

Share **Dine** Smile

Annual Report

2024



S.D.S
— SINCE 1987 —

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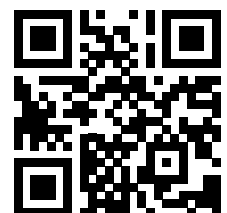
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<https://sdsgroups.com/>

Please scan to visit
SDS Group Berhad



About Us

SDS Group Berhad, through its Subsidiaries ("SDS"), is primarily involved in the manufacturing and retailing of bakery products.

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



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



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

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

Corporate Information

BOARD OF DIRECTORS

...

Dr. Lim Pang Kiam

Independent
Non-Executive Chairman

...

Tan Kim Seng

Managing Director

...

Tan Kim Chai

Executive Director

...

Tan Yon Haw

Executive Director

...

Tan Kee Jin

Executive Director

...

Phang Sze Fui

Independent
Non-Executive Director

...

Dato' Albert Ding Choo Earn

Independent
Non-Executive Director

...

Patricia Rangene Packium

Independent
Non-Executive Director

...

Lee Yee Ling

Independent
Non-Executive Director

AUDIT COMMITTEE
Phang Sze Fui

Chairperson/Independent
Non-Executive Director
(Resigned on 30 June 2024)

Lee Yee Ling

Member/Independent
Non-Executive Director

Dato' Albert Ding Choo Earn

Member/Independent
Non-Executive Director

NOMINATING AND REMUNERATION COMMITTEE
Patricia Rangene Packium

Chairperson/Independent
Non-Executive Director

Phang Sze Fui

Member/Independent
Non-Executive Director
(Resigned on 30 June 2024)

Dato' Albert Ding Choo Earn

Member/Independent
Non-Executive Director

RISK MANAGEMENT COMMITTEE
Dato' Albert Ding Choo Earn

Chairman/Independent
Non-Executive Director

Lee Yee Ling

Member/Independent
Non-Executive Director

Phang Sze Fui

Member/Independent
Non-Executive Director
(Resigned on 30 June 2024)

Tan Kee Jin

Member/Executive Director

COMPANY SECRETARIES
Siew Suet Wei

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

Lim Yen Teng (LS0010182)

SSM Practicing Certificate No.
201908000028

AUDITORS
Crowe Malaysia PLT

201906000005
(LLP0018817-LCA) & AF 1018
E-2-3 Pusat Komersial Bayu Tasek
Persiaran Southkey 1, Kota Southkey
80150 Johor Bahru, Johor
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Fax No.: +607-388 4627

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Fax No.: +603-2783 9222

REGISTERED OFFICE

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BUSINESS ADDRESS

5, Jalan Selatan 8
(Off Jalan Kempas Lama)
Kawasan Perusahaan Ringan Pulau
81200 Johor Bahru, Johor
Tel No. : +607-288 8305
Fax No.: +607-556 7116
Email : info@sdsgroups.com

PRINCIPAL BANKERS

Hong Leong Bank Berhad
Malayan Banking Berhad
Public Bank Berhad

STOCK EXCHANGE LISTING

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

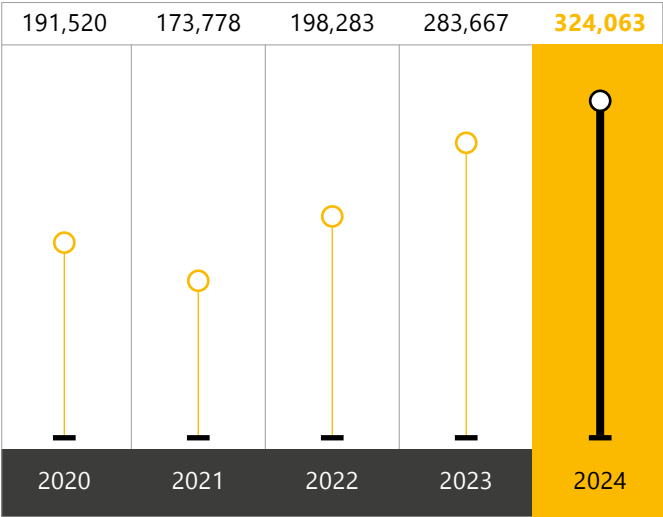
Corporate Structure



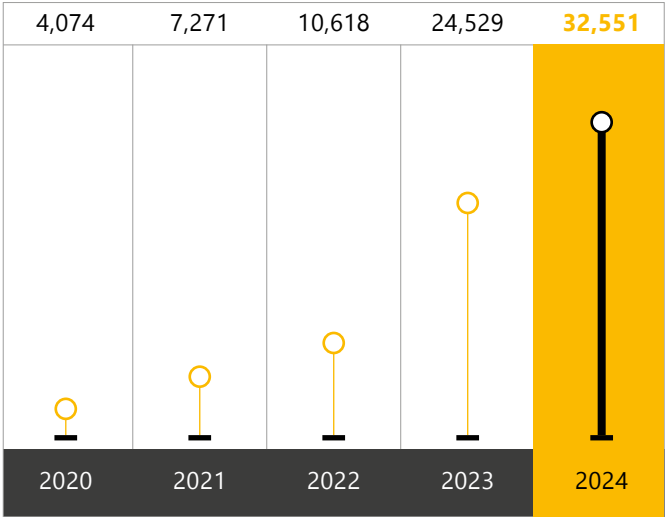
Financial Highlights

		2020	2021	2022	2023	2024
Revenue	(RM'000)	191,520	173,778	198,283	283,667	324,063
Profit After Tax Attributable to Owner of the Company ("PAT")	(RM'000)	4,074	7,271	10,618	24,529	32,551
Total Assets	(RM'000)	146,204	139,019	143,090	161,873	193,421
Shareholders' Equity	(RM'000)	64,598	71,912	81,527	103,426	127,777

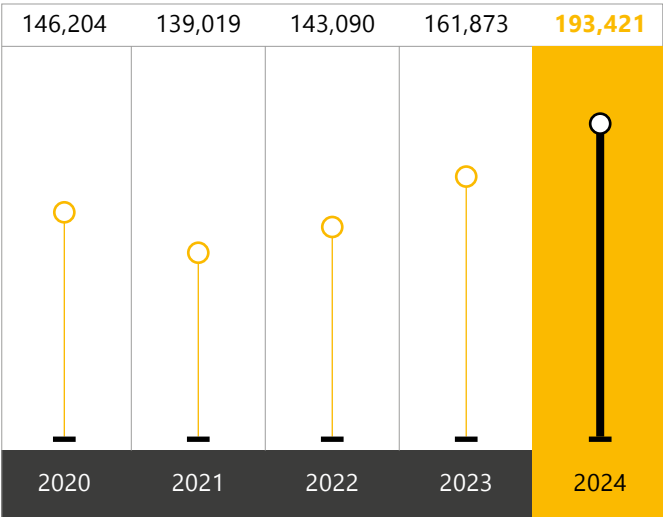
REVENUE
(RM'000)



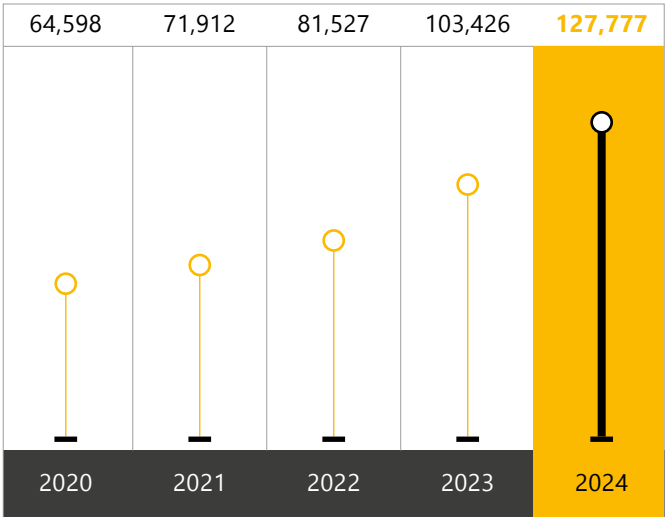
PAT
(RM'000)



TOTAL ASSETS
(RM'000)



SHAREHOLDERS' EQUITY
(RM'000)



Corporate Milestones

1987

Sin Lee Hiang Bakery was involved in the manufacturing and retailing of bakery products with its first bakery being established in Masai, Johor

1991

10 bakery outlets across Johor, all under the brand name of 'SDS'

1992

SDS Food was incorporated as a private limited company

1993

Constructed a 1 1/2-storey factory with a warehouse and office building in Kempas, Johor, as our headquarters and production facility

2008

Diversified into the wholesale trade of bakery products targeting sales channels such as convenience stores, supermarkets and mini markets

2009

Successfully acquired the entire equity stake in Wonderful Moderate Sdn. Bhd. (now known as SDS Top Baker Sdn. Bhd.)

2010

Took over the distribution business of Bees Bakery Sdn. Bhd. through the acquisition of 35 delivery vehicles and recruitment of its sales and marketing personnel

2016

Acquired Daily Bakery Sdn. Bhd. for its wholesale distribution team and new manufacturing plant in Seremban



Corporate Milestones

1995

Opened our first bakery-cum-cafe outlet under the brand name of 'SDS' in Taman Johor Jaya, Johor

1999

Started to manufacture bakery products on an OEM basis for various hypermarkets and supermarkets in Singapore

2012

Expanded our existing production facility by building an adjoining 3-storey building with office, factory and warehouse

2013

Took over the distribution business of Sunshine Bakery Sdn. Bhd. in Klang Valley and Negeri Sembilan through the acquisition of 8 delivery vehicles and recruitment of its sales and marketing personnel

2018

Daily Bakery Sdn. Bhd. obtained the certification of 'Makanan Selamat Tanggungjawab Industri' ("MeSTI") which is a food safety programme undertaken by the Ministry of Health Malaysia

2019

Listed on the ACE Market of Bursa Securities

2020

Opened our first two retail outlets beyond Johor, in Nilai and Bangi and set up first wholesale distribution centre in Kedah

2023

Transfer to Main Market of Bursa Securities



Profile of Directors

DR. LIM PANG KIAM

Independent Non-Executive Chairman

Nationality:	Age:	Gender:
Malaysian	61	Male



Dr. Lim Pang Kiam was appointed to our Board of Directors (“Board”) on 4 September 2018. He obtained a Bachelor of Science (Honours) in Housing, Building and Planning and a Master of Science in Planning from Universiti Sains Malaysia in 1988 and 1989 respectively. In 2020, he also obtained a Doctor of Philosophy in Business Administration from SEGi University.

He is a Certified Financial Planner, a title by the Financial Planning Association of Malaysia which he has held since 2002. He is also a Credit Risk Management specialist whereby he was awarded the designation as a Certified Risk Professional from the Bank Administration Institute for Certification in USA in 2003. He has been a member of the Council of the Asian Institute of Chartered Bankers (formerly known as Institute of Bankers Malaysia) since 1999. He is a fellow member of the Chartered Institute of Management Accountants (“CIMA”). He is also a member of the Malaysian Institute of Accountants (“MIA”), the Chartered Global Management Accountant (“CGMA”) and the ASEAN Chartered Professional Accountants (“ASEAN CPA”).

He has been in the banking industry for over 15 years holding various senior positions which include banking operation, commercial and corporate banking and investment banking. He left the banking industry in 2004 to become business owner and held several executive and non-executive directorships in public and private limited companies in Malaysia.

He was appointed as the External Advisory Committee (EAC) member by Sunway University for a 3-year term expiring on 31 October 2026 to review the suitability and relevancy of the Postgraduate programs, namely Doctor of Philosophy (Business) and Master of Philosophy (Business Administration). He was also appointed by the Universiti Teknologi Petronas as the member of the Industry Advisory Panel (IAP) to the Management & Humanities Department for Undergraduate and Postgraduate Programs for a 2-year term expiry on 31 December 2025.

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

He is also actively involved in non-government organisation, serving as a Director and Council Member and Chairman of the Audit Committee at the Tung Shin Hospital, Kuala Lumpur, a well-known private hospital in Malaysia.

Dr. Lim Pang Kiam attended all five (5) Board Meetings of the Company held during the financial year ended 31 March 2024.

Profile of Directors

TAN KIM SENG

Managing Director

Nationality:
Malaysian

Age:
67

Gender:
Male



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

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

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

Mr. Tan Kim Seng attended all five (5) Board Meetings of the Company held during the financial year ended 31 March 2024.

TAN KIM CHAI

Executive Director

Nationality:
Malaysian

Age:
62

Gender:
Male



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

He has 44 years of working experience in the bakery industry. In 1999, he spearheaded the Group's expansion of the distribution channel into Singapore by manufacturing bakery products on an OEM basis. With the Group's diversification into the wholesale channel, he was mainly responsible for overseeing our wholesale logistic activities and establishing an extensive distribution network.

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

Mr. Tan Kim Chai attended all five (5) Board Meetings of the Company held during the financial year ended 31 March 2024.

Profile of Directors

TAN YON HAW

Executive Director

Nationality:	Age:	Gender:
Malaysian	47	Male



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

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

Mr. Tan Yon Haw attended all five (5) Board Meetings of the Company held during the financial year ended 31 March 2024.

TAN KEE JIN

Executive Director

Nationality:	Age:	Gender:
Malaysian	40	Male



Mr. Tan Kee Jin was appointed to our Board on 4 September 2018. He is also a member of our Risk Management Committee.

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

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

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

Mr. Tan Kee Jin attended all five (5) Board Meetings of the Company held during the financial year ended 31 March 2024.

Profile of Directors

PHANG SZE FUI

Independent Non-Executive Director

Nationality:
Malaysian

Age:
52

Gender:
Female



Ms. Phang Sze Fui was appointed to our Board on 4 September 2018 and resigned on 30 June 2024. Prior to that, she was the Chairperson of our Audit Committee. She was also a member of our Nominating and Remuneration Committee and Risk Management Committee.

She obtained her Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman College in 1997. She obtained her professional accounting qualification from the Association of Chartered Certified Accountants ("ACCA") of UK in 1998, and has been a fellow member since 2005. She is also a member of the MIA, and a member of the Institute of Corporate Directors Malaysia.

During her more than 18 years of experience in audits of small and medium-sized companies and public-listed companies, as well as Reporting Accountants for various corporate exercises, she has acquired in-depth knowledge of auditing, accounting, taxation, the Companies Act, the listing requirements of Bursa Malaysia Securities Berhad, and the Securities Commission guidelines.

She began her career at Messrs. Baker Tilly Monteiro Heng in 1997. She was subsequently promoted to Senior Audit Manager, Associate Director and Executive Director of Transaction Reporting Division in 2005, 2007 and 2011 respectively. She left the firm in 2015.

In 2016, she joined Dolphin Applications Sdn. Bhd. (a subsidiary of Dolphin International Berhad, a company listed on the Main Market of Bursa Securities) as Corporate Affairs Director. She left Dolphin Application Sdn. Bhd. in 2017 to pursue her own business venture, Avia Alliance Sdn. Bhd. specialises in the provision of business and accounting consultancy, a business in which she is presently involved. In 2020, she established 1Advisory Sdn. Bhd., which specialises in the provision of business consultancy, a business that she is presently involved in.

She currently serves as an Independent Non-Executive Director on the Board of Kim Teck Cheong Consolidated Berhad, Orgabio Holdings Berhad, and Skyworld Development Berhad.

Ms. Phang Sze Fui attended all five (5) Board Meetings of the Company held during the financial year ended 31 March 2024.

Profile of Directors

DATO' ALBERT DING CHOO EARN

Independent Non-Executive Director

Nationality:	Age:	Gender:
Malaysian	45	Male



Dato' Albert Ding Choo Earn was appointed to our Board on 4 September 2018, and is the Chairman of our Risk Management Committee. He is also a member of our Audit Committee, and Nominating and Remuneration Committee.

He obtained a Bachelor of Laws (LLB) from Bond University, Australia in 2002 and was called and admitted as an Advocate and Solicitor at the High Court of Malaya in 2005.

He is a lawyer by profession registered under the Malaysian Bar and has been involved in private legal practice since the start of his career. He started his legal career as a legal practitioner at Messrs Dennis Nik & Wong from 2005 to 2006, Messrs Mak, Ng, Shao & Kee from 2006 to 2007 and Messrs Woon Wee Yuen & Partners from 2007 to 2010. In 2010, he co-founded Messrs Albert Ding, Chng & Co as a partner (which was dissolved in 2011). In 2011, he joined Messrs S P Lee & Associates (now known as Messrs Albert Ding, Lee & Partners) as one of the Managing Partners. His areas of practice involve but not limited to civil general litigations, conveyancing law, corporate law matters, intellectual property law and more. He was appointed as the notary public at Johor Bahru by Attorney General of Malaysia with effect from 16 March 2022 till 15 March 2026.

Dato' Albert Ding Choo Earn attended all five (5) Board Meetings of the Company held during the financial year ended 31 March 2024.

PATRICIA RANGENE PACKIUM

Independent Non-Executive Director

Nationality:	Age:	Gender:
Malaysian	50	Female



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

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

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

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

Ms. Patricia Rangene Packium attended all five (5) Board Meetings of the Company held during the financial year ended 31 March 2024.

Profile of Directors

LEE YEE LING

Independent Non-Executive Director

Nationality:
Malaysian

Age:
40

Gender:
Female



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

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

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

Ms. Lee Yee Ling attended all five (5) Board Meetings of the Company held during the financial year ended 31 March 2024.

ADDITIONAL INFORMATION

Family Relationship of Directors

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

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

Conflict of Interest

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

Conviction of Offence

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

Securities Holdings

The particulars of the directors' shareholdings are set out in page 135 of this Annual Report.

Profile of Key Senior Management

TAN KEE MENG

Chief Financial Officer

Nationality:
Malaysian

Age:
36

Gender:
Male

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

He graduated with a Bachelor of Commerce with double majors in accounting and finance from University of Queensland, Australia in 2010. He became a member of CPA Australia in 2015 and a Chartered Accountant (Singapore) of Institute of Singapore Chartered Accountants in 2016. He has been a registered member of MIA since 2017. In 2011, he started his career with KPMG LLP in Singapore as an Audit Associate and was subsequently promoted to Audit Manager in 2016. During his stint there, he audited private limited companies as well as public listed companies across various different industries such as manufacturing, trading, airline and tourism. He was involved in conducting independent statutory financial audit works and special assignments such as due diligence reviews. He left the firm in 2017 and assumed his current position.

ADDITIONAL INFORMATION

Family Relationship of Key Senior Management

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

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

Conflict of Interest

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

Conviction of Offence

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

Management Discussion and Analysis

The Group successfully registered a revenue of RM324.1 million in FY2024, marking an increase of 14.2% over the revenue of RM283.7 million in FY2023.

This is attributable to the Group's business agility and resilience in rising to meet the challenges head-on, **driven by the commitment and dedication of our SDS team members.**

OVERVIEW

The financial year ended 31 March 2024 ("FY2024") proved challenging, despite the expectations of the economy accelerating rapidly forward in the pandemic recovery era. Nonetheless, SDS Group Berhad and its subsidiaries ("SDS" or "the Group") have achieved yet another year of commendable performance. In FY2024, the Group successfully registered a revenue of RM324.1 million, marking an increase of 14.2% over the revenue of RM283.7 million in FY2023.

This is attributable to the Group's business agility and resilience in rising to meet the challenges head-on, driven by the commitment and dedication of our SDS team members.

It is with great pleasure that we present to you the Management Discussion and Analysis of our Annual Report 2024, which will provide a brief review of the business and operational performance of SDS for FY2024 while setting out an overview of our plans and prospects for the coming years.

This discussion should be read in conjunction with the Group's audited financial statements in the later section of this annual report.



Management Discussion and Analysis

DOMESTIC REVIEW

The global economic situation weighed significantly on Malaysia's economy which was already impacted by the increased inflation, unemployment and shrinking incomes. To manage the erosion of the ringgit and growing inflation, Bank Negara Malaysia remained resolute in maintaining the overnight policy rate ("OPR") at 3.00% for much of the financial year 2024.

Malaysia's overall economic performance fluctuated in 2023, with the Gross Domestic Product recording 3.7%, a sharp fall from 8.7% in the previous year. Adding to this is the weakening of the Malaysian ringgit to as low as RM4.70 to the US dollar in December 2023. Malaysia's economy experienced a slowdown due to weakened external demand and a reduction in commodity production, affecting the local market purchasing power. Compounding this was the impact on the business's supply chain, higher costs of raw materials, ingredient costs as well as pricing of products.

Notwithstanding this, there has been a gradual uptrend in the local operating environment, with business travel and international and domestic tourism taking off. The pandemic-activated digital mindset has supported a fast-paced lifestyle and changing market trends of consumers' expectations.

INDUSTRY REVIEW

The landscape of Malaysia's food and beverage (F&B) industry has experienced a noticeable paradigm shift in the financial year under review. FY2024 saw the entry of new players, all of whom capitalised on the power of social media, fresh business ideas and innovative new products. The local market also evolved considerably, particularly with e-wallet payment and food delivery services.

Health and general well-being have now taken centre stage, leading to greater attention on good manufacturing practices and nutrition, the essence of the food and beverage industry.

This augurs well for SDS, having established itself over 37 years as a well-recognised name for quality, value-for-money confectionery products and excellent customer service.

Not one to rest on its laurels, SDS has embraced innovation, technology and cost management to drive efficiency of operations and hence manage cost competitiveness in light of escalating prices. We are also continuously exploring avenues to further reduce the cost of products and processes while maintaining its packaging attractiveness, a key element to our affordable pricing strategy.

In addition, we have leveraged our creative expertise and skills to stay relevant and cater to the discerning expectations of consumers. In this, SDS has redoubled our research and development efforts to ensure continuous rollout of creative products, which have been well received by customers. This has led to business expansion, increased reach to our potential customer base and hence, strengthened our earnings over the years.



We are also continuously exploring avenues to further reduce the cost of products and processes **while maintaining its packaging attractiveness, a key element to our affordable pricing strategy.**

Management Discussion and Analysis

BUSINESS PERFORMANCE OVERVIEW

The Group has progressively pursued value creation for the overall business in FY2024, navigating around the economic challenges in its path to successfully deliver strong performance across its business segments.

On 8 May 2023, SDS's progress charted another milestone by successfully attaining a listing transfer from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The transfer would enhance the Group's prestige and reputation, granting it greater recognition and acceptance among investors, in particular institutional investors.

In addition to this, on 2 September 2023, the Malaysia Book of Records accredited the Group as the "First Home-Grown Bakery Café listed on Bursa Malaysia".

The Group's healthy revenue is reflected in its growth of 14.2% from RM 283.7 million in FY2023 to RM 324.1 million in FY2024. The increase in profit before tax ("PBT") is mainly due to the increase in revenue and improvement in gross profit margin, from 31.5% in FY2023 to 34.0% in FY2024. This was further supported by an increase in sales price and stabilisation of raw material prices.

This has in turn, reflected on the Group's profit after tax ("PAT") attributable to Owners of the Company of RM32.6 million in FY2024 as compared to RM24.5 million in FY2023, representing an improvement of 32.7%.

The Group continued its strategic approach by strengthening its partnership collaboration with local businesses and vendors alike, sponsoring or collaborating with their local events.

As part of the Group's commitment to minimise its carbon footprint in support of the environment, the Group has embarked on a solar renewable energy initiative at its two existing manufacturing plants - one in Johor Bahru, which has been completed and another in Seremban, which is currently in progress.



Total assets recorded an increase of 19.5% to RM193.4 million during FY2024. This was largely attributable to the increase in capital expenditures, including the acquisition of three parcels of land at Mukim Tebrau, Daerah Johor Bahru, totalling RM14.4 million for expanding manufacturing facilities in future.

The Group's strong financial position is also reflected in its cash and bank balance of RM30.0 million in FY2024, representing an 8.9% increase over FY2023. This was achieved by the improvement of revenue and profit, and a conservative capital management and capital expenditure policy, enabling it to mitigate any unexpected financial situations and pivot to capitalise on expansion activities where needed.

SDS is committed to driving value creation for the benefit of our shareholders. On this note, the dividend declared for FY2024 was 1.65 sen compared to 1.25 sen in FY2023, an increase of 32.0%.

The Group would like to express its gratitude to its loyal shareholders for their trust and confidence in the Group's management and operational excellence in producing such a strong financial outcome.

Financial indicators as listed below:

INDICATOR	FY2024 (RM '000)*	FY2023 (RM '000)*	DIFFERENCE (%)
Revenue	324,063	283,667	14.2%
Gross Profit	110,054	89,292	23.3%
Gross Profit Margin (%)	34.0	31.5	7.9%
Profit before tax	43,290	32,767	32.1%
Profit after tax attributable to owners of the Company	32,551	24,529	32.7%

* Figures are reflected in RM'000 unless otherwise stated.

Management Discussion and Analysis

REVIEW OF OPERATIONS

The Group's diversified business model approach toward both the retail and wholesale segments has shown considerable success as seen in its financial performance. This is largely due to its financial prudence and business agility to capitalise on opportunities and manage potential business risks.

This approach has augured well for the Group's multi-faceted customers which has supported our products and services over the years.

Besides the commercial objectives, the Group also ensured their support to the marginalised community by participating in the government's Rahmah campaign, aimed at reducing the cost of living for lower-income groups.

• RETAIL

The fundamental success factor of SDS's retail business is our delicious, value-for-money food, prioritising quality and nutrition, packaged with excellent service levels. The diverse and varied menu on offer has catered to the varied tastebuds and palate of our discerning customers.

In ensuring market competitiveness and business growth, we analyse market trends closely on an ongoing basis and where needed, we work with speed to realign our overall strategy.

The post-pandemic recovery period saw an influx of customers footfall, particularly walk-in customers keen on dining out. The increased sales volume justified further business expansion for our retail segment.

In FY2024, three new F&B outlets were opened to cater to this surge in demand. One outlet was in Bukit Indah, Johor, given the noticeable increase in customers from the locality as well as across the straits, from Singapore.

Sales potential was also felt in the central region of Peninsular Malaysia and hence, another two outlets were opened in the Klang Valley, in Puncak Jalil and Putrajaya, with encouraging results.

Towards a very positive overall experience for our customers, we are constantly exploring variations in product offerings to ensure freshness and variety. One such result is the introduction of food warmer displays, ready-to-eat and ready-to-drink products as well as frozen products and sauces. Catering to our diverse population, special menus were launched to commemorate festive periods.

Towards a very positive overall experience for our customers, we are constantly exploring variations in product offerings to ensure freshness and variety.



Management Discussion and Analysis

Our rigorous and innovative promotional programmes, carried out on-site and via web-base, have been gaining traction as seen from the increase in membership sign-up.

Given the shift to embrace digitalisation, we have seen increased demand from online purchasers using various online delivery platforms. This has provided our customers with accessibility and convenience to savour the delights of SDS's products, delivered right to their doorstep.

Other digital avenues such as SDS's mobile application featuring the use of SDS e-Wallet, promotions on third-party online platforms and the use of QR-ordering codes for added convenience have contributed significantly to improving sales and brand visibility.



A measure of our continued success is customer feedback and at SDS, we have the voice of our customers at heart. We value feedback as part of our ongoing continuous improvement process and where needed, we would escalate this to the relevant department for further action and improvement.

In FY2024, we have successfully attained BeSS (Clean, Safe and Healthy) certificates from the Ministry of Health Malaysia for two outlets, with another three more in the pipeline this year.



BeSS recognition is given to food premises that have been assessed as clean by the Ministry of Health Malaysia, as an appreciation to the businesses as well as encouraging them to prioritise the preparation of safe food and always maintain a clean premises environment for customers.

From the perspective of consumers as customers, this recognition also gives them choice and confidence in choosing clean and safe food premises based on the BeSS logo displayed by the premises that have been recognised.



Management Discussion and Analysis

• WHOLESALE

In FY2024, revenue from the Group's wholesale segment contributed 62.2% of the Group's total revenue. The Group's wholesale segment recorded revenue of RM201.5 million, reflecting a 12.9% increase over the RM178.5 million in FY2023.

This strong achievement is clearly evident in the strategic, innovative measures implemented throughout the wholesale segment. The decision to widen product offerings with the introduction of items like Chocolate Moist Cake, Coconut Buns and other delectable products was a key drawcard to increase product sales.



This was supported by increasing the size of our delivery fleet to provide wider geographical coverage, alongside the replanning of sales distribution route management and supply frequency to meet customers' expectations of availability, quality and freshness.

To cater to this expansion exercise, we set up a new distribution centre in Sri Gombak, Selangor to cater to the high demand potential within the Klang Valley.

SDS also conducted promotional campaigns and secured better display areas to maximise brand exposure. Additionally, by identifying customers with higher demand potential, we adjusted our delivery frequency accordingly, leading to significant growth in this customer segment.

This, and other various strategic measures employed will translate to more accurate profit realisation from its sales channels moving forward.

KEY BUSINESS OPPORTUNITIES AND CHALLENGES

Our 37 years of experience in this industry has held us in good stead, particularly through the many turbulent economic times. It has taught us the importance of scanning the horizon, recognising signs of potential opportunities and challenges, and the need for business agility to realign our business strategies where needed.

Our business expansion strategies including opening new retail outlets in strategic locations, increasing the fleet size of our wholesale segment, and introducing innovative and creative product offerings, have contributed significantly to our improved market share. Invariably, this also exposes us to potential business risks.

Cognisant of the impacts of such potential risks, we have in place a robust and comprehensive risk management framework, encompassing risk identification, impact assessment and mitigation plans. Such risks are keen competition for market space, rising inflation, high food costs, liberalisation of fuel subsidies, labour shortage and escalating concerns on environmental sustainability.

Given the gradual return to economic normalcy, we anticipate a heightened flow of tourists to the Klang Valley and of Singaporean visitors to Johor Bahru.

Certainly, while there are risks to be anticipated, we feel there are larger opportunities on the immediate horizon to support the achievement of the Group's commercial objectives and the sustainability of its operations for the future.

Specific details on SDS's risk management are provided in the Statement on Risk Management and Internal Control of this Annual Report.

Management Discussion and Analysis

OUTLOOK AND PROSPECTS

According to the Ministry of Finance Malaysia, the nation's economy is expected to grow moderately with the projected growth between 4 - 5% in 2024, driven by domestic demand, and a sustained and diversified economic structure.

There is a strong indication that the positive GDP growth momentum will continue in 2024. This will be supported by the increase in domestic spending, given the improving labour market conditions, positive income growth and increased tourist arrivals.

Looking at the evolving environment and market trends, there is a critical need for businesses to adapt with agility and resilience. These key strengths have been our guiding cornerstone to which we have streamlined our processes, reduced costs, and expanded our business, thus ensuring our business model remains robust and adaptable.

Moving forward, our strategic priorities across our business divisions have been carefully mapped out and will be implemented from FY2025 onwards. The Group will continue to enhance our product and service offerings to meet our customers' demands and improve customer satisfaction to strengthen our brand reputation.

One of the strategic priorities for FY2025 is to enhance and invest in our talent development. We aim to strengthen and upskill the capability of our current workforce in line with technological advancement to support production capacity and business operations. This is a key priority area due to the business expansion requiring technological support to drive cost efficiency and effectiveness.

The Group will maintain its resolute aspiration to become a market leader in the affordable consumer segment. Our aim to produce trending products and make them available to the wider segment of consumers remains our core objective.

With greater operational efficiencies, the Group will stay true to its brand promise of providing an array of quality, healthier and delectable products for our customers.

Given the steady investments, innovative products with excellent service levels, expansion plans and market-aligned pricing strategies, the Group is confident of its prospects for FY2025 and beyond.



ACKNOWLEDGEMENT

FY2024 returned yet another commendable performance for the Group and for this, the Management accords its deep appreciation to all our stakeholders for their unwavering support.

To our loyal customers and reliable suppliers who have walked alongside us in this journey, we are deeply appreciative of this symbiotic partnership forged. We are grateful to the regulatory authorities for their guidance, our bankers and financiers for their financial reassurance and other related stakeholders for their continued support and assistance during the financial year. The facilitating roles that all of you have played in our FY2024 journey are greatly appreciated.

We thank our shareholders for the very encouraging continued vote of confidence in the Group. May we journey together to more achievements in the coming financial year.

Our appreciation is also extended to employees of the Group, whose steadfastness, professionalism and resilience to deliver their best amidst a complex and fast-evolving environment have been exceptional.

Together, we will continue to sift through the economic challenges, knead together our established products and services, and create a unique experiential dining experience for our valued customers.

Sustainability Statement

INTRODUCTION

SDS Group Berhad and its subsidiaries ("SDS" or the "Group") present its Sustainability Statement 2024 ("Statement") for the financial year ended 31 March 2024 ("FY2024").

This Statement provides a comprehensive overview of SDS's environmental, social and governance ("ESG") initiatives and measures, addressing stakeholder concerns and enhancing the Group's overall sustainability performance. By integrating sustainability efforts into its business processes, SDS offers essential information for informed investments and lending decisions, ensuring continuous sustainable growth.



**BURSA
MALAYSIA**

GUIDELINES AND FRAMEWORKS

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

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

1



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

2



**United Nations
Sustainability Development
Goals ("UNSDGs")**

REPORTING SCOPE AND BOUNDARY

The Statement covers the reporting period from 1 April 2023 to 31 March 2024, with most statistics presented based on a three-year timeframe. This encompasses the entities operating within the two (2) primary business areas, specifically the retail and wholesale segments.

The entities covered in the Statement are provided as follows: -

Segment	Company
Retail	SDS Food Manufacturing Sdn. Bhd. ("SDS Food") SDS Bakery & Cafeteria Sdn. Bhd. ("SDS B&C") City Cake House Sdn. Bhd. ("City Cake") SDS Enterprise Sdn. Bhd. ("SDS Enterprise")
Wholesale	Daily Bakery Sdn Bhd ("Daily Bakery") SDS Top Baker Sdn Bhd ("SDS Top Baker") Super Arrow Trading Pte Ltd ("Super Arrow")
Other	SDS Group Berhad ("SDSG")

Where relevant and available, historical statistical information is included to depict vital trends and assist readers in comprehending the comparative achievements in performance.

Sustainability Statement

DATA PREPARATION METHODOLOGY

The Statement reflects stakeholders' views, assessment of material sustainability matters, external risk factors, and emerging industry trends and opportunities. The information and data in this Statement are presented in absolute terms and are formatted for comparability, enabling stakeholders to make informed decisions. The Group remains steadfast in its commitment to continually enhance its internal processes, risk management, and stakeholder relationships.

The calculation, collection, and consolidation of economic, environmental, social and governance indicators presented in this Statement were conducted in adherence to the reporting principles and requirements outlined in Bursa's Sustainability Reporting Guide (3rd Edition) and GRI Standards. These practices form the foundation for the Group's current data preparation, collection, and reporting processes.

All financial information included in this Statement is presented in Ringgit Malaysia ("RM").

REPORT QUALITY AND ASSURANCE

The Group adheres to the principles of accuracy, balance, clarity, comparability, reliability, and timeliness in its sustainability reporting. This Statement has not been subjected to an assurance process. However, the provided data are internally sourced and verified by the respective business units or data owners.

EXCLUSIONS, LIMITATIONS AND DISCLAIMERS

Outsourced operations beyond the Group's management control are excluded from the Statement unless otherwise specified.

SDS acknowledges that despite its best efforts, certain data for disclosures may be unavailable. Therefore, the Group is continually working on implementing more robust data tracking and gathering systems to improve its reporting in the future.

FORWARD-LOOKING STATEMENTS

This Statement contains forward-looking statements on targets, prospects, plans and reasonable assumptions for expected or future performance. These statements are made based on presently available data and information, as well as current operating environment conditions. However, readers are advised not to place undue reliance on such statements, as the business is subject to risks and uncertainties beyond its control. Actual plans and results may be affected by changes in the operating environment.

REPORT AVAILABILITY AND FEEDBACK

Readers can download this Statement from the SDS Group corporate website at <https://sdsgroups.com/ir-home/>. SDS is committed to maintaining ongoing engagement with its valued stakeholders. The Group welcomes any feedback, inquiries, suggestions and concerns for continuous improvement, which can be sent to the following:

Investor Relations, SDS Group Berhad

5, Jalan Selatan 8 (Off Jalan Kempas Lama),
Kawasan Perusahaan Ringan Pulau,
81200 Johor Bahru, Johor.

Tel: +(607) 288 8305




Email: info@sdsgroups.com

Sustainability Statement





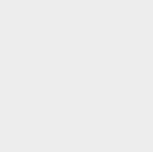

OUR SUSTAINABILITY APPROACH

The SDGs are the blueprint set by the United Nations ("UN") with a collection of 17 interlinked global goals to achieve a better and more sustainable future for all. SDS adheres to the fundamental principles and values of sustainable development and has taken proactive measures to incorporate these values into its business processes.

The Group recognises that reporting sustainable development metrics is pivotal to fulfilling its pledge of generating value for all stakeholders. The Group operates its business with due regard to the five fundamental pillars, each of which aligns with the pertinent SDGs that reflect its aspirations for sustainability initiatives.

Pillars	SDG	SDG Targets	Highlights and Achievements
Sustainability Governance		Target 16.5: Substantially reduce corruption and bribery in all their forms	<ul style="list-style-type: none"> ✓ Zero instances of non-compliance. ✓ Zero reported incidents of data breaches
Economic Value Created		Target 9.2: Promote inclusive and sustainable industrialisation and, by 2030, significantly raise the industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries	<ul style="list-style-type: none"> ✓ RM325 million in economic value generated ✓ 92% of local procurement spend ✓ 99.6% of customer complaints resolved
Good Food		Target 3.2: Ensure healthy lives and promote well-being for all at all ages	<ul style="list-style-type: none"> ✓ Offered healthy selection of dietary choices, including vegetable-based meals for health-conscious consumers ✓ Conducted third-party laboratory testing to ensure our food products adhere to the prescribed nutritional parameters ✓ Maintained zero instances of non-compliance regarding product and service information, labelling, and marketing communication ✓ Ensured 100% sourcing of cooking oil from the Roundtable on Sustainable Palm Oil ("RSPO")

Sustainability Statement

Pillars	SDG	SDG Targets	Highlights and Achievements
Resource-Efficient Operations and Sustainable Practices		Target 12.2: Achieve the sustainable management and efficient use of natural resources	✓ Reduced 1.07% of energy intensity measured over revenue ✓ Zero incidents of environmental non-compliance in terms of effluent discharge.
		Target 12.3: Halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses	✓ 2,671.61 tonnes of waste is diverted from disposal.
		Target 12.5: Substantially reduce waste generation through prevention, reduction, recycling and reuse	
Nurturing Workforce Development and Sustainability		Target 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	✓ Reduced 1.67% of GHG emissions intensity as measured over revenue.
		Target 4.0: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	✓ Mandatory food handling training for all employees engaged in food handling operations. ✓ 1,598 total employee training hours
		Target 8.0: Promote inclusive and sustainable economic growth, employment and decent work for all	✓ Workforce of 1,749 representing diverse age and gender demographics.
		Target 8.8: Protect labour rights and promote safe and secure working environments for all workers	✓ Zero instances of human rights violation (child labour and forced labour). ✓ Zero work-related fatalities were recorded.
		Target 10.2: Empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status	✓ 33.33% of the Board of Directors comprises women. ✓ 27.79% of women workforce.

Sustainability Statement

STAKEHOLDER ENGAGEMENT

Recognising the value that many stakeholders and industry partners can offer, SDS has been actively seeking collaborative opportunities to improve its products and services.

Stakeholder engagements provide insight into how individuals or groups can impact SDS's business model in terms of its capital, brand reputation, and value creation. The Group also makes use of engagement platforms to share its experiences and keep industry partners abreast of its latest directions so that they can contribute to the food services ecosystem in a more meaningful manner.

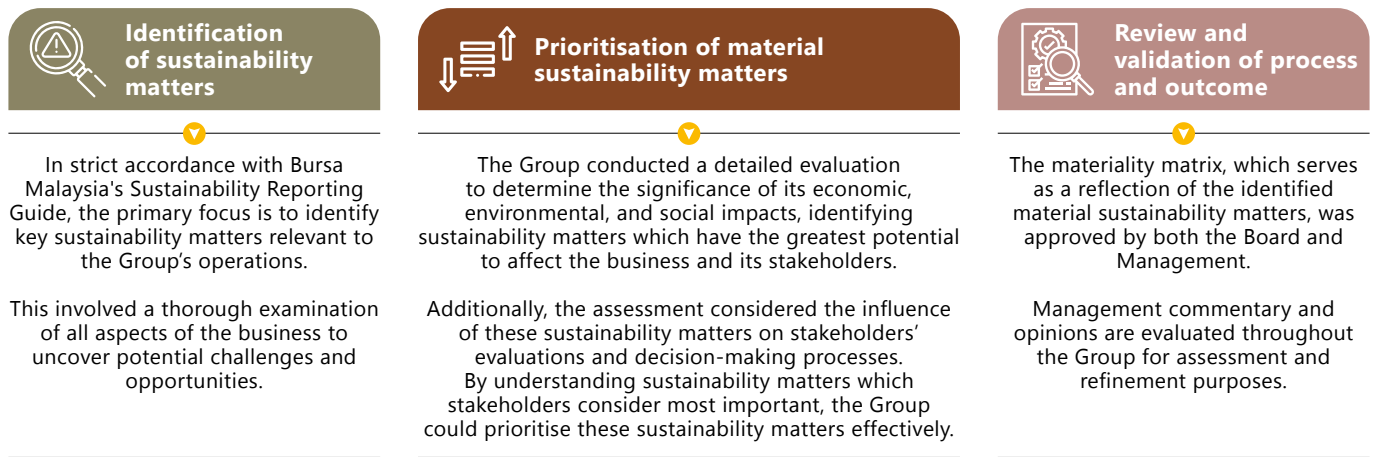
SDS defines stakeholders as individuals, groups of people, or organisations that have the potential to influence or be impacted by SDS's presence, activities, products or services and associated performance.

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

Sustainability Statement

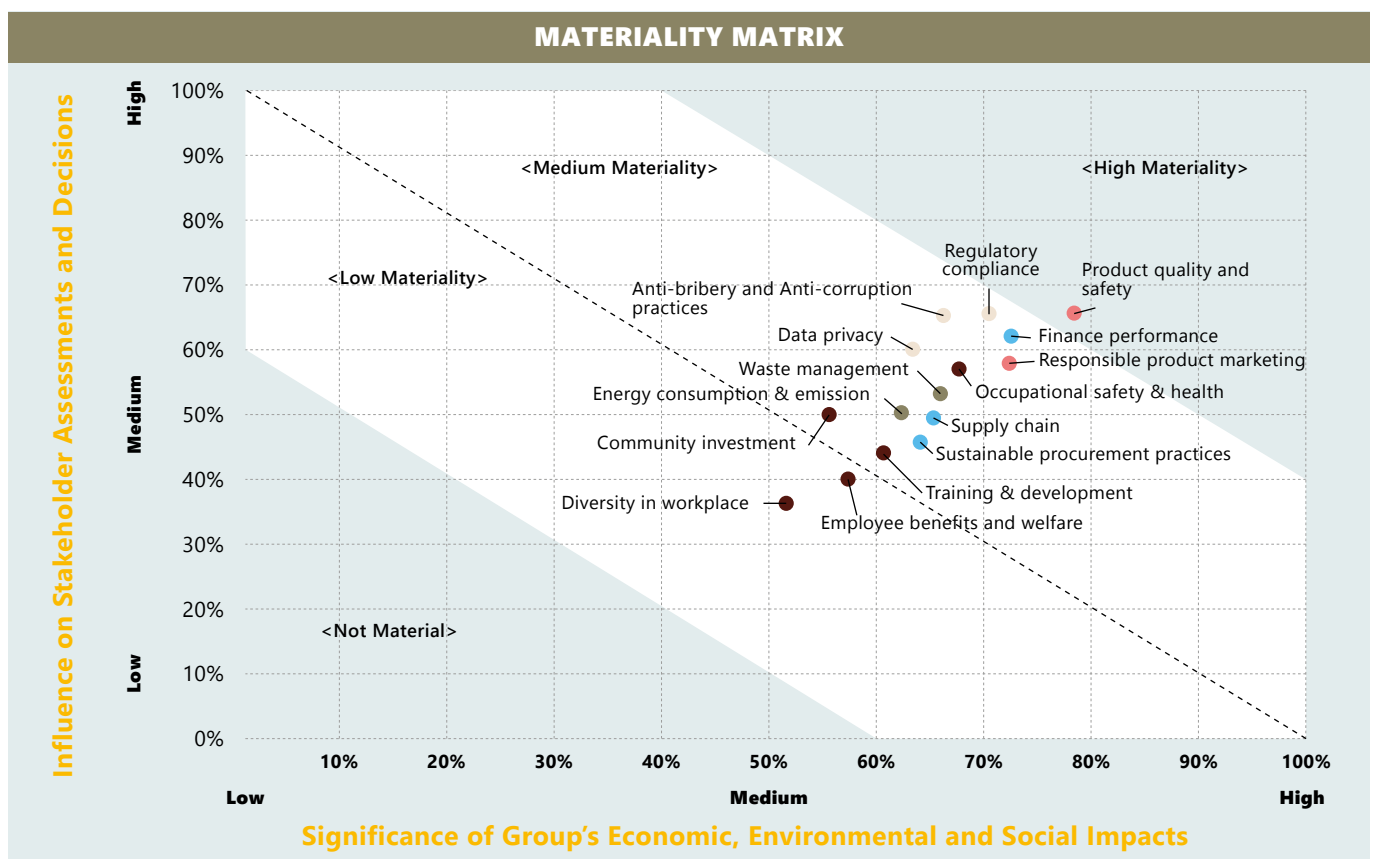
MATERIALITY ASSESSMENT

Materiality is crucial for identifying core issues that can significantly affect the business, encompassing emerging risk factors and opportunities. The Group conducted a comprehensive materiality assessment in FY2024 to identify key sustainability matters most relevant to the business. This assessment comprised three essential stages:



The outcome of this assessment serves to guide the Board and Senior Management in formulating the Group's strategic direction and determining the allocation of resources, allowing for effective management of the Group's sustainability-related risks. These material sustainability matters, recognised for their substantial long-term importance in maintaining business resilience, are being strategically managed with a particular emphasis on product quality and safety and finance performance.

Key material sustainability matters identified from the matrix below are integrated into the five pillars outlined in the 'Our Sustainability Approach' section of this Statement.



Sustainability Statement



Sustainability Governance

Good sustainability governance is at the heart of the business operations at SDS, with oversight by the Board, assisted by Senior Management. This enables the necessary leadership, commitment and also processes, strategies and structures to drive financial and non-financial value creation for the Group.

Its importance is cascaded throughout the length and breadth of the Group, to cover the various relevant aspects relating to economic, environmental, social and governance ("EESG") matters.

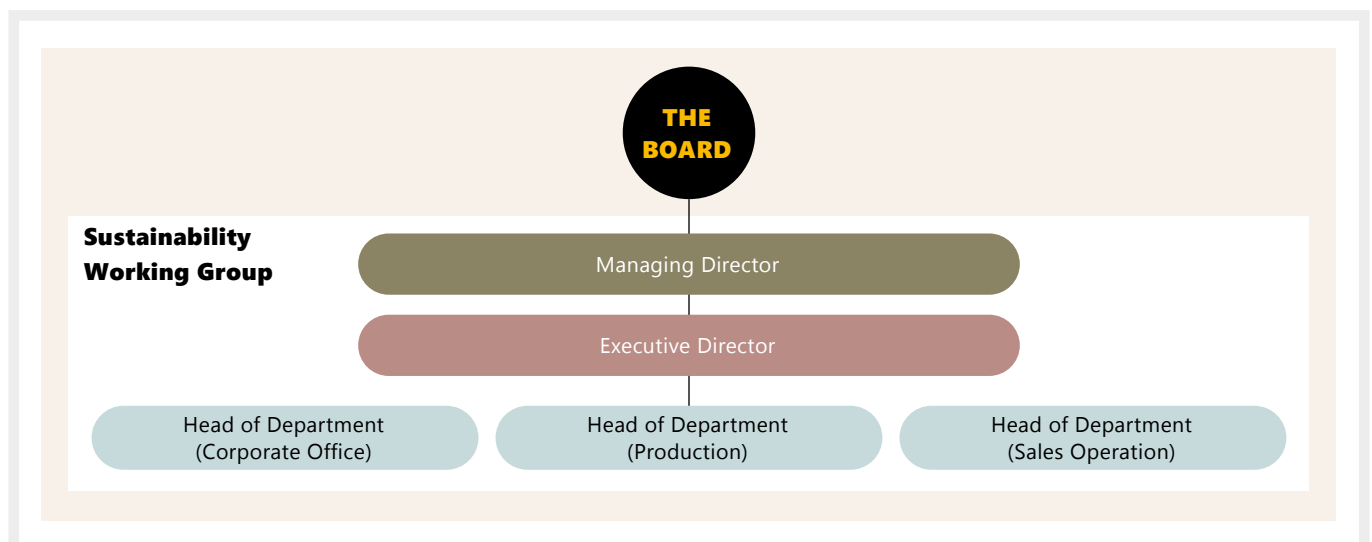
With EESG firmly positioned on the agenda of the Board, various related topics are routinely raised for deliberation and informed decision-making, giving careful consideration of the impact of risks and opportunities on the Group.

Hence, the Group maintains its strong adherence to its framework of sustainability principles and commits to:

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

In driving the goals above, the Group has set up a Sustainability Working Group ("SWG") with the responsibility to drive the achievement and maintenance of sustainability matters and its performance throughout the Group, outlined as follows:

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



Sustainability Statement

Various policies are in place at SDS to guard against inappropriate corporate behaviour, with mechanisms of reporting to support any such instance.

To this end, the Group reaffirms its zero tolerance of any misconduct and reminders are sent periodically throughout the organisation regarding the established compliance measures outlined further in the Statement.

CODE OF CONDUCT AND ETHICS

The Group has in place a Code of Conduct and Ethics (“the Code”) towards guiding Directors and employees on the expected corporate norms and behaviour. All new Directors and employees are briefed on this Code upon joining the organisation.

This highlights SDS’s commitment as a responsible corporate citizen to strengthen long-term shareholder value, develop its employees, uphold professional and ethical relationships and comply with local laws and regulations.

The Code governs what is deemed as normal or acceptable behaviours, including a “no gift” policy and conflict of interest. Also included in this scope are rules governing office culture, which outline the need for respect for colleagues irrespective of level of seniority, unacceptable harassment and violence, and adherence to occupational safety and health.

This Code can be viewed at <https://sdsgroups.com/corporate-governance/>.

In FY2024, **there were zero cases of non-compliance or unethical conduct.**

ANTI-BRIBERY AND ANTI-CORRUPTION FRAMEWORK

Poor anti-corruption practices in the organisation expose the organisation to risks in terms of enforcement and compliance governed by regulators and enforcement agencies. Prevention of such incidents is hence of the utmost importance.

SDS’s zero-tolerance stance towards corruption is guided by its Anti-Bribery and Anti-Corruption Policy, which has been developed towards ensuring compliance with the Malaysian Anti-Corruption Commission Act 2009 and the Malaysian Anti-Corruption Commission (Amendment) Act 2018.

This policy applies to all Directors, employees and business associates of the Group. It contains a clear definition of what constitutes corrupt acts and outlines the procedures of reporting in good faith, without fear of reprisals.

This policy is communicated to related stakeholders via the Company’s website, intranet, declaration forms, internal training and other communication avenues. Starting from within, employees are required to endorse the policy by signing a declaration form during their onboarding process. Beyond internal practices, SDS ensures that the policy is well-integrated across its value chain, encompassing its customers and suppliers. This is reinforced through tailored registration forms and the Business Code of Conduct Declaration Form.

The policy is accessible for review by investors and the public on the SDS webpage at <https://sdsgroups.com/corporate-governance/>.


Percentage of employees who have received training on anti-bribery and anti-corruption in FY2024

Senior Management	100%
Management	94.59%
Executive	100%
Non-Executive	99.05%

Operations assessed for corruption-related risks

FY2024:

100%



In FY2024, **the Group had zero reported cases of corruption.**

Sustainability Statement

WHISTLEBLOWING POLICY

The Group has in place a Whistleblowing Policy for its employees and other stakeholders, which outlines the procedure by which they can report any real or perceived improper conduct.

Such a whistleblower will be accorded confidentiality of identity, to the extent reasonably practicable, as long as the disclosure is made in good faith. The whistleblower shall be protected from victimisation, harassment or disciplinary action for his/her disclosure.

Details of the reporting channel may be found in the Corporate Governance section on the SDS webpage at <https://sdsgroups.com/corporate-governance/>.

In FY2024,
there were zero cases reported under the whistleblowing channel.

COMPLIANCE WITH LOCAL LEGISLATION AND REGULATIONS

An organisation achieving full compliance with local legislations and regulatory requirements is a strong indication to the stakeholders of its integrity, reliability and ethics, all of which can strengthen its competitive position, enhance stakeholder trust, positively impact participation in tenders and ensure smooth manufacturing license renewal.

The Group resolutely adopts a stringent approach to not just comply with local legislations and regulatory requirements but to adopt and strive for best practice standards as outlined by Bursa Malaysia, the Malaysian Code on Corporate Governance ("MCCG") 2021 and established international frameworks such as the Global Reporting Initiative ("GRI").

In FY2024,
there were no serious instances of non-compliance with legislation or regulatory requirements.

UPHOLDING DATA PRIVACY

The Group complies with the Personal Data Protection Act 2010, where all data is regarded as private and confidential and is not made available to third parties unless mandated by law or enforcement agencies.

All data has been collected with the consent of data owners and with their full understanding and awareness that such data being collected by the Group may be used for internal purposes as agreed by the data owners. Data security is of utmost importance and the Group established strict data controls and procedures to ensure all data remains safeguarded.

In FY2024,
there were zero incidents of data breaches.

Sustainability Statement



Economic Value Created

Achieving strong financial performance is a cornerstone of SDS's strategic vision, essential for both business growth and the fulfilment of broader environmental and social commitments. Financial health underpins its ability to invest in sustainable practices and community initiatives, driving long-term value for all stakeholders.

SDS leverages its financial success to support a variety of impactful initiatives. Profitable operations allow for significant investments in renewable energy projects, such as solar power, which are crucial in reducing its environmental footprint. From the social and community perspectives, strong financial returns translate into enhanced employee benefits, competitive wages, and corporate social responsibility ("CSR") programmes.

A robust financial performance allows SDS to distribute economic benefits across a wide array of stakeholders, including shareholders, employees, and community partners. This distribution is essential for fostering a sustainable ecosystem where economic success brings about social and environmental progress, ensuring that its financial achievements contribute to a positive impact beyond the Group's immediate operations.

ECONOMIC VALUE CREATED FOR STAKEHOLDERS

In FY2024, SDS's sustained financial growth facilitated the distribution of increased economic value to its stakeholders, generating socio-economic prosperity.

Indicator	FY2022 RM'000	FY2023 RM'000	FY2024 RM'000
Economic Value Generated	198,994	284,786	325,471
Economic Value Distributed: -	189,120	263,134	300,159
• Payments to Employees (Salaries and Other Benefits)	43,409	57,446	68,299
• Payments to Suppliers (Operating Expenses)	139,740	192,795	211,942
• Government (Income Tax)	3,500	7,930	10,404
• Payments to Financiers	1,456	886	872
• Returns to Shareholders (Dividends)	1,015	4,077	8,642
Economic Value Retained	9,874	21,652	25,312

SDS's business model transcends mere financial metrics to drive broader socio-economic benefits. By expanding operations, opening new retail outlets, and increasing its wholesale delivery capabilities, SDS fosters job creation and supports local employment, thereby bolstering community economic development.

In FY2024, its robust financial performance enabled investments in community welfare and sustainability initiatives. The Group have significantly contributed to societal well-being through diverse CSR activities such as blood donation drives, charity walkathons, educational support programmes, and cultural celebrations, aimed at enhancing quality of life and fostering a sense of community.

By leveraging its financial success, SDS continues to make impactful investments in both community initiatives and business expansion, thereby reinforcing its role as a responsible corporate citizen dedicated to sustainable growth and stakeholder prosperity.

Sustainability Statement

SUSTAINABLE PROCUREMENT PRACTICES ACROSS VALUE CHAIN

SDS's commitment to sustainability extends through every stage of its value chain, beginning with the procurement of raw materials. The Group recognises that its purchasing decisions have far-reaching impacts on the environment, society, and its long-term business viability. As such, SDS has instituted robust sustainable procurement practices, outlined in its Standard Operating Procedures ("SOP") to ensure its supply chain aligns with its ethical, environmental, and economic values.

Supply Chain Management

In adapting to the reduction of commodity production and increased costs of materials and ingredients, SDS prioritises the resilience and security of its supply chain by expanding its supplier network, ensuring that every aspect of procurement has redundancy backup. Through close collaboration with suppliers, the Group ensures continuity in ingredient supply and manufacturing processes while upholding the highest procurement standards.

The Group upholds strict quality standards, establishing benchmarks that necessitate suppliers to meet exacting criteria, including food safety certifications such as HALAL and MeSTI, to be eligible for contracts and remain on the preferred supplier list. Through rigorous yearly supplier evaluations, SDS instigates continuous improvement in product quality, fostering a culture of excellence and innovation among its suppliers.

SDS conducts its contracting and procurement practices fairly and transparently. The purchasing department of subsidiaries like SDS Food, SDS Top Baker, and Daily Bakery, sources multiple quotations from local suppliers, with final decisions made by Executive Directors based on thorough price and quality comparisons.

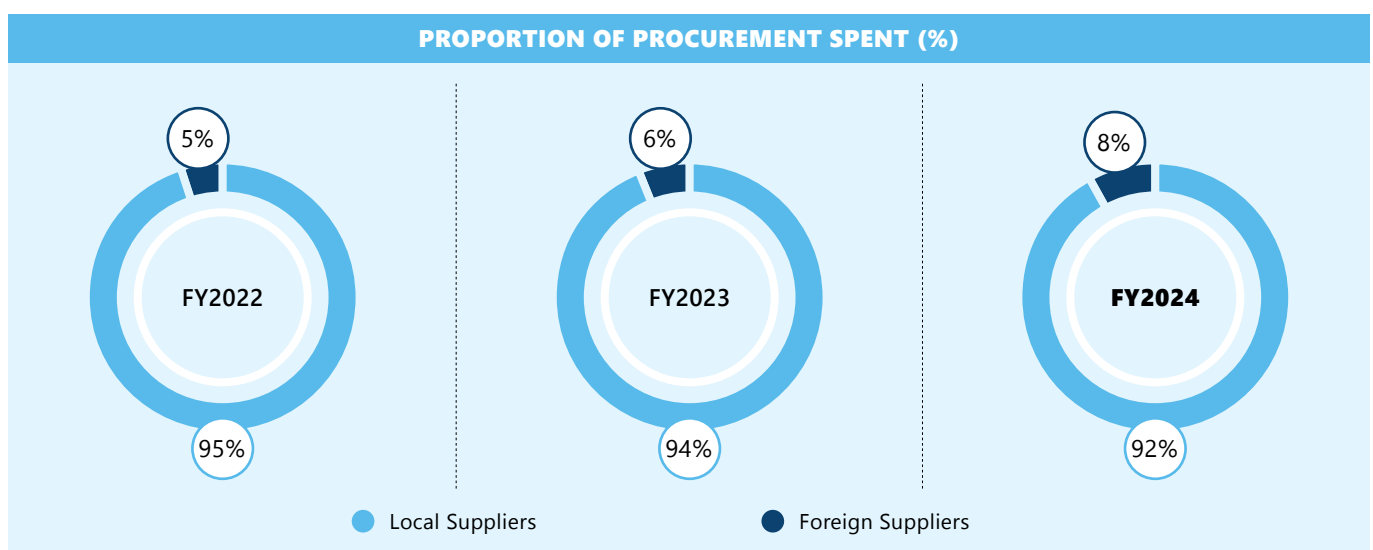
Supplier Screening

Beyond ethical business conduct across its value chain, SDS is strategising to expand its due diligence efforts to screen existing and new suppliers using social and environmental criteria. This initiative reinforces its dedication to sustainable and responsible procurement practices, aligning with its goals for environmental stewardship and social responsibility.

Local Procurement

Central to SDS's procurement strategy is the support for local suppliers operating within the regions where SDS has a footprint. Embracing the ethos of community-centric procurement, the Group champions local suppliers, reserving exceptions only for cases where local entities cannot meet stringent quality and timeliness benchmarks.

By consistently allocating a significant portion of its procurement budget to local suppliers in consecutive years, SDS continues to achieve an impressive 92% of the overall procurement spent on local suppliers in FY2024. SDS fosters economic growth, bolsters employment opportunities, and mitigates environmental impact through reduced transportation distances and resource conservation.



Through its sustainable procurement practices, SDS not only strengthens its supply chain but also contributes to environmental stewardship and social responsibility. This holistic approach ensures long-term value and sustainability for all stakeholders, aligning economic success with ethical and environmental integrity.

Sustainability Statement




Good Food

The foundation of Good Food concept rests upon the provision of exceptional value and the attainment of long-term success through its product line, serving as a fundamental principle of SDS’s business ethos. The commitment of the Group transcends mere profitability; it endeavours to make a positive impact on the community while propelling the sustainable advancement of SDS.

In its commitment to Good Food, SDS leads in providing nutritional value and introducing healthier options for its consumers. The Group takes immense pride in ensuring all its products meet the highest quality standards. The Group’s reputation for producing quality bread, pastries, and a diverse range of cuisines is well-established and cherished by countless Malaysians.

THE GOOD FOOD POLICY OF THE GROUP IS BUILT ON THREE FUNDAMENTAL PRINCIPLES:





Building Trust Through Transparency

At SDS, stringent adherence to the Malaysian Standard Labelling Act remains a top priority. This mandate ensures that essential details such as product name, net weight, nutritional facts, and ingredient lists are accurately provided to consumers. SDS also prioritises the accurate labelling of safety information, including expiry dates, storage methods, and ingredients to inform consumers and build trust and confidence in its products.

As health consciousness grows among consumers, SDS is committed to providing genuine nutrition-related claims like “No Trans Fat” and “Higher in Whole Grains.” Transparency and truthfulness in food labelling are of utmost importance.

SDS is proud to report zero incidents of non-compliance concerning product and service information, labelling, and marketing communication in FY2024.

Sustainability Statement



Expanding Healthier Food Choices

In response to growing health concerns, SDS is committed to offering a wider range of healthier food options to meet the needs of health-conscious consumers. Through meticulous research and testing, the Group ensures that its products cater to diverse dietary preferences, emphasising healthier food choices. This includes introducing vegetable-based meals and salads for those seeking low-cholesterol options, alongside probiotic drinks in kids' menus to promote gut health.

In addition to enhancing transparency by providing detailed nutritional information for most of our packaged products, the Group continuously seeks consumer feedback to improve product quality and variety. Moreover, its dedication to health extends to using transfat-free cooking oil rich in Vitamin E sourced exclusively from RSPO certified suppliers.

Maintaining a 100% procurement of cooking oil from RSPO-certified suppliers reflects SDS's commitment to offering health-conscious options and upholding environmental sustainability.



Pioneering Positive Changes Through Food Safety

Ensuring food safety remains a top priority in SDS's manufacturing processes. All manufacturing facilities undergo rigorous certification with external food safety programs to comply with regulatory requirements and uphold robust food hygiene and process control systems. The Group places a strong emphasis on HALAL and MeSTI certifications, and in FY2024, two of its retail outlets successfully obtained BeSS (Clean, Safe, and Healthy) certification.

Efforts to bolster food safety include leveraging automation to minimise contamination risks and enforcing strict SOP adherence. From evaluating raw material suppliers for HALAL compliance to conducting regular field audits at retail outlets, the Group upholds stringent standards to ensure the highest standards of food quality and safety. Audit results are transparently reported to the Executive Director.

In FY2024, SDS maintained impeccable food safety compliance, with zero recorded incidents of product recalls.

CUSTOMER SATISFACTION

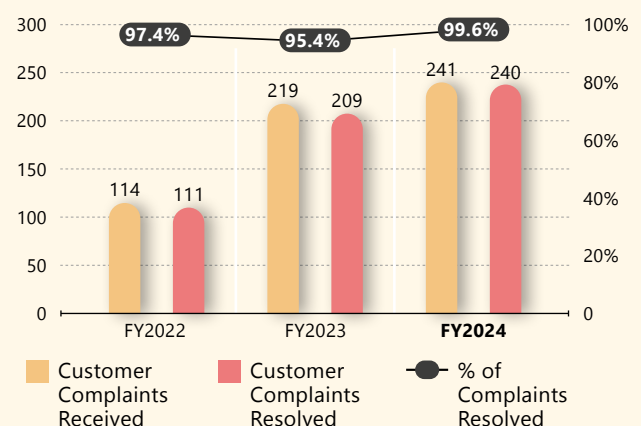
Customer satisfaction holds paramount importance for any organisation, signifying repeat businesses, brand advocates, referral sales, and market reputation. Understanding this critical role, SDS prioritises monitoring and addressing feedback to ensure exceptional service delivery. The Group offers various channels such as QR codes, social media, email, and phone for customers to provide feedback on their dining experiences and product satisfaction. Feedback is meticulously collected, analysed, and directed to its Operations, Marketing, and Quality Assurance departments for swift resolution.

Responsibility for managing customer feedback lies with these departments, along with key stakeholders like Production Managers, Group Chefs, and Beverage Managers. Regular statistical reports facilitate issue identification and resolution, ensuring that customer concerns are promptly addressed.

In FY2024, SDS registered 241 wholesale customer complaints with a commendable 99.6% resolution rate. The remaining 0.4% of unresolved cases were due to non-responses from customers, highlighting SDS's proactive approach to addressing customer complaints. SDS has also begun tracking and disclosing its retail customer satisfaction rates in FY2024, with 73.5% of feedback rating the overall experience as satisfactory.

Central to SDS's business philosophy is an unwavering commitment to exceeding customer expectations. Moving forward, the Group remains dedicated to upholding high standards and continuously improving customer satisfaction by deeply understanding their needs, challenges, and preferences. Through innovation in product and service solutions, SDS aims to adapt to evolving customer demands and deliver exceptional experiences that surpass expectations.

Wholesale Customer Complaints Resolution Rate



Sustainability Statement



Resource-Efficient Operations and Sustainable Practices

SDS is dedicated to minimising its environmental impact through resource-efficient operations and sustainable practices. The Group's approach focuses on robust energy management, responsible water usage, and effective waste management strategies integrated throughout its operations. Environmental stewardship guides its material selection, processes, and product development to ensure alignment with industry-leading standards and eco-friendly principles.

SDS's commitment to sustainability goes beyond mere adherence to standards; it is intrinsic to its ethos and enhances the well-being of all stakeholders. The Group actively pursues initiatives to reduce carbon emissions across manufacturing and retail activities, prioritising energy-saving technologies, such as solar panel installation and LED lighting.

SDS continues to uphold compliance with the following laws and regulations, such as rigorous monitoring to maintain Department of Environment ("DOE") standards, annual air emission and daily wastewater analyses, and effluent assessments conducted by accredited third-party laboratories.

**Environmental Quality
Act 1974 (Act 127)**

**Malaysian Environmental
Quality (Clean Air)
Regulation 2014**

**Environmental Quality
(Industrial Effluent)
Regulation 2009**

SDS employs tailored action plans to drive continual improvement, focusing on water and energy conservation alongside initiatives to minimise resource consumption. Adherence to legal requirements remains paramount, with ongoing evaluation of environmental impacts guiding its pursuit of enhanced resource efficiency, particularly in energy, water, and waste management endeavours.

CLIMATE CHANGE

Tackling climate change is integral to SDS's long-term social and economic goals. Recognising the essential role of commodities and natural resources, such as gas, petroleum, sugar, and flour, in its operations, SDS actively assesses the adverse impacts of climate change that could disrupt production and supply chains.

SDS is committed to reducing greenhouse gas ("GHG") emissions across all business activities, including both direct (Scope 1) and indirect (Scope 2) emissions. To achieve this, the Group has implemented several initiatives such as the installation of solar panels and the adoption of energy-efficient technologies to manage consumption and mitigate emissions effectively.

Scope 1



Direct GHG emissions stem from sources under our control or ownership, such as emissions associated with fuel combustion.

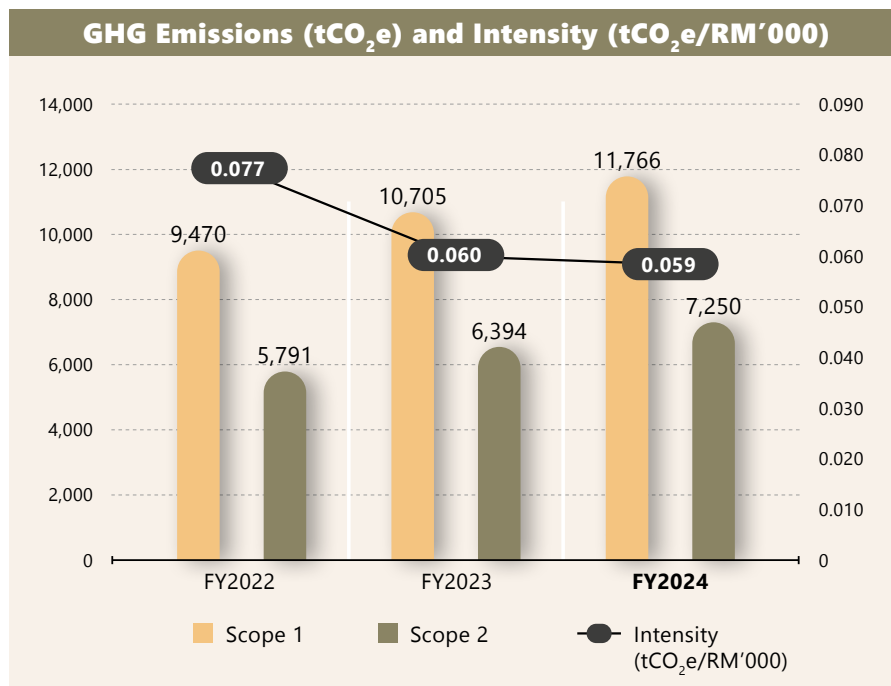
Scope 2



Indirect GHG emissions linked to the procurement of electricity.

The calculation methodologies are in line with internationally recognised standards such as the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, US EPA Climate Leaders, and United Nations Framework Convention on Climate Change ("UNFCCC") Harmonised Grid Factors 2021, ensuring consistency and reliability in our emissions assessment processes. By adhering to international emissions calculation and reporting standards, SDS ensures the accuracy and reliability of its emissions data, further reinforcing its sustainability goals.

Sustainability Statement



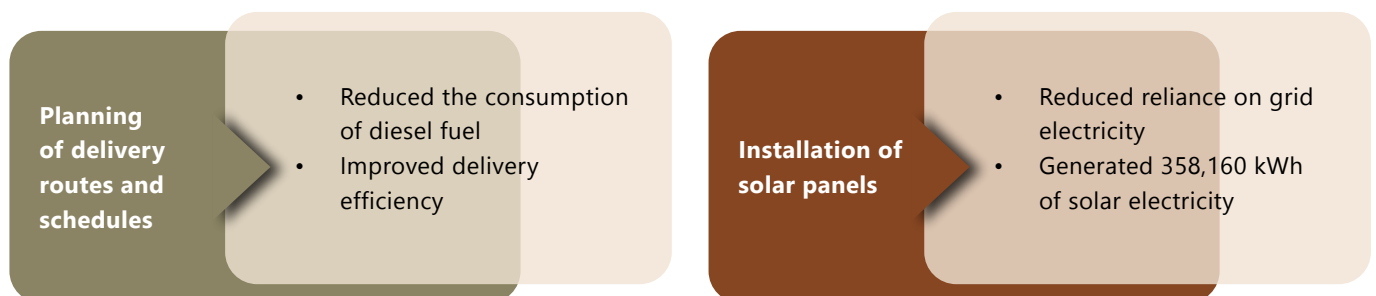
The GHG emissions intensity measures the relationship between revenue and the GHG emissions of the Group. In FY2024, a recorded emissions intensity of 0.059 tonnes CO₂e/RM'000 indicates a 1.67% reduction compared to the preceding year. This positive outcome can primarily be attributed to its effective management of energy usage, transition into renewable energy sources and improved operational efficiency.

Note:
Emission and intensity data for FY2022 and FY2023 have been restated to incorporate newly available data.

ENERGY MANAGEMENT

SDS is committed to managing its energy consumption, with a particular focus on reducing reliance on fossil fuels. Generally, the Group relies on fuel, such as natural gas, liquified petroleum gas ("LPG"), diesel, and petrol for various operations.

To effectively manage its fuel and energy consumption, the Group employs the following strategies:



Fuel Consumption

The primary energy sources utilised within the SDS Group, specifically SDS Food, Daily Bakery, and SDS Top Baker, are integral to bakery goods transportation and factory operations. The transportation of bakery goods from factories in Johor and Seremban to various retail outlets, distribution centres and customers across Peninsular Malaysia relies heavily on diesel fuel. In manufacturing activities, the main energy sources employed are natural gas and LPG. Specifically, Daily Bakery predominantly utilises natural gas, whereas SDS Food and SDS Top Baker rely on LPG for their production processes.

The overall increase in fuel consumption across SDS's operations can be highly attributed to its higher production volume due to significant improvement in the sale of products.

Sustainability Statement

Electricity Consumption

The Group also relies on electricity to facilitate its daily business operations across the manufacturing facilities, retail outlets, and distribution centres. With the completion and operation of solar panels in FY2024, SDS has reduced its reliance on grid electricity.

The solar panels generated 358,160 kWh of renewable energy, with 100% of the yield consumed across business operations.

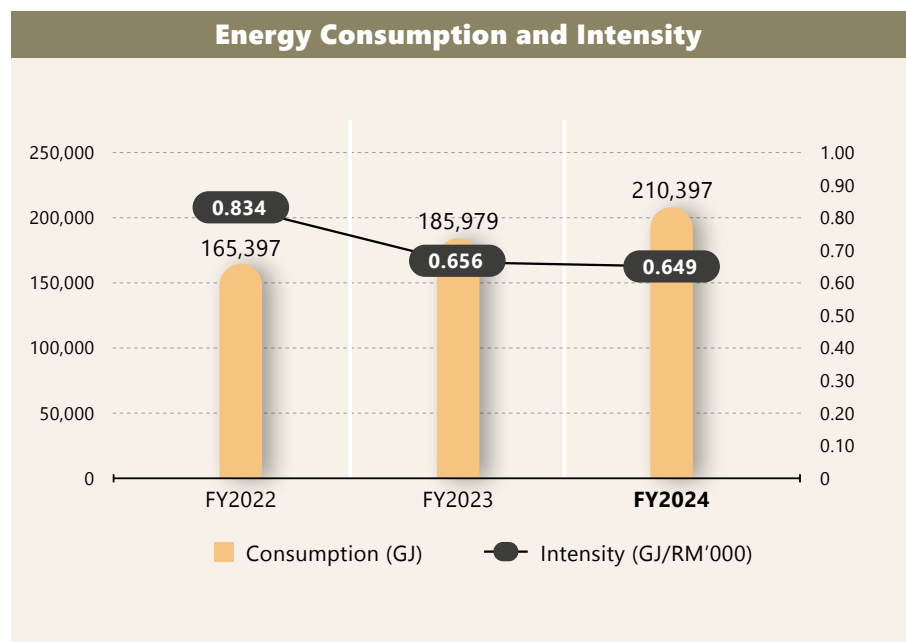
SDS is committed to progressively transitioning to utilising renewable energy sources, including expanding solar panel installations across all production facilities. These initiatives aim to reduce carbon emissions, decrease energy costs, and enhance the Group's sustainability efforts.

In 2024,
solar energy accounts for 2.65% of the Group's total electricity demands, resulting in cost savings of RM157,949 and the avoidance of 197.35 tCO₂e.

Total Energy Consumption

Total energy consumption which comprises the energy consumed from fuel, electricity and other forms of energy amounted to 210,397 GigaJoules ("GJ"), with its energy intensity as measured over revenue recorded at 0.649 GJ/RM'000 in FY2024. Despite increased energy consumption driven by higher product sales, energy intensity measured over revenue has decreased marginally with the increase in revenue by 14.24%, highlighting efficiency improvements in its energy use relative to revenue growth.

*Note:
Energy consumption and intensity data for FY2022 and FY2023 have been restated to incorporate newly available data.*



WATER CONSUMPTION AND DISCHARGE

Water scarcity poses a pressing global challenge exacerbated by climate change and population growth. In response, SDS has prioritised responsible water consumption as a cornerstone of its sustainability strategy. Through rigorous conservation measures and technological advancements, SDS continues to uphold compliance with the environmental regulations and standards set forth by the DOE, ensuring that water is utilised judiciously and enhancing operational resilience.

Rainwater Harvesting

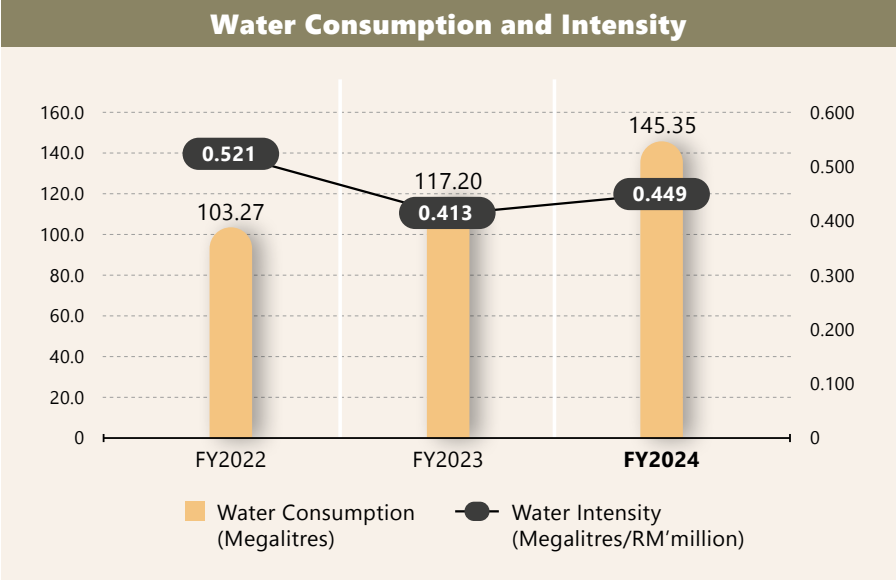
- Used for non-food processing purposes, such as landscaping.

Water-Efficient Technologies

- Automatic dishwasher machines for food tray cleaning.

Sustainability Statement

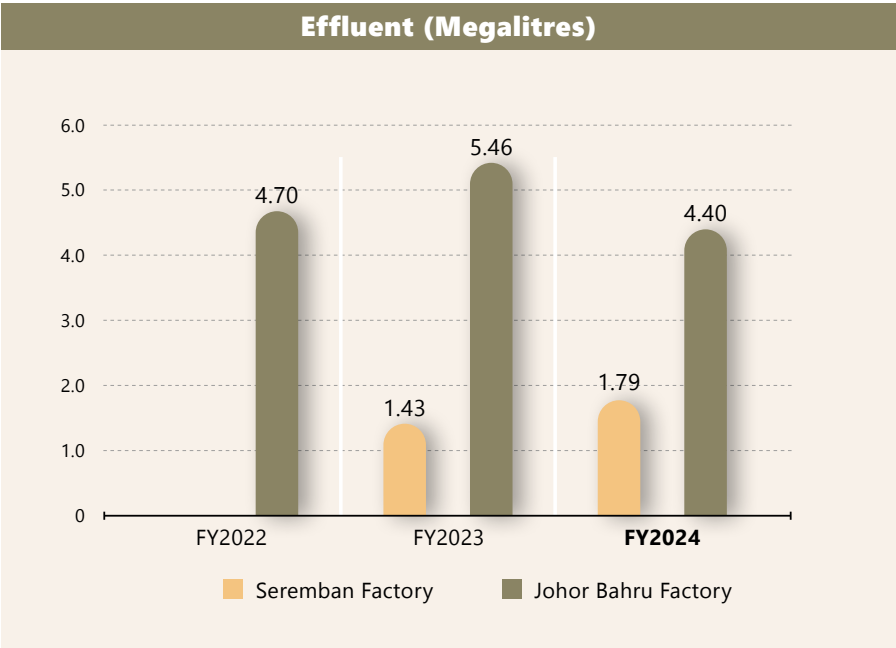
Despite an observed increase in water consumption at 145.35 Megalitres in FY2024, attributed to the expansion of operations and increased product sales, SDS remains committed to reducing water usage, wastewater generation, and waste sludge production, ensuring responsible water consumption. The Group will persist in its efforts to identify and implement strategies for more efficient utilisation of water resources.



Effluent

Effluent management remains a significant component of SDS's commitment to environmental stewardship and regulatory compliance. Both Johor and Seremban factories have implemented dedicated wastewater treatment plants to ensure the safe discharge of treated effluent into water bodies, in accordance with the Environmental Quality (Industrial Effluent) Regulations 2009 established by the DOE. Compliance with these regulations is verified through weekly external lab testing, consistently meeting DOE Standard B for parameters of pH, COD, BOD5, suspended solids, as well as oil and grease.

The volume of discharged wastewater from both factories' water treatment plants is as follows:

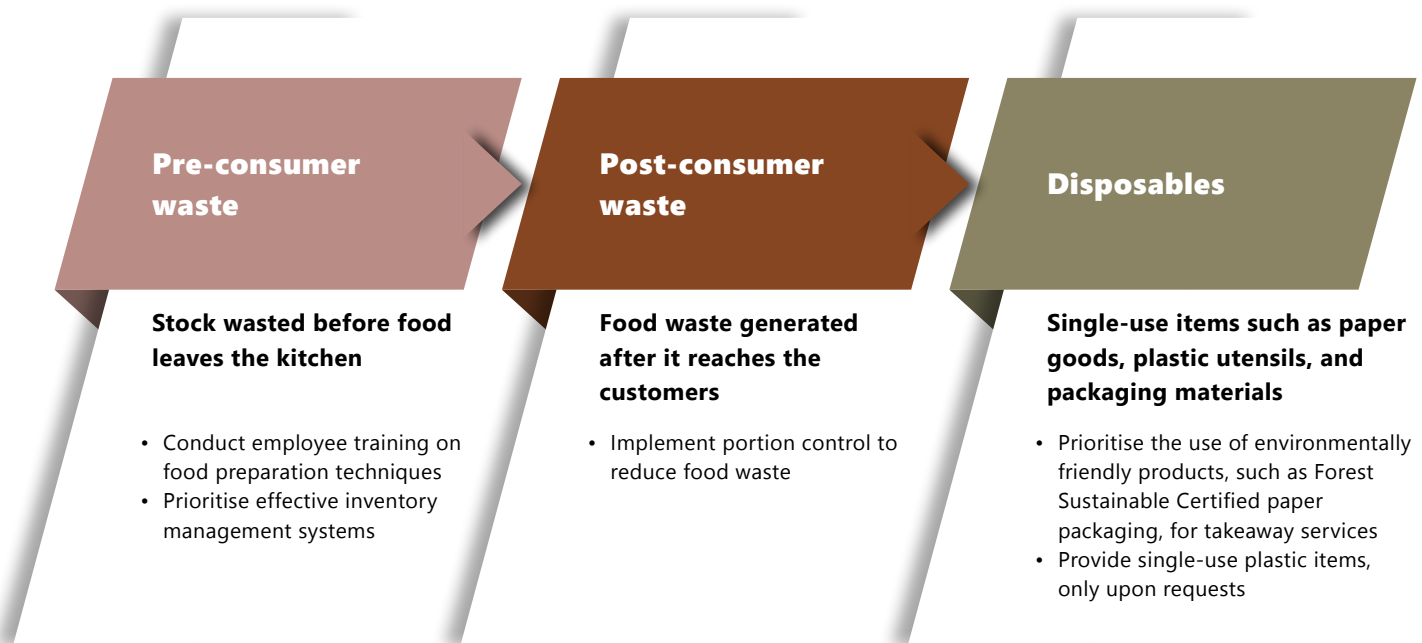


SDS continues to uphold high standards of regulatory compliance across its operations. In response to past incidents, SDS has enhanced its monitoring schedule and implemented stringent internal audits to ensure comprehensive compliance moving forward. The previously excluded effluent discharge data from the Seremban factory in FY2023 has now been included in the current Statement, reflecting its commitment to transparency and continuous improvement in environmental management practices.

Sustainability Statement

WASTE MANAGEMENT

At SDS, a food manufacturing company with café outlet operations, effective waste management is crucial to its commitment to sustainability and operational excellence. The Group integrates a comprehensive approach, such as stringent waste segregation and handling measures for various types of waste generated across all operational sections, especially the restaurant operations.



With such a diverse array of waste streams, including food waste, general waste (non-recyclable), cartons, and plastic containers, the Group has implemented robust recycling and reusing initiatives, recognising the environmental impacts of direct disposals to landfills.

Reducing Wastes Through Recycling Initiatives

In line with its commitment to supporting the SDGs of waste reduction through prevention, reduction, recycling, and reuse, the Group has implemented comprehensive recycling initiatives for various by-product wastes.

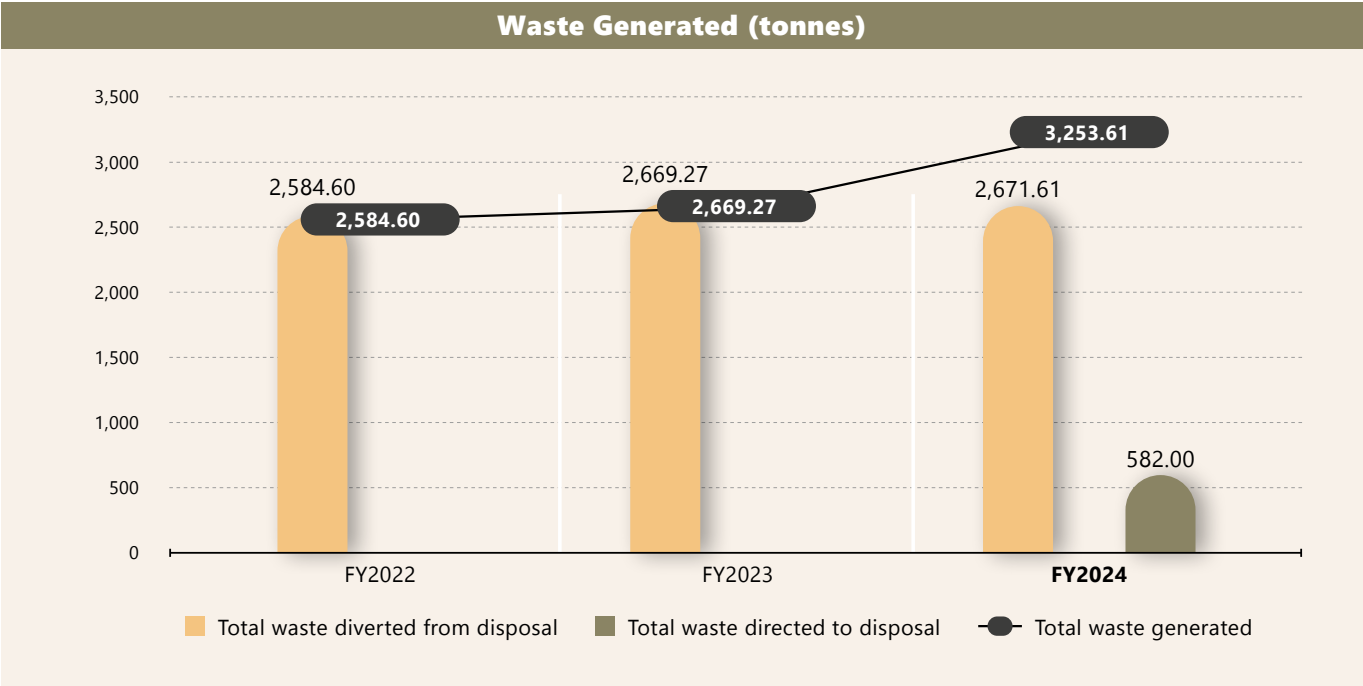
For instance, cooking oil generated from the production facilities and café outlets is collected and recycled by a certified company to produce biodiesel, a renewable energy source for diesel vehicles. Returned breads undergo a repurposing process into animal feed, diverting its disposal from landfills. This initiative is carried out in collaboration with a certified biotech company specialising in transforming organic waste into valuable animal feed ingredients, promoting sustainable agriculture. These efforts, including the recycling of paper boxes, reflect its dedication to environmental stewardship and advancing a circular economy.

Sustainability Statement

Total Waste Generated

Its waste management practices are primarily guided by strict adherence to regulatory standards and industry best practices. In FY2024, SDS generated 3,253.61 tonnes of waste, with 2,671.61 tonnes successfully recycled. This also includes repurposing cartons, and plastic containers, and reusing food trays and baking pans to minimise waste generation. Non-recyclable waste undergoes proper handling before disposal at certified landfill facilities, adhering to strict environmental standards. In a significant step towards sustainability, SDS also started tracking, collecting, and reporting the total waste directed to disposal in FY2024. This initiative demonstrates its commitment to transparency and continual improvement in its waste management practices.

By unequivocally committing to waste reduction and responsible disposal, SDS aims to contribute to a cleaner and healthier future for both present and future generations.



Sustainability Statement



Nurturing Workforce Development and Sustainability

SDS maintains its focus on developing its social capital, particularly that of its workforce. With a strong focus on innovation and digitalisation, alongside business relationships and customer service, SDS acknowledges that the people factor has, and continues to increase in significance to value creation.

The Group has in place an over-arching talent strategy that addresses the following aspects of human capital: talent recruitment, training, retention, rewarding and career pathway development.

SDS has worked to embed its sustainability agenda within its talent management approach and pursues this agenda given its impact on employee productivity, morale and satisfaction. The Group's performance and progress in cultivating a sustainability-oriented culture will continue to be assessed.

DIVERSITY, EQUALITY AND INCLUSION

Companies that are diverse, equitable, and inclusive are better able to respond to challenges, win top talent and meet the needs of different customer bases.

Cognisant of the importance of the workforce at the heart of its operations, the Group looks to diversity, equality and inclusion as the heartbeat to drive the organisation progressively forward. The Group is deeply committed to the workforce consisting of different groups of individuals from different races, ethnicities, religions, abilities, genders and sexual orientations.

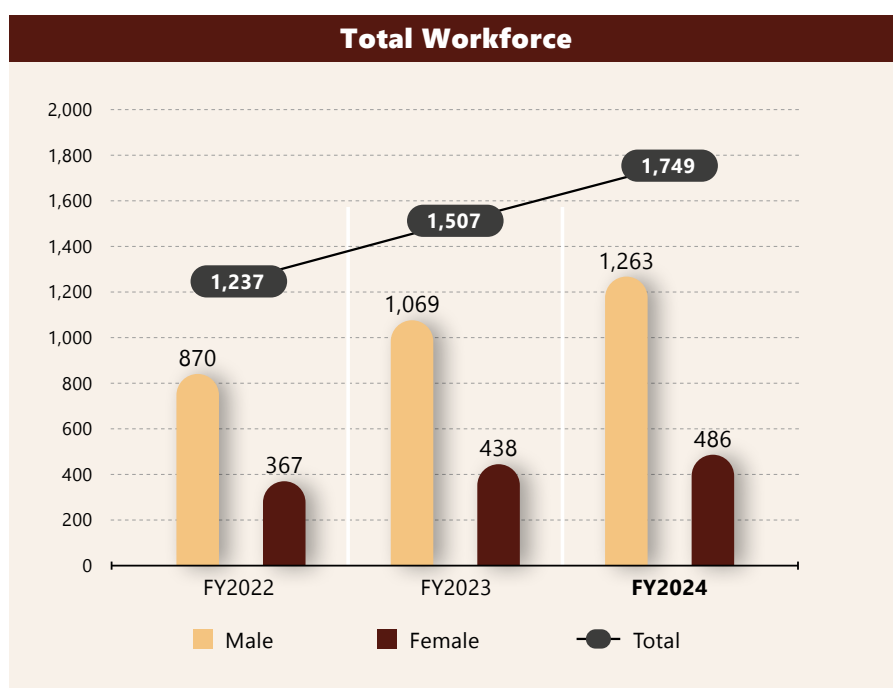
To this end, the Group looks to review its personnel management practices continuously to uphold its commitment to equal rights and opportunities for the workforce, as outlined in the Code of Ethics and Conduct. New joiners are briefed on the expectations of this code to ensure awareness and adherence to the expected corporate behaviour.

Workforce Composition

The workforce continues to be reflective of Malaysia's society, rich in its diverse ethnicity, cultural backgrounds, professional qualifications and skills.

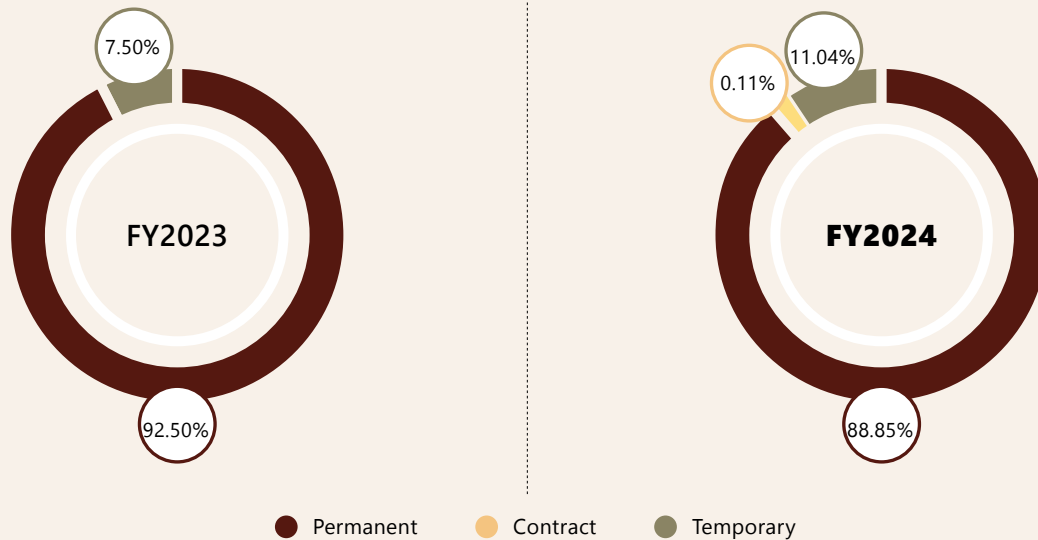
In FY2024, the Group's total workforce numbered 1,749 employees, an increase of 16.1% from 1,507 employees in FY2023.

In its operations, SDS looks to support the local community with economic sustainability via employment opportunities. SDS's workforce, with 73.0% local individuals, provides permanent contractual employment to the community.

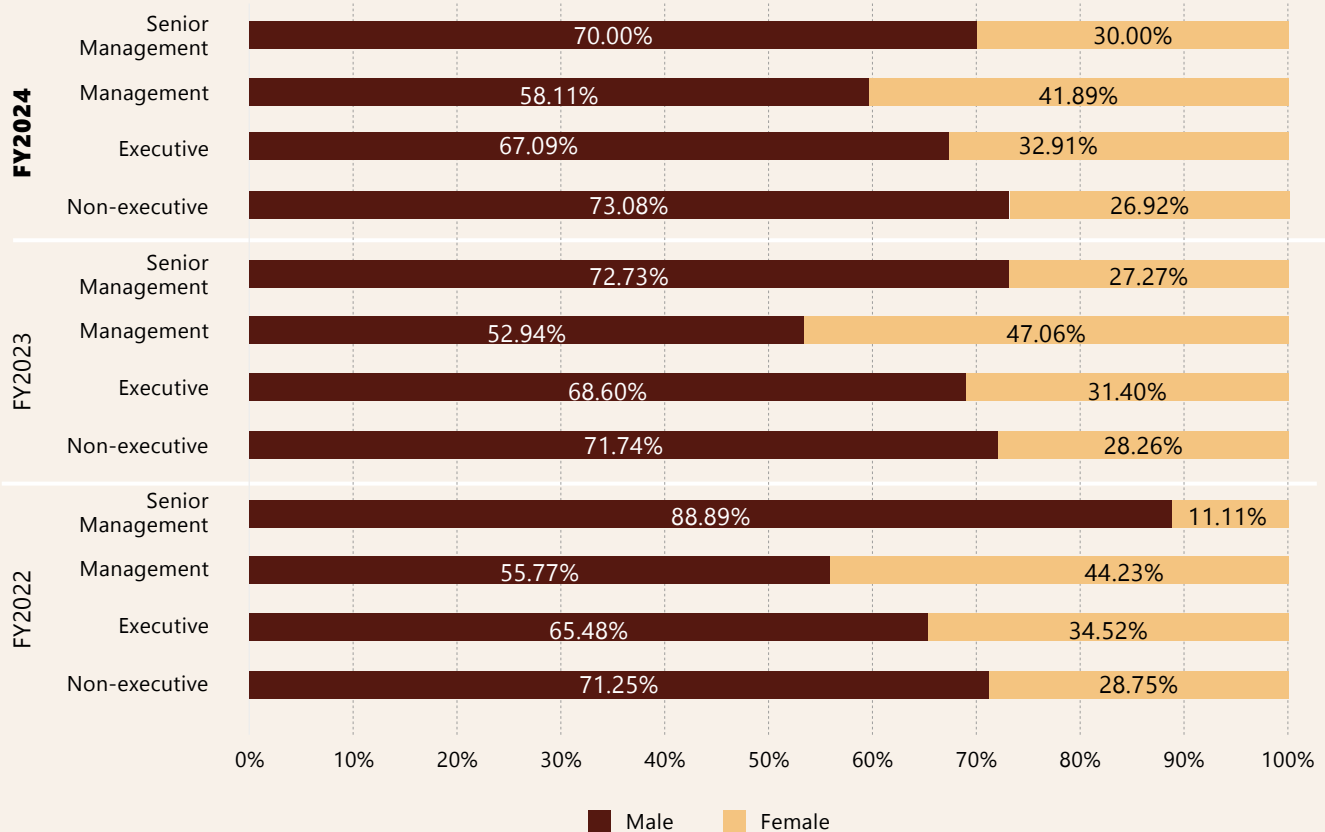


Sustainability Statement

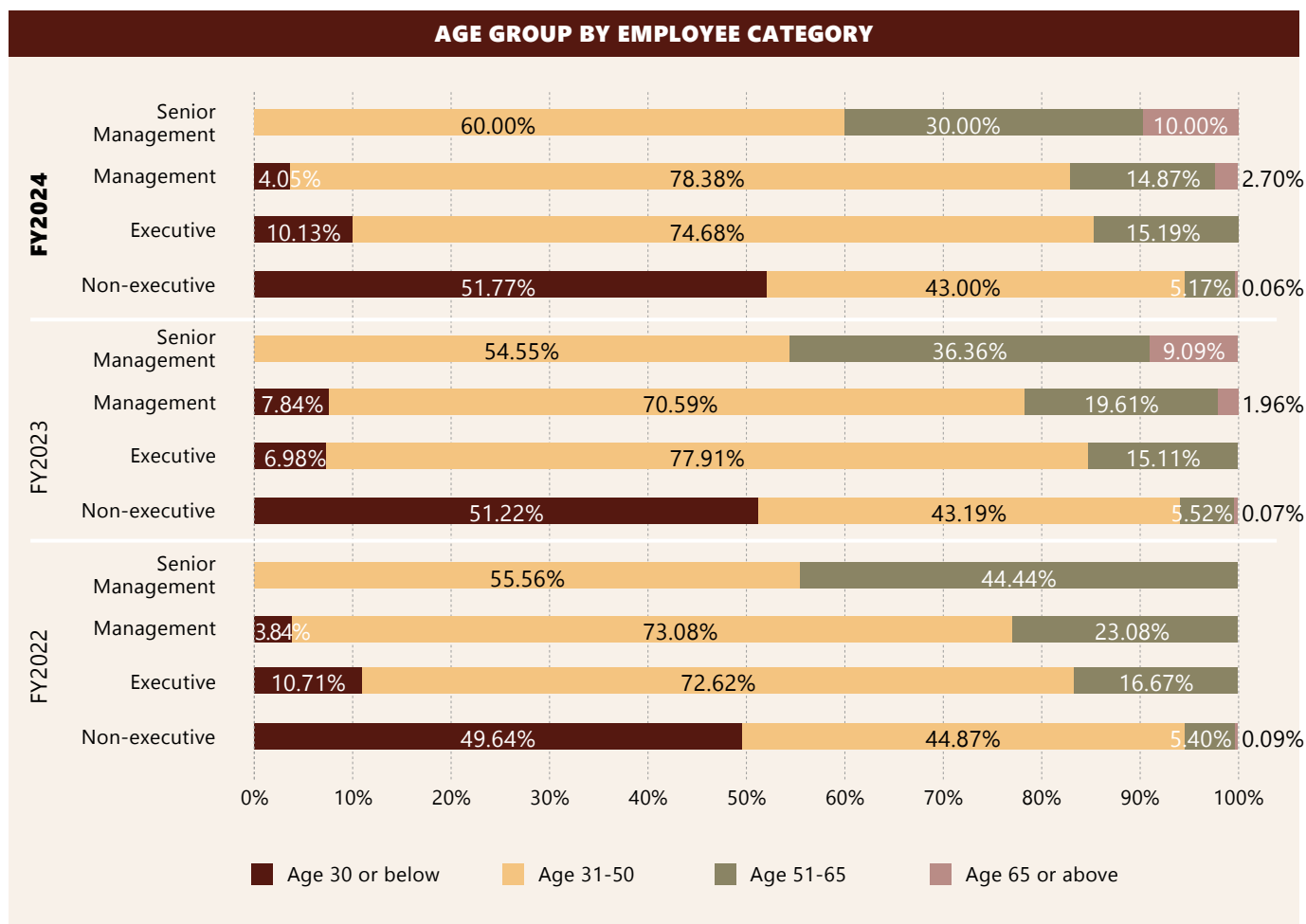
EMPLOYMENT TYPE



GENDER BREAKDOWN BY EMPLOYEE CATEGORY



Sustainability Statement



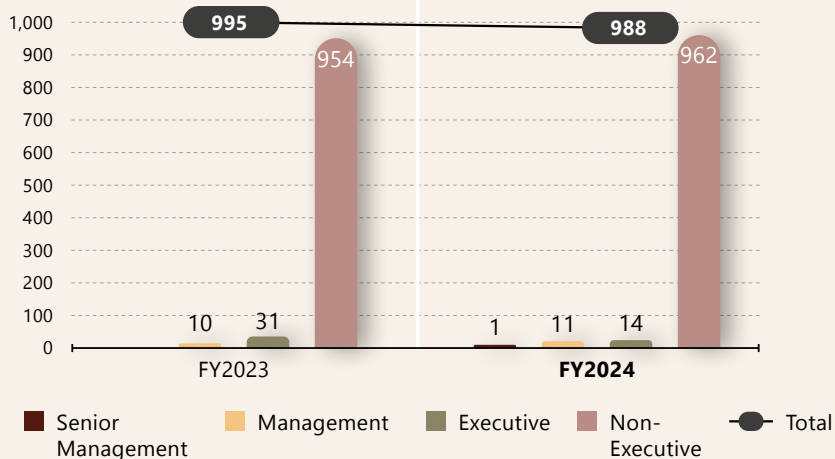
The fast-evolving retail environment has given rise to a higher turnover rate at SDS. This is also understandable due to the nature of our business and the current mindset of the younger age entry-level group, preferring job mobility over long-term job security.

In recognising this trend and its potential impact on our manpower resources, SDS has instituted active collaboration with department heads to conduct in-depth exit interviews to secure valuable insights, assess the overall situation and implement effective solutions. This approach has held us in good stead in mitigating this manpower challenge as early as possible, enabling better retention and development of our capable workforce.

This approach augurs well to enable SDS to align its strategies to cater to the dynamic, market-oriented and creative business and operational requirements. This ultimately leads to swifter speed to market of products and services with its constant focus on improved productivity through new ideas and approaches, based on the competence and critical thinking ability of the talent pool.

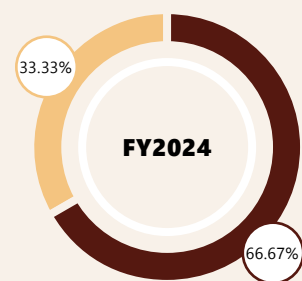
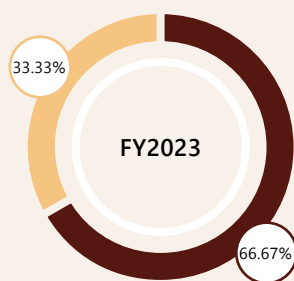
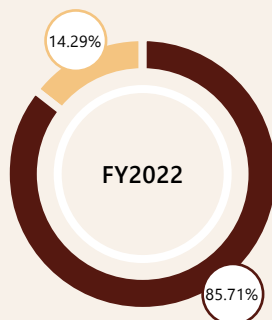
Sustainability Statement

Number of Employee Turnover by Employee Category



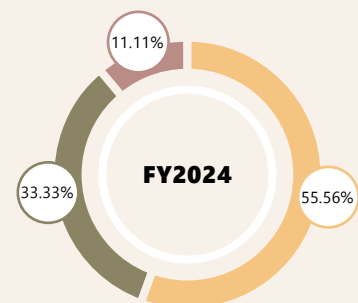
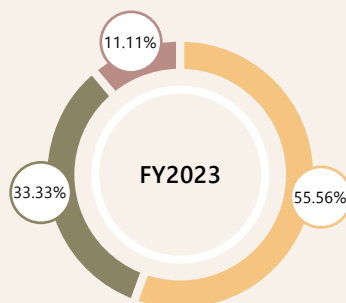
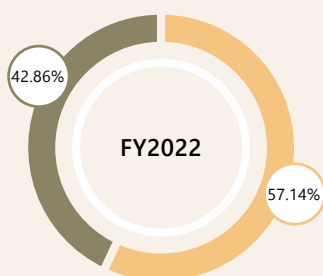
Aligning with the call for at least 30% women representation on the Board as recommended by the Malaysian Code on Corporate Governance (MCCG) 2021, the Group is proud of its 33.3% women representation as of FY2024. This is reflective of the openness of its concerted efforts to ensure leadership diversity at the highest level of the organisation.

BOARD OF DIRECTORS BY GENDER



● Male ● Female

BOARD OF DIRECTORS BY AGE GROUP



● Age 31-50 ● Age 51-65 ● Age 65 or above

Sustainability Statement

Nurturing Talent Development

In this line, the Group acknowledges the importance of providing exemplary products and services to manage customers' expectations, the achievement of which requires specialised training and development of its employees.

SDS's firm commitment to talent development is by providing the needed technical and soft skills training, essential for its employees' job function. This not only ensures its employees stay competent in their respective skills but also contributes to talent empowerment within the organisation.

In this approach, SDS outlines the training plan for each segment of their workforce, such as the mandatory food handling training course as required by the Ministry of Health Malaysia for employees engaged in food handling operations.

The importance of training is to address any competency gaps in employees' skill sets identified through the regular appraisal processes. This also reflects the Group's appreciation of its employees in supporting the career advancement of its workforce.

Total Training Hours by Employee Category	FY2024
Senior Management	191
Management	120
Executive	321
Non-Executive	966
TOTAL	1,598

PRIORITISING EMPLOYEES' RIGHTS

SDS continues to consider its workforce as its primary asset and holds them in high regard. As such, the Group is unwaveringly focused on upholding their fundamental rights within the Group and fulfilling the responsibility to prevent and address any violations expediently, should such events occur.

The Group stands guided by the Malaysian Employment Act 1995 and all other relevant labour laws of Malaysia. The Human Resource Policy is designed to ensure the well-being of employees within the Group, and endeavours to maintain high levels of awareness regarding their rights and potential courses of action. This also covers the expression of grievances, compliance with local laws governing working hours as well as wages and benefits.

This firm commitment is well encapsulated within the existing Code of Ethics and Conduct and Human Resource Policy, which is reviewed periodically to ensure alignment with the latest legislation and regulatory requirements. The Human Resource Policy is highlighted to both new and current employees for their awareness and continued assurance. In the forthcoming years, SDS plans to appraise and screen its major and new suppliers based on environmental and social criteria, thereby upholding commendable labour standards within its value chain.

► Our Human Resource Policy encompasses the following fundamental principles:

- Freely Chosen Labour
- Child Labour Prohibition
- Working Hours According to Local Law
- Availability of Grievance Channel
- Zero Tolerance to all types of Harassment
- Anti-Bribery and Anti-Corruption
- No Discrimination
- Wages and Benefits Comply with all Local Law
- Freedom of Association
- Occupational Health and Safety

In FY2024,
the Group received zero complaints related to human rights violations or labour incidents.

Sustainability Statement

OCCUPATIONAL SAFETY AND HEALTH

The Group views health and safety to be one of the most material topics, acknowledging its critical significance given the potentially severe impact of a singular incident on the Group and its employees.

The goal is for all employees to be able to work in a safe and secure environment confidently, to operate in environments in which they can be productive and produce their best quality work and, equally importantly, to be able to return home to their families and loved ones. Hence, the safety and health of employees and workers are a top priority for the Group.

A strong Occupational Safety and Health ("OSH") management system drives down compliance costs and reduces risks. A good OSH track record will ultimately translate into higher productivity, higher employee morale, stronger brand reputation, increased competitiveness when bidding for contracts, higher productivity, faster project completion and also reduced costs i.e. reduced need to replace damaged property and equipment.

At SDS, we employ multiple avenues to ensure a strong OSH outcome, such as ensuring strict adherence to OSH legislation, diligent monitoring of critical risk factors, awareness and promotion of safe behaviour and a culture of safety among our employees.

One such measure SDS adopts is the Hazard Identification, Risk Assessment and Risk Control ("HIRARC") methodology, developed by the Department of Occupational Safety and Health ("DOSH") Malaysia. It supports the identification, assessment and management of various hazards that may cause injury or harm to a person when exposed to these risks.

The Group's top management has oversight of OSH and is tasked to ensure strict adherence to the Occupational Safety and Health Act 1994, and other relevant regulations and codes.

Nonetheless, the prevention of work-related injuries and equipment damage is undoubtedly a collective responsibility of all parties. Hence, awareness of the importance of safety and health is cascaded to all levels of the organisation via induction briefings and periodic reminders. This ultimately contributes to a safer and more productive environment for the employees.

Key objectives of SDS's OSH are to:

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

Representation on OSH Committees

With OSH being a collective responsibility of all related stakeholders, the Group is firmly committed to bringing this to life in all aspects of the organisation.

Hence, a Safety and Health officer is appointed at all our operating factories with the responsibility to ensure a safe and secure workplace and ensure compliance with DOSH's requirements. The officer is supported by a capable team comprising a mix of management and employee representatives to ensure various perspectives pertaining to OSH are raised at their quarterly meetings, deliberated and acted on accordingly.

As part of its function, the Committee routinely updates the Managing Director on ongoing OSH performance and related matters for corrective action or process improvement.

In FY2024, 31 employee representatives were participating on such OSH Committees, working in collaboration to further enhance OSH objectives at the workplace.

Sustainability Statement

OSH Performance Indicators

The Group tracks its OSH progress via analysis of data from all our operating units, comparing and contrasting against previous years' performance and where possible, benchmarking against industry data. This enables corrective action and preventative measures to be adopted promptly to avert or mitigate any potential adverse impact.

In FY2024, the Lost Time Incident Rate ("LTIR") registered 0.49, a significant improvement from 2.41 in FY2023. This is largely attributable to the strong awareness of the importance of OSH, which cascaded from senior management to workers' level.

OSH Performance	FY2022	FY2023	FY2024
Total manhours worked	2,248,896	2,572,479	2,850,120
Number of fatalities	0	0	0
Total number of lost days	17	31	7
LTIR	1.51	2.41	0.49

This positive indicator is also due to the stronger understanding of the importance of OSH and measures needed to support a safe working environment, supported in no small measure by the heightened number of OSH-trained personnel within the organisation. In FY2024, a total of 102 employees were trained as compared to 59 employees in FY2023, representing an increase of 72.9%. Such training serves to build their professional capacity and empowers the workforce to carry out their duties whilst keeping a firm focus on OSH guiding principles.

OSH training programmes conducted in FY2024 are:

- Basic First Aid Training
- Safety and Health at the Workplace
- Occupational Safety and Health Coordinator

Capitalising on their expertise and experience, the OSH Committee conducts regular workplace inspections and internal audits to track OSH performance progress, identify gaps for improvement and recommend corrective action to close such gaps.

Besides this, SDS also collaborates with regulatory authorities such as the DOSH in engaging DOSH-accredited assessors to conduct independent annual factory inspections for further validation of the OSH performance.

Strengthening The OSH Culture

Inculcating a mindset of safety and health within the workforce is one aspect of building a robust OSH culture at the workplace. This must be supplemented with the financial backing to procure the appropriate equipment to enable its activation and sustainability.

Procurement of the proper equipment and machinery needs to be adequately maintained and where necessary, repaired to ensure its useability in a safe manner. It may also be necessary to invest in automated systems to reduce employee workload and alleviate undue strain.

In the event of an accident, a thorough investigation will be duly conducted by the supervisor responsible alongside management representatives, Safety and Health officer and any possible witness. In case of a serious accident, it would be immediately reported to top management for a subsequent course of action.

Sustainability Statement

OSH Preventative Measures

Currently, SDS has in place comprehensive guidelines and protocols to promote a safe working environment, amongst which is a six-step procedures to facilitate risk identification and streamline communication channels:



Environmental pollutants such as noise, air and chemicals are considered by the World Health Organisation (“WHO”) as a threat to public health due to their harmful effects on human health. In this aspect, pollutants in the form of noise, air and chemicals are also associated with manufacturing activity.

Such pollutants can pose health risks, emanating from excessive noise due to proximity to mixers and ovens, factory emissions contributing to air pollution and the risk of chemical injury.

Given the possibility of its occurrence, SDS has instituted various measures to prevent such inherent occupational risks, including:



As a health prevention measure, all employees in food handling are subjected to MOH Malaysia's mandatory requirement to undergo Food Handling Training and to vaccinate against typhoid prior to commencing their work. This preventive measure helps safeguard against potential health risks associated with food handling activities.

If any worker falls ill or is injured at the workplace, then, irrespective of occupational or non-occupational cause, an assigned individual or Human Resource Department's representative would arrange for the worker to receive prompt medical attention.

Sustainability Statement

In FY2024, as a measure of commitment to the health and general well-being of its employees, SDS enabled health screening for a total of 21 employees. The screening involved audiometric testing, particularly for bakery production staff who are exposed to excessive noise levels, to ensure targeted health measures for those at greater risk. The decrease in the number of employees screened compared to FY2023 was due to scheduling arrangements, as the screening was conducted after the close of FY2024. Despite this shift, SDS remains dedicated to ensuring the health and wellness of its workforce through consistent and timely health initiatives.

SUPPORT TO LOCAL COMMUNITY

Ensuring a harmonious balance between business progress and social responsibility is one of the Group's top priorities. By generating stakeholder economic values, the Group contributes to social capital, reinforcing its positive impact on society and strengthening community ties. This approach allows the Group to adapt to market and stakeholder needs, reflecting its evolving business philosophy.

By upholding the values of community investments, the Group and in particular, its employees, are actively involved in communicating with the communities to ensure a meaningful engagement and exchange of information.

SDS maintains its role as a responsible corporate citizen by contributing financial and non-financial assistance to various charitable causes, orphanages and homes, in support of the underprivileged society. In this CSR initiative, SDS has reached out to many individuals and organisations in FY2024. This has not only enhanced its corporate branding as a caring company but also enabled the employees to get a sense of personal satisfaction in bringing joy to the underserved community.

In FY2024, SDS made various community donations largely in the form of our products totalling RM17,310 in support of 28 educational, religious and charitable bodies benefiting 19,593 individuals.

Sustainability Statement

PERFORMANCE DATA TABLE FROM BURSA MALAYSIA'S ESG REPORTING PLATFORM

Indicator	Measurement Unit	2024
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Senior Management	Percentage	100.00
Management	Percentage	94.59
Executive	Percentage	100.00
Non-Executive	Percentage	99.05
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	17,310.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	19,593
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Senior Management Under 30	Percentage	0.00
Senior Management 31-50	Percentage	60.00
Senior Management 51-65	Percentage	30.00
Senior Management Above 65	Percentage	10.00
Management Under 30	Percentage	4.05
Management 31-50	Percentage	78.38
Management 51-65	Percentage	14.87
Management Above 65	Percentage	2.70
Executive Under 30	Percentage	10.13
Executive 31-50	Percentage	74.68
Executive 51-65	Percentage	15.19
Executive Above 65	Percentage	0.00
Non-Executive Under 30	Percentage	51.77
Non-Executive 31-50	Percentage	43.00
Non-Executive 51-65	Percentage	5.17
Non-Executive Above 65	Percentage	0.06
Gender Group by Employee Category		
Senior Management Male	Percentage	70.00
Senior Management Female	Percentage	30.00
Management Male	Percentage	58.11
Management Female	Percentage	41.89
Executive Male	Percentage	67.09
Executive Female	Percentage	32.91
Non-Executive Male	Percentage	73.08
Non-Executive Female	Percentage	26.92
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	66.67
Female	Percentage	33.33
Under 30	Percentage	0.00
31-50	Percentage	55.56
51-65	Percentage	33.33
Above 65	Percentage	11.11

Sustainability Statement

Indicator	Measurement Unit	2024
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	58,443.61
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.49
Bursa C5(c) Number of employees trained on health and safety standards	Number	102
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Senior Management	Hours	191
Management	Hours	120
Executive	Hours	321
Non-Executive	Hours	966
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	11.15
Bursa C6(c) Total number of employee turnover by employee category		
Senior Management	Number	1
Management	Number	11
Executive	Number	14
Non-Executive	Number	962
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	92.00
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	145.350000
Bursa (Waste management)		
Bursa C10(a) Total waste generated	Metric tonnes	3,253.61
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	2,671.61
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	582.00
Bursa (Emissions management)		
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	Metric tonnes	11,766.00
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	Metric tonnes	7,250.00

Corporate Governance Overview Statement

The Board Of Directors ("Board") of SDS Group Berhad ("SDS" or "Company") presents this Corporate Governance Overview Statement ("CG statement") to provide shareholders and investors with an overview of the Company's corporate governance practices during the financial year ended 31 March 2024 ("FYE 2024").

The CG Statement is made pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and guidance was drawn from Practice Note 9 of Bursa Securities' Listing Requirements and the Corporate Governance Guide (4th Edition) issued by Bursa Securities with reference to the following three (3) key principles under the leadership of the Board.



This CG Statement is to be read together with the Corporate Governance Report 2024 ("CG Report") of the Company which is available at www.sdsgroups.com.

A Board Leadership and Effectiveness

1.0 BOARD RESPONSIBILITIES

The Board takes full responsibility for the oversight and overall performance of SDS and its subsidiaries (collectively the "Group") and entrusted to oversee the overall management of the business affairs of the Company, determine all major policies, ensure effective strategies and management are in place, assess the performance of the Company and the management team, and review the systems of risk management and internal control of the Company. When implementing the business plan, the Executive Directors are responsible for executing corporate decisions made by the Board while the Non-Executive Directors scrutinise the management performance by providing independent views and advice in the interests of the shareholders at large.

To ensure effective discharge of their function and responsibilities, the Board has defined and collectively reviewed and approved the roles and responsibilities as well as the schedule of reserved matters in the Board Charter. In order to assist the Board in the oversight function on specific responsibility areas, the Board has established three (3) Board Committees, namely:

- (i) Audit Committee ("AC");
- (ii) Nominating and Remuneration Committee ("NRC"); and
- (iii) Risk Management Committee ("RMC").

Corporate Governance Overview Statement

A

Board Leadership and Effectiveness

1.0 BOARD RESPONSIBILITIES (CONT'D)

Governed by their respective Terms of References, the Chairperson of the respective Board Committees shall report to the Board on their meeting proceedings and deliberations as well as make recommendations to the Board on the matters under their purview. The Board ensure all Directors have unrestricted access to the advice and services of Senior Management and Company Secretaries and may obtain independent professional advice at the Company's expense in order to discharge their duties effectively.

The Independent Non-Executive Chairman instils good governance practices, leadership and effectiveness in the Board through chairing of board meetings and deliberating together with the Board members on board matters and policies.

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

The Board is supported by two (2) professional Chartered Company Secretaries who carry out the responsibilities of the company secretarial function for the Group. Both Company Secretaries have the requisite credentials and are qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016. The Company Secretaries assists the Board in discharging its duties in regard to compliance with regulatory requirements, guidelines, legislations and the principles of best corporate governance practices.

The Board had established the Anti-Bribery and Anti-Corruption Policy in keeping with the commitment set forth to prevent bribery and corruption. SDS takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and integrity in all business dealings and relationships wherever the Group operates and expects the individuals and organisation the Group works with to uphold and adopt the same approach.

As an additional measure to safeguard the integrity of the Group, the Board has defined its Whistleblowing Policy to provide guidance for stakeholders to report genuine concerns of any possible improprieties pertaining to financial reporting, compliance, malpractices and unethical business conduct within the Group. In addition, the Board has also defined its Code of Conduct and Ethics which serves as a tool for the Board to convey and instill its values into the organisation.

The Board Charter, Terms of Reference of the Board Committees, Director's Fit and Proper Policy, Anti-Bribery and Anti-Corruption Policy, Whistleblowing Policy and Code of Conduct and Ethics are also available on the Company's website at www.sdsgroups.com.

2.0 BOARD COMPOSITION

The appointment of Board is based on objective criteria, merit and with due regards for diversity in skills, experience, age and gender. When considering the appointment of directors, the NRC will be guided by the Fit and Proper Policy and consider the following attributes in the recruitment and screening process:

- Skills, knowledge, expertise and experience;
- Professionalism;
- Integrity;
- Boardroom diversity including gender diversity; and
- In the case of candidates for the position of Independent Non-Executive Directors, the committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.

Corporate Governance Overview Statement

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Board Leadership and Effectiveness

2.0 BOARD COMPOSITION (CONT'D)

The Board currently comprises eight (8) members, divided into 4 Executive Directors and 4 Independent Non-Executive Directors. The composition of the Board fulfils the prescribed requirement of Paragraph 15.02(1) of the MMLR of Bursa Securities and Practice 5.2 of the Malaysian Code on Corporate Governance ("MCCG"). The profiles of the individual Directors are set out in the Directors' Profile in this Annual Report.

The presence of Independent Non-Executive Directors from various fields are invaluable assets to the Company and fulfil the pivotal role in corporate accountability. The role of Independent Non-Executive Directors is particularly important as they provide unbiased and independent views, advices and judgements to take into account the interests of the Group and stakeholders.

The Board understands that quality of information affects the effectiveness of the Board to oversee the conduct of business and to evaluate the Management's performance of the Group. Information and materials that are important to the Board's understanding of the business to be conducted at a Board or Board Committee meeting will be distributed to the Directors in order to provide ample time for review beforehand. Notice of Board meetings are usually issued at least five (5) working days prior to the meeting. Upon conclusion of meeting, the Company Secretary will ensure that accurate and proper records of the proceedings and resolutions passed are recorded and the minutes are circulated to the Board members before the next meetings.

During the FYE 2024, there were five (5) Board meetings held and all the Board Papers were circulated to the Board in a timely manner.

The Directors attendance at the Board meetings during FYE 2024 were as follows:

Director	Designation	Attendance
Dr Lim Pang Kiam	Independent Non-Executive Chairman	5/5
Tan Kim Seng	Managing Director	5/5
Tan Kim Chai	Executive Director	5/5
Tan Yon Haw	Executive Director	5/5
Tan Kee Jin	Executive Director	5/5
Phang Sze Fui (Resigned on 30 June 2024)	Independent Non-Executive Director	5/5
Dato' Albert Ding Choo Earn	Independent Non-Executive Director	5/5
Patricia Rangene Packium	Independent Non-Executive Director	5/5
Lee Yee Ling	Independent Non-Executive Director	5/5

The Directors were encouraged and afforded the opportunity to upskill and keep themselves abreast with the market and regulatory changes throughout the financial year. During the FYE 2024, the Directors attended continuous professional development programmes covering various topics ranging from financial, changes in statutory and regulatory requirements, governance, sustainability and industry knowledge. During the FYE 2024, the Directors attended the following training programmes:

Corporate Governance Overview Statement

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Board Leadership and Effectiveness

2.0 BOARD COMPOSITION (CONT'D)

Director	Programme	Date
Dr Lim Pang Kiam	2023 Budget Seminar by MIA	6 April 2023
	Anti-Bribery and Anti-Corruption Training by Ai Smart Learning Sdn. Bhd.	5 August 2023
	Conflict of Interest and Governance of Conflict of Interest by Asia School of Business and MIT Sloan	15 August 2023
	Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers by Bursa Malaysia	19 September 2023
	1. The Accountant's Role in Putting Profit, People and Planet on Par 2. Navigating Ethics in the Workplace by ACCA	21 November 2023
	1. Preparing for Sustainability Reporting 2. Realising the Future of Finance with Generative AI 3. R&D: Harnessing the Value of Disclosures 4. Making Tax and Ethics Work Together for A Just Society 5. Coping with Change: Tune In, Connect, Respond by ACCA	23 November 2023
	Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers by Bursa Malaysia	17 August 2023
	Consultation Webinar: National Sustainability Reporting Framework (NSRF)	5 March 2024
Tan Kim Seng	Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers by Bursa Malaysia	17 August 2023
Tan Kim Seng	Consultation Webinar: National Sustainability Reporting Framework (NSRF)	5 March 2024
Tan Kim Chai	Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers by Bursa Malaysia	17 August 2023
Tan Yon Haw	Consultation Webinar: National Sustainability Reporting Framework (NSRF)	5 March 2024
	Future-Proofing Malaysian Businesses: Navigating Cyber-Threats in the Age of AI & Thriving in a High-Risk Landscape	11 March 2024
Tan Kee Jin	Characterisation of Entities for Transfer Pricing Purposes	18 May 2023
Phang Sze Fui (Resigned on 30 June 2024)	Financial Reporting on Impact of Climate Change Effects	5 April 2023
	Conflict of Interest and Governance of Conflict of Interest	27 July 2023
	ACCA Technical Symposium 2023	21 September 2023
	Tax 2024 Budget Briefing	26 January 2024
	Briefing on ESG Trends and Developments	26 February 2024

Corporate Governance Overview Statement

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Board Leadership and Effectiveness

2.0 BOARD COMPOSITION (CONT'D)

Director	Programme	Date
Dato' Albert Ding Choo Earn	Webinar IP 101-Siri 3 (Cap Dagangan)	18 April 2023
	Kursus Pembaharuan Ejen Cap Dagangan Siri 2 (TMRA223)	7 June 2023
	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	4 & 5 December 2023
Patricia Rangene Packium	Southern Region Seminar on Conveyancing Matters	2 June 2023
	AMLA Compliance Training Workshop	25 August 2023
	Joint Venture – Key Considerations and Legal Issues	14 September 2023
	Ship Sale & Purchase and Financing	7 November 2023
	3rd Conference on Corporate and Commercial Law Session 2 – ESG	4 & 5 December 2023
	Session 3 – Malaysian Listed Companies	
	Obtaining a Grant of Probate/Letters of Administration at the High Court of Malaya	15 February 2024
	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	26 & 27 February 2024
Lee Yee Ling	Digital4 ESG Forum by Bursa Malaysia	10 May 2023
	RBA VAP Preparation and Code of Conduct Training (CSR & ESG Sustainability) by Responsible Business Alliance	19 - 22 June 2023
	Techup & Greenup for Next Industrial Revolution by MITI	14 - 15 August 2023
	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	28 & 29 February 2024

The Directors will continue to undergo a periodic training in the relevant courses as well as attend seminars, conferences and similar events in keeping themselves abreast with the latest skills and knowledge to discharge their duties effectively.

Nominating & Remuneration Committee Statement

During the FYE 2024, the NRC comprised three (3) Independent Non-Executive Directors as follows:

Director	Designation	Directorship
Patricia Rangene Packium	Chairperson	Independent Non-Executive Director
Phang Sze Fui (Resigned on 30 June 2024)	Member	Independent Non-Executive Director
Dato' Albert Ding Choo Earn	Member	Independent Non-Executive Director

Corporate Governance Overview Statement

A

Board Leadership and Effectiveness

2.0 BOARD COMPOSITION (CONT'D)

Nominating & Remuneration Committee Statement (Cont'd)

Activities of the NRC

During the FYE 2024, the NRC met on 26 May 2023 and performed the following activities in the discharge of its duties:

- Recommended the re-election of the Directors who are to retire by rotation at the 6th AGM of the Company;
- Reviewed the contribution and performance of each individual director to assess the character, experience, integrity, and competence to effectively discharge their role as a director through a comprehensive assessment system;
- Reviewed the required mix of skills, experience and other qualities of the Board;
- Evaluated the performance of the Board and the Board Committees;
- Assessed the independence of the Independent Directors of the Company; and
- Reviewed the term of office of the AC and assessed its effectiveness as a whole.

3.0 REMUNERATION

The remuneration of Directors is determined at levels which enable the Company to attract and retain Directors with the relevant experience and expertise to manage the business of the Group effectively. The NRC oversees the remuneration of Directors. The remuneration for Directors is in line with the Board's aim to retain, attract and reward talent based on industry benchmarks.

The remuneration packages for Executive Directors are reviewed by the NRC and recommended to the Board for approval. It is then decided by the Board without the respective Executive Directors' participation in determining their remuneration.

The remuneration details of the individual Directors for FYE 2024 are disclosed in Practice 8.1 of the CG Report. The Board is of the view that the disclosure of the Senior Management's remuneration components will not be in the best interest of the Group given the competitive human resources environment as such disclosure may give rise to talent recruitment and retention issue. Also premised on the confidentiality of the remuneration package of the Senior Management, the Board has adopted a disclosure of the Senior Management remuneration in bands of RM50,000 on a named basis.

B

Effective Audit and Risk Management

1.0 AUDIT COMMITTEE

The members of AC comprise of only Independent Non-Executive Directors. The Chairperson of the AC is distinct from the Chairman of the Board so as to promote unfettered objectivity during the Board's review of the AC's findings and recommendations. The AC composition for FYE 2024 meets the requirements of Paragraph 15.09 of MMLR where the AC is chaired by Madam Phang Sze Fui who is a member of the Malaysian Institute of Accountants. The composition of the AC allows it to possess the requisite level of financial literacy and business acumen to have a sound understanding of the financial matters of the Group as well as an understanding of the latest developments in financial reporting, accounting and auditing standards.

Corporate Governance Overview Statement

B

Effective Audit and Risk Management

1.0 AUDIT COMMITTEE (CONT'D)

In conjunction with the resignation of Madam Phang Sze Fui with effect from 30 June 2024, she relinquished her position as Chairperson of Audit Committee, resulting in non-compliance with Paragraph 15.09 of the MMLR, the Company will fill the vacancy within three (3) months.

None of the members of the AC are former audit partners of the current external audit firm of the Group. As stated in the Terms of Reference of the AC, the Committee is mindful of the minimum three (3) years cooling off period best practice under the MCCG when considering the appointment of former key audit partner from its current external audit firm to ensure that the review of the Group's financial statements and the performance and independence of the External Auditors are being done objectively by the Committee.

Before the commencement of the current financial year audit, the AC had reviewed and deliberated with the External Auditors on their audit planning memorandum, covering the audit risk areas, approach, emphasis and timeline. The AC also noted the External Auditors' independence check and confirmation procedures carried out in the firm as well as no conflict of interest for rendering their non-audit services to the Group presently.

Full details of the AC's duties and responsibilities are stated in its Terms of Reference which is made available on the Company's website at www.sdsgrups.com and the detailed disclosure on the role and activities undertaken by the AC during the financial year is provided in the AC Report of this Annual Report.

2.0 RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

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

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

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

The process of the risk management and internal control are ongoing, which are undertaken by each department within the Company. The Company will continuously enhance the existing system of risk management and internal control by taking into consideration the changing business environment.

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

Corporate Governance Overview Statement



Integrity in Corporate Reporting and Meaningful Relationships with Stakeholders

1.0 ENGAGEMENT WITH STAKEHOLDERS

The Board is committed to ensure effective, transparent and timely communication with the stakeholders. Shareholders and other stakeholders are kept informed of the latest developments of the Group via announcements to Bursa Securities, annual reports, quarterly financial results, circulars to shareholders and press releases.

In addition, the Company maintains a corporate website at www.sdsgroups.com to promote accessibility of information to the Group's diverse stakeholder groups. The Board ensures that the website is regularly updated with recent announcements, past and current reports to shareholders as well as news and press releases pertaining to the Group. Any comments, queries and suggestions can be directed to a designated e-mail address, namely info@sdsgroups.com.

SDS is not categorised as "Large companies" and thus, have not adopted integrated reporting based on a globally recognised framework.

2.0 CONDUCT OF GENERAL MEETINGS

The AGM serves as the primary platform for shareholders to engage the Board and Senior Management in a productive two-way dialogue. Shareholders are accorded with the opportunity to put forward questions and seek clarifications on the broad areas of the Group's performance, business activities and outlook during a Question & Answer session held during the AGM.

The Company is mindful of the requirements to ensure the notice of the upcoming AGM will be issued to the shareholders at least 28 days. All Directors will also attend the upcoming AGM and ensure that the AGM supports meaningful engagement between the Board, senior management and shareholders. The minutes of the general meeting will be made available to shareholders no later than 30 business days after the general meeting.

COMPLIANCE WITH MCCG

The Board is satisfied that during the FYE 2024, the Company has substantially complied with the best practices of the MCCG on the application of the principles and best practices in corporate governance.

This CG Statement was approved by the Board on 19 July 2024.

Statement on Risk Management and Internal Control

INTRODUCTION

Pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors ("the Board") of SDS Group Berhad ("SDS" or "the Company") is pleased to report on its Statement on Risk Management and Internal Control (the "Statement"), which provides an overview of the nature and state of risk management and internal controls of the Company and its subsidiaries ("the Group") for the financial year ended 31 March 2024. This Statement is guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and Malaysian Code on Corporate Governance 2021.

BOARD RESPONSIBILITY

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

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

RISK MANAGEMENT

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

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

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

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

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

Statement on Risk Management and Internal Control

INTERNAL AUDIT

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

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

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

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

For the financial year ended 31 March 2024, two (2) internal audit reviews had been carried out and reported by Internal Auditors:

Name of Entity Audited	Audited Areas
• SDS Group Berhad	• Risk Management Review • Sustainability Review

INTERNAL CONTROL

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

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

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

Statement on Risk Management and Internal Control

INTERNAL CONTROL (CONT'D)

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

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

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

ASSURANCE

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

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

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

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

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

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

CONCLUSION

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

This Statement was approved by the Board on 19 July 2024.

Audit Committee Report

1. MEMBERSHIP AND MEETINGS

The Audit Committee ("AC") comprises of three (3) members of which all are Independent Non-Executive Directors, in compliance with Paragraph 15.09 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The members of the AC and details of their attendance at the AC Meetings during the financial year ended 31 March 2024 ("FYE 2024") are as follows:

Name	Designation	Number of Meeting(s) Attended
Phang Sze Fui ^ (Resigned on 30 June 2024)	Chairperson, Independent Non-Executive Director	5/5
Dato' Albert Ding Choo Earn	Member, Independent Non-Executive Director	5/5
Lee Yee Ling	Member, Independent Non-Executive Director	5/5

^ Member of the Malaysian Institute of Accountants

The AC met five (5) times during the FYE 2024. Other Directors and the Chief Financial Officer attended the AC meetings by invitation of the AC Chairperson. The representatives of internal and external auditors were also present during deliberations on the subjects which required their input and advice as and when required.

2. TERMS OF REFERENCE

The Terms of Reference ("TOR") of the AC are aligned with the MMLR of Bursa Securities and recommendations of the Malaysian Code on Corporate Governance. The TOR was reviewed and updated on 24 November 2023 to include additional disclosures on conflict of interest as per the MMLR of Bursa Securities. The TOR is available at www.sdsgroups.com.

3. SUMMARY OF ACTIVITIES

During the FYE 2024, the AC carried out the following activities and had discharged its duties and responsibilities to the best of their abilities in accordance with its' TOR:

1. Financial Reporting

- The AC had reviewed and ensured that the four (4) quarterly financial results of the Group complied with the Malaysian Financial Reporting Standards ("MRFS") and Appendix 9B of the MMLR.
- The AC had reviewed and made recommendations to the Board in respect of the annual Audited Financial Statements of the Company and the Group for the FYE 31 March 2023 to ensure that it presented a true and fair view of the Group's and the Company's financial position and performance for the year and complied with all the regulatory requirements.

Audit Committee Report

3. SUMMARY OF ACTIVITIES (CONT'D)

1. Financial Reporting (Cont'd)

The summary of the AC meetings held during the FYE 2024 and the main agendas for the meetings were as follows:

Date of Meeting	Subject matters
26 May 2023	<ul style="list-style-type: none"> Review of Fourth Quarter Results ended 31 March 2023 Review of Recurrent Related Party Transactions ("RRPTs") Report Review of Internal Audit Report Approval of Internal Audit Plan for FYE 31 March 2024 Review of Audit Review Memorandum for FYE 31 March 2023
21 July 2023	<ul style="list-style-type: none"> Review of Circular for Renewal of Shareholders' Mandate for RRPTs Review of Audit Review Memorandum for FYE 31 March 2023 (Closing meeting) Review of Audited Financial Statements for FYE 31 March 2023 Review of Audit Committee Report & Statement on Risk Management & Internal Control
29 August 2023	<ul style="list-style-type: none"> Review of First Quarter Results ended 30 June 2023 Review of RRPTs Report Review of Transfer Pricing Report
24 November 2023	<ul style="list-style-type: none"> Review of Second Quarter Results ended 30 September 2023 Review of RRPTs Report Review of Internal Audit Report Review of Terms of Reference of AC
23 February 2024	<ul style="list-style-type: none"> Review of Third Quarter Results ended 31 December 2023 Review of RRPTs Report Review of Internal Audit Report Approval of Internal Audit Plan for FYE 31 March 2025 Review of Audit Planning Memorandum for FYE 31 March 2024

2. Related Party Transactions

The AC had reviewed on a quarterly basis the report of RRPTs of the Group presented by the Management and ensured that these transactions are undertaken in the best interest of the Company, fair, reasonable, and on normal commercial terms as well as not detrimental to the interest of the minority shareholders.

3. Annual Reporting

The AC had reviewed the AC Report, Statement on Risk Management and Internal Control and a Circular on the Proposed Renewal of Shareholders' Mandate for RRPTs to ensure adherence to legal and regulatory reporting requirements and recommended them to the Board for approval.

Audit Committee Report

3. SUMMARY OF ACTIVITIES (CONT'D)

4. External Audit

- a) The AC had reviewed the Audit Review Memorandum for the FYE 31 March 2023 presented by Crowe Malaysia PLT ("Crowe") at the meeting held on 26 May 2023.
- b) The AC evaluated the performance of the External Auditors covering areas such as caliber, quality processes, audit team, independence, audit scope and audit communication as well as the audit fees. Based on the evaluation, the AC had recommended to the Board for approval, the re-appointment of the External Auditors for the FYE 2024 at its meeting held on 26 May 2023.
- c) The AC had reviewed and discussed the Audit Planning Memorandum for the FYE 31 March 2024 with Crowe at the meeting held on 23 February 2024.

5. Internal Audit

- a) The AC had reviewed the findings and results of the Internal Audit Reports together with the recommendations from Sterling Business Alignment Consulting Sdn. Bhd. ("Sterling" or "Internal Auditor"). The AC considered Sterling's recommendations and considered the Management's responses and made appropriate advice to the Management on issues which require adoption and improvement.
- b) At the meeting held on 26 May 2023, the AC had undertaken an assessment of the performance of Sterling and was satisfied with the competency, experience and resources of Sterling and the Internal Audit Function for discharging its role and responsibilities.

6. Conflict of interest

There was no conflict of interest or potential conflict of interest situation during the FYE 2024.

4. INTERNAL AUDIT FUNCTION

The Group's Internal Audit function is outsourced to Sterling. They assist the AC and the Board in providing independent assessment on the adequacy, efficiency and its effectiveness of the Group's internal control system. The internal audit processes were mainly:

- To review the adequacy and test the integrity of internal controls;
- To assess the compliance with policies and procedures and recommended best practices; and
- To review and identify any potential areas of weaknesses for improvement in the effectiveness and efficiency of the processes (if any).

The Internal Auditor reports directly to the AC.

The Internal Auditor is guided by the Professional Practices Framework by the Institute of Internal Auditors. Observations and findings from the audit reviews, including the recommended corrective actions were discussed with the Management. The internal audit report together with the Management's response and proposed corrective action plans were then presented to the AC for their review during the quarterly meetings. Follow-up reviews were also conducted and monitored to ensure corrective actions have been implemented by the Management.

The fees incurred for the outsourcing of the internal audit function for the FYE 2024 was RM32,000.

Additional Compliance Information

AUDIT AND NON-AUDIT FEES

The amount of audit fees and non-audit fees paid or payable to the Company's External Auditors by the Group and the Company for the financial year ended 31 March 2024 are as follows:

	Group RM'000	Company RM'000
Audit services rendered	175	20
Non-audit services rendered	5	5
Total	180	25

MATERIAL CONTRACTS

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

MATERIAL CONTRACTS RELATING TO LOANS

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

RECURRENT RELATED PARTY TRANSACTIONS ("RRPTs")

The breakdown of the aggregate value of the RRPTs made during the financial year ended 31 March 2024 is as follows:

Nature of RRPTs	Transacting Related Parties		Relationship of Related Parties with SDS Group Berhad ("SDSG")	Aggregate value of RRPT for 31 March 2024 (RM'000)
	Provider	Recipient		
1. Rental expense of premises	KS Tan Properties Sdn. Bhd.	SDS Food Manufacturing Sdn. Bhd.	Tan Kim Seng is Director and Substantial Shareholder of SDSG and KS Tan Properties Sdn. Bhd. respectively. Tan Kee Jin is a Director of SDSG and the son of Tan Kim Seng.	48
2. Rental expense of premises	SDS Tan Properties Sdn. Bhd.	<ul style="list-style-type: none"> SDS Top Baker Sdn. Bhd. SDS Bakery & Cafeteria Sdn. Bhd. Daily Bakery Sdn. Bhd. 	Tan Kim Seng and Tan Kim Chai are Directors and Substantial Shareholders of SDSG and SDS Tan Properties Sdn. Bhd. respectively. Tan Kee Jin is a Director of SDSG and the son of Tan Kim Seng.	448

Additional Compliance Information

Nature of RRPTs	Transacting Related Parties		Relationship of Related Parties with SDS Group Berhad ("SDSG")	Aggregate value of RRPT for 31 March 2024 (RM'000)
	Provider	Recipient		
3. Rental expense of premises	Ng Chau Meng	SDS Top Baker Sdn. Bhd.	Ng Chau Meng is the spouse of Tan Kim Chai who is Director and Substantial Shareholder of SDSG.	18
4. Rental expense of premises	Tan Yon Haw		Tan Yon Haw is a Director of SDSG.	22
5. Rental expense of premises	Pua Geok Hong		Pua Geok Hong is the spouse of Tan Kim Seng who is Director and Substantial Shareholder of SDSG. Tan Kee Jin is a Director of SDSG and the son of Tan Kim Seng and Pua Geok Hong.	22

Directors' Responsibility Statement for the Audited Financial Statements

(Pursuant to Paragraph 15.26(a) of the Main Market Listing Requirements)

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

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

In preparing the financial statements, the Directors have:

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

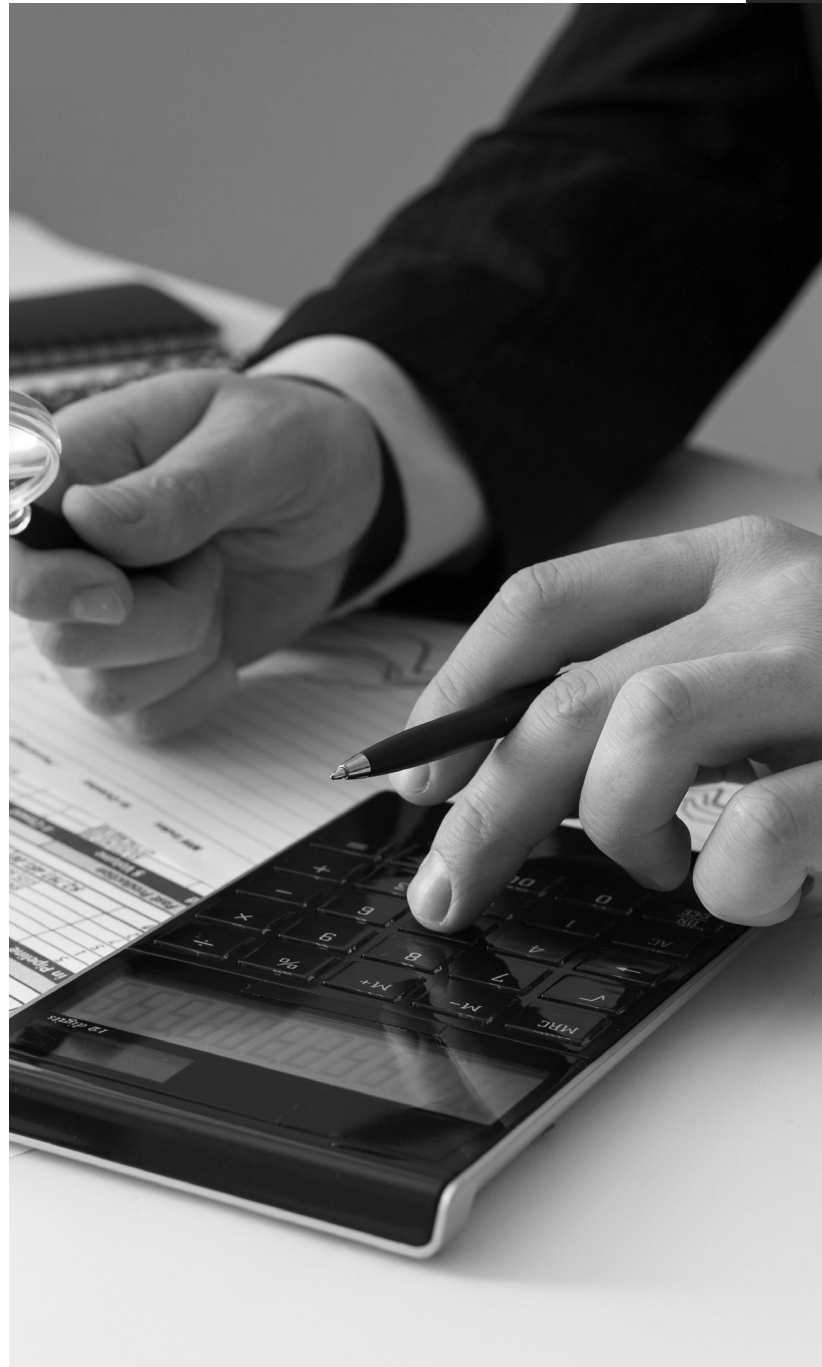
The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling the Company to ensure the financial statements comply with the Act.

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

Financial Statements

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Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2024.

PRINCIPAL ACTIVITIES

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

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

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

RESULTS

	The Group RM'000	The Company RM'000
Profit after taxation for the financial year	32,886	8,893
Attributable to:-		
Owners of the Company	32,551	8,893
Non-controlling interests	335	-
	32,886	8,893

DIVIDENDS

Dividends paid or declared by the Company since 31 March 2023 are as follows:-

	RM'000
<u>In respect of the financial year 31 March 2023</u>	
A second interim single tier dividend of 0.75 sen per ordinary share, paid on 3 July 2023	3,072
<u>In respect of the financial year 31 March 2024</u>	
A first interim single tier dividend of 0.35 sen per ordinary share, paid on 29 September 2023	1,434
A second interim single tier dividend of 0.60 sen per ordinary share, paid on 26 December 2023	2,457
A third interim single tier dividend of 0.35 sen per ordinary share, paid on 25 March 2024	1,434
	8,397

On 24 May 2024, the Company declared fourth interim single tier dividend of 0.35 sen per ordinary share amounting to RM1,433,708 in respect of the current financial year, paid on 24 June 2024, to shareholders whose names appeared in the record of depositors on 11 June 2024. The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 March 2025.

Directors' Report

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

Directors' Report

CONTINGENT AND OTHER LIABILITIES

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

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

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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

DIRECTORS

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

Dr. Lim Pang Kiam
Tan Kim Seng
Tan Kim Chai
Tan Yon Haw
Tan Kee Jin
Phang Sze Fui (Resigned on 30.6.2024)
Dato' Albert Ding Choo Earn
Patricia Rangene Packium
Lee Yee Ling

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

Lee Mok Koon
Tan Yong Thye (Resigned on 21.11.2023)
Teou Chau Hoyk

Directors' Report

DIRECTORS' INTERESTS

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

The Company	Number of Ordinary Shares			
	At 1.4.2023	Bought	Sold	At 31.3.2024
<i>Direct Interests</i>				
Tan Kim Seng	99,040,780	-	-	99,040,780
Tan Kim Chai	98,885,580	-	-	98,885,580
Tan Yon Haw	19,116,970	-	-	19,116,970
Tan Kee Jin	1,131,800	-	-	1,131,800
Dato' Albert Ding Choo Earn	70,000	-	(20,000)	50,000
Dr. Lim Pang Kiam	-	37,000	-	37,000
<i>Indirect Interests</i>				
Tan Kim Seng [#]	4,941,620	1,870,000	-	6,811,620
Tan Kim Chai [^]	1,691,620	-	-	1,691,620

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

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

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from the following transactions:-

	The Group RM'000
Lease paid/payable to companies in which certain directors have controlling interests	496
Lease paid/payable to a Director	22
Lease paid/payable to Directors' family member	40

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

Directors' Report

DIRECTORS' REMUNERATION

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

	The Group RM'000	The Company RM'000
Fees	213	213
Salaries, bonuses and other benefits	2,990	25
Defined contribution benefits	351	-
	3,554	238

INDEMNITY AND INSURANCE COST

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

SUBSIDIARIES

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

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

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

Directors' Report

AUDITORS

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

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

	The Group RM'000	The Company RM'000
Audit fees	175	20
Non-audit fees	5	5
	180	25

Signed in accordance with a resolution of the directors dated 19 July 2024.

Tan Kim Chai

Tan Kim Seng

Statement by Directors

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

We, Tan Kim Chai and Tan Kim Seng, being two of the directors of SDS Group Berhad, state that, in the opinion of the directors, the financial statements set out on pages 81 to 133 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2024 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 19 July 2024.

Tan Kim Chai

Tan Kim Seng

Statutory Declaration

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

I, Tan Kee Meng, MIA Membership Number: 42904, being the officer primarily responsible for the financial management of SDS Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 81 to 133 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Tan Kee Meng
at Johor Bahru
in the State of Johor
on this 19 July 2024.

Before me

Tan Kee Meng

Independent Auditors' Report to the Members of SDS Group Berhad

(Incorporated in Malaysia)

Registration No: 201701026951 (1241117-T)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of SDS Group Berhad, which comprise the statements of financial position as at 31 March 2024 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 81 to 133.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Independent Auditors' Report to the Members of SDS Group Berhad

(Incorporated in Malaysia)

Registration No: 201701026951 (1241117-T)

Key Audit Matters (Cont'd)

Revenue Recognition Refer to Notes 4.9 and 22 to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
<p>Total revenue of the Group for the financial year ended 31 March 2024 amounted to RM324.06 million, which represents the most significant amount in the financial statements.</p> <p>We identified this area as our key audit matter due to the voluminous transactions, whereby there is a risk that revenue may be over or understated intentionally or unintentionally.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> • Tested the business process controls over the timing for the recognition of revenue and the amount of revenue recognised; • Tested sales transactions recorded to the relevant documents which evidenced the delivery of goods to customers as an indication of transfer of control on goods to ascertain validity of sales; and • Tested the recording of sales transactions close to the financial year end, including test of revenue cut-off and review of credit notes issued after the financial year ended, to establish whether the transactions were recorded in the correct reporting period.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the Financial Statements

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

Independent Auditors' Report to the Members of SDS Group Berhad

(Incorporated in Malaysia)

Registration No: 201701026951 (1241117-T)

Responsibilities of the Directors for the Financial Statements (Cont'd)

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Independent Auditors' Report to the Members of SDS Group Berhad

(Incorporated in Malaysia)

Registration No: 201701026951 (1241117-T)

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

OTHER MATTERS

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

Crowe Malaysia PLT

201906000005 (LLP0018817-LCA) & AF 1018

Chartered Accountants

Johor Bahru

19 July 2024

Tan Lin Chun

02839/10/2025 J

Chartered Accountant

Statements of Financial Position

As at 31 March 2024

	Note	The Group		The Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	34,877	32,877
Property, plant and equipment	6	120,684	95,068	-	-
Right-of-use assets	7	15,368	11,492	-	-
Amount owing by subsidiaries	8	-	-	2,800	5,200
Goodwill	9	162	162	-	-
Deferred tax assets	10	24	20	-	-
		136,238	106,742	37,677	38,077
CURRENT ASSETS					
Inventories	11	8,597	7,339	-	-
Trade receivables	12	13,051	11,129	-	-
Other receivables, deposits and prepayments	13	5,383	8,849	22	264
Amount owing by subsidiaries	8	-	-	2,926	1,530
Current tax assets		177	295	-	-
Cash and bank balances		29,975	27,519	14,268	14,567
		57,183	55,131	17,216	16,361
TOTAL ASSETS		193,421	161,873	54,893	54,438

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

Statements of Financial Position

As at 31 March 2024

	Note	The Group		The Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	14	54,413	54,413	54,413	54,413
Reserves	15	73,364	49,013	377	(119)
Equity attributable to owners of the Company		127,777	103,426	54,790	54,294
Non-controlling interests		742	652	-	-
TOTAL EQUITY		128,519	104,078	54,790	54,294
NON-CURRENT LIABILITIES					
Lease liabilities	16	9,995	7,391	-	-
Term loans	17	3,461	3,787	-	-
Deferred tax liabilities	18	7,006	4,931	-	-
Contract liabilities	19	421	341	-	-
		20,883	16,450	-	-
CURRENT LIABILITIES					
Trade payables	20	23,933	24,069	-	-
Other payables and accruals	21	11,324	10,676	94	137
Lease liabilities	16	5,588	4,684	-	-
Term loans	17	577	603	-	-
Contract liabilities	19	699	548	-	-
Current tax liabilities		1,898	765	9	7
		44,019	41,345	103	144
TOTAL LIABILITIES		64,902	57,795	103	144
TOTAL EQUITY AND LIABILITIES		193,421	161,873	54,893	54,438

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

Statements of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 31 March 2024

	Note	The Group		The Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue	22	324,063	283,667	9,035	2,000
Cost of sales		(214,009)	(194,375)	-	-
Gross profit		110,054	89,292	9,035	2,000
Other income		1,408	1,119	821	684
Administrative expenses		(17,508)	(14,230)	(462)	(381)
Selling and distribution expenses		(48,724)	(41,636)	-	-
Other operating expenses		(1,068)	(892)	(384)	(482)
Finance costs		(872)	(886)	-	-
Profit before taxation	23	43,290	32,767	9,010	1,821
Income tax expense	24	(10,404)	(7,930)	(117)	(111)
Profit after taxation		32,886	24,837	8,893	1,710
Other comprehensive income					
Item that will be reclassified subsequently to profit or loss					
Foreign currency translation differences		197	145	-	-
Total comprehensive income for the financial year		33,083	24,982	8,893	1,710
PROFIT AFTER TAXATION					
ATTRIBUTABLE TO:-					
Owners of the Company		32,551	24,529	8,893	1,710
Non-controlling interests		335	308	-	-
		32,886	24,837	8,893	1,710
TOTAL COMPREHENSIVE INCOME					
ATTRIBUTABLE TO:-					
Owners of the Company		32,748	24,674	8,893	1,710
Non-controlling interests		335	308	-	-
		33,083	24,982	8,893	1,710
EARNINGS PER SHARE (SEN)					
Basic / Diluted	25	7.95	6.00		

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

Statements of Changes in Equity

For the Financial Year Ended 31 March 2024

The Group	Note	Share Capital RM'000	Non-Distributable			Distributable		Attributable to Owners of the Company RM'000	Non- controlling Interests RM'000	Total Equity RM'000
			Merger Deficit RM'000	Foreign Exchange Translation Reserve RM'000		Retained Profits RM'000				
Balance at 1.4.2023		54,413	(27,760)	661		76,112		103,426	652	104,078
Profit after taxation for the financial year		-	-	-		32,551		32,551	335	32,886
Other comprehensive income for the financial year:										
- Foreign currency translation differences		-	-	197		-		197	-	197
Total comprehensive income for the financial year		-	-	197		32,551		32,748	335	33,083
Distribution to owners of the Company:										
Dividends:										
- by the Company	26	-	-	-		(8,397)		(8,397)	-	(8,397)
- by the subsidiary to non-controlling interests		-	-	-		-		-	(245)	(245)
Balance at 31.3.2024		54,413	(27,760)	858		100,266		127,777	742	128,519

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

Statements of Changes in Equity

For the Financial Year Ended 31 March 2024

The Group	Note	Share Capital RM'000	Non-Distributable			Distributable		Attributable to Owners of the Company RM'000	Non- controlling Interests RM'000	Total Equity RM'000
			Merger Deficit RM'000	Foreign Exchange Translation Reserve RM'000		Retained Profits RM'000				
Balance at 1.4.2022		53,111	(27,760)	516		55,660		81,527	344	81,871
Profit after taxation for the financial year		-	-	-		24,529		24,529	308	24,837
Other comprehensive income for the financial year:										
- Foreign currency translation differences		-	-	145		-		145	-	145
Total comprehensive income for the financial year		-	-	145		24,529		24,674	308	24,982
Contribution by and distribution to owners of the Company:										
- Issuance of shares	14	1,447	-	-		-		1,447	-	1,447
- Dividend	26	-	-	-		(4,077)		(4,077)	-	(4,077)
Total transactions with owners		1,447	-	-		(4,077)		(2,630)	-	(2,630)
Listing expenses	14	(145)	-	-		-		(145)	-	(145)
Balance at 31.3.2023		54,413	(27,760)	661		76,112		103,426	652	104,078

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

Statements of Changes in Equity

For the Financial Year Ended 31 March 2024

The Company	Note	Share Capital RM'000	Retained Profits/ (Accumulated Losses) RM'000	Total Equity RM'000
Balance at 1.4.2022		53,111	2,248	55,359
Profit after taxation/Total comprehensive income for the financial year		-	1,710	1,710
Contribution by and distribution to owners of the Company:				
- Issuance of shares	14	1,447	-	1,447
- Dividends	26	-	(4,077)	(4,077)
Total transactions with owners		1,447	(4,077)	(2,630)
Listing expenses	14	(145)	-	(145)
Balance at 31.3.2023/1.4.2023		54,413	(119)	54,294
Profit after taxation/Total comprehensive income for the financial year		-	8,893	8,893
Distribution to owners of the Company:				
- Dividends	26	-	(8,397)	(8,397)
Balance at 31.3.2024		54,413	377	54,790

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

Statements of Cash Flows

For the Financial Year Ended 31 March 2024

	Note	The Group		The Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit before taxation		43,290	32,767	9,010	1,821
Adjustments for:-					
Bad debts written off		1	-	-	-
Deposit written off		291	-	-	-
Depreciation of property, plant and equipment		12,127	9,780	-	-
Depreciation of right-of-use assets		5,670	5,443	-	-
Impairment losses on trade receivables	12	81	-	-	-
Interest expense on lease liabilities		683	506	-	-
Inventories written down	11	83	-	-	-
Other interest expense		188	379	-	-
Property, plant and equipment written off		161	292	-	-
Unrealised loss on foreign exchange		6	22	-	-
Dividend income		-	-	(9,035)	(2,000)
Gain on disposal of property, plant and equipment		(191)	(43)	-	-
Gain on disposal of short-term investment		(311)	(203)	(311)	(203)
Gain on lease termination		(24)	(161)	-	-
Interest income		(432)	(345)	(510)	(475)
Operating profit/(loss) before working capital changes		61,623	48,437	(846)	(857)
Increase in inventories		(1,341)	(697)	-	-
(Increase)/Decrease in trade and other receivables		(2,042)	(1,819)	242	(175)
Increase/(Decrease) in trade and other payables		2,033	5,292	(43)	(149)
Increase in contract liabilities		231	286	-	-
CASH FROM/(FOR) OPERATIONS		60,504	51,499	(647)	(1,181)
Income tax paid		(7,722)	(4,936)	(115)	(124)
Income tax refunded		624	129	-	16
NET CASH FROM/(FOR) OPERATING ACTIVITIES		53,406	46,692	(762)	(1,289)

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

Statements of Cash Flows

For the Financial Year Ended 31 March 2024

	Note	The Group		The Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Deposit paid for future purchase of property, plant and equipment		(293)	(4,315)	-	-
Dividends received		-	-	9,035	4,310
Interest received		432	345	514	472
Subscription of additional shares in an existing subsidiary	5(b)	-	-	(2,000)	-
Net repayment from subsidiaries		-	-	1,000	2,100
Placement of short-term investment		(18,000)	(17,000)	(18,000)	(17,000)
Proceeds from disposal of property, plant and equipment:					
- current financial year		172	45	-	-
- previous financial year		12	-	-	-
Purchase of property, plant and equipment:	27(a)				
- current financial year		(34,003)	(14,545)	-	-
- previous financial year		(1,915)	(559)	-	-
Withdrawal of short-term investment		18,311	17,203	18,311	17,203
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(35,284)	(18,826)	8,860	7,085
CASH FLOWS FOR FINANCING ACTIVITIES					
Dividend paid to non-controlling interests		(245)	-	-	-
Dividends paid to shareholders of the Company	26	(8,397)	(4,077)	(8,397)	(4,077)
Drawdown of term loans	27(b)	600	1,400	-	-
Interest paid		(871)	(885)	-	-
Payment of listing expenses		-	(145)	-	(145)
Proceeds from issuance of shares		-	1,447	-	1,447
Repayment of lease liabilities	27(b)	(6,014)	(5,970)	-	-
Repayment of term loans	27(b)	(952)	(12,368)	-	-
NET CASH FOR FINANCING ACTIVITIES		(15,879)	(20,598)	(8,397)	(2,775)
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES					
		2,243	7,268	(299)	3,021
EFFECT OF FOREIGN EXCHANGE TRANSLATION		213	133	-	-
CASH AND BANK BALANCES AT BEGINNING OF THE FINANCIAL YEAR		27,519	20,118	14,567	11,546
CASH AND BANK BALANCES AT END OF THE FINANCIAL YEAR		29,975	27,519	14,268	14,567

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

Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

1. GENERAL INFORMATION

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

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

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

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 19 July 2024.

2. PRINCIPAL ACTIVITIES

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

3. BASIS OF PREPARATION

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

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

MFRSs (Including The Consequential Amendments)

Amendments to MFRS 101: Disclosure of Accounting Policies

Amendments to MFRS 108: Definition of Accounting Estimates

Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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

Amendments to MFRS 101: Disclosure of Accounting Policies

The Amendments to MFRS 101 'Disclosure of Accounting Policies' did not result in any changes to the existing accounting policies of the Group and of the Company. However, the amendments require the disclosure of 'material' rather than 'significant' accounting policies and provide guidance on how entities apply the concept of materiality in making decisions about the material accounting policy disclosures. The Group and the Company have made updates to the accounting policies presented in Note 4 to the financial statements in line with the amendments.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

3. BASIS OF PREPARATION (CONT'D)

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

MFRSs (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025

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

4. MATERIAL ACCOUNTING POLICY INFORMATION

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

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

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

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

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

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

Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(c) Write-down of Inventories

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

(d) Impairment of Trade Receivables

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

(e) Income Taxes

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

(f) Discount Rates used in Leases

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

Critical Judgements Made in Applying Accounting Policies

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

Lease Terms

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

Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.2 BASIS OF CONSOLIDATION

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

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

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

4.3 FINANCIAL INSTRUMENTS

(a) Financial Assets

Financial Assets at Amortised Cost

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

(b) Financial Liabilities

Financial Liabilities at Amortised Cost

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

(c) Equity

Ordinary Shares

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

Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.3 FINANCIAL INSTRUMENTS (CONT'D)

(d) Financial Guarantee Contracts

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

4.4 GOODWILL

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

4.5 INVESTMENTS IN SUBSIDIARIES

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

4.6 PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

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

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

(b) Right-of-use Assets

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

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

(c) Lease Liabilities

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

4.8 INVENTORIES

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

4.9 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

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

Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.9 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

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

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

(a) Sale of Goods with Cash Term

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

(b) Sale of Goods with Credit Term

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

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

(c) Rendering of Licensing Services

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

(d) Rendering of Outlet Management and Consultancy Services

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

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

(e) Dividend Income

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

(f) Membership Fee

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

Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2024 RM'000	2023 RM'000
Unquoted shares, at cost		
At 1 April	32,877	32,877
Add: Acquisition during the year	2,000	-
At 31 March	34,877	32,877

The details of the subsidiaries are as follows:-

Name of Subsidiaries	Principal Place of Business and Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2024 %	2023 %	
Subsidiaries of the Company				
SDS Food Manufacturing Sdn. Bhd. ("SDS Food")	Malaysia	100	100	Manufacturing and distributing of bakery products
SDS Enterprise Sdn. Bhd. ("SDS Enterprise")	Malaysia	100	100	Licensors of food & beverage ("F&B") outlets
Super Arrow Trading Pte. Ltd. ("Super Arrow") ^	Singapore	100	100	Wholesale of bakery products in Singapore
Subsidiaries of SDS Food				
SDS Top Baker Sdn. Bhd. ("SDS Top Baker")	Malaysia	100	100	Manufacturing and distributing of bakery products
SDS Bakery & Cafeteria Sdn.Bhd. ("SDS B&C")	Malaysia	100	100	Operator of F&B outlets
Daily Bakery Sdn. Bhd. ("Daily Bakery")	Malaysia	100	100	Manufacturing and distributing of bakery products
Subsidiary of SDS B&C				
City Cake House Sdn. Bhd. ("City Cake")	Malaysia	51	51	Operator of F&B outlet

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

Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

	Effective Equity Interest		The Group	
	2024 %	2023 %	2024 RM'000	2023 RM'000
City Cake	49	49	742	652

- Summarised financial information of non-controlling interests has not been presented as the non-controlling interests of the subsidiary are not material to the Group.
- (b) During the current financial year, the Company subscribed an additional 2,000,000 ordinary shares in a wholly-owned subsidiary, SDS Food for a total cash consideration of RM2,000,000. The subscription did not change the percentage of shareholding effectively held by the Company.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

6. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.4.2023 RM'000	Additions (Note 27(a)) RM'000	Disposals RM'000	Written Off (Note 23) RM'000	Depreciation Charges (Note 23) RM'000	At 31.3.2024 RM'000
2024						
Carrying Amount						
Freehold land	17,808	14,404	-	-	-	32,212
Buildings	20,395	3,146	-	-	(533)	23,008
Motor vehicles	9,167	6,039	(32)	-	(3,302)	11,872
Office equipment, furniture, fittings and renovation	15,251	4,806	-	(62)	(2,984)	17,011
Plant, machinery and factory equipment	32,447	6,905	(13)	(99)	(5,308)	33,932
Capital work-in-progress	-	2,649	-	-	-	2,649
	95,068	37,949	(45)	(161)	(12,127)	120,684

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Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

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

The Group	At 1.4.2022 RM'000	Additions (Note 27(a)) RM'000	Disposals RM'000	Written Off (Note 23) RM'000	Depreciation Charges (Note 23) RM'000	Transfer from Right-of-use Assets (Note 7) RM'000	Reclassification RM'000	At 31.3.2023 RM'000
2023								
<i>Carrying Amount</i>								
Freehold land	17,808	-	-	-	-	-	-	17,808
Buildings	20,894	-	-	-	(499)	-	-	20,395
Motor vehicles	3,863	6,437	-	-	(2,038)	905	-	9,167
Office equipment, furniture, fittings and renovation	12,660	5,397	-	(290)	(2,516)	-	-	15,251
Plant, machinery and factory equipment	29,805	5,235	(14)	(2)	(4,727)	1,679	471	32,447
Capital work-in-progress	471	-	-	-	-	-	(471)	-
	85,501	17,069	(14)	(292)	(9,780)	2,584	-	95,068

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Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

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

The Group	At Cost RM'000	Accumulated Depreciation and Impairment Losses RM'000	Carrying Amount RM'000
2024			
Freehold land	32,212	-	32,212
Buildings	28,890	(5,882)	23,008
Motor vehicles	45,177	(33,305)	11,872
Office equipment, furniture, fittings and renovation	39,296	(22,285)	17,011
Plant, machinery and factory equipment	82,040	(48,108)	33,932
Capital work-in-progress	2,649	-	2,649
	230,264	(109,580)	120,684
2023			
Freehold land	17,808	-	17,808
Buildings	25,744	(5,349)	20,395
Motor vehicles	39,957	(30,790)	9,167
Office equipment, furniture, fittings and renovation	36,028	(20,777)	15,251
Plant, machinery and factory equipment	75,494	(43,047)	32,447
	195,031	(99,963)	95,068

Included in the property, plant and equipment of the Group are freehold land and buildings pledged to licensed banks as security for banking facilities granted to the Group with carrying amount of RM14,641,000 and RM17,162,803 (2023 - RM17,808,403 and RM20,394,885) as disclosed in Note 17 to the financial statements.

Included in the property, plant and equipment of the Group are motor vehicles and plant, machinery and factory equipment held under hire purchase arrangements with a total carrying amount of RM10,505 and RM Nil (2023 - RM282,160 and RM58,638) respectively. These assets have had been pledged as security for the hire purchase payables of the Group as disclosed in Note 16 to the financial statements.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

7. RIGHT-OF-USE ASSETS

The Group	At 1.4.2023 RM'000	Additions (Note 16) RM'000	Derecognition Due to Lease Termination RM'000	Modification of Lease Liabilities (Note 16) RM'000	Depreciation Charges (Note 23) RM'000	At 31.3.2024 RM'000
2024						
<i>Carrying Amount</i>						
Leasehold land	448	-	-	-	(8)	440
Buildings	39	-	-	-	(4)	35
Electrical equipment	147	51	-	-	(145)	53
Retail outlets, depots and hostels	10,858	5,702	(426)	4,219	(5,513)	14,840
	11,492	5,753	(426)	4,219	(5,670)	15,368
2023						
<i>Carrying Amount</i>						
Leasehold land	455	-	-	(7)	-	448
Buildings	44	-	-	(5)	-	39
Motor vehicles	1,861	-	-	(956)	(905)	-
Plant, machinery and factory equipment	1,794	-	-	(115)	(1,679)	-
Electrical equipment	-	257	-	(110)	-	147
Retail outlets, depots and hostels	10,480	4,510	(810)	928	(4,250)	10,858
	14,634	4,767	(810)	928	(5,443)	11,492

Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

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

	The Group	
	2024 RM'000	2023 RM'000
Analysed by:-		
Cost	28,160	21,898
Accumulated depreciation	(12,792)	(10,406)
	15,368	11,492

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

- | | |
|---|---|
| (i) Leasehold land and building | The remaining lease period of the leasehold land and building is 61 years, which is expiring in 2085. |
| (ii) Electrical equipment, retail outlets, depots and hostels | The Group has leased a number of electrical equipment, retail outlets, depots and hostels that run between 1 to 6 years, with an option to renew the lease after that date. |

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

- (b) The leasehold land and building have been pledged to licensed banks as security for banking facilities granted to a subsidiary of the Group as disclosed in Note 17 to the financial statements.

8. AMOUNT OWING BY SUBSIDIARIES

	The Company	
	2024 RM'000	2023 RM'000
<u>Non-current</u>		
Non-trade balance	2,800	5,200
<u>Current</u>		
Non-trade balances	2,926	1,530
	5,726	6,730

- (a) The non-trade balance (non-current) represents unsecured advances which are repayable within financial year 2026 to 2027 (2023 – 2025 to 2028) and bore effective interest rate of 5.34% (2023 – 5.13%) per annum. The amount owing is to be settled in cash.

- (b) The non-trade balances (current) represent advances and interest charged for advances. The advances bore effective interest rate of 5.34% (2023 – 5.13%) per annum. The amounts owing are to be settled in cash.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

9. GOODWILL

	The Group	
	2024 RM'000	2023 RM'000
Cost:-		
At 1 April / 31 March	162	162

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

	The Group	
	2024 RM'000	2023 RM'000
SDS Top Baker	162	162

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

10. DEFERRED TAX ASSETS

The Group	At 1.4.2023 RM'000	Recognised in Profit or Loss (Note 24) RM'000	At 31.3.2024 RM'000
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2024

Deferred Tax Asset

Contract liabilities	20	4	24
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The Group	At 1.4.2022 RM'000	Recognised in Profit or Loss (Note 24) RM'000	At 31.3.2023 RM'000
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2023

Deferred Tax Liabilities

Property, plant and equipment	(2,902)	2,902	-
Right-of-use assets	(54)	54	-
	(2,956)	2,956	-

Deferred Tax Assets

Unabsorbed capital allowances	16	(16)	-
Unabsorbed reinvestment allowance	3,642	(3,642)	-
Unused tax losses	102	(102)	-
Contract liabilities	12	8	20
Lease liabilities	57	(57)	-
	3,829	(3,809)	20
	873	(853)	20

Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

11. INVENTORIES

	The Group	
	2024 RM'000	2023 RM'000
Raw materials	7,789	6,768
Finished goods	936	616
	8,725	7,384
Less: Inventories written down	(128)	(45)
	8,597	7,339
Recognised in profit or loss:-		
Inventories recognised as cost of sales	193,953	178,571
Inventories written down (Note 23)	83	-
Movement for inventories written down:-		
At 1 April	45	45
Addition during the financial year	83	-
At 31 March	128	45

12. TRADE RECEIVABLES

	The Group	
	2024 RM'000	2023 RM'000
Trade receivables	13,134	11,131
Allowance for impairment losses	(83)	(2)
	13,051	11,129
Allowance for impairment losses:-		
At 1 April	2	11
Addition during the financial year (Note 23)	81	-
Reversal during the financial year (Note 23)	-	(5)
Written off during the financial year	-	(4)
At 31 March	83	2

The Group's normal trade credit terms range from 7 to 60 (2023 – 7 to 60) days.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Other receivables	18	8	-	-
Deposits	3,583	7,051	2	2
Prepayments	1,782	1,790	20	262
	5,383	8,849	22	264

Included in deposits of the Group at the end of the reporting period is an amount of RM1,053,423 (2023 – RM4,656,355) which represents downpayment paid for future purchase of property, plant and equipment.

14. SHARE CAPITAL

	The Group/The Company			
	2024	2023	2024	2023
	Number of Shares ('000)		RM'000	RM'000
Issued and Fully Paid-Up				
Ordinary Shares				
At 1 April	409,631	405,824	54,413	53,111
Issuance of shares	-	3,807	-	1,447
Listing expenses	-	-	-	(145)
At 31 March	409,631	409,631	54,413	54,413

In the previous financial year, the Company issued 3,806,865 new ordinary shares at a price of RM0.38 per ordinary share.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

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

15. RESERVES

(a) Merger Deficit

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

Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

15. RESERVES (CONT'D)

(b) Foreign Exchange Translation Reserve

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

16. LEASE LIABILITIES

The Group	Rental RM'000	Hire purchase RM'000	Total RM'000
At 1 April 2023	11,618	457	12,075
Additions (Notes 7 and 27(b))	5,753	-	5,753
Interest expense recognised in profit or loss (Note 23)	672	11	683
Modification of lease (Note 7 and 27(b))	4,219	-	4,219
Derecognition due to lease termination (Note 27(b))	(450)	-	(450)
Repayment of principal	(5,568)	(446)	(6,014)
Repayment of interest expense	(672)	(11)	(683)
At 31 March 2024	15,572	11	15,583
At 1 April 2022	11,261	2,060	13,321
Additions (Notes 7 and 27(b))	4,767	-	4,767
Interest expense recognised in profit or loss (Note 23)	447	59	506
Modification of lease (Note 7 and 27(b))	928	-	928
Derecognition due to lease termination (Note 27(b))	(971)	-	(971)
Repayment of principal	(4,367)	(1,603)	(5,970)
Repayment of interest expense	(447)	(59)	(506)
At 31 March 2023	11,618	457	12,075

	2024 RM'000	2023 RM'000
Analysed by:-		
Current liabilities	5,588	4,684
Non-current liabilities	9,995	7,391
	15,583	12,075

Certain lease liabilities of the Group are secured by the Group's motor vehicles and plant, machinery and factory equipment under hire purchase arrangements as disclosed in Note 6 to the financial statements, with lease terms of 5 years (2023 – ranging from 3 to 5 years) and bear effective interest rates of 5.82% (2023 – ranging from 1.08% to 6.38%) per annum.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

17. TERM LOANS

	The Group	
	2024 RM'000	2023 RM'000
Current liabilities	577	603
Non-current liabilities	3,461	3,787
	4,038	4,390

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

The above floating rate term loans of the Group bore effective interest rates ranging from 4.42% to 4.52% (2023 – 4.17% to 4.47%) per annum.

18. DEFERRED TAX LIABILITIES

The Group	At 1.4.2023 RM'000	Recognised in Profit or Loss (Note 24) RM'000	At 31.3.2024 RM'000
2024			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment *	8,390	815	9,205
Unrealised foreign exchange gain	-	5	5
Right-of-use assets	2,697	912	3,609
	11,087	1,732	12,819
<i>Deferred Tax Assets</i>			
Unabsorbed reinvestment allowance	(3,114)	1,318	(1,796)
Lease liabilities	(2,845)	(927)	(3,772)
Unrealised foreign exchange loss	(3)	3	-
Contract liabilities	(194)	(51)	(245)
	(6,156)	343	(5,813)
	4,931	2,075	7,006

Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

18. DEFERRED TAX LIABILITIES (CONT'D)

The Group	At 1.4.2022 RM'000	Recognised in Profit or Loss (Note 24) RM'000	At 31.3.2023 RM'000
2023			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment *	4,132	4,258	8,390
Unrealised foreign exchange gain	1	(1)	-
Right-of-use assets	2,461	236	2,697
	6,594	4,493	11,087
<i>Deferred Tax Assets</i>			
Unabsorbed reinvestment allowance	(176)	(2,938)	(3,114)
Lease liabilities	(2,646)	(199)	(2,845)
Unrealised foreign exchange loss	-	(3)	(3)
Contract liabilities	-	(194)	(194)
	(2,822)	(3,334)	(6,156)
	3,772	1,159	4,931

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

19. CONTRACT LIABILITIES

	The Group	
	2024 RM'000	2023 RM'000
Current liabilities	699	548
Non-current liabilities	421	341
	1,120	889

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

20. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 14 to 150 (2023 – 14 to 150) days.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

21. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Other payables:-				
Third parties	3,830	4,914	2	2
Goods and services tax payable	113	365	-	-
Sales and service tax payable	467	51	-	-
	4,410	5,330	2	2
Deposits received	192	186	-	-
Accruals	1,212	1,179	92	135
Payroll liabilities	5,510	3,981	-	-
	11,324	10,676	94	137

22. REVENUE

	The Group		The Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue from Contracts with Customers				
<u>Recognised at a point in time</u>				
Sales of goods	322,515	282,556	-	-
Others	577	410	-	-
	323,092	282,966	-	-
<u>Recognised over time</u>				
License fee	33	29	-	-
Membership fee	938	672	-	-
	971	701	-	-
	324,063	283,667	-	-
Revenue from Other Sources				
Dividend income	-	-	9,035	2,000
	324,063	283,667	9,035	2,000

The information on the disaggregation of revenue by geographical market is disclosed in Note 30.2 to the financial statements.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

23. PROFIT BEFORE TAXATION

	The Group		The Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit before taxation is arrived at:-				
<i>After Charging</i>				
Auditors' remuneration:				
- audit fees:				
- auditors of the Company	175	175	20	20
- other auditors	24	23	-	-
- non-audit fee:				
- auditors of the Company				
- current financial year	5	5	5	5
- under provision in the previous financial year	-	2	-	2
Bad debts written off	1	-	-	-
Deposit written off	291	-	-	-
Depreciation:				
- property, plant and equipment (Note 6)	12,127	9,780	-	-
- right-of-use assets (Note 7)	5,670	5,443	-	-
Impairment loss on trade receivables (Note 12)	81	-	-	-
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- bank overdrafts	*	1	-	-
- bankers' acceptance	1	-	-	-
- term loans	187	379	-	-
Interest expense on lease liabilities (Note 16)	683	506	-	-
Inventories written down (Note 11)	83	-	-	-
Lease expenses:				
- short-term leases	891	1,349	-	-
- low-value assets	38	37	-	-
- variable lease payments	749	465	-	-
Loss on foreign exchange:				
- realised	145	97	-	-
- unrealised	6	22	-	-
Property, plant and equipment written off (Note 6)	161	292	-	-
Staff costs (including other key management personnel as disclosed in Note 28(b)):				
- short-term employee benefits	59,687	50,401	-	-
- defined contribution benefits	4,831	4,164	-	-

Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

23. PROFIT BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit before taxation is arrived at (Cont'd):-				
<i>After Crediting</i>				
Bad debts recovered	-	*	-	-
Gain on disposal of property, plant and equipment	(191)	(43)	-	-
Gain on disposal of short-term investment	(311)	(203)	(311)	(203)
Gain on lease termination	(24)	(161)	-	-
Interest income on financial assets measured at amortised cost	(432)	(345)	(510)	(475)
Lease income	-	(5)	-	-
Realised gain on foreign exchange	-	-	-	(6)
Reversal of impairment loss on trade receivables (Note 12)	-	(5)	-	-

* Denotes amount less than RM500.

24. INCOME TAX EXPENSE

Income Tax Expenses Recognised in Profit or Loss

	The Group		The Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Income tax:				
- current financial year	8,404	5,927	118	103
- (over)/under provision in the previous financial year	(71)	(9)	(1)	8
	8,333	5,918	117	111
Deferred tax (Notes 10 and 18):				
- origination and reversal of temporary differences	2,053	1,994	-	-
- over provision of deferred tax assets in the previous financial year	-	(14)	-	-
- under provision of deferred tax liabilities in the previous financial year	18	32	-	-
	2,071	2,012	-	-
	10,404	7,930	117	111

Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

24. INCOME TAX EXPENSE (CONT'D)

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

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

	The Group		The Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit before taxation	43,290	32,767	9,010	1,821
Tax expense at the statutory tax rate of 24% (2023 – 24%)	10,390	7,864	2,162	437
Tax effects of:-				
Non-taxable income	(75)	(62)	(2,243)	(530)
Non-deductible expenses	829	662	199	196
Differential in tax rate of a foreign subsidiary	(201)	(113)	-	-
Reduction in tax rate on company in other jurisdiction	(82)	(80)	-	-
Tax incentives:				
- deduction for employment of senior citizens	(22)	(13)	-	-
- reinvestment allowance	(382)	(337)	-	-
(Over)/Under provision of income tax in the previous financial year	(71)	(9)	(1)	8
Over provision of deferred tax assets in the previous financial year	-	(14)	-	-
Under provision of deferred tax liabilities in the previous financial year	18	32	-	-
	10,404	7,930	117	111

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2023 – 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdiction is calculated at the rate prevailing in that jurisdiction.

25. EARNINGS PER SHARE

(a) Basic Earnings Per Share

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

	The Group	
	2024	2023
Profit after taxation attributable to owners of the Company (RM'000)	32,551	24,529
Weighted average number of ordinary shares in issue ('000)	409,631	408,494
Basic earnings per share (Sen)	7.95	6.00

Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

25. EARNINGS PER SHARE (CONT'D)

(b) Diluted Earnings Per Share

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

26. DIVIDENDS

	The Group/The Company	
	2024 RM'000	2023 RM'000
Second interim single tier dividend of 0.75 sen (2023 – 0.50 sen) per ordinary share in respect of the previous financial year	3,072	2,029
First interim single tier dividend of 0.35 sen (2023 – 0.50 sen) per ordinary share in respect of the current financial year	1,434	2,048
Second interim single tier dividend of 0.60 sen (2023 – Nil) per ordinary share in respect of the current financial year	2,457	-
Third interim single tier dividend of 0.35 sen (2023 – Nil) per ordinary share in respect of the current financial year	1,434	-
	8,397	4,077

Subsequent to the end of the financial year, the Company has declared fourth interim single tier dividend of 0.35 sen per ordinary share in respect of the current financial year and was paid on 24 June 2024.

27. CASH FLOW INFORMATION

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

	The Group	
	2024 RM'000	2023 RM'000
Property, plant and equipment		
Cost of property, plant and equipment purchased (Note 6)	37,949	17,069
Less: Downpayment paid in the previous financial year	(3,558)	(609)
Less: Other payables - balances remained unpaid at financial year end	(388)	(1,915)
	34,003	14,545
Add: Payments in respect of previous financial year's purchases	1,915	559
	35,918	15,104
Right-of-use assets		
Cost of right-of-use assets acquired (Note 7)	5,753	4,767
Less: Addition of new lease liabilities (Note 16)	(5,753)	(4,767)
	-	-

Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

27. CASH FLOW INFORMATION (CONT'D)

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

The Group	Lease Liabilities RM'000	Term Loans RM'000	Total RM'000
2024			
At 1 April 2023	12,075	4,390	16,465
<u>Changes in Financing Cash Flows</u>			
Proceeds from drawdown	-	600	600
Repayment of principal	(6,014)	(952)	(6,966)
Repayment of interests	(683)	(187)	(870)
	(6,697)	(539)	(7,236)
<u>Other Changes</u>			
Acquisition of new leases (Note 16)	5,753	-	5,753
Modification of leases (Note 16)	4,219	-	4,219
Decognition due to lease termination (Note 16)	(450)	-	(450)
Interest expense recognised in profit or loss (Note 23)	683	187	870
	10,205	187	10,392
At 31 March 2024	15,583	4,038	19,621
2023			
At 1 April 2022	13,321	15,358	28,679
<u>Changes in Financing Cash Flows</u>			
Proceeds from drawdown	-	1,400	1,400
Repayment of principal	(5,970)	(12,368)	(18,338)
Repayment of interests	(506)	(379)	(885)
	(6,476)	(11,347)	(17,823)
<u>Other Changes</u>			
Acquisition of new leases (Note 16)	4,767	-	4,767
Modification of leases (Note 16)	928	-	928
Decognition due to lease termination (Note 16)	(971)	-	(971)
Interest expense recognised in profit or loss (Note 23)	506	379	885
	5,230	379	5,609
At 31 March 2023	12,075	4,390	16,465

Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

27. CASH FLOW INFORMATION (CONT'D)

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

	The Group	
	2024 RM'000	2023 RM'000
Payment of short-term leases	891	1,349
Payment of low-value assets	38	37
Variable lease payments	749	465
Interest paid on lease liabilities	683	506
Payment of lease liabilities	6,014	5,970
	8,375	8,327

28. KEY MANAGEMENT PERSONNEL COMPENSATION

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

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

	The Group		The Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000

(a) Directors

Directors of the Company

Short-term employee benefits:

- fees	213	189	213	189
- salaries, bonuses and other benefits	2,990	2,214	25	19
	3,203	2,403	238	208
Defined contribution benefits	351	246	-	-
	3,554	2,649	238	208

Directors of the Subsidiaries

Short-term employee benefits:

- salaries, bonuses and other benefits	207	214	-	-
Defined contribution benefits	20	18	-	-
	227	232	-	-
Total directors' remuneration	3,781	2,881	238	208

(b) Other Key Management Personnel

Short-term employee benefits	658	571	-	-
Defined contribution benefits	86	71	-	-
Total compensation for other key management personnel	744	642	-	-

Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

29. RELATED PARTY DISCLOSURES

(a) Subsidiaries

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

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group	
	2024 RM'000	2023 RM'000
Companies in which certain directors have controlling interests		
Lease paid/payable	496	481
Rental of premises received/receivable	-	(5)
Director		
Lease paid/payable	22	7
Director's family member		
Lease paid/payable	40	18

	The Company	
	2024 RM'000	2023 RM'000
Subsidiaries		
Dividend income received/receivable	(9,035)	(2,000)
Interest income received/receivable	(387)	(318)

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

The related party transactions described above were entered into in the normal course of business carried out based on negotiated terms and conditions and are mutually agreed with respective parties.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

30. OPERATING SEGMENTS

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

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

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

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

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

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

Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

30. OPERATING SEGMENTS (CONT'D)

30.1 BUSINESS SEGMENTS

31.3.2024	Retail Segment RM'000	Wholesale Segment RM'000	Other Segment RM'000	The Group RM'000
Revenue				
External revenue	122,600	201,463	-	324,063
Inter-segment revenue	20,084	143	9,035	29,262
	142,684	201,606	9,035	353,325
Consolidation adjustments				(29,262)
Consolidated revenue				324,063
Results				
Segment profit	25,030	25,217	9,856	60,103
Finance costs				(872)
Unallocated expenses				(845)
Consolidation adjustments				(15,096)
Consolidated profit before taxation				43,290
<u>Other information</u>				
Depreciation of property, plant and equipment	(4,290)	(7,837)	-	(12,127)
Depreciation of right-of-use assets	(4,982)	(688)	-	(5,670)

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Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

30. OPERATING SEGMENTS (CONT'D)

30.1 BUSINESS SEGMENTS (CONT'D)

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

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Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

30. OPERATING SEGMENTS (CONT'D)

30.1 BUSINESS SEGMENTS (CONT'D)

31.3.2023	Retail Segment RM'000	Wholesale Segment RM'000	Other Segment RM'000	The Group RM'000
Revenue				
External revenue	105,174	178,493	-	283,667
Inter-segment revenue	17,537	121	2,000	19,658
	122,711	178,614	2,000	303,325
Consolidation adjustments				(19,658)
Consolidated revenue				283,667
Results				
Segment profit	16,016	19,809	2,684	38,509
Finance costs				(886)
Unallocated expenses				(862)
Consolidation adjustments				(3,994)
Consolidated profit before taxation				32,767
<u>Other information</u>				
Depreciation of property, plant and equipment	(3,404)	(6,376)	-	(9,780)
Depreciation of right-of-use assets	(4,006)	(1,437)	-	(5,443)

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Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

30. OPERATING SEGMENTS (CONT'D)

30.1 BUSINESS SEGMENTS (CONT'D)

31.3.2023	Retail Segment RM'000	Wholesale Segment RM'000	Other Segment RM'000	The Group RM'000
Assets				
Segment assets	90,165	91,405	54,438	236,008
Unallocated assets:				
- current tax assets				295
- deferred tax assets				20
Consolidation adjustments				(74,450)
Consolidated total assets				<u>161,873</u>
Addition to non-current assets other than financial instruments and deferred tax assets are:-				
Property, plant and equipment	7,071	9,998	-	17,069
Right-of-use assets	4,498	269	-	4,767
Liabilities				
Segment liabilities	19,735	34,635	137	54,507
Unallocated liabilities:				
- current tax liabilities				765
- deferred tax liabilities				4,931
- lease liabilities				12,075
- term loans				4,390
Consolidation adjustments				(18,873)
Consolidated total liabilities				<u>57,795</u>

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Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

30. OPERATING SEGMENTS (CONT'D)

30.2 GEOGRAPHICAL INFORMATION

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

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

The Group	Revenue		Non-current Assets	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Malaysia	304,314	267,356	136,214	106,722
Singapore	19,272	15,911	-	-
Indonesia	477	400	-	-
	324,063	283,667	136,214	106,722

30.3 MAJOR CUSTOMERS

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

31. CAPITAL COMMITMENTS

	The Group	
	2024 RM'000	2023 RM'000
Purchase of property, plant and equipment	795	4,531

32. FINANCIAL INSTRUMENTS

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

32.1 FINANCIAL RISK MANAGEMENT POLICIES

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

(a) Market Risk

(i) Foreign Currency Risk

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

Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

32. FINANCIAL INSTRUMENTS (CONT'D)

32.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

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

Foreign Currency Exposure

	The Group	
	2024 RM'000	2023 RM'000
SGD		
<u>Financial Liability</u>		
Trade payables	(1,403)	(1,561)
Currency Exposure	(1,403)	(1,561)

Foreign Currency Risk Sensitivity Analysis

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

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

(ii) Interest Rate Risk

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

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

The exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 17 to the financial statements.

Interest Rate Risk Sensitivity Analysis

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

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

(iii) Equity Price Risk

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

Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

32. FINANCIAL INSTRUMENTS (CONT'D)

32.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk

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

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

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amount owing by 1 (2023 – 1) customer which constituted approximately 16% (2023 – 11%) of its trade receivables at the end of the reporting period.

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

	The Group	
	2024 RM'000	2023 RM'000
Malaysia	9,179	8,380
Singapore	3,806	2,625
Indonesia	66	124
	13,051	11,129

(ii) Maximum Exposure to Credit Risk

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

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries of RM4,887,409 (2023 – RM5,373,081), representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

32. FINANCIAL INSTRUMENTS (CONT'D)

32.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses

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

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

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

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

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

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 90 days past due.

Trade Receivables

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

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

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

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

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

Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

32. FINANCIAL INSTRUMENTS (CONT'D)

32.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Trade Receivables (Cont'd)

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

Allowance for Impairment Losses

The Group	Gross Amount RM'000	Lifetime Individual Allowance RM'000	Lifetime Collective Allowance RM'000	Carrying Amount RM'000
2024				
Current (not past due)	7,926	-	-	7,926
- 1 to 30 days past due	4,341	-	-	4,341
- 31 to 60 days past due	546	-	-	546
- 61 to 90 days past due	171	-	(3)	168
- more than 90 days past due	150	(42)	(38)	70
	13,134	(42)	(41)	13,051
2023				
Current (not past due)	7,776	-	-	7,776
- 1 to 30 days past due	2,674	-	-	2,674
- 31 to 60 days past due	504	-	-	504
- 61 to 90 days past due	82	-	-	82
- more than 90 days past due	95	(2)	-	93
	11,131	(2)	-	11,129

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

Other Receivables

Other receivables are also subject to the impairment requirements of MFRS 9. Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

32. FINANCIAL INSTRUMENTS (CONT'D)

32.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Cash and Bank Balances

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

Amount Owing by Subsidiaries (Non-trade Balances)

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

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

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

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

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

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

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

Allowance for Impairment Losses

At the end of the reporting period, there was no indication that the amount owing is not recoverable. Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.

Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

32. FINANCIAL INSTRUMENTS (CONT'D)

32.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Financial Guarantee Contracts

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

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

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

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

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

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

Allowance for Impairment Losses

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

Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

32. FINANCIAL INSTRUMENTS (CONT'D)

32.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

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

Maturity Analysis

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

The Group	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
2024						
<u>Non-derivative</u>						
<u>Financial Liabilities</u>						
Trade payables	-	23,933	23,933	23,933	-	-
Other payables and accruals	-	10,552	10,552	10,552	-	-
Lease liabilities	3.27 - 5.82	15,583	16,852	6,155	10,622	75
Term loans	4.42 - 4.52	4,038	4,887	740	1,962	2,185
		54,106	56,224	41,380	12,584	2,260
2023						
<u>Non-derivative</u>						
<u>Financial Liabilities</u>						
Trade payables	-	24,069	24,069	24,069	-	-
Other payables and accruals	-	10,074	10,074	10,074	-	-
Lease liabilities	1.08 - 6.38	12,075	12,848	5,049	7,544	255
Term loans	4.17 - 4.47	4,390	5,354	771	1,937	2,646
		50,608	52,345	39,963	9,481	2,901

Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

32. FINANCIAL INSTRUMENTS (CONT'D)

32.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

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

The Company	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000
2024				
<u>Non-derivative Financial Liabilities</u>				
Other payables and accruals	-	94	94	94
Financial guarantee contract in relation to corporate guarantee given to subsidiaries ^	-	-	4,887	4,887
		94	4,981	4,981
2023				
<u>Non-derivative Financial Liabilities</u>				
Other payables and accruals	-	137	137	137
Financial guarantee contract in relation to corporate guarantee given to subsidiaries ^	-	-	5,373	5,373
		137	5,510	5,510

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

Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

32. FINANCIAL INSTRUMENTS (CONT'D)

32.2 CAPITAL RISK MANAGEMENT

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

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

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

32.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Financial Assets				
<u>Amortised Cost</u>				
Amount owing by subsidiaries (Note 8)	-	-	5,726	6,730
Trade receivables (Note 12)	13,051	11,129	-	-
Other receivables (Note 13)	18	8	-	-
Cash and bank balances	29,975	27,519	14,268	14,567
	43,044	38,656	19,994	21,297
Financial Liabilities				
<u>Amortised Cost</u>				
Lease liabilities (Note 16)	15,583	12,075	-	-
Term loans (Note 17)	4,038	4,390	-	-
Trade payables (Note 20)	23,933	24,069	-	-
Other payables and accruals (Note 21)	10,552	10,074	94	137
	54,106	50,608	94	137

Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

32. FINANCIAL INSTRUMENTS (CONT'D)

32.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group		The Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Financial Assets				
<u>Amortised Cost</u>				
Net gains recognised in profit or loss	652	553	821	678
Financial Liabilities				
<u>Amortised Cost</u>				
Net losses recognised in profit or loss	(1,014)	(945)	-	-

32.5 FAIR VALUE INFORMATION

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

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

The Group	Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
2024					
<u>Financial Liability</u>					
Term loans	-	4,038	-	4,038	4,038
2023					
<u>Financial Liability</u>					
Term loans	-	4,390	-	4,390	4,390

Notes to the Financial Statements

For the Financial Year Ended 31 March 2024

32. FINANCIAL INSTRUMENTS (CONT'D)

32.5 FAIR VALUE INFORMATION (CONT'D)

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

The Company	Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
2024					
Financial Asset					
Amount owing by subsidiaries (non-current)					
	-	2,800	-	2,800	2,800
2023					
Financial Asset					
Amount owing by subsidiaries (non-current)					
	-	5,200	-	5,200	5,200

Fair Value of Financial Instruments Not Carried at Fair Value

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

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

List of Properties

As at 31.3.2024

No.	Address of property	Description of property/ Existing use	Tenure/ Date of expiring of lease	Land area/ Built-up area (Sq ft)	Approximate age of the buildings (Years)	Net Book Value as at 31/3/2024 (RM'000)	Date of last revaluation/ Date of acquisition*
1	PTD 162517, No. 5 & 5A, Jalan Selatan 8, Kawasan Perusahaan Ringan Pulau, 81200 Johor Bahru, Johor	1 ½ storey factory with a warehouse and office annexed to two 4-storey factory buildings with warehouse, and office/ Warehouse, office and production	Freehold	152,385/ 183,774	27	17,857	13/4/2016
2	PTD 64574, No. 62, Jalan Bukit Kempas 5/1, Taman Bukit Kempas, 81200 Johor Bahru, Johor	2-storey terrace house/ Hostel	Freehold	1,302/ 1,571	29	131	16/10/2014
3	PTD 64573, No. 64, Jalan Bukit Kempas 5/1, Taman Bukit Kempas, 81200 Johor Bahru, Johor	2-storey terrace house/ Hostel	Freehold	1,300/ 1,571	29	131	1/5/1995*
4	Lot 18696 (PT6123), Jalan Tech Valley 1, Sendayan Tech Valley, 71950 Bandar Sri Sendayan, Negeri Sembilan	1 ½ storey factory with a warehouse annexed to a 2-storey office/ Warehouse, office and production	Freehold	321,292/ 74,880	8	22,697	30/4/2016
5	No. 6, Jalan Niaga 2, Bandar Baru Kota Tinggi, 81900 Kota Tinggi, Johor	2-storey shophouse/ Outlet operation and hostel	Leasehold of 99 years expiring in 14.5.2085	1,540/ 2,460	35	475	19/11/2004
6	H.S.(M) No. 888, MLO 2536, Mukim Tebrau, Johor Bahru, Johor	Agriculture land/ Vacant	Freehold	130,685/ -	-	3,405	3/4/2023*
7	G.M. No. 773, MLO 6976, Mukim Tebrau, Johor Bahru, Johor	Industrial land/ Vacant	Freehold	183,202/ -	-	6,380	12/5/2023*
8	G.M. No. 1119, MLO 6974, Mukim Tebrau, Johor Bahru, Johor	Industrial land/ Vacant	Freehold	136,056/ -	-	4,619	16/8/2023*

Analysis of Shareholdings

As at 28 June 2024

Number of Shares Issued : 409,630,765
 Voting rights : One vote for one ordinary share
 No. of Shareholders : 2,218

DISTRIBUTION OF SHAREHOLDINGS

CATEGORY	NO. OF HOLDERS	%	NO. OF SHARES	%
Less than 100	25	1.13	165	0.00
100 - 1,000	533	24.03	234,100	0.06
1,001 - 10,000	893	40.26	4,738,100	1.15
10,001 - 100,000	609	27.46	19,752,400	4.82
100,001 to less than 5% of issued shares	155	6.99	208,979,640	51.02
5% and above of issued shares	3	0.13	175,926,360	42.95
TOTAL	2,218	100.00	409,630,765	100.00

SUBSTANTIAL SHAREHOLDERS	SHAREHOLDINGS			
	Direct Interest	%	Deemed interest	%
1 TAN KIM SENG	99,040,780	24.18	6,811,620 ^(a)	1.66
2 TAN KIM CHAI	98,885,580	24.14	1,691,620 ^(b)	0.41

DIRECTORS' SHAREHOLDINGS	SHAREHOLDINGS			
	Direct Interest	%	Deemed Interest	%
1 TAN KIM SENG	99,040,780	24.18	6,811,620 ^(a)	1.66
2 TAN KIM CHAI	98,885,580	24.14	1,691,620 ^(b)	0.41
3 TAN YON HAW	19,116,970	4.67	-	-
4 TAN KEE JIN	1,131,800	0.28	-	-
5 DR LIM PANG KIAM	37,000	0.01	-	-
6 PHANG SZE FUI	-	-	-	-
7 DATO' ALBERT DING CHOO EARN	50,000	0.01	-	-
8 LEE YEE LING	-	-	-	-
9 PATRICIA RANGENE PACKIUM	-	-	-	-

Notes:

- (a) Deemed interested by virtue of his interests in SDS Tan Properties Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016 ("the Act") and of his children, Tan Kee Meng's and Tan Xin Ee's direct shareholding in the Company pursuant to Section 59(11)(c) of the Act.
 (b) Deemed interested by virtue of his interests in SDS Tan Properties Sdn. Bhd. pursuant to Section 8(4) of the Act.

Analysis of Shareholdings

As at 28 June 2024

THIRTY (30) LARGEST SHAREHOLDERS

NO.	NAME OF SHAREHOLDER	NO. OF SHARES	%
1	TAN KIM CHAI	86,885,580	21.21
2	TAN KIM SENG	60,040,780	14.66
3	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN KIM SENG (7003782)	29,000,000	7.08
4	TEOU CHAU HOYK	18,753,470	4.58
5	TAN YONG PING	18,249,360	4.46
6	TAN YONG HERNG	17,211,160	4.20
7	TAN YON HAW	17,116,970	4.18
8	YEOH YEW CHOO	16,491,300	4.02
9	TAN YONG THYE	16,143,760	3.94
10	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN KIM SENG (E-TSA/MSI)	10,000,000	2.44
11	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN KIM CHAI (E-TSA/MSI)	10,000,000	2.44
12	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA SHARIAH GROWTH OPPORTUNITIES FUND (50156 TR01)	5,800,000	1.42
13	TAN XIN EE	4,870,000	1.19
14	TAN KIM LEAN	3,100,000	0.76
15	CMY INCUBATOR SDN. BHD.	3,059,700	0.75
16	CARTABAN NOMINEES (ASING) SDN. BHD. THE BANK OF NEW YORK MELLON FOR ACADIAN EMERGING MARKETS MICRO-CAP EQUITY MASTER FUND	2,543,200	0.62
17	CHAW KAM SHIANG	2,379,000	0.58
18	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. LEMBAGA TABUNG HAJI (UOB)	2,293,000	0.56
19	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (UOB AM SC EQ)	2,169,200	0.53
20	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN KIM CHAI (7005859)	2,000,000	0.49
21	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN YONG THYE (E-TSA/TPG)	2,000,000	0.49
22	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN YON HAW (E-TSA/TPG)	2,000,000	0.49
23	NG JIUN SHYAN	1,932,700	0.47
24	LOUISA CHIA SOOK PHEI	1,893,600	0.46
25	CHIA SOOK MEI	1,742,300	0.42
26	SDS TAN PROPERTIES SDN. BHD.	1,691,620	0.41
27	WONG CHIN NGIM	1,590,000	0.39
28	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MTRUSTEE BERHAD FOR ETHEREAL CAPITAL SDN. BHD. (GROWTH FUND) (445788)	1,360,000	0.33
29	YO KOK KONG @ YUE KOK KONG	1,250,000	0.30
30	CHI ON KANG	1,173,500	0.29
TOTAL		344,740,200	84.16

Notice of the Seventh (“7th”) Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 7th Annual General Meeting (“AGM”) of SDS Group Berhad (“the Company”) will be held on a fully virtual basis through live streaming and online remote voting via the online meeting platform at <https://web.vote2u.my> (Domain registration number with MYNIC D6A471702) on **Friday, 23 August 2024** at **10.00 a.m.** or any adjournment thereof for the following purposes:

AGENDA

AS ORDINARY BUSINESS

- | | |
|---|---|
| 1. To receive the Audited Financial Statements for the financial year ended 31 March 2024 together with the Reports of the Directors and Auditors thereon. | (Please refer to Explanatory Note 1) |
| 2. To approve the payment of Directors’ Fees to the Non-Executive Directors of the Company for the financial year ended 31 March 2024. | RESOLUTION 1 |
| 3. To approve the payment of Directors’ Benefit up to an amount of RM25,000 for the period from the conclusion of the 7 th AGM of the Company scheduled on 23 August 2024 until the date of the 8 th AGM of the Company. | RESOLUTION 2 |
| 4. To re-elect the following Directors, who retire in accordance with Article 18.2 of the Company’s Constitution and being eligible, have offered themselves for re-election: | |
| (i) Mr Tan Kee Jin | RESOLUTION 3 |
| (ii) Mr Tan Yon Haw | RESOLUTION 4 |
| <i>Dato’ Albert Ding Choo Earn who retires by rotation in accordance with Article 18.2 of the Company’s Constitution, has expressed his intention not to seek for re-election and shall retain office until the conclusion of the 7th AGM.</i> | |
| 5. To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. | RESOLUTION 5 |

AS SPECIAL BUSINESS

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

- | | |
|---|---------------------|
| 6. AUTHORITY UNDER SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 | RESOLUTION 6 |
| <p>“THAT subject always to the Companies Act 2016 (“the Act”), the Constitution of the Company and approvals from any other governmental/regulatory authorities, the Directors of the Company be and are hereby empowered, pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors of the Company may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company at the time of submission to the authority.</p> | |

Notice of the Seventh (“7th”) Annual General Meeting

AND THAT the Directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad (“Bursa Securities”).

AND FURTHER THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company.

AND THAT pursuant to Section 85 of the Act read together with Article 13.2 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares arising from any issuance of new shares pursuant to Sections 75 and 76 of the Act.

AND THAT the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares.”

7. **PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

RESOLUTION 7

“THAT approval be and is hereby given to the Company and its subsidiaries (“the Group”) to enter into and give effect to the recurrent related party transactions of a revenue or trading nature particulars with the specified classes of related parties as specified in Section 2.6 of the Circular to Shareholders dated 26 July 2024, provided that:

- (a) such arrangements and/or transactions are necessary for the Group’s day-to-day operations;
- (b) such arrangements and/or transactions undertaken are in the ordinary course of business, at arm’s length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third party;
- (c) such arrangements and/or transactions are not detrimental to the minority shareholders of the Company; and
- (d) the disclosure is made in the annual report on the aggregate value of transactions conducted pursuant to the shareholders’ mandate during the financial year in relation to:
 - (i) the related transacting parties and their respective relationship with the Company; and
 - (ii) the nature of the recurrent transactions.

Notice of the Seventh (“7th”) Annual General Meeting

THAT such authority shall continue to be in force until:

- (a) the conclusion of the next AGM, unless the authority is renewed by a resolution passed at the next AGM; or
- (b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act (but will not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.”

8. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

RESOLUTION 8

“THAT, subject to the Act, the Constitution of the Company, the Main Market Listing Requirements of Bursa Securities (“MMLR”) and the approval of such relevant government and/or regulatory authorities where necessary, the Company be and is hereby authorised to purchase such number of ordinary shares of the Company (“Proposed Renewal of Share Buy-Back Authority”) as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

- (a) the aggregate number of shares purchased or held does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;
- (b) the maximum fund to be allocated by the Company for the purpose of purchasing such number of ordinary shares shall not exceed the retained profit account of the Company. As at the financial year ended 31 March 2024, the audited retained profit account of the Company stood at RM377,000;
- (c) the authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and will continue to be in force until:
 - (i) at the conclusion of the next AGM of the Company following the general meeting in which the authorisation is obtained, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions; or
 - (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
 - (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

Notice of the Seventh (“7th”) Annual General Meeting

whichever occurs first.

AND THAT upon completion of the purchase(s) of the ordinary shares of the Company, the Directors of the Company be and are hereby authorised to deal with the ordinary shares so purchased in the following manner:

- (a) to cancel the ordinary shares so purchase; or
- (b) to retain the ordinary shares so purchased as treasury shares for distribution as dividend to shareholders and/or resell on Bursa Securities or subsequently cancelled; or
- (c) to retain part of the ordinary shares so purchased as treasury shares and cancel the remainder; or
- (d) in any other manner prescribed by the Act, rules, regulations and orders made to the Act, the MMLR and any other relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise or to effect the aforesaid share buy-back with full powers to assent to any conditions, modifications, variations, and/or amendments as may be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Directors may deem fit and expedient in the best interest of the Company.”

9. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD

SIEW SUET WEI (MAICSA 7011254)

SSM Practicing Certificate No. 202008001690

LIM YEN TENG (LS0010182)

SSM Practicing Certificate No. 201908000028

Company Secretaries

Petaling Jaya

Date: 26 July 2024

Notice of the Seventh (“7th”) Annual General Meeting

NOTES:

1. In respect of deposited securities, only members whose names appear on the Record of Depositors as at 16 August 2024 shall be entitled to attend this AGM or appoint proxy(ies) to attend, speak and vote on his/her behalf.
2. A member entitled to attend and vote at this AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, speak and vote in his place. A proxy may but need not be a member of the Company.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member is an exempt authorised nominee, it may appoint multiple proxies for each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of an officer or attorney so authorised.
6. The Proxy Form must be deposited at the Company's registered office at Unit 7-01, Level 7, Lagenda Tower, No. 3 Jalan SS20/27, 47400 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof. Alternatively, the Proxy Form may also be lodged electronically via the Vote2U online platform at <https://web.vote2u.my>. Kindly refer to the Administrative Guide for the 7th AGM for further information on the appointment of proxy(ies).
7. The lodging of the Proxy Form will not preclude you from attending, participating and voting remotely in person at the 7th AGM should you subsequently wish to do so, but if you do, your proxy(ies) shall be precluded from attending the 7th AGM.
8. Pursuant to Paragraph 8.29A(1) of the MMLR, voting at the 7th AGM of the Company will be conducted by poll. Poll administrator and independent scrutineers will be appointed respectively to conduct the polling/e-voting process and to verify the results of the poll.

EXPLANATORY NOTES

1. **Audited Financial Statements for the financial year ended 31 March 2024**

This Agenda is meant for discussion only as under the provisions of Section 340(1)(a) of the Companies Act 2016, the audited financial statements do not require the approval of the shareholders. As such, this matter will not be put forward for voting.

2. **Ordinary Resolution 1 & 2: Payment of Directors' Fees & Benefits**

Pursuant to Section 230(1) of the Companies Act 2016, the shareholders' approval is sought for the proposed payment of Directors' Fees for financial year ended 31 March 2024 and Benefits to the Non-Executive Directors (“NEDs”) for the period from 23 August 2024 until the conclusion of the next AGM of the Company. The calculation of the benefits which include meeting allowance is based on the estimated number of scheduled and/or special Board and Board Committees' meetings and on the assumption that the number of NEDs in office until the next AGM remains the same.

3. **Ordinary Resolutions 3 and 4: Re-election of Directors**

Article 18.2 of the Company's Constitution provides that an election of Directors shall take place each year at the AGM of the Company where one third (1/3) of the Directors for the time being or if their number is not three (3) or a multiple of three (3), then the number nearest to one third (1/3) shall retire from office and be eligible for re-election. PROVIDED ALWAYS THAT all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. Hence, three (3) out of eight (8) Directors are to retire in accordance with Article 18.2 of the Constitution.

The Board through its Nominating and Remuneration Committee had assessed the Directors standing for re-election and agreed that they meet the criteria as prescribed by Paragraph 2.20A of the MMLR on character, experience, integrity, competence and time to effectively discharge their roles as Directors. The profiles of the Directors standing for re-election are set out in the Annual Report 2024.

Dato' Albert Ding Choo Earn who retires by rotation in accordance with Article 18.2 of the Company's Constitution, has expressed his intention not to seek for re-election and shall retain office until the conclusion of the 7th AGM.

Notice of the Seventh (“7th”) Annual General Meeting

4. **Ordinary Resolution 5: Re-appointment of Auditors**

The Board and Audit Committee had at their respective meetings on 19 July 2024 recommended the re-appointment of Messrs Crowe Malaysia PLT for the financial year ending 31 March 2024. Messrs Crowe Malaysia PLT have met the criteria prescribed under the Paragraph 15.21 of the MMLR and indicated their willingness to continue their services for the next financial year.

5. **Ordinary Resolution 6: Authority under Sections 75 And 76 of the Act**

The Company had during its 6th AGM held on 29 August 2023 obtained from its shareholders, a general mandate pursuant to Sections 75 and 76 of the Act to issue and allot shares in the Company up to an amount not exceeding 10% of the issued share capital of the Company and this mandate had not been exercised by the Company.

The proposed Ordinary Resolution 6 is a renewal mandate of the general mandate for the issuance of shares by the Company under Sections 75 and 76 of the Act. Pursuant to Section 85 of the Act and Article 13.2 of the Company's Constitution, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company. This Ordinary Resolution 6, if passed, will exclude the shareholders' pre-emptive right to be offered new shares to be issued by the Company.

This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company. This mandate would provide the Company the flexibility to raise fund, including but not limited to placing of shares to finance future investment(s), project(s), acquisition(s) and/or working capital without having to convene a general meeting.

6. **Ordinary Resolution 7: Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

The proposed Ordinary Resolution 7, if passed, will renew the authority for the Group to enter into recurrent related party transactions of a revenue or trading nature set out in Section 2.6 of the Circular to Shareholders dated 26 July 2024 which are necessary for the day-to-day operations. This authority shall lapse at the conclusion of the next AGM unless authority for its renewal is obtained from shareholders of the Company at the next general meeting. Please refer to the Circular to Shareholders dated 26 July 2024 accompanying the Annual Report 2024.

7. **Ordinary Resolution 8: Proposed Renewal of Share Buy-Back Authority**

This resolution will empower the Directors of the Company to purchase the Company's shares up to ten per centum (10%) of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the total retained profits of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company. Further information on the proposed share buy-back is set out in the Share Buy-Back Statement dated 26 July 2024.

Statement Accompanying Notice of 7th Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"))

1. Details of individual who are standing for election as Directors (excluding Directors standing for re-election)

There is no individual who is seeking election as Director at the 7th AGM of the Company.

The profiles of the Directors who are standing for re-election as per Ordinary Resolutions 3 and 4 of the Notice of the 7th AGM of the Company are stated in the section on the Profile of Directors in this Annual Report.

2. General mandate for issue of securities in accordance with Paragraph 6.03(3) of the MMLR of Bursa Securities

The Company will seek shareholders' approval on the general meeting for issue of securities in accordance with Paragraph 6.03(3) of the MMLR of Bursa Securities. Please refer to the Proposed Ordinary Resolution 6 as stated in the Notice of the 7th AGM of the Company for details.

Administrative Guide for the 7th Annual General Meeting (“7th AGM”)

Date : Friday, 23 August 2024
 Time : 10.00 a.m.
 Meeting Venue : <https://web.vote2u.my>
 Domain Registration Numbers with MYNIC : D6A471702

The 7th AGM of SDS Group Berhad (“SDS” or “the Company”) will be conducted virtually through live streaming and online remote voting using Remote Participation and Voting (“RPV”) facilities provided by Vote2U via online platform at <https://web.vote2u.my>.

Shareholders whose names appear on the Record of Depositors (“ROD”) as at 16 August 2024 shall be eligible to attend, participate and vote remotely in the meeting, or appoint proxy(ies)/the Chairman of the general meeting to attend, participate and/or vote on his/her behalf.

Kindly note that the quality of the live streaming is highly dependent on the bandwidth and stability of the internet connection of the participants (shareholders and proxies). Hence, you are to ensure that internet connectivity throughout the duration of the meeting is maintained while using RPV provided by Agmo Digital Solutions Sdn. Bhd. (“AGMO”) via its Vote2U online platform at <https://web.vote2u.my>.

PROCEDURES TO PARTICIPATE IN RPV

Please follow the Procedure to Participate in RPV as summarised below:

BEFORE AGM DAY

A: REGISTRATION

Individual Shareholders

	Description	Procedure
i.	Shareholders to register with Vote2U online platform	<p>The registration will be opened from the day of notice.</p> <ol style="list-style-type: none"> Access website at https://web.vote2u.my. Click “Sign Up” to sign up as a user. Read the ‘Privacy Policy’ and ‘Terms & Conditions’ and indicate your acceptance of the ‘Privacy Policy’ and ‘Terms & Conditions’ on a small box <input type="checkbox"/>. Then click “Next”. Fill-in your details* (Note: create your own password*). Then click “Continue”. Upload softcopy of your identification card (MYKAD) (front only) (for Malaysian) or Passport (for non-Malaysian). Click “Submit” to complete the registration. Your registration will be verified and an email notification will be sent to you. Please check your email. <p>Note: If you have registered as a user with Vote2U online platform previously, you are not required to register again.</p> <p>* Check that email address is keyed in correctly. # Remember the password you have keyed-in for future login.</p>

Administrative Guide for the 7th Annual General Meeting ("7th AGM")

B. APPOINTMENT OF PROXY(IES)

Individual Shareholder/Corporate Shareholder/Nominees Company

	Description	Procedure
i.	Submit Proxy Form (hardcopy)	<p>a. Fill in details on the hardcopy Proxy Form and ensure to provide the following information:</p> <ul style="list-style-type: none"> • MYKAD (for Malaysian)/Passport (for non-Malaysian) number of the Proxy(ies) • Email address of the Proxy(ies)* <p>b. Submit/Deposit the hardcopy Proxy Form to the Company's registered office at Unit 7-01, Level 7, Lagenda Tower, No. 3 Jalan SS20/27, 47400 Petaling Jaya, Selangor.</p> <p>Note: After verification, an email notification containing a temporary password will be sent to the Proxy(ies). The Proxy(ies) could use the temporary password to log in to Vote2U online platform.</p> <p>* Check that the email address of Proxy(ies) is written down correctly.</p>
ii.	Electronic lodgement of Proxy Form (e-Proxy Form) for individual shareholders only	<p>a. Individual shareholders to log in to Vote2U online platform with your email address and password that you have registered with Vote2U online platform.</p> <p>b. Click "Register Proxy Now" for e-Proxy registration.</p> <p>c. Select the General Meeting event that you wish to attend (for example, "SDS Group Berhad 7th AGM").</p> <p>d. Select/add your Central Depository System ("CDS") account number and number of shares.</p> <p>e. Select "Appoint Proxy".</p> <p>f. Fill in the details of your proxy(ies) – ensure proxy(ies) email address(es) is/are valid.</p> <p>g. Indicate your voting instruction should you prefer to do so.</p> <p>h. Thereafter, select "Submit".</p> <p>i. Your submission will be verified.</p> <p>j. After verification, proxy(ies) will receive email notification with temporary credentials, i.e. email address and password, to log in to Vote2U online platform.</p> <p>Note: You need to register as a shareholder before you can register a proxy and submit the e-Proxy Form. Please refer above 'A: Registration' to register as shareholder.</p>

Shareholders who appoint Proxy(ies) to participate in the virtual AGM must ensure that the hardcopy Proxy Form or e-Proxy Form is submitted not less than 48 hours before the time for holding the meeting or any adjourned meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid.

ON AGM DAY

A: WATCH LIVE STREAMING

Individual Shareholders & Proxies

	Description	Procedure
i.	Login to virtual meeting portal - Vote2U online platform and watch Live Streaming	<p>The Vote2U online platform will be opened for log in starting from one (1) hour before the commencement of the AGM.</p> <p>a. Login with your email and password.</p> <p>b. Select the General Meeting event (for example, "SDS Group Berhad 7th AGM").</p> <p>c. Check your details.</p> <p>d. Click "Watch Live" button to view the live streaming.</p>

Administrative Guide for the 7th Annual General Meeting ("7th AGM")

B: ASK QUESTION

Individual Shareholders & Proxies

	Description	Procedure
i.	Ask Question during AGM (real-time)	<p>Questions submitted online using typed text will be moderated before being forwarded to the Chairman to avoid repetition. Every question and message will be presented with the full name of the shareholder or proxy raising the question.</p> <ol style="list-style-type: none"> Click "Ask Question" button to post question(s). Type your question and click "Submit". <p>The Chairperson/Board of Director will endeavor to respond to questions submitted by remote shareholders and proxies during the AGM.</p>

C: VOTING REMOTELY

Individual Shareholders & Proxies

	Description	Procedure
i.	Online Remote Voting	<p>Once the Chairman announces the opening of remote voting:</p> <ol style="list-style-type: none"> Click "Confirm Details & Start Voting". To vote, select your voting choice from the options provided. A confirmation screen will appear to show your selected vote. Click "Next" to continue voting for all resolutions. To change your vote, click "Back" and select another voting choice. After you have completed voting, a Voting Summary page appears to show all the resolutions with your voting choices. Click "Confirm" to submit your vote. <p>Please note that you are not able to change your voting choices after you have confirmed and submitted your votes.</p>

ADDITIONAL INFORMATION

Voting Procedure

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the AGM will be conducted by poll. Poll administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

No Door Gift or e-Voucher or Food Voucher

There will be no door gift or e-Voucher or food voucher given at this AGM.

Enquiry

- For enquiries relating to the general meeting, please contact our Company Secretary during office hours (9:00 a.m. to 5:00 p.m.) on Mondays to Fridays (except public holidays) at 03-77270033/8033.
- For enquiries relating to RPV facilities or issues encountered during registration, log in, connecting to the live streaming and online voting facilities, please contact Vote2U helpdesk during office hours (9:00 a.m. to 5:00 p.m.) on Mondays to Fridays (except public holidays) as follows:

Telephone Number : 03-7664 8520 / 03-7664 8521
Email : vote2u@agmostudio.com

SDS Group Berhad

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

Proxy Form

No. of shares held		
CDS account no.		
No. of shares to be represented by each proxy	Proxy 1	Proxy 2

I/We _____ of _____ being a member of **SDS GROUP BERHAD**, hereby appoint:

PROXY 1

Full name (in Block Letters)	NRIC / Passport No.*	Email Address	Contact No.
Full Address			

PROXY 2

Full name (in Block Letters)	NRIC / Passport No.*	Email Address	Contact No.
Full Address			

or failing him/her, the CHAIRMAN OF THE MEETING, as *my/our proxy, to vote for *me/us and on *my/our behalf at the 7th Annual General Meeting ("AGM") of the Company to be held on a fully virtual basis through live streaming and online remote voting via the online meeting platform at <https://web.vote2u.my> (Domain registration number with MYNIC D6A471702) on **Friday, 23 August 2024 at 10.00 a.m.** and, at every adjournment thereof *for/against the resolutions to be proposed thereat.

Please indicate with a cross (X) in the space whether you wish your votes to be cast for or against the resolution. In the absence of such specific directions, your proxy will vote or abstain as he/she thinks fit.

		PROXY 1		PROXY 2	
		For	Against	For	Against
RESOLUTION 1	To approve the payment of Directors' Fees for the financial year ended 31 March 2024.				
RESOLUTION 2	To approve the payment of Directors' Benefit up to an amount of RM25,000 for the period from the conclusion of the 7 th AGM of the Company scheduled on 23 August 2024 until the date of the 8 th AGM of the Company.				
RESOLUTION 3	To re-elect Mr Tan Kee Jin who retires in accordance with Article 18.2 of the Company's Constitution.				
RESOLUTION 4	To re-elect Mr Tan Yon Haw who retires in accordance with Article 18.2 of the Company's Constitution.				
RESOLUTION 5	To re-appoint Messrs Crowe Malaysia PLT as Auditors and to authorise the Directors to fix their remuneration.				
RESOLUTION 6	Authority under Sections 75 and 76 of the Companies Act 2016.				
RESOLUTION 7	Proposed renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.				
RESOLUTION 8	Proposed renewal of Share Buy-Back authority.				

Dated this _____ day of _____ 2024

Signature(s)/Common Seal of Member

NOTES: -

1. In respect of deposited securities, only members whose names appear on the Record of Depositors as at 16 August 2024 shall be entitled to attend this AGM or appoint proxy(ies) to attend, speak and vote on his/her behalf.
2. A member entitled to attend and vote at this AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, speak and vote in his place. A proxy may but need not be a member of the Company.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member is an exempt authorised nominee, it may appoint multiple proxies for each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of an officer or attorney so authorised.
6. The Proxy Form must be deposited at the Company's registered office at Unit 7-01, Level 7, Lagenda Tower, No. 3 Jalan SS20/27, 47400 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof. Alternatively, the Proxy Form may also be lodged electronically via the Vote2U online platform at <https://web.vote2u.my>. Kindly refer to the Administrative Guide for the 7th AGM for further information on the appointment of proxy(ies).
7. The lodging of the Proxy Form will not preclude you from attending, participating and voting remotely in person at the 7th AGM should you subsequently wish to do so, but if you do, your proxy(ies) shall be precluded from attending the 7th AGM.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities Berhad, voting at the 7th AGM of the Company will be conducted by poll. Poll administrator and Independent Scrutineers will be appointed respectively to conduct the polling/e-voting process and to verify the results of the poll.

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“SEVENTH ANNUAL GENERAL MEETING”

AFFIX
STAMP

SDS GROUP BERHAD Registration No. 201701026951 (1241117-T)
Unit 7-01, Level 7, Lagenda Tower
No. 3 Jalan SS20/27
47400 Petaling Jaya
Selangor

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S.D.S

SINCE 1987

SDS Group Berhad

201701026951 (1241117-T)

Our subsidiaries:



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Kawasan Perusahaan Ringan Pulaui,
81200 Johor Bahru, Johor.

tel: +607 288 8305
fax: +607 556 7116
website: www.sdsgroups.com



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sdsgroups