 2024 were not subject to any audit qualification, modification or disclaimer of opinion.

The pro forma financial information of the Group comprises the pro forma combined statements of financial position as at 30 June 2024, adjusted for the impact of the Distribution of Dividends (Note 1.2), Pre-IPO Restructuring (Note 1.2), Listing Scheme (Note 1.3) and Utilisation of Proceeds from the IPO (Note 2.1.3).

The pro forma financial information, because of its nature, may not reflect the actual financial position of the Group. Furthermore, such information does not predict the future financial position of the Group.

The rest of this page is intentionally left blank

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION (*cont'd*)

**VANZO HOLDINGS BERHAD
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

1.0 Pro Forma Group and Basis of Preparation (Cont'd)

1.2 Pre-IPO Restructuring ("Pre-IPO")

1.2.1 Distribution of Dividends

The Directors of Vanzo Asia intend to declare a total dividend of RM900,000 for the financial year ended 30 September 2024 to its existing shareholders.

On 19 February 2024, the Directors of Vanzo Asia had declared an interim single-tier dividend of RM500,000 for the financial year ended ("FYE") 30 September 2024. The dividend was subsequently paid on 20 February 2024 and 15 March 2024.

On 9 September 2024, the Directors of Vanzo Asia had declared an interim single-tier dividend of RM400,000 for the FYE 30 September 2024. The dividend was subsequently paid on 18 September 2024 and 15 October 2024.

The above interim dividend declared on 9 September 2024 is illustrated in the Pro Forma Combined Statements of Financial Position to show the effect of such dividend payment.

1.2.2 Acquisition

On 12 June 2024, Vanzo had entered into a conditional share sale agreement with Wong Liang Tzer, Tan Chin Soon, Tang, YuQiang and Lim Chee Lip to acquire the entire issued share capital of Vanzo Asia comprising 500,000 ordinary shares for a total purchase consideration of RM9,148,300 based on audited net assets of Vanzo Asia of RM9,148,302 as at 30 September 2023. The total purchase consideration is to be satisfied via the issuance of 373,400,000 new ordinary shares at an issue price of RM0.0245 per share where Wong Liang Tzer, Tan Chin Soon and Tang, YuQiang had nominated Fragrance Century Sdn. Bhd. to receive the shares to be issued to them.

On 4 October 2024, the shares were allotted to Fragrance Century Sdn. Bhd. and Lim Chee Lip. The submission of above transaction was approved by Suruhanjaya Syarikat Malaysia on 11 October 2024.

The rest of this page is intentionally left blank

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION (*cont'd*)

**VANZO HOLDINGS BERHAD
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

1.0 Pro Forma Group and Basis of Preparation (Cont'd)

1.3 Listing Scheme ("IPO")

In conjunction with and as an integral part of the listing of and quotation for the entire enlarged issued share capital of Vanzo on the ACE Market ("ACE Market") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company intends to undertake the following transactions:

1.3.1 Public Issue

The Public Issue of 93,351,000 new Vanzo Shares, representing approximately 20.00% of the enlarged issued share capital at IPO Price amounting to RM14,002,650, payable in full on application, upon such terms and conditions as set out in the Prospectus, will be allocated and allotted in the following manner:

- (a) 23,338,000 new Vanzo Shares made available for application by the Malaysian Public;
- (b) 23,338,000 new Vanzo Shares made available for application by the eligible Directors, employees and persons who have contributed to the success of the Group; and
- (c) 46,675,000 new Vanzo Shares by way of private placement to selected investors.

1.3.2 Offer for Sale

A total of 46,675,000 new Vanzo Shares to be offered under Offer for Sale, are offered by the offerors to selected investors by way of private placement at IPO Price.

1.3.3 Listing

The admission of Vanzo to the Official List of Bursa Securities, and the entire enlarged issued share capital of RM23,150,960 comprising 466,751,100 Vanzo Shares shall be listed and quoted on the ACE Market upon completion of the Public Issue.

The rest of this page is intentionally left blank

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION (cont'd)

**VANZO HOLDINGS BERHAD
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

2.0 Pro Forma Combined Statements of Financial Position as at 30 June 2024

	Audited as at 30 June 2024 RM (1)	Distribution of Dividends RM	Pre-IPO Acquisition RM	After Acquisition RM	IPO RM	After Pro Forma I and IPO RM	Utilisation of proceeds RM	After Pro Forma II and utilisation of proceeds RM
			Pro Forma I	Pro Forma II	Pro Forma III			
Assets								
Non-current assets								
Property, plant and equipment	7,382,897	-	-	7,382,897	-	7,382,897	-	7,382,897
Intangible assets	86,413	-	-	86,413	-	86,413	-	86,413
Other investment	95,196	-	-	95,196	-	95,196	-	95,196
Deferred tax assets	22,525	-	-	22,525	-	22,525	-	22,525
Total non-current assets	7,587,031	-	-	7,587,031	-	7,587,031	-	7,587,031
Current assets								
Inventories	5,772,507	-	-	5,772,507	-	5,772,507	-	5,772,507
Trade receivables	8,267,847	-	-	8,267,847	-	8,267,847	-	8,267,847
Other receivables, deposits and prepayments	2,556,785	-	-	2,556,785	-	2,556,785	(660,550)	1,896,235
Fixed deposits with licensed banks	314,886	-	-	314,886	-	314,886	-	314,886
Cash and bank balances	453,969	(400,000)	-	53,969	14,002,650	14,056,619	(5,864,031)	8,192,588
Total current assets	17,365,994	(400,000)	-	16,965,994	14,002,650	30,968,644	(6,524,581)	24,444,063
Total assets	24,953,025	(400,000)	-	24,553,025	14,002,650	38,555,675	(6,524,581)	32,031,094

The rest of this page is intentionally left blank

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION (cont'd)

**VANZO HOLDINGS BERHAD
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

2.0 Pro Forma Combined Statements of Financial Position as at 30 June 2024 (Cont'd)

	Pre-IPO		Pro Forma I		Pro Forma II		Pro Forma III	
	Audited as at 30 June 2024	Distribution of Dividends	Acquisition	After Acquisition	IPO	After Pro Forma I and IPO	Utilisation of proceeds	After Pro Forma II and utilisation of proceeds
	RM	RM	RM	RM	RM	RM	RM	RM
Equity and liabilities								
Equity								
Share capital	-	-	9,148,300	9,148,300	14,002,650	23,150,950	(700,000)	22,450,950
Invested equity	500,010	-	(500,000)	10	-	10	-	10
Reorganisation reserve	-	-	(8,648,300)	(8,648,300)	-	(8,648,300)	-	(8,648,300)
Retained earnings	11,805,781	(400,000)	-	11,405,781	-	11,405,781	(2,824,581)	8,581,200
Total equity	12,305,791	(400,000)	-	11,905,791	14,002,650	25,908,441	(3,524,581)	22,383,860
Liabilities								
Non-current liabilities								
Bank borrowings	1,274,692	-	-	1,274,692	-	1,274,692	-	1,274,692
Lease liabilities	2,469,685	-	-	2,469,685	-	2,469,685	-	2,469,685
Deferred tax liabilities	79,000	-	-	79,000	-	79,000	-	79,000
Total non-current liabilities	3,823,377	-	-	3,823,377	-	3,823,377	-	3,823,377
Current liabilities								
Trade payables	504,457	-	-	504,457	-	504,457	-	504,457
Other payables, accruals and deposits received	769,544	-	-	769,544	-	769,544	-	769,544
Bank borrowings	5,641,125	-	-	5,641,125	-	5,641,125	(3,000,000)	2,641,125
Lease liabilities	1,443,057	-	-	1,443,057	-	1,443,057	-	1,443,057
Current tax liabilities	465,674	-	-	465,674	-	465,674	-	465,674
Total current liabilities	8,823,857	-	-	8,823,857	-	8,823,857	(3,000,000)	5,823,857
Total liabilities	12,647,234	-	-	12,647,234	-	12,647,234	(3,000,000)	9,647,234
Total equity and liabilities	24,953,025	(400,000)	-	24,553,025	14,002,650	38,555,675	(6,524,581)	32,031,094

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION (cont'd)

**VANZO HOLDINGS BERHAD
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

2.0 Pro Forma Combined Statements of Financial Position as at 30 June 2024 (Cont'd)

	Audited as at 30 June 2024	Distribution of Dividends	Pre-IPO		Pro Forma I		Pro Forma II		Pro Forma III	
			Acquisition	Acquisition	After Acquisition	IPO	After Pro Forma I and IPO	Utilisation of proceeds	After Pro Forma II and utilisation of proceeds	
Number of shares assumed in issue	500,000 ⁽²⁾				373,400,000		466,751,000		466,751,000	
NA (RM)	12,305,791				11,905,791		25,908,441		22,383,860	
NA per Share (RM)	24.61				0.03		0.06		0.05	
Borrowings	7,897,138				7,897,138		7,897,138		4,897,138	
Gearing (times) ⁽³⁾	0.64				0.66		0.30		0.22	
Current ratio (times) ⁽⁴⁾	2.0				1.9		3.5		4.2	

⁽¹⁾ Extracted from the Group's audited combined financial statements for the FPE 30 June 2024.

⁽²⁾ Representing invested equity of the Company as at FPE 30 June 2024.

⁽³⁾ Calculated based on the total borrowings (excluding lease liabilities arising from rental of premises) of the Group divided by the total equity of the Group.

⁽⁴⁾ Calculated based on total current assets divided by total current liabilities of the Group.

The rest of this page is intentionally left blank

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION (cont'd)

**VANZO HOLDINGS BERHAD
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

2.1 Notes to Pro Forma Combined Statements of Financial Position

2.1.1 Pro Forma I

Pro Forma I incorporates the effects of Distribution of Dividends and Pre-IPO Restructuring as set out in Note 1.2.

2.1.2 Pro Forma II

Pro Forma II incorporates the effects of Pro Forma I and the IPO as set out in Note 1.3.

2.1.3 Pro Forma III

Pro Forma III incorporates the effects of Pro Forma II and the utilisation of proceeds from IPO.

The estimated gross proceeds from the IPO of RM14,002,650 will be utilised as follows:

	RM	Estimated time frame (from the listing date)
Business expansion ⁽¹⁾⁽²⁾	1,600,000	Within 24 months
Marketing and promotion activities ⁽²⁾	5,000,000	Within 24 months
Repayment of bank borrowings	3,000,000	Within 6 months
General working capital	702,650	Within 12 months
Listing expenses ⁽³⁾	3,700,000	Within 3 months
	<u>14,002,650</u>	

Notes:

(1) Vanzo plan to set up 2 retail outlets within 12 months from the listing date and another 2 retail outlets within the 24 months from the listing date. Consists renovation cost, acquisition of equipment and start-up cost to set-up the new retail outlets.

(2) As at latest practicable date of the Prospectus, the Group has yet to enter into any contractual tenancy agreement or issued any purchase orders in relation to the above purposes. Accordingly, the utilisation of proceeds earmarked for these purposes are not reflected in the Pro Forma Combined Statements of Financial Position.

(3) The estimated listing expenses comprise the following:

	RM
Professional fees	3,050,000
Underwriting, placement and brokerage fees	400,000
Fees payable to authorities	65,000
Printing, advertising fees and contingencies	185,000
	<u>3,700,000</u>

From the total estimated listing expenses of RM3,700,000, RM700,000 will be set off against equity and the remaining RM3,000,000 will be charged out to the profit or loss. The Group has recognised RM118,324 and RM57,095 of listing expenses in the FYE 30 September 2023 and FPE 30 June 2024 respectively.

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION (cont'd)

**VANZO HOLDINGS BERHAD
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

2.2 Pro Forma Effects on Financial Statement Line Items

2.2.1 Effects on Cash and Bank Balances

	RM	RM
As audited on 30 June 2024		453,969
<u>Pro Forma I:</u>		
Distribution of Dividends		(400,000)
After effects of Pro Forma I		53,969
<u>Pro Forma II:</u>		
IPO		14,002,650
After effects of Pro Forma II		14,056,619
<u>Pro Forma III:</u>		
Utilisation of proceeds from IPO:		
- Repayment of bank borrowings	(3,000,000)	
- Estimated listing expenses	(2,864,031)	(5,864,031)
After effects of Pro Forma III		8,192,588

2.2.2 Effects on Share Capital

	No. of Shares	RM
As audited on 30 June 2024	-	-
<u>Pro Forma I:</u>		
Pre-IPO Restructuring:		
- Shares issued on Acquisition	373,400,000	9,148,300
After effects of Pro Forma I	373,400,000	9,148,300
<u>Pro Forma II:</u>		
IPO	93,351,000	14,002,650
After effects of Pro Forma II	466,751,000	23,150,950
<u>Pro Forma III:</u>		
Utilisation of proceeds from IPO:		
- Estimated listing expenses offset against equity	-	(700,000)
After effects of Pro Forma III	466,751,000	22,450,950

2.2.3 Effects on Invested Equity

	RM
As audited on 30 June 2024	500,010
<u>Pro Forma I:</u>	
Pre-IPO Restructuring:	
- Elimination arising from Acquisition	(500,000)
After effects of Pro Forma I, II and III	10

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION (cont'd)

**VANZO HOLDINGS BERHAD
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

2.2 Pro Forma Effects on Financial Statement Line Items (Cont'd)

2.2.4 Effects on Reorganisation Reserve

	RM	RM
As audited on 30 June 2024		-
<u>Pro Forma I:</u>		
Pre-IPO Restructuring:		
- Shares issued on Acquisition	(9,148,300)	
- Elimination arising from Acquisition	500,000	(8,648,300)
After effects of Pro Forma I, II, III		<u>(8,648,300)</u>

2.2.5 Effects on Retained Earnings

	RM
As audited on 30 June 2024	11,805,781
<u>Pro Forma I:</u>	
Distribution of Dividends	(400,000)
After effects of Pro Forma I, II	<u>11,405,781</u>
<u>Pro Forma III:</u>	
Utilisation of proceeds from IPO:	
- Estimated listing expenses charged to profit or loss	(2,824,581)
After effects of Pro Forma III	<u>8,581,200</u>

2.2.6 Effects on Bank Borrowings (Current and Non-Current Liabilities)

	RM
As audited on 30 June 2024 and after effect of Pro Forma I and II	6,915,817
<u>Pro Forma III:</u>	
Utilisation of proceeds from IPO:	
- Repayment of bank borrowings	(3,000,000)
After effects of Pro Forma III	<u>3,915,817</u>

2.2.7 Effects on Other receivables, deposits and prepayments

	RM
As audited on 30 June 2024 and after effect of Pro Forma I and II	2,556,785
<u>Pro Forma III:</u>	
Utilisation of proceeds from IPO:	
- Listing expenses charged out	(660,550)
After effects of Pro Forma III	<u>1,896,235</u>

The rest of this page is intentionally left blank

**13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA
COMBINED STATEMENT OF FINANCIAL POSITION (cont'd)**

VANZO HOLDINGS BERHAD
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2024

3.0 Approval by the Board of Directors

The pro forma consolidated statement of financial position is approved by the Board of Directors of Vanzo Holdings Berhad in accordance with Directors' resolution dated 8 November 2024.



TAN CHIN SOON
Director



WONG LIANG TZER
Director

14. STATUTORY AND OTHER INFORMATION

14.1 SHARE CAPITAL

- (a) As at the date of this Prospectus, we only have one class of shares, namely, ordinary shares, all of which rank equally with one another.
- (b) Save for the Pink Form Allocations as disclosed in Section 4.3.3 of this Prospectus,
- (i) no person including Directors or employee of our Group has been or is entitled to be given or has exercised any option to subscribe for any share of our Company or our subsidiary; and
- (ii) there is no scheme involving the employees of our Group in the shares of our Company or our subsidiary.
- (c) Save for the following:
- (i) issuance of our subscribers' shares upon our incorporation; and
- (ii) new Shares to be issued for the Acquisition and Public Issue as disclosed in Sections 6.1.3(a) and 4.3.1 of this Prospectus,
- there are no shares of our Company issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the past 2 years immediately preceding the date of this Prospectus.
- (d) Other than our Public Issue as disclosed in Section 4.3.1 of this Prospectus, there is no intention on the part of our Directors to further issue any Shares on the basis of this Prospectus.
- (e) As at the date of this Prospectus, we do not have any outstanding convertible debt securities.

14.2 INFORMATION OF OUR GROUP

Our share capital as at the LPD is RM10 comprising 100 Shares. The movements in our share capital since our incorporation are set out below:

Date of allotment	No. of shares allotted	Consideration (RM)	Nature of transaction	Cumulative issued share capital (RM)
29 December 2023	100	10	Subscribers' shares	10
4 October 2024	373,400,000	9,148,300	Allotment of Shares pursuant to the Acquisition	9,148,310

14. STATUTORY AND OTHER INFORMATION *(cont'd)*

There were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment. As at LPD, we do not have any outstanding warrants, options, convertible securities or uncalled capital.

Upon completion of our Listing, our enlarged share capital will increase from RM9,148,310, comprising 373,400,100 Shares to RM23,150,960 comprising 466,751,100 Shares.

14.3 INFORMATION OF OUR SUBSIDIARY

Information of our subsidiary is set out below.

14.3.1 Information on Vanzo Asia

(a) Share capital

As at LPD, Vanzo Asia has an issued share capital of RM500,000 comprising 500,000 ordinary shares. Details of the movement in the issued share capital of Vanzo Asia since its incorporation up to the LPD are as follows:

<u>Date of allotment</u>	<u>No. of shares allotted</u>	<u>Consideration (RM)</u>	<u>Nature of transaction</u>	<u>Cumulative issued share capital (RM)</u>
30 August 2018	100	100	Cash	100
29 April 2019	130,000	130,000	Cash	130,100
20 August 2019	30,000	30,000	Cash	160,100
26 April 2020	39,900	39,900	Cash	200,000
12 January 2021	100,000	100,000	Cash	300,000
31 May 2022	200,000	200,000	Bonus shares	500,000

There were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment. As at LPD, Vanzo Asia does not have any outstanding warrants, options, convertible securities or uncalled capital.

(b) Shareholders and directors

As at the LPD, Vanzo Asia is our wholly-owned subsidiary.

As at the LPD, the directors of Vanzo Asia are Allan and Michael.

(c) Subsidiary and associated company

As at the LPD, Vanzo Asia does not have any subsidiary and/or associated company.

14. STATUTORY AND OTHER INFORMATION (cont'd)

14.4 CONSTITUTION

The following provisions are extracted from our Constitution. Terms defined in our Constitution shall have the same meanings when used here unless they are otherwise defined here or the context otherwise requires. The following provisions extracted from our Constitution are based on the current Listing Requirements and the Act.

14.4.1 Changes in share capital and variation of class rights

The provisions in our Constitution dealing with changes in share capital and variation of class rights, which are no less stringent than those required by law, are as follows:

Clause 8 - Issue of Shares

Without prejudice to any special rights previously conferred on the holders of any existing Shares or class of Shares, but subject to the Act, the Listing Requirements, any other statutory requirements, and to conditions, restrictions and limitations expressed in this Constitution, the Directors may allot, issue or grant rights to subscribe for or otherwise dispose of unissued shares in the Company to such persons, at such time and on such terms and conditions, with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as they deem proper, but the Directors in making any such issue of shares shall comply with the following conditions: -

- 8.1 No Shares shall be issued at a discount except in compliance with the provisions of the Act.
- 8.2 The rights attaching to shares of a class other than ordinary shares, shall be expressed in this Constitution, the respective term sheets and/or subscription agreement.
- 8.3 No issue of Shares shall be made without the prior approval of the members of the Company in general meeting.
- 8.4 No Director shall participate in a scheme that involves a new issuance of Shares or other convertible securities to employees unless the Members in a general meeting have approved the specific allotment to be made to such Director and such Director must not vote on the resolution approving the said allotment.

Clause 9 - Rights of preference shareholders

- 9.1 Subject to the Act, the Listing Requirements and term sheet and/or subscription agreement, any other relevant authority for the time being in force, and the conditions, restrictions and limitations expressed in this Constitution, any preference shares may with the sanction of an ordinary resolution be issued on the terms that they are or at the option of the Company are liable to be redeemed and the Company has the power to issue such preference capital ranking equally with, or in priority to preference shares already issued.
- 9.2 Subject to the Act, the Listing Requirements and term sheet and/or subscription agreement, a holder of preference shares must have a right to vote in meetings of holders of their respective class of shares in each of the following circumstances:-
 - (a) when the dividend or part of the dividend on the share is in arrears for more than six (6) months;
 - (b) on a proposal to reduce the Company's share capital;

14. STATUTORY AND OTHER INFORMATION (cont'd)

- (c) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
 - (d) on a proposal that affects the rights attached to the preference shares;
 - (e) on a proposal to wind up the Company;
 - (f) during the winding up of the Company; and
 - (g) the Company shall not, without the consent of the existing preference members at a class meeting, issue further preference capital ranking in priority above preference share already issued.
- 9.3 Subject to this Constitution and/or term sheet and/or subscription agreement, a holder of preference shares shall be entitled to the same rights as a holder of ordinary shares in relation to receiving notices, reports, audited financial statements, and attending general meetings.
- 9.4 The Company shall not allot any preference shares or convert any issued shares into preference shares unless in accordance with the right of the Members with respect to repayment of capital, participation in surplus assets and profits, cumulative or non-cumulative dividends, voting and priority of payment of capital and dividend in relation to other Shares and other classes of preference shares as set out in this Constitution and/or term sheet and/or subscription agreement.

Clause 10 - Repayment of preference capital

The repayment of preference share capital other than redeemable preference shares or any alteration of preference shareholders' rights shall only be made pursuant to a special resolution of the preference shareholders concerned **PROVIDED ALWAYS** that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing obtained from the holders of 3/4 of the preference capital concerned within two (2) months of the meeting shall be as valid and effectual as a special resolution carried at the meeting.

Clause 11 - Modification of class rights

Subject to the provisions of the Act, if at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of three-fourths (3/4) of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of this Constitution relating to general meetings shall *mutatis mutandis* apply so that the necessary quorum shall be two (2) persons at least holding or representing by proxy (one-third) 1/3 of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution the provisions of Section 292 of the Act shall apply with such adaptations as are necessary.

Clause 12 - Alteration of rights by issuance of new shares

The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith.

14. STATUTORY AND OTHER INFORMATION (cont'd)

Clause 52 – Power to increase capital

Subject to the Act, this Constitution, the Central Depositories Act, the Rules, the Listing Requirements, any other relevant authority for the time being in force, and the conditions, restrictions and limitations expressed in this Constitution, the Company may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully called up or not, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase may direct.

Clause 53- Offer of new Shares to the Member

Subject to any direction to the contrary that may be given by the Company in general meeting, any new Shares or other convertible securities of whatever kind for the time being unissued and not allotted and any new Shares or securities from time to time to be created shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing Shares or securities to which they are entitled. The offer shall be made by notice specifying the number of Shares or securities offered and limiting a time within which the offer, if not accepted shall be deemed to be declined and after the expiration of that time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the Shares or securities offered, the Directors may dispose of those Shares or securities in such manner as they think most beneficial to the Company. The Directors may also dispose of any new Shares or securities which (by reason of the ratio which the new Shares or securities bear to Shares or securities held by persons entitled to an offer of new Shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution.

Clause 54- Ranking of new Shares

Except so far as otherwise provided by the conditions of issue in this Constitution, any share capital raised by the creation of new Shares shall be considered as part of the original share capital of the Company and shall be subject to the same provisions with reference to the allotments, the payment of calls and instalments, lien, transfer, transmission, forfeiture and otherwise as the original share capital.

Clause 55- Power to alter capital

The Company may by ordinary resolution and subject to the Act, the Central Depositories Act, the Rules, the Listing Requirements, any other relevant authority for the time being in force, and the conditions, restrictions and limitations expressed in this Constitution:-

- 55.1 consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- 55.2 subdivide its share capital or any part thereof into shares of smaller amount, subject nevertheless to the provisions of the Act and so that as between the resulting shares, one (1) or more of such shares may, by the resolution by which such subdivision is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the others or any other of such shares;

14. STATUTORY AND OTHER INFORMATION (cont'd)

- 55.3 cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled; or
- 55.4 convert and/or reconvert and/or re-classify any class of shares into any other class of shares.

Clause 56- Power to reduce capital

The Company may by special resolution, subject to the Act, the Central Depositories Act, the Rules, the Listing Requirements, any other relevant authority for the time being in force, and the conditions, restrictions and limitations expressed in this Constitution, reduce its share capital, any capital redemption reserve fund or any reserve account in any manner authorised by the Act and subject to any consent required by law.

14.4.2 Borrowing and voting powers of the directors

The provisions in our Constitution dealing with voting and borrowing powers of our Directors including voting powers in relation to proposals, arrangements or contracts in which they are interested in are as follows:

Clause 98 – Directors’ borrowing powers

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or subsidiary company subject to the law including but not limited to the provisions of the Act and the Listing Requirements, as they may think fit.

Clause 111 – Chairman to have a casting vote

- 111.1 Subject to this Constitution any question arising at any meeting of the Directors shall be decided by a majority of votes, each Director having one (1) vote and a determination by a majority of the Directors shall for all purposes be deemed a determination of the Directors.
- 111.2 In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote **EXCEPT** where only two (2) of the Directors form a quorum and only such Directors are present at the meeting or where only two (2) of the Directors are competent to vote on the question in issue, whereupon the resolution shall be deemed not to have been passed, without affecting any other businesses at the meeting.

Clause 113 – Disclosure of interest and restriction on discussion and voting

Every Director shall declare his interest in the Company and his interest in any contract or proposed contract with the Company as may be required by law. Subject to Section 222 of the Act, a Director shall not participate in any discussion or vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly an interest and if he shall do so his vote shall not be counted. A Director shall, notwithstanding his interest, be counted in the quorum for any meeting where a decision is to be taken upon any contract or proposed contract or arrangement in which he is in any way interested **PROVIDED ALWAYS** that he has complied with Section 221 of the Act and all other relevant provisions of the Act and this Constitution.

14. STATUTORY AND OTHER INFORMATION (cont'd)

Clause 114 – Power to vote

Without prejudice to the provisions of any other Constitution, the Act and the Listing Requirements, a Director may vote in respect of:-

- 114.1 any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or
- 114.2 any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of security.

14.4.3 Remuneration of directors

The provisions in our Constitution dealing with remuneration of Directors are as follows:-

Clause 93 - Directors' remuneration

- 93. The fees and benefits payable to the Directors of the Company including compensation for loss of employment of a Director or a former Director of the Company shall from time to time be approved by Members in general meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree **PROVIDED ALWAYS** that:
 - 93.1 salaries payable to executive Director(s) may not include a commission on or percentage of turnover; and
 - 93.2 fees payable to non-executive Directors shall be a fixed sum and not by a commission on or percentage of profits or turnover.

Clause 94 - Reimbursement of expenses

- 94.1 The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending board meetings or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.
- 94.2 If by arrangement with the Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special efforts in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing a special remuneration in addition to his Director's fees and such special remuneration may be by way fixed sum or otherwise as may be arranged.

14. STATUTORY AND OTHER INFORMATION (cont'd)

Clause 115 – Alternate Director

115.2 An alternate Director shall (except as regards power to appoint an alternate Director and remuneration) be subject in all respects to the terms and conditions existing with reference to the other Directors and shall be entitled to receive notices of all meetings of the Directors and to attend, speak and vote at any such meeting at which his appointer is not present.

Clause 117 - Remuneration of Managing Director

The remuneration of a managing director or managing directors shall be fixed by the Directors and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but shall not include a commission on or percentage of turnover.

14.4.4 Transfer of shares

The provisions in our Constitution dealing with transfer of shares are as follows:-

Clause 31 - Transfer of Deposited Securities

- 31.1 Subject to the restriction imposed by this Constitution, the Listing Requirements, the Central Depositories Act and the Rules (with respect to transfer of Deposited Security), the transfer of any listed security or class of listed security of the Company, shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to subsection 148(2) of the Act and any exemption that may be made from compliance with subsection 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed securities.
- 31.2 The Depository may, in its absolute discretion, refuse to register any transfer Deposited Security where the reason for transfer does not fall within any approved reasons provided for in the Rules or does not comply with the Rules.
- 31.3 Subject to provisions of the Act, the Listing Requirements and the Rules, there shall be no restriction on the transfer of fully paid securities except where required by law or transfer is in respect of the partly paid Shares in respect of which a call has been made and is unpaid.

Clause 32 - Transfer of Shares (Non-Deposited Securities)

- 32.1 Subject to the provisions of the Act and this Constitution, any Member may transfer all or any of his Shares (which is not Deposited Securities) by a duly executed and stamped instrument in writing. The instrument shall be executed by or on behalf of the transferor and the transferor shall remain the holder of the Shares transferred until the transfer is registered and the name of the transferee is entered in the Register of Members in respect thereof.
- 32.2 The instrument of transfer must be left for registration at the Office of the Company together with such fee not exceeding RM1.00 as the Directors from time to time may require accompanied by the certificate of the Shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer, and thereupon the Company shall subject to the powers vested in the Directors by this Constitution register the transferee as a shareholder and retain the instrument of transfer.

14. STATUTORY AND OTHER INFORMATION (cont'd)

- 32.3 Subject to the Act, the Directors may in their discretion through passing of a resolution to decline or delay registering any transfer of Shares (which is non-Deposited Security) to a person of whom they do not approve, whether or not being fully paid Shares or Shares on which the Company has a lien, within thirty (30) days from the date of receipt the instrument of transfer.
- 32.4 Neither the Company nor its Directors nor any of its officers shall incur any liability for any transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers be legally inoperative or insufficient to pass the property in the Shares proposed or professed to be transferred and although transferred, the transfer may, as between the transferor and transferee be liable to be set aside and notwithstanding that the Company may have notice of such transfer. And in every such case, the transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such Shares and the previous holder shall so far as the Company is concerned, be deemed to have transferred his whole title hereto.
- 32.5 Subject to any written law, no Shares shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.
- 32.6 Subject to the provisions of this Constitution, the Directors may recognise a renunciation of any Shares by the allottee thereof in favour of some other persons.
- 32.7 All instruments of transfer which shall be registered shall be retained by the Company but any instrument of transfer which the Directors may decline or refuse to register shall on demand be returned to the person depositing the same. All powers of attorney granted by members for purpose (inter-alia) of transferring Shares which may be lodged, produced or exhibited to the Company or any of its proper officers shall as between the Company and the grantor of such powers be taken and deemed to continue and remain in full force and effect and the same may be acted upon until such time as express notice in writing of the revocation of the same shall have been given and lodged at the registered office of the Company.

14.5 GENERAL INFORMATION

- (a) Save for the dividends declared and/or paid as disclosed in Section 5.1.5 of this Prospectus, Directors' remuneration as disclosed in Section 5.5.1 of this Prospectus and purchase consideration paid for the Acquisition as disclosed in Section 6.1.3(a) of this Prospectus, no other amount or benefit has been paid or given within the past 2 years immediately preceding the date of this Prospectus, nor is it intended to be paid or given, to any of our Promoters, Directors or substantial shareholder.
- (b) Save as disclosed in Section 10.1 of this Prospectus, none of our Directors or substantial shareholder have any interest, direct or indirect, in any contract or arrangement subsisting at the date of this Prospectus and which is significant in relation to the business of our Group.
- (c) The manner in which copies of this Prospectus together with the official application forms and envelopes may be obtained and the details of the summarised procedures for application of our Shares are set out in Section 15 of this Prospectus.
- (d) There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

14. STATUTORY AND OTHER INFORMATION (cont'd)

14.6 CONSENTS

- (a) The written consents of the Principal Adviser, Sponsor, Underwriter, Placement Agent, Financial Adviser, Solicitors, Company Secretaries, Share Registrar and Issuing House to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn;
- (b) The written consents of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report and Reporting Accountants' report relating to the pro forma consolidated financial information in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn; and
- (c) The written consent of the IMR to the inclusion in this Prospectus of its name and the IMR Report, in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not been subsequently withdrawn.

14.7 DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company during normal business hours for a period of 6 months from the date of this Prospectus:

- (a) Our Constitution;
- (b) Audited financial statements of Vanzo Asia for FYE 2021 to FYE 2023 and FPE 2024;
- (c) Audited financial statements of our Company since incorporation (i.e. 29 December 2023) up to 30 June 2024;
- (d) Accountants' Report as set out in Section 12 of this Prospectus;
- (e) Reporting Accountants' Report on the Pro Forma Combined Statements of Financial Information as set out in Section 13 of this Prospectus;
- (f) IMR Report as set out in Section 7 of this Prospectus;
- (g) Material contracts as set out in Section 6.7 of this Prospectus; and
- (h) Letters of consent as set out in Section 14.6 of this Prospectus.

14.8 RESPONSIBILITY STATEMENTS

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

M&A Securities acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR ISSUE SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT OUR ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

15.1 OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 27 NOVEMBER 2024

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 4 DECEMBER 2024

Applications for the Issue Shares will open and close at the times and dates stated above.

In the event there is any change to the timetable, we will make an announcement on Bursa Securities' website and advertise the notice of the change in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia.

LATE APPLICATIONS WILL NOT BE ACCEPTED.

15.2 METHODS OF APPLICATIONS

15.2.1 Retail Offering

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

<u>Types of Application and category of investors</u>	<u>Application method</u>
Applications by Malaysian Public:	
(i) Individuals	<ul style="list-style-type: none"> ▪ WHITE Application Form; or ▪ Electronic Share Application; or ▪ Internet Share Application
(ii) Non-Individuals	<ul style="list-style-type: none"> ▪ WHITE Application Form only
Applications by Eligible Persons	<ul style="list-style-type: none"> ▪ PINK Application Form only

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (*cont'd*)

15.2.2 Placement

Types of Application	Application method
Applications by selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.

Eligible Persons and selected investors may still apply for our Issue Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

15.3 ELIGIBILITY

15.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities. The CDS account must be in your own name. **Invalid, nominee or third party CDS accounts will not be accepted** for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 ISSUE SHARES OR MULTIPLES OF 100 ISSUE SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

[The rest of this page is intentionally left blank]

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (*cont'd*)

15.3.2 Application by the Malaysian Public

You can only apply for our Issue Shares if you fulfil all of the following:

- (a) You must be one of the following:
 - (i) a Malaysian citizen who is at least 18 years old as at the date of the application for our Issue Shares; or
 - (ii) a corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
 - (iii) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.
- (b) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and
- (c) You must submit Applications by using only one of the following methods:
 - (i) White Application Form; or
 - (ii) Electronic Share Application; or
 - (iii) Internet Share Application.

15.3.3 Application by Eligible Persons

The Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocation as well as detailed procedures on how to subscribe to the allocated Issue Shares. The Eligible Persons must follow the notes and instructions in the said documents and where relevant, in this Prospectus.

15.4 APPLICATION BY WAY OF APPLICATION FORM

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.15 for each Issue Share.

Payment must be made out in favour of **"TIIH SHARE ISSUE ACCOUNT NO. 783"** and crossed **"A/C PAYEE ONLY"** and endorsed on the reverse side with your name and address.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (*cont'd*)

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

- (a) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd
(Registration No: 197101000970 (11324-H))
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

- (b) **DELIVER BY HAND AND DEPOSIT** in the drop-in boxes provided at Tricor Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, so as to arrive not later than 5.00 p.m. on 4 December 2024 or by such other time and date specified in any change to the date or time for closing.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

15.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATION

Only Malaysian individuals may apply for our Issue Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

15.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATION

Only Malaysian individuals may use the Internet Share Application to apply for our Issue Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions or Participating Securities Firms, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, Malayan Banking Berhad, Public Bank Berhad, CGS International Securities Malaysia Sdn Bhd (formerly known as CGS-CIMB Securities Sdn Bhd), Malacca Securities Malaysia Sdn Bhd and Moomoo Securities Malaysia Sdn Bhd. A processing fee will be charged by the respective Internet Participating Financial Institutions or Participating Securities Firms (unless waived) for each Internet Share Application.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions or Participating Securities Firms.

15.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board, reserves the right to:

- (a) reject Applications which:
 - (i) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
 - (ii) are illegible, incomplete or inaccurate; or
 - (iii) are accompanied by an improperly drawn up or improper form of remittance; or
- (b) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (c) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 15.9 of this Prospectus.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

15.8 OVER/UNDERSUBSCRIPTION

In the event of oversubscription, our Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our Issue Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of shares and the balloting results in connection therewith will be furnished by our Issuing House to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on our Issuing House's website at <https://tiih.online> within 1 Market Day after the balloting event.

Pursuant to the Listing Requirements, we are required to have a minimum of 25% of our Company's issued share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)

In the event of an undersubscription of our Issue Shares by the Malaysian Public and/or eligible Directors and employees of our Group, subject to the underwriting arrangements and reallocation as set out in Section 4.3.4 of this Prospectus, any of the abovementioned Issue Shares not applied for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement.

15.9 UNSUCCESSFUL/PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

15.9.1 For applications by way of Application Forms

- (a) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.
- (b) If your Application is rejected because you did not provide a CDS Account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.
- (c) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (a) and (b) above (as the case may be).
- (d) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (b) above (as the case may be).

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (*cont'd*)

15.9.2 For applications by way of Electronic Share Application and Internet Share Application

- (a) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institution or Internet Participating Financial Institution or Participating Securities Firm (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from the Issuing House.
- (b) You may check your account on the 5th Market Day from the balloting date.
- (c) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions or Participating Securities Firms (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

15.10 SUCCESSFUL APPLICANTS

If you are successful in your application:

- (a) Our Issue Shares allotted to you will be credited into your CDS Account.
- (b) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.
- (c) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our Issue Shares issued / offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Depository Rules.
- (d) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS Accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (cont'd)

15.11 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services at 03-2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution or Participating Securities Firm and Authorised Financial Institution

The results of the allocation of Issue Shares derived from successful balloting will be made available to the public at the Issuing House website at <https://tiih.online>, **1 Market Day** after the balloting date.

You may also check the status of your Application at the above website, **5 Market Days** after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities.

[The rest of this page is intentionally left blank]