

7. BUSINESS OVERVIEW

7.1 OVERVIEW

We operate the well-known “KK Super Mart” chain of 24-hour convenience marts involved in the retailing of daily necessities, with 996 stores across the states of (1) the Federal Territories (excluding Labuan); (2) Selangor; (3) Negeri Sembilan; (4) Melaka; (5) Johor; (6) Pahang; (7) Perak; (8) Pulau Pinang; (9) Kedah; and (10) Sarawak as at the LPD. The majority of our stores operate 24 hours a day, seven days a week, to maximise convenience for customers, with the exception of 10 stores which are located in buildings such as universities, shopping malls or at transportation hub. According to the IMR Report, we are the leading convenience mart player in Malaysia by number of stores as at 28 February 2026 and by revenue in 2025, holding the largest market share of 77.6% in 2025.

Holding onto traditions while embracing modernity, “KK Super Mart” is known as a modernised mom-and-pop store offering daily essentials 24 hours a day, all year round. “KK Super Mart” is a convenience mart chain focused on providing accessible locations for quick purchases at affordable price points.

Our convenience marts are typically located at high foot traffic retail locations such as high street locations, transportation hubs, shopping malls and commercial spaces within residential developments. These strategically located stores are designed to offer convenience and cater to "on-the-go" and impulse purchases by a diverse range of end consumers. Presently, our growing network of stores is mainly concentrated in Kuala Lumpur and Selangor where 67.9% of our stores are located.

Our Group closely monitors evolving consumer trends and purchasing behaviours, and implements diverse store formats tailored to meet our customers’ preferences in different locations:

Store format	Features
KK Super Mart	Modern mom-and-pop store offering a selection of daily necessities, primarily FMCG such as F&B products, personal and baby care products and household essentials, enhanced by convenient services like bill payment and top-up services
KK Concept Store	Concept store of KK Super Mart that provides a modern, welcoming atmosphere, with focus on RTE meals, hot meals and snack offerings, typically located in densely populated urban areas such as universities, airports, transportation hubs and small residential neighbourhoods like condominium and townships
KK Signature Store	Unmanned store which is strategically positioned to leverage growth opportunities arising from urbanisation trends. As at the LPD, our Group has one unmanned store located in Kuala Lumpur

Additionally, we offer online sales through our own website, complemented by delivery services both via our website and through partnerships with third-party delivery aggregator platforms, namely ShopeeFood and Foodpanda to fulfil customer doorstep requests. KK Super Mart also carries 156 house brand products to build a strong brand identity, fostering customer loyalty and providing more options to customers.

The convenience retail industry is experiencing robust growth with potential for further expansion. This presents opportunities for industry players, including our Group. As a homegrown entity, our Group is well-positioned to leverage the increasing demand for convenience shopping driven by urbanisation, changing consumer lifestyles, and rising household income.

7. BUSINESS OVERVIEW (Cont'd)

We were one of the fastest-growing convenience retailers in Malaysia by number of stores from 2022 to 2025, according to the IMR Report. From the FYE 30 June 2023 to the FYE 30 June 2025, we opened an average of 122 new stores per year (net of closures). We aim to continue expanding our presence with the immediate objective of growing our store network to approximately 1,500 stores nationwide by the FYE 30 June 2028.

We believe that convenience and location will continue to be the key factors in driving our success. Our presence in both residential, commercial areas and high traffic public locations (such as transportation hubs, universities and hospitals) enables us to serve diverse market segments. We intend to continue capitalising on our strong brand and market leadership to support our store expansion plans, further increasing our market penetration. The continued expansion of our store network enhances brand visibility, which will allow us to attract more customers and drive increased foot traffic to our stores, allowing us to increase our market share in the convenience mart segment.

In addition to retail sales, our Group also generates other revenues from suppliers' incentive programmes such as product listing fees, display and advertising income, target incentives, sales rebates, new store opening contribution and promotional fees ("**Complementary Income**"). The Complementary Income is paid by product principals or suppliers and may be in the form of fixed fees per store, fees based on eye-level placement of products on the shelf per store or fees based on the volume or expected volume of products sold through the store. Therefore, with the continued growth in our number of stores, we anticipate a corresponding increase in the Complementary Income. Additionally, the resulting economies of scale are expected to drive better margins, better terms with suppliers and greater operational efficiency.

We handle approximately 465 sales transactions per store per day based on the number of sales transactions recorded for the FYE 30 June 2025, with an average sales transaction value per store per day of RM4,865. From the FYE 30 June 2023 to the FYE 30 June 2025, our Group's revenue increased by RM312.3 million or a CAGR of 11.8%.

By leveraging technology, we have streamlined our business processes to enhance efficiency and scalability, enabling the successful execution of our store expansion plans. Among others, we established an enterprise data warehouse ("**EDW**"), a database which centralises our business information from multiple sources and applications to provide business intelligence, reporting and analysis for continuous inventory optimisation and innovation. Our store operations are supported by an integrated suite of supply chain management systems that manage the flow of inventory from procurement and suppliers, through warehousing, transportation and stores, to end customers. Additionally, we are further supported by strong partnerships with suppliers and logistics service providers, which enable us to maintain optimal stock levels and meet customer demand across our store network.

The key financial performance highlights of our business operations for the Financial Years Under Review are as follows:

	FYE 30 June		
	2023	2024	2025
	RM'000	RM'000	RM'000
Revenue	1,254,910	1,454,902	1,567,193
GP	348,851	408,545	450,834
PAT	98,709	101,596	96,987

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The operating performance of our stores for the Financial Years Under Review is as follows:

	FYE 30 June		
	2023	2024	2025
Number of sales transaction ('000)			
- Merchandising sales	91,254	104,049	110,633
- Commission-based income	21,237	27,279	31,370
Total number of sales transactions ('000)	112,491	131,328	142,003
Average number of sales transactions per store per day ⁽¹⁾			
- Merchandising sales	418	398	363
- Commission-based income	97	104	103
Total average number of sales transactions per store per day	515	502	465
Average value of each sales transaction (RM) ⁽²⁾			
- Merchandising sales	13.07	13.20	13.30
- Commission-based income	0.48	0.46	0.40
Total average value of each sales transaction	10.69	10.56	10.45
Average sales per store per day (RM) ⁽³⁾	5,503	5,304	4,865
SSSG (%) ⁽⁴⁾	23.1	1.9	(2.7)
Number of stores included in the calculation of SSSG ⁽⁵⁾	546	646	762

Notes:

- (1) Calculated as the aggregate number of sales transactions at our stores during the financial year divided by the aggregate number of stores operating days during such financial year.
- (2) Calculated as the revenue generated by our stores during the financial year divided by the aggregate number of sales transactions at our stores during the financial year.
- (3) Calculated as the aggregate sales of our stores during the financial year divided by the aggregate number of stores operating days during the financial year.
- (4) The SSSG of our stores for a financial year is calculated by dividing (a) the revenue generated by our stores during such financial year after deducting the revenue generated by those same stores during the immediate preceding financial year of the same duration, by (b) the revenue generated by those same stores during the immediately preceding financial year of the same duration.
- (5) Calculated based on the number of stores which have been in operation for a minimum for 12 months.

We saw a decline in our SSSG from 23.1% in FYE 30 June 2023 to 1.9% in the FYE 30 June 2024 primarily as sales normalised from their post-pandemic surge.

For the FYE 30 June 2025, our stores recorded a SSSG of -2.7%, primarily due to (i) the cessation of liquor sales at our stores that did not possess a valid liquor licence and all stores between 9.00 p.m. and 7.00 a.m.; (ii) the negative publicity in January 2025 arising from the sale of sandwiches labelled as "Ham and Cheese Sandwich" and were affixed with a Halal logo; and; (iii) the redistribution of sales to new stores following the aggressive expansion and growth of our store network from 646 stores as at 30 June 2023 to 777 stores as at 30 June 2024 and 890 stores as at 30 June 2025 respectively. For information purposes, excluding the cessation of liquor sales across all stores, the SSSG in the FYE 30 June 2025 would have been -1.1 %.

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SSSG is not the only metric that we consider when evaluating the performance of our stores. Our strategic focus has been on expanding our store network to secure market leadership, a growth metric that we prioritise over short-term SSSG. While this expansion could lead to a decline in SSSG, it allows us to protect and/or increase our overall market share and increase our revenue and profitability.

Additionally, other than total number of sales transactions and growth in revenue, we also consider metrics such as the average value of each sales transaction, payback period and GP margin in evaluating our Group's financial performance and sustainability

For further information on the SSSG and other metrics in evaluating our Group's financial performance, see Section 12.2.2 of this Prospectus.

7.2 COMPETITIVE STRENGTHS

7.2.1 We are the leading player in Malaysia's convenience mart segment, which is poised for robust growth with the potential for further expansion

We are the leading convenience mart in Malaysia by number of stores as at the LPD and revenue in 2025 and the fastest-growing among the selected convenience retailers in Malaysia, by number of stores, from 2022 to 2025, according to the IMR Report. In addition, we are a home-grown brand with full ownership of our brand, giving us complete autonomy over every aspect of our business. Our strong brand equity is bolstered by numerous prestigious awards, and the growing member base of users for our KK Rewards App underscores our position as a trusted household name in Malaysia.

The leading and fast-growing convenience mart in Malaysia

Over 25 years since the first "KK Super Mart" was established by DSKK together with his siblings in 2001, we have built strong brand equity for our home-grown trade name "KK Super Mart". Our stores have been strategically positioned as 24-hour convenience marts (where permitted), combining the quick-service and accessibility of a convenience mart with the extensive product range of a supermarket. The majority of our stores offer a wide range of F&B and convenience items, along with household, personal care and baby products. Most of our stores are also characterised by bright lighting and CCTV, creating a welcoming and secure environment for customers.

We have established our presence as the leading convenience mart in Malaysia by number of stores as at 28 February 2026 and revenue in 2025, according to the IMR Report. Our large number of stores comprises a total of 996 stores throughout Malaysia as at the LPD, and our total store footprint is more than 9 times that of our next competitor in the convenience mart segment in Malaysia as at the LPD. We believe our extensive store network across Malaysia strengthens brand recognition and fosters customer loyalty, as shoppers are more likely to choose a grocery retail chain with a robust local footprint as well as national presence.

According to the IMR Report, we:

- (a) are the market leader and hold a market share of 77.6% in the convenience mart segment based on revenue in 2025;
- (b) stand out and hold a market share of 14.9% by revenue in 2025 among the convenience retailers;
- (c) are the fastest-growing among the selected convenience retailers in Malaysia, by number of stores, from 2022 to 2025;

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- (d) reported a PBT margin of 8.4% for the FYE 30 June 2025, which is highest among the selected grocery-based retailers in Malaysia.

Excluding the RCPS Interest and Dividend, our PBT margin would be 8.9% for the FYE 30 June 2025.

With our expanding and vast network of stores which operate with extended hours of up to 24 hours through three store formats (i.e. KK Super Mart, KK Concept Store and KK Signature Store), we are able to greatly enhance our customer reach across diverse locations, each with varying population demographics and levels of disposable income.

Direct ownership of our own brand

Our ownership and control of the “KK Super Mart” brand gives us an advantage over the alternative business model of franchisees, as we are not subject to franchise fees and required to adhere to a franchisor’s operational standards. Our KK Super Mart stores, the flagship business of our Group, offer convenient and quick access to a wide range of products, appealing to consumers seeking a fast and hassle-free shopping experience. Our modern lifestyle retail convenience marts under the “KK Concept Store” brand focus on RTE meals and fresh food, and are strategically located within universities, airports, transportation hubs and small residential neighbourhoods such as condominium and townships.

This ownership allows us to efficiently manage our day-to-day operations with flexibility, and to enhance efficiency across all areas of our retail operations including procurement, merchandising, retail management, human resources, logistics, and warehousing. It also gives us the flexibility and freedom to implement the best systems tailored to our specific needs, and make more responsive decisions with respect to our business, product offerings and store rollouts. In addition, it allows us to swiftly adapt to market demands and consumer preferences, tailoring store sizes and layouts to suit the specific demographic characteristics of each retail location. This adaptability also allows us to regularly evaluate store performance, close underperforming locations and open new stores in high-demand areas.

Fast-growing convenience mart segment in Malaysia

By appealing to a large target segment with differing population demographics and disposable income levels through our extensive and growing network of stores, we believe that we are well-positioned to capture more market share and leverage the growth opportunities within the grocery-based retailing industry in Malaysia.

The convenience retail and grocery-based retail sectors in Malaysia are still underpenetrated with sales values per capita of USD77.5 and USD628.3 respectively, in 2025, according to the IMR Report. By comparison, other developed countries such as Japan recorded higher sales values per capita of USD690.2 and USD2,758.4 in the convenience retail and grocery-based retail sectors respectively in 2025, implying large room for growth in Malaysia.

According to the IMR Report, the sales value of the convenience mart segment (which is a sub-segment of the convenience retail industry) in Malaysia increased at a CAGR of 20.9%, from RM0.8 billion in 2020 to RM2.2 billion in 2025. Looking ahead, the convenience mart segment in Malaysia is projected to grow at a CAGR of 17.7% from 2025 to 2030, reaching a sales value of RM4.9 billion by 2030 driven by demand for household and grocery items, supported by the convenience of extended operating hours. Consequently, the convenience mart segment is projected to outperform all other retail segments in Malaysia’s grocery-based retail industry, with the highest CAGR projected for the 2025 –2030 period, according to the IMR Report.

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Growing member base

Our KK Rewards App was originally introduced in 2023 under the name of “KK Mart Malaysia” and subsequently refreshed and relaunched in July 2025 to better support our loyalty and customer engagement initiatives. Since the relaunch, membership has grown rapidly, reaching approximately 200,000 registered members as at the LPD. Of these, about 57,000 were active members, namely members who engaged with our KK Rewards App. We also have a large and growing social media following, with 278,685 followers across platforms including Facebook, Instagram, TikTok, and Xiaohongshu (Rednote), as at the LPD.

Strong brand reputation and recipient of several awards

Over the years, we have established a strong brand reputation among consumers in Malaysia, and we are recognised for our commitment towards serving the needs of our customers. As a testament to our excellence in the retail sector, we have received several prestigious awards such as “SIN CHEW Retail Excellence Award” in 2014, “Platinum Business Awards”, “Inaugural Malaysian Brand Award” and “Outstanding Achiever Award” all in 2017, highlighting our innovation and outstanding service. We have also demonstrated our exceptional success by receiving “The Great Asia Outstanding Corporation Award” at the “Asia New Economy Summit” in 2024 and “Putra Aria Brand Awards – Bronze (Retail)” in 2025. We have also been awarded with “Malaysia Career Carnival Caring Employer Award” in 2021.

These accolades not only reinforce our position in Malaysia’s grocery-based retail industry but also reflect the trust and loyalty we have garnered from our customers. Our strong brand reputation is also a key factor in our ability to secure prime retail locations, as landlords prefer to rent their premises to tenants with established brands.

7.2.2 We cater to the needs of modern consumers who prioritise convenience and speed

We are widely recognised as a convenient one-stop destination with extended operating hours of up to 24 hours, providing more options to our customers for daily and/or urgent necessities. Our 24-7 community proximity store format is designed to serve specific residential communities across urban, suburban, and rural areas in addition to our doorstep delivery services. In addition, our KK Concept Store features a refreshment and snack station offering RTE meals, providing a welcoming space for customers to grab a quick bite and connect in a relaxed, social atmosphere, thereby elevating their shopping experience.

Our 24-7 community proximity store format is key to our success

Driven by the COVID-19 pandemic, consumers adjusted their shopping behaviour and switched to proximity shopping, favouring neighbourhood stores to shop for daily groceries. Our community proximity store format, strategically situated within targeted population catchment areas, has proven successful in providing convenient access and attracting repeat foot traffic. The majority of our stores are community proximity stores, serving specific communities in urban, suburban, and rural areas and removing the necessity for lengthy commutes to purchase groceries. As part of our expansion strategy, we assess the viability of new locations by identifying clusters with large catchment areas, and by considering the demographics, and purchasing behaviours of the surrounding target market.

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Our 24-7 concept also enhances convenience, accommodates our customers' varying schedules and enables us to effectively capture foot traffic between 10.00 p.m. and 10.00 a.m. during which approximately 50.6% of our sales for the FYE 30 June 2025 were generated. This accessibility caters to consumers with limited time availability, including late-night workers and busy office employees in business districts, allowing them to shop at their convenience and seek late-night and last-minute essentials. This commitment to accessibility not only meets the demands of busy lifestyles but also reinforces our reputation as a go-to destination for urgent necessities.

Quick and convenient checkout options for our customers

In response to consumers' growing demand for time savings and convenience, we have implemented several initiatives to streamline the shopping experience. Our systems support cashless payments, ensuring smooth and efficient transactions. Mobile payment options with credit cards and digital wallets are available, allowing our customers to scan and pay using their smartphones for a faster checkout experience. We have also introduced self-checkout kiosks at seven selected stores, reducing staff reliance while allowing customers to complete purchases quickly and with minimal interaction. In addition, we opened our first unmanned store, KK Signature Store, at Menara KK in December 2023 to cater to next-generation consumers who prioritise convenience, speed and a hassle-free shopping experience. By integrating these features, we reduce wait times and offer a personalised and seamless experience that aligns with the fast-paced lifestyle of today's younger consumers.



Enhancing convenience through doorstep delivery services

Recognising the growing demand for convenience, we have introduced delivery services through our "KK e-Mart" online store and KK Rewards App, allowing customers to shop online and enjoy home delivery at affordable rates. Customers can place orders directly via our "KK e-Mart" online store, where we partner with online platforms to facilitate deliveries through third-party delivery service providers. Alternatively, customers can also order through third-party delivery aggregator platforms such as ShopeeFood and Foodpanda, in which case the delivery drivers collect the items from our stores and deliver them directly to our customers' doorsteps.

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Looking ahead, there is significant room for improvement in this segment which currently contributes only 0.2% of our total sales for the FYE 30 June 2025. Furthermore, by strengthening our omni-channel presence, we aim to offer a seamless and integrated shopping experience that aligns with our customers' evolving preferences, fostering greater customer loyalty and expanding our customer base.

Refreshment and snack station offers RTE meals for both grabbing a quick bite and socialising

Recognising the growing demand for RTE meals in densely populated urban areas and for small comfortable dining spaces that foster social interaction, we have introduced the "KK Concept Store" format in universities, airports, transportation hubs and small residential neighbourhoods like condominium and townships. These stores offer a diverse selection of delicious and affordable culinary options, featuring Western, Asian and local cuisines, along with grocery shopping. Several KK Concept Stores feature a refreshment and snack station designed to provide a space where customers can grab a quick bite or socialise which resonates well with working adults and students.



7.2.3 We provide a curated range of products and offer competitive price-value proposition

By offering a carefully curated selection of products within the daily necessities category including our constantly refreshed product offerings, all with an attractive price-to-quality value proposition, we are well-positioned to capitalise on consumer demand. Consequently, we recorded strong growth in our revenue from RM1,254.9 million for the FYE 30 June 2023 to RM1,567.2 million for the FYE 30 June 2025, representing a CAGR of 11.8%.

Focus on daily essentials and "on-the-go" convenience products along with value-added consumer services

As approximately 95.4% of our sales for the FYE 30 June 2025 comprised primarily of household and personal care necessities, baby products, consumer staples and "on-the-go" convenience products such as snacks, confectionery, tobacco, and beverages, we appeal to a broad customer base and are not dependent on any particular target consumer group. The demand for these products is generally inelastic to changes in the overall economic conditions in Malaysia as consumers purchase them on a recurring basis. The sale of household necessities, consumer staples and other non-discretionary consumables also drives repeat foot traffic and often leads to spontaneous purchases during shopping trips.

In addition, we offer essential value-added services such as bill payments via e-pay (M) Sdn Bhd, mobile prepaid reloads and top-up services at all our stores. Selected stores also provide ATM and cash deposit machine ("CDM") services including cash withdrawals and deposits. These services enhance customer convenience, complement our product sales and help drive greater foot traffic to our stores.

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A wide variety of carefully curated and constantly refreshed product offerings

We differentiate ourselves from other retailers by providing a reliable in-store shopping experience, ensuring that our shelves are consistently well-stocked with a diverse range of products. Our store layouts are designed to optimise floor and shelf space through efficient racking and display solutions. As at the LPD, majority of our stores are approximately 1,200 sq. ft. to 1,600 sq. ft. and are able to carry on average more than 6,000 SKUs across a broad range of 41 product categories. Our diverse product range offers customers more choices, driving unplanned and optional purchases. This also provides us with a competitive advantage over other convenience retailers, and helps drive brand loyalty and customer traffic to our stores. In addition, we purposely curate the product assortment in each store to align with the preferences, demographics, and purchasing behaviours of the surrounding target market and its specific catchment area.

We regularly review the performance of our products and refresh our product mix by periodically adjusting our SKUs to adapt to the changing demands of our customers. We also introduce new and in-demand products to our stores regularly based on insights from market surveys and discussions with suppliers, providing an ever-evolving shopping experience. In addition, we offer seasonal products to capitalise on customer demand during Malaysian school holidays and festive seasons, creating excitement and increasing customer engagement.

Competitive price points

We seek to offer our products at competitive prices and frequently launch discounts, promotions, and bundled sales to encourage purchases, delivering a competitive price-value proposition. Through strict cost discipline, various cost management initiatives and economies of scale supported by our extensive operational network across Malaysia, we are able to pass savings on to customers while maintaining healthy profit margins.

We conduct monthly market surveys on a selection of our products' pricing and make price adjustments as needed to maintain competitive pricing. According to the IMR Report, out of the 52 products selected for price comparison across key convenience retailers, we have the lowest price for 29 products (compared to the average price by selected key players) and are notably priced below peers for most products in the household and personal care categories.

7.2.4 Effective cost, quality and supply management through a differentiated procurement strategy and lean operating structure

Our success is driven by the scale and strength of our procurement and bulk sourcing processes, which allow us to source competitively priced products, maintain better control over product quality and ensure reliable supply. We also maximise GP margins through strategic introduction of house brand products for essential and high-demand items. Operating under a lean and asset-light business model, we minimise costs while maintaining operational agility. This is complemented by our centrally managed supply chain and inventory management system which ensures efficient, consistent product flow and inventory optimisation across all locations. As a result, we are able to achieve attractive store economics and healthy EBITDA margins of 11.3%, 10.1% and 9.5% for the FYEs 30 June 2023, 30 June 2024 and 30 June 2025, respectively.

Scale and strength in procurement and bulk sourcing

We are able to keep our product pricing competitive by negotiating with and purchasing directly from principal brand owners and end suppliers to avoid pricing mark-ups. Direct sourcing also gives us better control over product quality, ensuring that the delivered products meet our stores' standards. As at the LPD, 79.4% of our products are sourced directly from principal brand owners and end suppliers.

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Our extensive store network, large purchasing volume and consistent record of timely payments enable us to enjoy bulk discounts, favourable pricing terms, rebates, promotions and other supplier incentives. As such, we are able to achieve economies of scale and maintain strong GP margins of 27.8%, 28.1% and 28.8% for the FYEs 30 June 2023, 30 June 2024 and 30 June 2025, respectively.

We have established a dedicated purchasing team which sources from a diversified base of suppliers, ensuring the most competitive pricing, diversification of suppliers and reliability of supplies. We also recruit new suppliers whenever necessary, to ensure that our products are of good quality and are available at competitive prices. As at the LPD, we have a diversified mix of 520 suppliers where we have more than 5-year commercial relationships with most of them. We also have a low supplier concentration risk with no single supplier accounting for more than 10.0% of our total purchases for the FYE 30 June 2025.

House brand products for generic items to drive higher GP margins

There has been increased consumer acceptance of generic and house brand products particularly for homogeneous items. These products are gaining popularity as they provide an alternative to other brand name goods in terms of quality and price. According to the IMR Report, affluent customers today are also more inclined to purchase generic and house brand products, which have traditionally attracted budget-conscious shoppers. As at the LPD, we offer over 156 house brand products across 11 product categories under the “KK” brand, allowing us to tap into this market segment and achieve higher GP margins while exerting control over both quality and price. In addition, house brands foster customer loyalty through competitive pricing and exclusivity, while also offering us greater control over our inventories and enabling faster market responsiveness to market trends.



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Lean operating model

Our business and operational processes are designed to be simple in order to minimise staffing requirements and optimise staff costs. For instance, products in our stores are systematically organised by category and are accompanied by clear price labelling that provides information about our merchandise. We also standardise our store layouts, product placement and shelving arrangements, providing our customers with a familiar and consistent shopping experience at our stores. The clear and standardised layout allows customers to shop independently with minimal assistance from sales personnel and enable store managers to easily restock products. As a result, we are able to reduce staff costs while enhancing overall staff management.

Asset-light business model

As at the LPD, approximately 99.1% of our stores operate on tenanted properties. The majority of our stores operate under tenancy agreements with initial terms of three years, which include options for multiple extensions of three years each. The tenancy extension is also generally subject to a rental escalation cap of 10.0% every three years. In addition, our "KK Super Mart" brand is able to attract customer foot traffic, providing us the flexibility to also open stores in non-prime locations and benefit from favourable commercial terms.

Centrally managed supply chain and inventory management system

As at the LPD, we operate our Balakong DC which allows us to store and distribute all our products to our stores across Peninsular Malaysia, minimising our costs associated with inventory storage and ensuring seamless product movement to our stores. To ensure efficiency, we also leverage on third party freight service providers for distribution in East Malaysia, and third-party logistics vendors to service our nationwide retail network in all states within which we operate. Our centrally managed supply chain infrastructure allows us to effectively manage merchandise and retail planning, particularly in allocating SKUs based on sales trends at each store. It also ensures timely replenishment of stocks to meet our customers' demands with an average of one to two deliveries to each of our stores per week.

Our supply chain and logistics operations operate on a "just-in-time" model, ensuring timely delivery of goods to stores while minimising excess inventory. This efficiency is enhanced by our centralised procurement system and inventory management system which are seamlessly integrated through business-to-business connectivity between our stores, DC, suppliers, logistics service providers and headquarters. Our centralised procurement system and inventory management system facilitate efficient monitoring of inventory sufficiency, DC order fulfilment and store receiving, enabling timely operational adjustments aligned with market dynamics, customer demands and more precise demand forecasting.

The system also incorporates a proprietary stock ordering algorithm designed to optimise inventory control across all our stores. This advanced algorithm analyses sales data, and historical trends to determine the ideal stock levels for each location. It dynamically adjusts reorder quantities and timing for products to be delivered from our DC to minimise the risk of out-of-stock situations. At the same time, it also notifies store managers the quantities to reorder from suppliers, ensuring product availability and enhancing overall customer satisfaction.

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7.2.5 Tech-driven company delivering unique value proposition to customers

We elevate customer acquisition and retention with our KK Rewards App, providing a convenient, personalised shopping experience. Our data-driven insights, powered by our in-house business intelligence and analytics system, allow us to continuously adapt and optimise our offerings to meet evolving customer needs. We were also among the first to introduce an unmanned grocery store, redefining convenience and automation in the retail segment. Coupled with our digitalised marketing strategies, we create targeted, impactful connections with our customers, keeping ahead of our competitors in Malaysia's grocery-based retail industry.

Enhanced customer retention with our "KK Rewards" App

To encourage frequent visits, we have developed our KK Rewards App that allows customers to earn KK coins with every purchase, which may be redeemed for any in-store items. Members also enjoy exclusive deals and promotions, along with rewards for daily check-ins and referrals, as well as on their birthdays. These initiatives are designed to enhance user engagement and build brand loyalty. In addition, it serves as a communication channel, allowing us to share information about new products, store openings and promotional activities.

Data-driven analytics driven by our in-house business intelligence and analytics system

Our in-house business intelligence and analytics system consolidates data from various sources, enabling us to effectively analyse both operational and financial performance. Central to this is our integrated POS software implemented across all store locations which provides access to sales data. Leveraging on this data, we can conduct detailed store profiling, allowing us to identify the optimal SKU mix to maximise store revenue and profitability. By analysing top selling SKUs and examining past customer purchasing behaviour at individual store level, specifically the recency, frequency and basket size of customer purchases, we can identify underperforming SKUs. This enables the removal of non-selling SKUs while preserving product variety and reallocating shelf space to introduce more saleable SKUs.

The data also serves as a foundation for identifying opportunities to deploy targeted marketing strategies that drive customer acquisition and retention. With detailed performance metrics across our stores, we can quickly address underperforming locations or operational inefficiencies. These insights also guide strategic decisions such as evaluating potential sites for new store expansions, by uncovering trends, opportunities and evolving consumer preferences.

We also have an internal staff mobile application ("**KK Big Family Mobile App**") designed to enhance control and oversight of store activities. The KK Big Family Mobile App provides a centralised platform for recording and tracking essential operational tasks, including cash bank-in records, store cleaning cycles, delivery performance tracking and daily stock takes of critical items. By standardising these processes and enabling real-time reporting, our KK Big Family Mobile App ensures greater transparency and accountability across all locations. Store managers can efficiently log activities, track performance metrics and address any operational discrepancies promptly. Furthermore, our KK Big Family Mobile App also served as an information referral centre for our staff, providing resources such as SOPs and memos etc. This digital tool not only streamlines day-to-day management but also provides valuable insights for continuous improvement, driving overall operational excellence across our store network.

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Embracing the forefront of technological evolution by introducing unmanned grocery store

We are among the first convenience retailers in Malaysia to introduce an unmanned store that operates without traditional staffing, utilising innovative technologies and interactive elements such as self-checkout kiosks and CCTV. The unmanned store features a seamless and secure payment process, enhancing the overall shopping experience. This pioneering initiative underscores our commitment to embracing technology, offering a glimpse into the future of retail convenience and efficiency.

Digitalised marketing

Given the high internet usage and social media penetration in Malaysia, our social media channels and KK Rewards App are crucial for reaching a wide consumer base and enhancing brand visibility. We have engaged with our audience through popular social media platforms like Facebook, Instagram, TikTok and Xiaohongshu (Rednote), leveraging collaborations with key opinion leaders (“KOLs”) and key opinion consumers (“KOCs”) together with brand marketing initiatives to foster connections.

7.2.6 Scalable and proven platform that can be leveraged for future growth

Our modular store design and compact format, supported by standardised store opening procedures and operational processes, ensures consistency as we scale our retail network. This streamlined approach enables us to optimise resources, maintain a uniform customer experience across all locations and accelerate our expansion efficiently.

Modular store design and small store format

We have implemented a modular store design across all our locations, using prefabricated furnishings and standardising key design elements such as shelf placement, product displays, aisle layouts and overall organisation. This approach enhances operational efficiency, reduces costs and provides customers with a familiar, cohesive shopping experience at each store. This also minimises on-site installation time, enabling us to furnish and stock the new store typically within one to two months of signing the tenancy agreement.

In addition, our small store format, usually consisting of a single shop lot, has been a key driver of our rapid expansion, as securing one shop lot is easier than obtaining multiple adjacent units. The consistency in store layout, coupled with our small store format, has significantly fuelled our growth, as demonstrated by the opening of 102, 134 and 119 stores in the FYEs 30 June 2023, 30 June 2024 and 30 June 2025 respectively, achieving a three-year CAGR of 8.0%.

Standardised store opening and store operational processes

We employ our “KK Mart Estate” platform to facilitate strategic decision-making through an interactive mapping interface. The platform offers comprehensive access to critical data, encompassing store profiling based on sales performance and profitability, detailed location-specific demographics such as neighbourhood affluence and competitor saturation, as well as insights from retail market surveys. It underpins a standardised framework for site selection, enabling the customisation of store formats to align with the unique demographic characteristics and consumer behaviours of each prospective location. In selecting locations, we also consider factors such as population density, proximity to major roads and ease of access. The initial product mix is determined by analysing sales data from similar stores in comparable demographic areas. Upon opening, each new store's POS system is seamlessly integrated with our centralised IT system, ensuring consistent operational efficiency.

7. BUSINESS OVERVIEW (Cont'd)

In addition, we have an in-house compliance team that ensures we are able to obtain the necessary regulatory approvals (such as CCC, business and signboard licences) for new stores, in a timely manner. We have also standardised the on-boarding process for new employees and established uniform procedures across all our stores for day-to-day operations, ensuring that daily tasks, workflows and operations are executed consistently and systematically. This uniformity maintains a consistent level of standards to meet customer expectations, enabling us to scale and expand our store network effectively.

7.2.7 Efficient capital turnover and cash conversion

Leveraging on our proven operating model, we are able to achieve an average payback period of under two years for new stores opened in the FYE 30 June 2024 which is achieved by keeping our average capital expenditure low. For the past three FYEs 30 June 2023, 30 June 2024 and 30 June 2025, our average capital expenditure per store was approximately RM291,000, RM248,000 and RM253,000 respectively. This efficient capital turnover enables us to fund and accelerate our store expansion plans, driving sustainable growth. Moving forward, we believe we can maintain an average capital expenditure of RM250,000 per store.

In addition to our strong cash generation, we also benefit from a short cash conversion cycle of 20 days for the FYE 30 June 2025. This efficient cash flow management enhances liquidity, providing more cash on hand to pursue new business growth opportunities, address operational needs and react faster to market changes. This also enhances our overall performance, profitability and strategic flexibility.

According to the IMR Report, our three-year revenue CAGR of 19.5% from the FYE 30 June 2022 to the FYE 30 June 2025 and PBT margin of 8.4% for the FYE 30 June 2025 outperformed the selected grocery-based retailers in Malaysia. Our GP margin of 28.8% for the FYE 30 June 2025 is also above the average reported by these retailers. This reflects our financial strength and effective financial management.

7.2.8 Founder-led experienced management team with proven track record and industry expertise

Our Group is led by a highly experienced senior management team comprising several industry professionals. At the helm is our founder, DSKK, whose leadership has been pivotal in shaping our growth and strategy since the early years. Our Key Senior Management team consists of individuals with extensive experience in retail operations, with the majority having been part of our Group for over 12 years. Drawing on the industry expertise of our founder and our Key Senior Management team, we have successfully scaled our business model, implemented an effective store roll-out strategy, optimised our retail processes and strengthened our relationships with brand principals, suppliers and third-party service providers. We believe the experience of our founder and our Key Senior Management is crucial in driving the execution of our future growth plans, strategic direction and operational efficiency.

Our Key Senior Management team is structured functionally with department managers overseeing the execution of their respective duties. We adopt a flat organisational structure, which we believe is essential for promoting operational efficiency and enabling quick decision-making. This structure fosters knowledge sharing through on-the-job training and helps us to identify potential talents for future management roles. To support employee retention, we offer competitive remuneration packages, benefits and various training and development opportunities at all levels.

We are also dedicated to maintaining a strong succession plan for our management team to ensure a smooth transfer of responsibilities over time. To develop future leaders, we provide on-the-job training facilitated by current employees and conduct annual performance evaluations based on key performance indicators.

7. BUSINESS OVERVIEW (Cont'd)

7.3 FUTURE PLANS AND STRATEGIES

We believe there are significant opportunities to grow our “KK Super Mart” brand across Malaysia, to strengthen our market position, and to create long-term value for our shareholders by executing the following strategies:

7.3.1 Continue our store expansion in Malaysia

We have established a strong track record of expanding our store network across Malaysia, successfully opening an average of 9, 11 and 10 stores per month in the FYEs 30 June 2023, 30 June 2024 and 30 June 2025, respectively. From 1 July 2025 up to the LPD, we have opened 115 new stores, representing 68.5% of our target of 168 new stores in the FYE 30 June 2026.

According to the IMR Report, Malaysia’s convenience retail and grocery-based retail sectors present significant growth potential. While Malaysia’s GDP per capita surpasses that of Thailand, the sales value per capita in the convenience retail and grocery retail sectors remains lower, indicating that these sectors in Malaysia are underpenetrated. With projected increases in GDP per capita, these sectors are expected to experience a rise in sales value per capita, potentially reaching levels seen in more developed markets such as Japan.

Specifically, we believe there is untapped potential outside the Central region of Peninsular Malaysia where we can increase our per-capita penetration. In addition to expanding our store network in Kuala Lumpur and Selangor, we plan to grow further in the Southern and Northern regions, particularly Johor and Pulau Pinang, where our per-capita penetration is lower than in the Central region of Peninsular Malaysia. In addition, we also aim to establish our presence in new markets where we currently do not operate, namely Terengganu, Perlis, Kelantan and Sabah by June 2027.

As part of our growth strategy, we aim to surpass 1,500 stores by the FYE 30 June 2028, opening an average of 14, 20 and 24 stores per month in the FYEs 30 June 2026, 30 June 2027 and 30 June 2028 respectively. While we are focused on accelerating our store expansion, we remain committed to maintaining a disciplined approach, adhering to established criteria and processes for site selection to ensure each new store aligns strategically with our long-term objectives. To support this planned expansion, we have allocated RM[•] million of the proceeds from our Public Issue to fund the growth of our store network as elaborated in Section 4.6 of this Prospectus. The shortfall will be funded by will be funded using our internally generated funds and/or bank borrowings.

As we expand our retail network, we expect to increase advertising and product display space, which can be offered to our suppliers and brand principals. This growth will not only drive higher retail sales through a larger store network but also generate increased Complementary Income.

7.3.2 Grow our “KK Concept Store” format

Beyond the continued expansion of our KK Super Marts, we see significant growth opportunities in our “KK Concept Store” format which focuses on RTE meals and fresh food offering. Our flagship KK Concept Stores located in Setapak Central, Universiti Malaya and Residence Mercu Summer Suites have vibrant spaces for social interaction, which is designed to cater to the evolving needs of consumers who value both convenience and a sense of community. We believe there is substantial demand for this communal concept particularly in locations like universities, airports, transportation hubs and small residential neighbourhoods like condominium and townships. These areas represent ideal opportunities for expansion as they offer a high concentration of potential customers seeking convenient dining options and social spaces. With this strategic focus, we are poised to tap into a growing market and further strengthen our offerings.

7. BUSINESS OVERVIEW (Cont'd)

7.3.3 Continue to enhance our product mix

Our stores feature a strategic layout that enhances convenience and maximises customer value. The majority of our store space is dedicated to “on-the-go” products such as snacks, confectionery, tobacco and beverages, along with a mini supermarket that provides a comprehensive selection of everyday essentials. The remaining space offers us the flexibility to adapt and introduce other value-added products such as electrical appliances, fashion items and pet food, tailored to localised customer preferences and aimed at driving a larger basket size. This versatile space allocation allows us to continually enhance the shopping experience by responding to evolving market demands.

In terms of product assortment, we will continue to strike a balanced approach, offering a combination of essential consumables such as groceries, household staples, and confectionery, along with discretionary items including stationery, toys, plasticware and kitchen utensils. This balanced product assortment allows us to fulfil the demands of our customers while also providing added convenience. This strategy will enable us to capture a larger share of the consumer wallet and drive positive SSSG across our stores.

We also plan to expand our fresh produce segment by having the suppliers to deliver the products directly to our stores. This approach helps minimise logistics costs while increasing the variety and availability of fresh fruits and vegetables in some of our stores with high foot traffic, responding to the growing customer demand for high-quality fresh produce in neighbourhood retail stores. Recognising this as a fast-growing segment, we are focused on improving our sourcing and procurement processes to ensure we are able to offer fresh and affordable produce that meets customer expectations. We are confident that by expanding our fresh produce offerings, we will not only enhance customer satisfaction but also drive higher profitability across our stores.

In addition, we intend to diversify our product range by sourcing imported products, bringing greater novelty and excitement to our customers. In support of this strategy, we are currently conducting a study to assess the feasibility and operational requirements of establishing a dedicated procurement team in China to manage direct sourcing from suppliers.

7.3.4 Increase contribution of house brand products

We are focused on identifying and capitalising on opportunities to expand our house brand offerings, enhancing the price-value proposition for our customers. By collaborating closely with domestic manufacturers, we are able to identify new and appealing products that resonate with Malaysian consumers, which we can incorporate into our house brand portfolio. As we gradually increase the share of house brand products, we aim to drive higher margins while enhancing the shopping experience with value-for-money offerings.

7.3.5 Improve our KK Rewards App, website and loyalty programme

We plan to further enhance our KK Rewards App's functionality to deliver a more user-friendly experience while also driving customer engagement through interactive features such as mini-games. In addition, we plan to personalise promotions on our KK Rewards App by offering tailored coupons and discounts based on customers' purchasing history, aiming not only to drive larger basket sizes but also to boost overall transaction frequency.

7. BUSINESS OVERVIEW (Cont'd)

We also aim to enhance user experience by optimising our e-commerce website for easier navigation. These initiatives include streamlining the checkout process, offering faster delivery options with real-time tracking, and expanding the product assortment with improved product listings, high-quality images and detailed descriptions to boost customer satisfaction. Using marketing automation tools, we aim to introduce more personalised recommendations, targeted promotions and discounts to boost sales, drive traffic and enhance customer loyalty.

In addition, to strengthen customer retention, we are enhancing our loyalty programme with more exclusive deals, vouchers and sales promotions designed to reward repeat purchases and incentivise more frequent visits. Through these features and exclusive benefits, we aim to increase our loyalty programme subscriptions and strengthen customer loyalty. These initiatives are also critical to driving customer engagement, boosting foot traffic and supporting our next phase of growth.

7.3.6 Invest in logistics and distribution capabilities

Looking ahead, we plan to continue investing in our distribution and supply chain infrastructure to support the growth our business as well as to further optimise operating costs and strengthen our competitive position.

We intend to allocate approximately RM[•] million of the proceeds from our Public Issue to:

- (a) enhance the capacity of our DC by relocating our existing Balakong DC to a larger facility in Klang Valley by the end of 2027; and
- (b) enhance our distribution network by adopting a hub-and-spoke model, including the rental of two new DCs in Butterworth, Pulau Pinang and Johor Bahru, Johor, to supplement our central DC in Klang Valley by the end of 2029.

Our Group intends to rent suitable premises for the new DCs rather than constructing new DC facilities. For further information, see Section 4.6.2 of this Prospectus.

We also plan to optimise our transportation operations by streamlining the number of logistics service providers and/or engaging a third-party logistics vendor for handling of our logistics functions, potentially generating cost savings. These initiatives will enable us to scale our operations efficiently and ensure effective distribution as we expand our store network nationwide.

7.3.7 Strengthen our international sourcing capabilities

We aim to establish and strengthen our purchasing team in key sourcing countries to increase direct sourcing and secure better pricing from suppliers. In parallel, we are enhancing our sourcing capabilities for selected lifestyle and F&B product categories to offer better cost competitiveness and a broader product assortment to our customers. We believe that building and strengthening our international sourcing capabilities will not only reduce costs but also provide our customers with access to a wider and more diverse range of products. Our Company also has intention to commence direct procurement from China to expand our product offering range

7. BUSINESS OVERVIEW (Cont'd)

7.3.8 Invest in systems and automation

We plan to upgrade our warehouse management system to strengthen our supply chain and logistics capabilities in support of our multi-site hub-and-spoke distribution model. This enhancement aims to improve inventory management and enable seamless coordination across our stores, DC, suppliers, logistics partners and headquarters, supporting the growth of our expanding store network. In parallel, we intend to expand the rollout of self-checkout kiosks at selected stores to streamline the checkout process, reduce staff dependency and enhance customer convenience.

7.4 KEY MILESTONES

The table below sets out our key milestones:

<u>Calendar Year</u>	<u>Key milestone</u>
2001	KK Super Mart, a sole proprietor was set up by DSKK to operate the convenience mart chain which carries the name of "KK Super Mart". The first "KK Super Mart" store was opened in Kuchai Lama, Kuala Lumpur.
2003	KKSMST was incorporated to operate the "KK Super Mart" stores.
2004	We opened our first store in Selangor.
2009	We opened our first store in Melaka.
2012	We opened our 100 th store. We opened our first store in Negeri Sembilan.
2013	We opened our first store in East Malaysia in Sarawak.
2014	We received "SIN CHEW Retail Excellence Award 2014".
2015	We opened our first store in Putrajaya.
2016	We received "The BrandLaureate SMEs Best Brands Awards 2015-2016".
2017	We received "Platinum Business Awards", "Inaugural Malaysian Brand Award" and "Outstanding Achiever Award".
2018	We opened our 300 th store. We launched our KK Concept Store in Selangor.
2019	We opened our first store in Johor.
2020	We opened our first store in Pahang.
2021	We opened our 500 th store. We received "Caring Employer Award" from the Ministry of Human Resources Malaysia and PERKESO.
2022	We launched our own dedicated e-commerce website. We opened our first store in Perak.

7. BUSINESS OVERVIEW (Cont'd)

Calendar Year	Key milestone
2023	We opened our 700 th store. We opened our first KK Signature Store.
2024	We opened our first store in Pulau Pinang. We received the Great Asia Outstanding Corporation Award from World Digital Chamber & KSI Strategic Institute for Asia Pacific.
2025	We opened our first store in Kedah. We launched our KK Rewards App. We received the Putra Aria Brand Awards – Bronze (Retail) - Association of Accredited Advertising Agents Malaysia.
2026	We opened our 1,000 th store in March 2026.

7.5 OUR BUSINESS

7.5.1 Our stores

Over the past 25 years, our Group has experienced significant growth since launching operations in 2001 under the trade name of “KK Super Mart”. As at the LPD, we operate 996 stores across Malaysia. We are targeting a nationwide total of around 1,500 stores by the FYE 30 June 2028.

The map below illustrates the geographical distribution of our stores as at the LPD, categorised by state and Federal Territories:



7. BUSINESS OVERVIEW (Cont'd)

The following table sets out the number of our stores in Malaysia by region as at the dates indicated:

Region	As at 30 June			As at the LPD
	2023	2024	2025	
Peninsular Malaysia	636	767	880	986
• Central ⁽¹⁾	508	555	617	679
• East Coast ⁽²⁾	6	17	24	26
• Northern ⁽³⁾	10	44	62	71
• Southern ⁽⁴⁾	112	151	177	210
East Malaysia⁽⁵⁾	10	10	10	10
Total	646	777	890	996

Notes:

- (1) Consists of the state of Selangor and the Federal Territories of Kuala Lumpur and Putrajaya.
- (2) Consists of the state of Pahang only.
- (3) Consists of the states of Kedah, Pulau Pinang and Perak only.
- (4) Consists of the states of Johor, Melaka and Negeri Sembilan.
- (5) Consists of the state of Sarawak only.

The following table sets out the net change in the number of our stores for the Financial Years Under Review and up to the LPD:

	FYE 30 June			From 1 July 2025 up to the LPD
	2023	2024	2025	
Number of stores at the beginning of the year/period	547	646	777	890
Number of new stores opened during the year/period	102	134	119	115
Number of stores closed during the year/period				
- Due to store relocation ⁽¹⁾	1	-	2	1
- Due to poor performance of the stores ⁽²⁾	1	1	-	4
- Due to landlord issues ⁽³⁾	1	2	4	4
Net increase in number of stores during the year/period	99	131	113	106
Number of stores at the end of the year/period	646	777	890	996

Notes:

- (1) Relocating to a nearby location with a more suitable store size and better parking accessibility.

7. BUSINESS OVERVIEW (Cont'd)

- (2) *Mainly due to sustained underperformance of the stores, attributable to, among others, unfavourable location including low footfall traffic and rural areas where the customer spending patterns differ from initial expectation, as well as suboptimal store size, resulting in sales remaining unsatisfactory and showing no clear indication of sale improvement.*
- (3) *Mainly due to landlords repossessing the shoplots or excessive rental hikes.*

As at the LPD, 26% and 21% of our stores are located in the Central region of Peninsular Malaysia (comprising Federal Territories of Kuala Lumpur and Putrajaya) and Southern region of Peninsular Malaysia (comprising Johor, Melaka and Negeri Sembilan) respectively.

Given the relatively low penetration rate of convenience marts in Malaysia, we are confident that there will be significant opportunities to grow our store network both within Kuala Lumpur and Selangor as well as Southern and Northern regions, particularly Johor and Pulau Pinang, which are regions that are relatively urbanised.

The following table sets out a breakdown of our store network in Malaysia by region as at the LPD, alongside the latest available population and population density information of such regions as at the LPD:

Region	Population (^{'000})	Area (km ²)	Population density (people/km ²)	Our store count as at the LPD	Our population coverage (population) (thousand / store)
Peninsular Malaysia					
• Central	9,495	8,233	1,153	679	14.0
• East Coast	4,779	64,124	75	26	183.8
• Northern	6,827	32,504	210	71	96.2
• Southern	6,431	27,631	233	210	30.6
East Malaysia	6,319	198,363	32	10	631.9

(Source: IMR Report)

Revenue Segmentation by Region in Malaysia

The following table sets out the breakdown of the revenue generated by our stores in Malaysia by region during the Financial Years Under Review:

	FYE 30 June					
	2023		2024		2025	
	RM'000	%	RM'000	%	RM'000	%
Peninsular Malaysia	1,192,734	99.2	1,373,317	99.1	1,471,116	99.1
Central	991,144	82.4	1,084,748	78.3	1,115,425	75.2
East Coast	15,576	1.3	22,618	1.6	32,783	2.2
Northern	5,924	0.5	29,012	2.1	52,317	3.5
Southern	180,090	15.0	236,939	17.1	270,591	18.2
East Malaysia	9,872	0.8	12,934	0.9	13,315	0.9
Total	1,202,606	100.0	1,386,251	100.0	1,484,431	100.0

7. BUSINESS OVERVIEW (Cont'd)

The following table sets out the locations of the stores by store format as at the LPD:

Type of properties	Number of stores		
	KK Super Mart	KK Concept Store	KK Signature Store
Shoplot	913	2	1
Mall	10	6	-
University/ Transportation Hub / Residential/ Hospital	44	20	-
Total	967	28	1

Unlike a supermarket, the convenience mart operates in a more compact format and with a more simplified layout, emphasising convenient locations, longer operating hours, competitive pricing and offering a wide range of daily necessities comprising mainly FMCG including F&B items, personal and baby care products as well as household products.

As at the LPD, 987 out of 996 of our stores operate on rented properties. With the exception of stores which are located in shopping complexes and other more specialised locations, we generally enter into three-year tenancies that are renewable at our option for further two to four terms of three years each. Our tenancies typically contain price escalation clauses whereby the price we pay for tenancies is subject to renegotiation at the end of each tenancy period, subject generally to applicable maximum increases.

The following table sets out the net change in the number of our stores for the Financial Years Under Review and up to the LPD:

	FYE 30 June			From 1 July 2025 up to the LPD
	2023	2024	2025	
Number of stores at the beginning of the year/period	547	646	777	890
Number of new stores opened during the year/period	102	134	119	115
Number of stores closed during the year/period	3	3	6	9
Net increase in number of stores during the year/period	99	131	113	106
Number of stores at the end of the year/period	646	777	890	996

7. BUSINESS OVERVIEW (Cont'd)

Retail Mall-Based Stores



Our retail mall-based store in Setapak Sentral

Shop-Lot Stores



Our corner shop-lot store in Sri Kembangan Lestari



Our shop-lot store in Bukit Jalil

7. BUSINESS OVERVIEW (Cont'd)

University Stores



Our KK Concept Store in Universiti Malaya



Our KK Concept Store in Universiti Kebangsaan Malaysia, Level 4 Bangunan Perpustakaan Tun Seri Lanang

Transportation Hubs



Our store in KL Sentral, next to arrival gates of KLIA Express



Our store in Terminal Bersepadu Selatan

7. BUSINESS OVERVIEW (Cont'd)



Our store in KLIA2, Level 2, Arrival Hall

7.5.2 Store opening process

We have a dedicated team focused on the efficient rollout of new stores with the entire process from site confirmation and licence applications to store opening typically taking between two to six months. However, this timeframe may vary depending on several factors including local regulatory requirements such as the time needed to obtain business and signboard licences.

Our store opening process comprises the following phases: (i) site identification, preliminary site assessment and physical site visit; (ii) site confirmation and renovation; and (iii) site delivery and store opening.

Site identification, preliminary assessment and physical site visit

We search for potential locations to establish new stores, with a focus on securing prime locations that offer high visibility and convenient access for customers. Our ideal target locations include densely populated neighbourhoods, sites near 24-hour restaurants, near other convenience marts, residential buildings such as condominiums, apartments and mixed developments, tourist areas and locations in proximity to areas where we already operate stores with proven strong sales performance. Sources of potential sites come from, among others, scouting for new sites, invitations from owners of shopping malls, residential or commercial developments, as well as references from real estate brokers and property developers. From time to time, property developers also extend invitations for us to establish new stores in their latest developments. The typical size of our stores ranges between 1,200 and 1,600 sq. ft..

For initial screening, we conduct a preliminary assessment using our proprietary data-driven digital platform, evaluating factors such as (i) the demographic profile of the area (including neighbourhood affluence and competitor saturation); (ii) the performance and characteristics of our existing stores in proximity to the potential site; and (iii) retail market insights. Additional key factors include customer traffic, street visibility and overall accessibility which help determine whether the location aligns with our operational requirements and strategic objectives. We also conduct a further assessment via Google Maps to gather information about the site and the area. Following which, we typically conduct a physical site visit to reassess the potential advantages or challenges associated with the site such as the surrounding neighbourhood, foot traffic and nearby businesses. Our property team presents three to six shortlisted potential locations, along with their respective preliminary assessment and site visit reports including the video recordings to the management on a weekly basis.

7. BUSINESS OVERVIEW (Cont'd)

Site confirmation and renovation

Once the site is deemed suitable, we then proceed to secure the site by negotiating rental terms with the site owner. We will likely undertake certain renovations (including where applicable, flooring installation, resolving electrical circuitry and other mechanical and electrical issues, air-conditioning, carrying out painting, plumbing, ceiling and partition works and also installing CCTV and alarm systems, glass panels, gondolas and signboards) to align with our store's typical layout and design specifications. During the renovation period, we also submit applications for any required licences and approvals for the store operations, as well as for the supply and connection of utilities such as electricity, water, sewerage and internet connectivity. At the same time, we place recruitment advertisements at the site to hire staff for the store and plan the deployment of the team accordingly.

Site delivery and store opening

Upon completion of renovation, our operations team determines the schedule for delivery of furniture and inventory, and finalises the store opening date. Typically, the store opens approximately two weeks after the renovation is completed. Once the site is fully prepared, the staff stock the store with merchandise that has been selected by the purchasing team based on the store concept, expected customers demographic and profile of the customers and location. The final step before opening is a comprehensive pre-opening inspection, which is conducted two to three days prior to the scheduled opening. This includes testing the POS system and reviewing all operational aspects thoroughly to ensure the store is ready for a smooth and efficient opening.

Our capital expenditure for opening a new store includes renovation works, fittings and fixtures such as our racking systems, freezers and chillers, air conditioning, signboard, IT equipment as well as payments for rental deposits, legal costs and licensing application costs, but does not include the inventory costs which may vary across different locations. The estimated capital expenditure for opening a new store ranges between RM200,000 to RM300,000 per store. This does not include the inventory cost which will vary depending on the locality and size of the new stores. Based on our past experience, the initial inventory stocking cost for each new outlet is approximately RM230,000.

7.5.3 Store design, layout and presentation

We design our stores based on our in-house modular store design templates. There are typically two checkout counters in each store where customers can pay for their purchases. Shelves or racks with small impulse-buy items such as candies, batteries and other last-minute necessities are placed around the checkout counter and cashier area to encourage additional purchases. For most of our KK Concept Stores, we also have a seating area at the RTE section, enhancing the overall shopping experience by combining convenience with comfort.

These templates establish standardised store schematics such as lighting, signage and layout that can be tailored to store sizes, thus allowing us to scale and open new stores efficiently and provide our customers a consistent retail experience and quality across all our stores.

Most of our store size is approximately 1,200 to 1,600 sq. ft. as at the LPD. Our stores are designed to optimise floor and shelf space, including product display and storage space. They are also clean and well stocked with a broad assortment of consumable products, general merchandise and seasonal items.

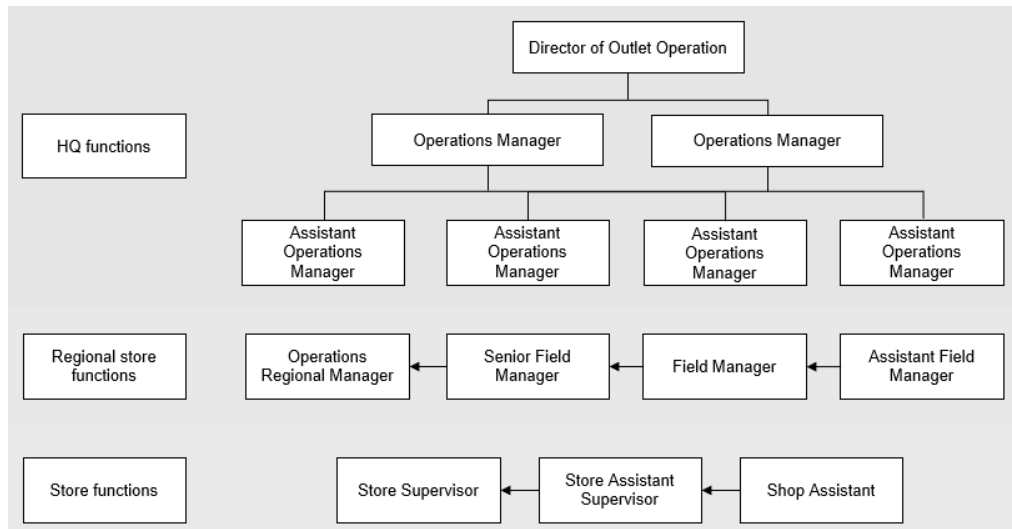
For each new store, we base the initial product mix on that of an existing store with a similar profile, and then continuously refine the mix of products and brands based on that store's sales trends.

7. BUSINESS OVERVIEW (Cont'd)

7.5.4 Store operations

We operate and manage all our stores directly through our employees. Each of our stores has store-level operations teams who attend to the day-to-day running of our stores.

A typical store operating structure and reporting line is as follows:



As the majority of our stores operate 24 hours a day and seven days a week, we employ two shifts of employees at each store. At any given time, we require at least two employees to be stationed at each store per shift. As at the LPD, each store, on average, is staffed with two to three employees per shift, including a store-level leadership team made up of one Store Supervisor and one Assistant Store Supervisor.

Each Field Manager is responsible for supervising and executing various operational tasks within their assigned stores. They report to a Senior Field Manager who oversees stores within a specific area. The Senior Field Managers provide guidance on issues escalated by the Field Managers and monitor store operations to ensure compliance with the SOPs. Senior Field Managers in turn report directly to the Operations Regional Managers who then report to the operations department at our headquarters. To ensure effective management, the operations department at our headquarters monitors stores operations by specific regions, namely Central, East Coast, Northern and Southern regions of Peninsular Malaysia and East Malaysia (Sarawak only).

7.5.5 Store maintenance and performance monitoring

We conduct regular assessments on the condition and appearance of our stores and may undertake refurbishments as and when deemed necessary. These refurbishment activities may include layout modifications, replacement of equipment such as shelving and fixtures and renovation touch-ups. The costs of refurbishment vary depending on the extent of work required and the location of the store.

7. BUSINESS OVERVIEW (Cont'd)

Our store-level POS systems interact with our inventory management system, which allows us to closely monitor the stock levels at each of our stores so that we can replenish them on an ongoing basis. This enables us to maintain optimal stock levels at our stores and to mitigate the effect of any unexpected loss of stock at our stores, whether through accidental damage to our stock or pilferage. In addition, at the store-level, the Store Supervisor monitors physical stock levels from time to time and notifies our operations teams if stock levels are too low or too high and requests for these stocks to be replenished through our ticketing system.

We also monitor our store performance on a daily basis through our in-house business intelligence and analytics system which seamlessly gathers real-time data from all our stores through our integrated POS and inventory management systems, enabling us to access and analyse real-time sales and stock data for each store. This allows us to develop data-driven strategies to identify any areas for improvement and to implement targeted action plans.

We are able to conduct store profiling to better identify the optimum portfolio and mix of SKUs to achieve a higher store profitability. This includes segmenting stores into clusters and performing RFM (recency, frequency, and monetary value) analysis over a 12-month period, analysing the top 500 selling items, removing non-performing SKUs while maintaining product variety, and optimising shelf space by replacing low-performing items with more saleable SKUs. Our in-house business intelligence and analytics system seamlessly gathers real-time data from all our stores, enabling us to effectively analyse both operational and financial performance.

If there are any stores which achieve a lower revenue growth rate compared to other comparable stores and regularly fail to achieve their sales targets, we will also conduct a more detailed and comprehensive analysis. This analysis considers factors such as store performance, staff performance, operational practices, store location and customer demographics. Based on this evaluation, we determine the appropriate measures to improve performance. If a store continues to underperform despite our interventions, a decision may be made to close the store.

During the Financial Years Under Review, our Group closed an aggregate of 12 stores, primarily due to tenancy-related issues such as increases in rental rates and expiry of tenancies and continued underperformance of stores.

7.5.6 Online stores

We have our in-house online retail platforms, namely our “KK e-Mart” online store as well as virtual stores on third-party delivery aggregator platforms:

(a) “KK e-Mart” online store

“KK e-Mart” online store at <https://kkemart.my/> is an online version of our physical stores. Our customers are able to browse and purchase all products which are available at our physical stores through the “KK e-Mart” online store.

7. BUSINESS OVERVIEW (Cont'd)

(b) Third-party delivery aggregator platforms

We have dedicated store pages on two third-party delivery aggregator platforms, namely ShopeeFood and Foodpanda, where our customers are able to browse and purchase our products. In these cases, the delivery drivers collect the items from our stores, and deliver them directly to our customers' doorsteps. By establishing a presence on these e-commerce platforms, we are able to expand our customer reach and product exposure to the customer base of these e-commerce platforms.

7.6 OUR PRODUCTS AND SERVICES

Our merchandising strategy is to offer our customers a broad range of products and services that cater to their "on-the-go" daily needs. As at the LPD, our Group carries a total of 6,852 SKUs. The types of products and services that we offer are generally as follows:

- (a) F&B products - This includes, among others, groceries, milk and other dairy products, snacks and confectioneries, alcoholic beverages, drinks (including cordials and hot beverages), bread, cooking oil, food seasonings and flavouring products, fresh foods and food spreads. Every store also features a dedicated refrigerated section for chilled products such as RTE meals, beverages and dairy products, and a separate frozen section that offers frozen products such as ice cubes and ice cream. We also offer frozen vegetables and frozen meat products in some of our stores;
- (b) Household products - This includes, among others, laundry and cleaning products, kitchenware, garbage bags, plastic containers, paper cups and insecticides;
- (c) Personal and baby care products - This includes, among others, diapers and baby care products, pharmaceutical items such as paracetamol and face masks, paper products (e.g., tissues, serviettes, baby wipes), bath products (e.g., shampoo, body wash), and oral care products (e.g., toothpaste);
- (d) Other products - This includes, among others, print media, toys, stationery, tobacco products, pet foods, home electric hardware and IT accessories; and
- (e) In-store services such as prepaid top-ups for mobile service providers and Touch 'n Go, sale of gaming vouchers for online games, ATM and CDM services.

As at the LPD, our stores carry between 2,905 SKUs to 6,852 SKUs for larger stores, depending on the store size.

We also aim to align each store's product offerings with our customers' unique requirements and preferences by varying the merchandise and product mix depending on the location, locality and customers demographic. For example, our "KK Super Mart" format stores carry a higher proportion of retail space dedicated to grocery, personal care and household products while our "KK Concept Store" format stores offer only bestselling SKUs to reserve the retail space for "on-the-go" convenience products such as snacks, confectionery, tobacco and beverages. Some of our stores, particularly our KK Concept Stores, offer a seating area and power points for our customer use.

7. BUSINESS OVERVIEW (Cont'd)

7.6.1 Our house brand products

We offer our customers a wide range of house brand products with attractive price-to-quality value propositions as part of our product strategy. These products sold under our branding are OEM products that are produced according to our specifications by third-party manufacturers. As at the LPD, there are 156 products under our branding which include:

- (a) F&B items such as mineral water, biscuits, snacks, rice and cooking oil;
- (b) Household products such as cleaning products (e.g., dishwashing liquid, floor cleaner, detergent), cleaning tools (e.g., brooms, mops, sponges), hygiene products such as tissue paper, and other items such as umbrellas and charcoal;
- (c) Personal care products including hair care products, body care products, oral care products and cotton buds; and
- (d) Other products such as stationery, lighters and playing cards.

Since 2023, we have obtained a licence from The Walt Disney (Malaysia) Sdn Bhd to offer a wide range of Disney branded products, including cups, plates, facial tissues, reusable shopping bags and stationery.

7.6.2 In-store services and collaborative services

In addition to selling products, we also offer in-store services to enhance customers convenience and drive store traffic. Our current in-store services include:

- (a) starter pack and prepaid top-ups for mobile service providers such as CelcomDigi Berhad, and top-up for Touch 'n Go Sdn Bhd;
- (b) bill payments for utilities such as Pengurusan Air Selangor Sdn Bhd, TM Technology Services Sdn Bhd (Unifi), Tenaga Nasional Berhad, Astro Malaysia Holdings Berhad, Sarawak Energy Berhad and more;
- (c) sale of gaming vouchers for online games and related content; and
- (d) ATM and CDM services including cash withdrawals and deposits respectively (limited to certain stores only).



7. BUSINESS OVERVIEW (Cont'd)

We believe that the provision of additional services will increase customer traffic in our stores, which in turn will help to increase sales of products and the level of income received from the use of such services. As at the LPD, the provision of in-store services, which is commission-based, accounts for approximately 2.4% of our total SKUs and 0.9% of our gross revenue generated by our stores for the FYE 30 June 2025.

We also provide collaborative services in support of and aligned with government and community initiatives, including federal programmes such as MySara under MyKasih and the RAMAH programme; state initiatives including SKAS – Sumbangan Keperluan Asas Sarawak; bank-led programmes such as MySISWA (RHB Bank Berhad); and community organisations and initiatives, including Yayasan Anak Yatim and Anak Miskin, Gerobok Muhibbah at Masjid Jamek Sultan Abdul Samad and Bait Al-Mahabbah at Masjid Putrajaya.

7.6.3 Product selection

We offer a curated selection of products from trusted and established suppliers. We generally source our supplies from Malaysia-based suppliers. Some of our products such as sandwiches, fresh produce (e.g., fruits and vegetables), sundries (e.g., herbs and dried foods), toys, footwear, hair products, travel accessories, souvenir and stationery are sourced on a consignment basis.

To meet the growing demands of our customers and to maintain our competitiveness, we continuously monitor and where required, adjust our product offerings based on the sales and operational data from our stores. We evaluate our products according to various criteria, including historical sales performance and profits generated from the sale of those products. The results of these assessments drive our Group's stock planning, ensuring we are able to allocate our available shelf space in the most optimal manner, in order to increase our sales performance.

We believe that the quality of our suppliers plays an important part in our merchandising strategy. We strive to manage product quality to ensure strict adherence to quality standards. In selecting our suppliers, we consider the quality of their product offerings, financial strength, price competitiveness and after-sales service. Currently, before we onboard our suppliers, we have implemented procedures to ensure they have the required approvals or licences for their products and that the products carry the required certifications or conformity marks. Other than our major suppliers who may have their own particular format for supply agreements with their wholesale customers such as ourselves and certain smaller suppliers, we have a standard form of supply agreement which contains the terms and conditions governing the supply of products from our suppliers to us.

As at the LPD, we do not experience any significant price volatility in relation to the products that have been supplied to our Group. We negotiate trading terms with most of our major suppliers every one to three years.

It is our strategy to continue enhancing, diversifying and improving the selection of convenience products, F&B in order to meet evolving consumer needs and market demands. We have been and are still in the midst of expanding the selection of self-served convenience F&B options across our stores in order to provide added convenience and choice to consumers. For example, most of our stores are equipped with hot water dispensers and microwaves, offering hot beverages and RTE meals such as pre-cooked food designed for quick heating, to our customers.

7. BUSINESS OVERVIEW (Cont'd)

7.6.4 Pricing strategies

Our pricing strategy seeks to offer products at competitive prices taking into account our brand positioning and product features for each product category. We continually monitor market prices and trends and implement appropriate adjustments to our prices and promotions as and when necessary. As a convenience mart operator, our primary aim is to ensure convenience and accessibility, as such, we do not engage in price wars with our competitors.

7.7 OUR MAJOR CUSTOMERS AND MAJOR SUPPLIERS

(a) Major customers

Our Group's customer base mainly comprises walk-in retail customers at "KK Super Mart" stores. Our Group primarily targets the mass consumer market, offering a 24-hour shopping experience.

Due to the retail nature of our Group's business, there is no single customer who has made a material contribution to our Group's total revenue for the Financial Years Under Review.

(b) Major suppliers

The following table sets out the top five major suppliers for our Group for the Financial Years Under Review:

FYE 30 June 2023

Supplier (Country)	Length of relationship as at the LPD (Years) ⁽¹⁾	Products or services purchased	Value of purchases	
			RM'000	%
Maya Kekal Sdn Bhd ("Maya Kekal") (Malaysia)	4	Tobacco	85,523	9.0
MJ Tian Sdn Bhd ("MJ Tian") (Malaysia)	14	F&B, baby products and household products	83,628	8.8
Lein Hing Holdings Sdn Bhd ("Lein Hing Holdings") (Malaysia)	12	Tobacco	51,885	5.5
Gardenia Bakeries (KL) Sdn Bhd ("Gardenia Bakeries") (Malaysia)	16	Bread, bakery and confectionery products	42,367	4.5
LH Uni Distribution Sdn Bhd ("LH Uni Distribution") (Malaysia)	18	Food, beverages, personal care and household	38,822	4.1
Total				31.9

7. BUSINESS OVERVIEW (Cont'd)**FYE 30 June 2024**

Supplier (Country)	Length of relationship as at the LPD (Years)⁽¹⁾	Products or services purchased	Value of purchases	
			RM'000	%
Maya Kekal (Malaysia)	4	Tobacco	88,353	8.1
MJ Tian (Malaysia)	14	F&B, baby products and household products	83,878	7.7
Lein Hing Holdings (Malaysia)	12	Tobacco	74,367	6.8
LH Uni Distribution (Malaysia)	18	Food, beverages, personal care and household	53,059	4.9
Gardenia Bakeries (Malaysia)	16	Bread, bakery and confectionery products	41,731	3.8
Total				31.3

FYE 30 June 2025

Supplier (Country)	Length of relationship as at the LPD (Years)⁽¹⁾	Products or services purchased	Value of purchases	
			RM'000	%
Maya Kekal (Malaysia)	4	Tobacco	95,521	8.3
Lein Hing Holdings (Malaysia)	12	Tobacco	83,619	7.3
MJ Tian (Malaysia)	14	F&B, baby products and household products	78,186	6.8
LH Uni Distribution (Malaysia)	18	Food, beverages, personal care and household	47,951	4.2
Selektif Sempurna Sdn Bhd ("Selektif Sempurna") (Malaysia)	22	Tobacco	45,747	4.0
Total				30.6

Note:

- (1) *The length of business relationship with our top five major suppliers is calculated based on the date of our Group's first purchase from the supplier. The numbers are rounded up to the nearest whole year if it is six months or more and vice versa.*

During the Financial Years Under Review, our Group's top five major suppliers are distributors from whom we purchase tobacco products (as directed by the brand principals) as well as trading houses such as Selektif Sempurna, Maya Kekal, MJ Tian and LH Uni Distribution, which carry and distribute a range of FMCG products. Our Group deals with approximately 520 suppliers as at the LPD. Our Group's top five major suppliers collectively accounted for between 30.6% and 31.9% of our total purchases for the Financial Years Under Review.

7. BUSINESS OVERVIEW (Cont'd)

We are not exposed to concentration risk nor are we dependent on any of our top five major suppliers. In the event that we are unable to procure a specific product from our top five major suppliers, or if the brand principal ceases supplying their products through their appointed distributors, we have access to a wide network of alternative suppliers such as trading houses and wholesalers within Malaysia who offer the same or comparable products. The wide availability of our products and the diversification in our supply chain mitigate the risk of supply disruption and ensures continuity in our product offerings.

During the Financial Years Under Review, save as disclosed in Section 5.1.3 of this Prospectus, we have not experienced any significant supply disruptions or major delays from our major suppliers. Due to our Group's market leader position as well as our longstanding business relationships with our major suppliers, we expect our business relationships with our top five major suppliers to continue.

7.8 OUR DISTRIBUTION NETWORK

7.8.1 Inventory management and direct deliveries

Approximately 39.1% of our purchases are first delivered to our DC, where the goods are stored as inventories and subsequently redistributed to our stores based on the respective stores' requirements.

As at the LPD, we maintain a fleet of three delivery trucks for transportation of products from our DC to our stores and at the same time, engage third-party logistics vendors to support our deliveries. This arrangement provides operational flexibility and allows us to manage peak delivery periods more efficiently.

Our Balakong DC typically makes a minimum of one delivery per week to each store in Peninsular Malaysia, with deliveries to high-performance stores averaging two to three times per week. For our stores in East Malaysia, we only supply selected products (including our house brand products) to our stores in Sarawak every four to five months. We consolidate products in containers and our third party freight service providers will handle the containers for shipping from Port Klang to East Malaysia. Upon arrival of the containers in East Malaysia, our third party freight service providers will collect these containers from the relevant port for delivery to our warehouse in Kuching for subsequent delivery to our stores in Sarawak. The remaining approximately 62% of our purchases are delivered directly by our suppliers to the respective stores. These direct deliveries are typically for products with shorter shelf lives such as bread, fresh milk, other dairy products and eggs, and products that require specialised handling such as temperature-controlled transport for ice cream or frozen meat products. These direct deliveries also include products which are sold at selected stores on a consignment basis. This approach helps to optimise our DC storage capacity by reducing the unnecessary usage of space.

7.8.2 Proactive inventory management and replenishment

Our Group, through the centralised purchasing department, establishes pre-determined inventory levels for each product range at both our DC and at our stores. These inventory thresholds are set based on the assessment of expected demand at the respective stores.

7. BUSINESS OVERVIEW (Cont'd)

Our stores

When the stock of a product at a store falls below the pre-determined inventory level, the inventory management system which is integrated into our POS system will then be automatically triggered. As part of our ongoing efforts to enhance inventory efficiency, we have remodelled our auto-ordering algorithm to minimise both overstocking and out-of-stock situations at our stores and DC by implementing automatic store stock replenishment. These measures support more accurate and demand-driven replenishment while optimising stock levels across the supply chain.

Our DC

On a daily basis, the inventory management system consolidates store orders and generates delivery lists. Our DC then packs products into roll-cages, pallets and plastic tote boxes which are subsequently loaded onto delivery trucks for despatch to the respective stores. The use of roll-cages facilitates efficient handling during delivery and support streamlined restocking operations at the store level. To ensure operational efficiency and service reliability, we also conduct daily monitoring of our DC order fulfilment rate, tracking each order by SKU, store and picker. This allows us to identify and address any fulfilment gaps or operational issues in a timely manner and allows corrective actions to be implemented promptly.

Our centralised purchasing department at our headquarters monitors historical sales data as well as the current inventory levels at our DC to determine purchase requirements and initiates Group-wide purchase orders to suppliers. This centralised purchasing function streamlines our supply chain operations and ensures consistent product availability across all our stores.

Additionally, our stores are authorised to place purchase orders through the inventory management system to order stocks both from our DC and directly from the suppliers for specific products delivered on a direct-to-store basis. This flexibility allows our stores to respond promptly to local demand and maintain optimal stock levels, complementing our Group's overall purchasing strategy.

This integrated and centralised approach to inventory management allows us to maintain optimal stock levels, ensure timely and accurate replenishment of our products and respond swiftly to fluctuations in demand. As a result, we enhance operational efficiency, minimise operating costs and optimise working capital requirements, thereby strengthening our ability to support our Group's growth strategy.

7.8.3 Size, scope, and functionality of our DC



7. BUSINESS OVERVIEW (Cont'd)

As at the LPD, we have one DC located in Balakong Jaya, Selangor, Malaysia. Our DC is operated by our Group and is situated on a plot of land spanning approximately 12,265.9 sq. m. and with a built up area of approximately 8,681.4 sq. m.. It primarily supplies inventories to our stores that are located within Peninsular Malaysia and supplies selected products (including our house brand products) to our stores in Sarawak every four to five months. Currently, our Balakong DC has a storage capacity of 6,200 pallets and approximately 39.1% of our purchases are first delivered to our DC before distributing to our stores as at the LPD.

Our DC operates 14 hours a day from Monday to Saturday. The team stationed at our DC is responsible for handling the logistic functions for all stores within the coverage of our DC. These responsibilities include managing inventory records and tracking inventory levels at both our DC and stores, picking and packing products for delivery, planning and monitoring distribution routes, maintaining the fleet of delivery trucks and despatching the delivery trucks to the relevant stores.

Leveraging our inventory management system which is integrated with the warehouse and store POS systems, our centralised purchasing team regularly evaluates product stock levels and sales data across stores to determine the volume and timing of stock replenishment from our DC, as well as to allocate inventory as needed to maintain optimal stock levels.

We also have a storage house located in Desa Petaling, Kuala Lumpur, operated by our Group and is situated on a plot of land spanning approximately 5,796 sq. m.. It is used as storage for store and office equipment including racking systems, freezers, chillers and air conditioning units, which are subsequently distributed to our stores for replacement purposes or to new stores for initial set-up.

To support our stores in East Malaysia, we also have a warehouse in Kota Samarahan, Sarawak, which is situated on a plot of land spanning approximately 629.3 sq. m., used to distribute our house brand products and certain products to our stores in Sarawak.

7.8.4 Inventory control and stocktaking procedures

Upon the receipt of products at our DC and stores, our teams will verify and record the details of incoming goods to ensure they match the purchase orders and are in good condition before being accepted into inventory. All products received from our suppliers are identified using barcodes which are scanned into our inventory system. This enables accurate tracking of inventory movement within our DC and stores.

In addition, we conduct scheduled cycle counts at all our stores to monitor discrepancies in product stock levels. This includes daily counts by Store Supervisors for products such as cigarettes, beer and liquor as well as weekly counts by Field Managers for the 20 SKUs with the highest loss in selected stores including theft, damaged and expired goods.

As part of our Group's inventory controls, we conduct full stocktakes every quarter at our DC and once a year at our stores. We also undertake additional stocktaking for products with high sales volumes and high losses at our stores, typically twice a year. The stocktaking process involves stock counting, barcode scanning and reviewing delivery orders to reconcile product stock levels.

7. BUSINESS OVERVIEW (Cont'd)

7.8.5 Quality Control

Our quality control approaches and measures are carried out with an overall objective to monitor and maintain the quality and condition of our SKUs at all stages of our retail operations from warehousing to over-the-counter point of sales, as well as the quality of consumer services. Among others, our Group adopts the following approaches and measures in our operations:

(a) **Central distribution oversight.**

A large proportion of our SKUs are centrally distributed to our store network, enabling effective control over product quality and condition, as well as stronger accountability in inventory management.

(b) **Product inspection**

We inspect incoming products upon receipt to identify issues such as damage, missing items and product freshness, including the expiry dates of F&B items. Any items that do not meet our quality standards will be returned to suppliers.

(c) **Unannounced store assessments**

A dedicated KPI team conducts surprise evaluations to assess store performance and adherence to our quality standards. Stores that fail to meet these standards may result in Senior Field Manager not qualified for certain employee benefits.

(d) **Employee training**

Continuous staff training ensures operational efficiency, productivity and high customer service standards across all stores.

(e) **Standardised brand presentation**

Our store employees are required to wear uniform attire and name tags to uphold a consistent, professional brand image.

(f) **Product certification and periodic documentation verification**

We partner with suppliers whose products bear necessary certifications or conformity marks, ensuring compliance with relevant safety, quality assurance standards and applicable requirements. Additionally, suppliers must submit supporting documents evidencing product compliance upon onboarding and provide updated documentation periodically to verify their certification status.

(g) **Halal certification**

The majority of our F&B products (as applicable) are Halal certified by the Department of Islamic Development Malaysia (“**JAKIM**”), the national authority responsible for Halal certification.

7. BUSINESS OVERVIEW (Cont'd)

7.8.6 Product return policy

We have established procedures to handle complaints and to facilitate the replacement or return of defective products purchased from our stores in accordance with our product return policy. When a complaint is received, our staff will first review the purchase receipt to verify the transaction. We will then inspect the returned products to confirm any reported defects before proceeding with an exchange. Our customers may also opt to exchange the defective item for other products of equivalent value. For items identified as having manufacturer defects, we will resolve these issues directly with the respective brand principals or suppliers to process our claims.

In addition, the details of our dedicated customer careline are displayed at our store counters and customers may therefore also contact us directly via our customer careline for any related queries.

7.8.7 Customer complaints and feedback

As part of our efforts to manage customer expectations and to promote a good relationship with our customers, we provide multiple channels for customers and members of the public to raise concerns and share feedback about their experience at our stores. These channels include our customer careline, online enquiry forms on our website, WhatsApp messages, e-mails, as well as social media platforms such as Facebook and Instagram. Upon receiving complaints or feedback, we would promptly respond to address the issues raised and work towards providing appropriate resolutions. Insights from customer feedback are also reviewed periodically to identify service gaps and support ongoing operational improvements.

7.9 MARKETING AND PROMOTIONS

We actively undertake a wide range of marketing and promotional activities to enhance affordability and strengthen brand loyalty. These comprise festive promotions offering discounted prices on selected products such as a wide range of F&B and other daily necessities during major celebrations including National Day, Malaysia Day, Labour Day, Mother's Day, Hari Raya Aidilfitri, Hari Raya Haji, Chinese New Year, Deepavali, Christmas and more.

In addition, we also run non-festive promotions such as monthly promotions, clearance sales and our "KK Murah" promotions on selected brands or products to manage inventory effectively. Regular Member Day promotions, held on the 11th of each month, and KK Day promotions, held on the 22nd of each month, further provide customers with special discounts and buy-one-free-one offers on selected products, such as ice creams and snacks.

We also offer our customers other promotions through campaigns such as the MyKasih Sumbangan Asas Rahmah and the Kempen Beli Barangan Malaysia, to support locally produced items in line with government initiatives.

New store openings are usually accompanied by opening promotions, including happy hour discounts.

We have also implemented targeted marketing campaigns and a notable example is our KK Spend & Win 2025 campaign, conducted from 1 September 2025 to 30 November 2025, offering customers opportunities to win prizes ranging from a Perodua Myvi, motorcycles, smartphones, to weekly e-voucher rewards. This was promoted across Facebook, Instagram, and TikTok, and supported by collaborations with KOLs and KOCs. The campaign was executed with the support of an external agency. During the campaign period, the campaign generated more than one million impressions on each platform and recorded over 17,000 participations.

7. BUSINESS OVERVIEW (Cont'd)

7.10 R&D

We do not conduct any R&D efforts, nor do we have a policy in place for such activities.

7.11 EMPLOYEES

As at the LPD, we employ a total of 6,302 employees, of which 5,699 are full-time while 603 are temporary or contract-based. Our temporary or contract-based staff primarily comprises part-time employees who are paid on an hourly basis. Additionally, out of the 5,699 full time-time employees, 725 or 12.7% are foreign workers, including 24 who are based at our Balakong DC. All our foreign workers have valid work permits as at the LPD.

The table below provides a breakdown of our staff by function as at the dates indicated:

Categories	Number of employees	
	As at 30 June 2025	As at the LPD
Senior Management and Department Heads	28	24
Headquarters and administrative staff	275	275
Store employees	4,846	5,965
DC employees	45	38
Total	5,194	6,302

As at the LPD, none of our employees are affiliated with any union nor are they subject to any collective agreements. We have not encountered any strikes or work disruptions arising from labour disputes. In addition, our management has consistently maintained positive relationships with our employees and expects to continue fostering a constructive working environment.

In addition, we have engaged a labour supply agency for the provision of additional workers for purposes of the operations of our DC, alongside our full-time DC employees who are directly employed by us.

7.11.1 Employee remuneration and benefits

Our store staff typically receive a base salary in accordance with the Malaysian statutory minimum monthly wage of RM1,700 effective from 1 February 2025 along with certain allowances, such as transport and night shift allowances. There are also incentives and rewards to Field Managers based on their ability to meet the criteria set out in our incentive reward programs, which takes into account factors such as store performance and profitability. In addition to financial incentives, we also provide non-financial awards, such as long service awards and gifts at our discretion to recognise and motivate employees for their continued contributions.

Apart from our statutory contributions to the EPF and SOCSO, we do not maintain retirement, pension or severance plans or have any unfunded pension liabilities, nor do we owe any amounts to any current or former employees beyond those incurred in the ordinary course of our business.

7.11.2 Employee training

We recognise the importance of having a strong team of management and operational staff to meet our growth plans. We therefore place emphasis on continuous employee development and training.

7. BUSINESS OVERVIEW (Cont'd)

We have in place a training centre at our headquarters to provide basic operations training, customer satisfaction training and store management skill courses to our existing and new employees. Practical training is also conducted at our stores. All new employees are required to undergo training through our customised employee training programme which is designed to equip our employees with the skills to support our stores and to serve our customers. Furthermore, we regularly evaluate their work performance to ensure they develop the necessary competencies through their routine responsibilities.

We also prioritise the development of our Key Senior Management and managers by offering opportunities to participate in further education programmes. This approach to training and development reflects our commitment to fostering staff advancement and ensuring operational excellence.

7.12 COMPETITION

Our Company, via our three distinct business models (i.e. KK Super Mart, KK Concept Store and KK Signature Store) is the leading convenience mart in Malaysia by number of stores as at 28 February 2026 and by revenue in 2025, according to the IMR Report. We are also the fastest growing among the selected convenience retailers, by number of stores in the period between 2022 and 2025. We primarily target the mass consumer market. The fact that most of our stores are opened 24 hours a day also gives us a competitive advantage over most non-convenience mart retailers, which do not operate on this basis.

We compete not only with other players in the convenience retail industry but also indirectly with other grocery-based retailers such as supermarkets and mini-markets, which offer similar product assortments, as well as forecourt retailers under the brand name such as "Shell SELECT", "Kedai Mesra" and "Petron Treats". These players compete for market share based on factors such as convenience, product selection, pricing strategies, quality of goods, customer service and the overall shopping experience provided to consumers.

Our stores are strategically located in residential, commercial areas and high traffic public locations (such as transportation hubs, universities and hospitals), providing extensive coverage of the Malaysian population and Malaysian households. We stand out as the leading convenience mart by number of stores as at 28 February 2026. From 2022 to 2025, our growth in the number of stores outpaced our main competitors within the convenience mart segment, where we had an increase of 376 additional stores as compared to our main competitors, which had an increase of 10 to 90 additional stores during the same period. Our widespread geographical coverage and number of stores provide a competitive advantage by enabling us to serve a larger customer base, offering convenience through our extensive stores chain. Additionally, we have a high number of SKUs in each store to meet the diverse needs of our customers. Furthermore, our stores have been operating in Malaysia for the past 25 years, over which time we have successfully built a strong reputation, which provides us with a competitive advantage over new entrants and even mature participants with less established brands.

7.13 SEASONALITY

Our stores typically receive higher customer traffic, higher transaction amounts and greater sales volumes during school holidays and festive seasons such as Hari Raya Aidilfitri, Hari Raya Haji, Chinese New Year, Deepavali and Christmas.

7. BUSINESS OVERVIEW (Cont'd)

7.14 TECHNOLOGY

To accelerate revenue growth and strengthen our competitive position, we continue to invest in digital and technology capabilities that enhance the scalability and efficiency of our distribution centres and retail store operations.

Our digital infrastructure leverages best-in-class third-party platforms to support core business functions, including retail operations, inventory and distribution management, accounting and finance, as well as enterprise-grade data protection through backup, recovery, and cybersecurity solutions. In parallel, we are building a strong in-house technology and digital team to drive innovation, improve execution speed, and ensure our platforms evolve in line with our strategic priorities.

Together, these investments enable us to optimise operations, enhance data-driven decision making, and support sustainable, technology-enabled business growth.

(a) POS system

Our stores are equipped with a modern POS system that enables efficient transaction processing and seamless in-store payment acceptance. The system captures key sales data, including transaction details, discounts, promotions, returns, payment amounts, and methods of payment, while also generating sales reports and supporting price adjustments. Our POS infrastructure supports up-to-date payment options and integrates with self-checkout kiosks to enhance customer convenience, improve checkout efficiency, and provide real-time sales and operational insights.

(b) Inventory management system

We currently use an inventory management system that tracks, organises, and manages stock levels, orders, sales, and deliveries across all our stores and DC. Integrated with our POS system, it enables real-time stock level updates and informed procurement planning to enable a more dynamic response to sales activities, with automated re-ordering processes triggered when stock levels at any store fall below pre-set thresholds, thereby streamlining inventory control and fulfilling customer demands efficiently. Moreover, automated alerts are sent to the respective person-in-charge when there are inventory cycle counts discrepancies, delays in goods delivery from our DC or delays for in-store product receiving from our suppliers to stores. These measures improve operational responsiveness and help safeguard company funds and support accurate financial reporting.

(c) Business continuity and disaster recovery

As part of our business continuity plan, we have migrated key business systems including the EDW and backup data to Amazon Web Services (AWS Cloud) and will continue to progressively migrate more systems to cloud computing platforms. The cloud-based environment will minimise downtime to our business operations during and after unplanned disruptions by leveraging cloud services for data protection and rapid recovery.

(d) Management Intelligence and Analytics Dashboard

Our in-house business intelligence and analytics platform integrates real-time data from all stores, providing comprehensive visibility into operational and financial performance. Anchored by our integrated POS system deployed across all locations, the platform enables management to monitor sales, inventory, and store performance in real time, supporting the efficient day-to-day running of our operations and enabling timely responses to changing market conditions and customer demand.

7. BUSINESS OVERVIEW (Cont'd)

The platform also provides strategic insights that support targeted marketing initiatives, performance optimisation across our store network, and informed decision-making for new store expansion by analysing trends, location performance, and evolving consumer preferences.

In addition, our proprietary stock auto-order algorithm optimises inventory management by analysing real-time sales data, historical trends, and demand forecasts to determine optimal stock levels for each store. This reduces the risk of stock shortages and overstocking, improves product availability, enhances cash flow efficiency, and supports a responsive supply chain aligned with market demand.

(e) Store licence and permit management

Our store licence and permit management system provides a structured and centralised platform for the tracking, maintenance and monitoring of the renewal status of all legal, operational and safety permits required for the operation of our business premises. This ensures that all licences, ranging from general business certifications such as the CCC, to specific product or industry-related permits including the scheduled controlled goods, rice, liquor and tobacco licences as well as foreign worker work permits, remain valid, up-to-date and fully compliant with applicable local council and governmental regulations.

To enhance operational efficiency and mitigate compliance risks, the system incorporates automated alert functionalities that notify responsible personnel of upcoming expirations based on predefined thresholds (e.g. 30 days, six months, and one year prior to expiry). These alerts enable timely action and reduce the risk of non-compliance or business disruption.

In addition, the system is designed with user-driven capabilities, allowing authorised users to directly update licence information, upload supporting documentation and manage renewal statuses without requiring technical intervention. Users are also able to create customised dashboards and reports, providing real-time visibility into licence statuses across our stores and facilitating more effective monitoring and decision-making.

In the event that a licence expires, the system will trigger escalation alerts and restrict visibility status accordingly, ensuring prompt remedial action is taken to restore compliance.

(f) KK Big Family Mobile Application

We have introduced our KK Big Family Mobile App for staff in 2023 to provide a secure and centralised platform for internal communication and information sharing, as well as to digitalise day-to-day store operational tasks and checklists such as cash bank-in records, store cleaning cycles, delivery performance tracking and staff movement. These activities are centrally monitored through our Central Reporting Dashboard, which provides real-time oversight and accountability at the store level. For example, Field Managers can maintain and track log activities and performance metrics efficiently, as well as addressing any operational issues promptly. This visibility helps reduce operational lapses and potential discrepancies that could otherwise lead to financial leakage or loss.

Furthermore, our KK Big Family Mobile App serves as an information referral centre for our headquarters to share SOPs and memos etc. to our store employees. This digital tool not only streamlines day-to-day management but also provides valuable insights for continuous improvement, driving overall operational excellence across our store network.

7. BUSINESS OVERVIEW (Cont'd)

(g) KK Rewards App

Our KK Rewards App was originally introduced in 2023 under the name of “KK Mart Malaysia” and subsequently refreshed and relaunched in July 2025. Our KK Rewards App is currently available for download at the Apple Store and the Google Play Store. Our KK Rewards App hosts our loyalty programme for our member-subscribers, allowing them to earn points for every RM spent at any of our stores. Our subscribers will also enjoy access to our exclusive deals and promotions, birthday rewards and daily check-in rewards.

(h) E-commerce

We developed and launched our e-commerce website in 2022 which was subsequently revamped to <https://kkemart.my> in 2025. Our website integrates third party payment gateway systems to facilitate online transactions and deliver a seamless user experience for our customers. Purchases are delivered to customers via our appointed shipping partner.

Our goal is to bridge offline and online shopping, offering greater convenience to our customers. We plan to invest in our e-commerce website by introducing new features that will enable our customers to place orders online and choose either to collect their purchases from any of our physical stores or have them delivered to their doorsteps.

We also introduce e-commerce function to our KK Rewards App, allowing the subscribers to make online purchases and keep track of their order and delivery status via our KK Rewards App.

7.15 CASH MANAGEMENT

Our cash management processes are designed to ensure accountability and security across all aspects of our operations. These processes include, among other measures, (i) daily reconciliation of transactions against the cash banked-in for that day, conducted by each store manager and our administration team at our headquarters; and (ii) monthly in-depth reviews of sales deposits against corresponding bank statements, conducted by our finance team.

Our stores accept multiple forms of payment including cash, credit cards, debit cards as well as a variety of e-wallets such as Boost, Touch 'n Go eWallet, GrabPay, MAE application, ShopeePay, WeChat Pay and Alipay. For the FYE 30 June 2025, our non-cash sales transactions accounted for 39.5% of our Group's total revenue.

To strengthen financial management, we also implemented a bank consolidation process which can be monitored through our Central Reporting Dashboard to facilitate more efficient handling of both cash and digital settlements.

As a result of these initiatives, our cash losses remained nominal throughout each of the Financial Years Under Review.

7.16 SECURITY AND LOSS PREVENTION

As most of our stores operate 24 hours a day, we are exposed to risks such as pilferage, shoplifting, theft and robbery. To mitigate these risks, we implement strict security procedures. These include installing CCTV in all of our stores and at our Balakong DC to record and monitor all activities within these premises, as well as policies requiring our stores to maintain only minimal cash balances in their cash registers. We have also set up a Group Response Team (*Pasukan Keselamatan Waktu Malam*), comprising in-house and outsourced security personnel who are on duty at all times to respond to emergencies, break-ins or any other security incidents at our stores.

7. BUSINESS OVERVIEW (Cont'd)

In cases of theft, mismanagement or mishandling of cash, we take appropriate actions including conducting internal inquiries, taking disciplinary actions or reporting incidents to the police when required.

7.17 INSURANCE

We maintain insurance policies designed to cover a wide range of risks pertinent to our business needs and operations. These policies provide insurance coverage for all our real properties, vehicles, and fixtures fittings and stock in our stores and DC. Key coverage areas include burglary, fidelity, money, fire, plate glass and goods in transit insurance. We also maintain public liability insurance and employer liability insurance for our operations. In addition, we maintain certain insurance policies for our employees such as medical insurance for our foreign workers and confirmed employees who are attached to our corporate office and Balakong DC, and we contribute to statutory insurance schemes for all our employees. Our insurance policies are structured with appropriate specifications and insured limits, determined by assessing our exposure to the risk of loss and liability, insurance costs, applicable regulatory requirements and prevailing industry practices in Malaysia.

We conduct annual reviews of our insurance portfolio to ensure that our coverage remains adequate and aligned with the size of our business, the activities we conduct and the risks associated with our operations.

7.18 MAJOR LICENCES, PERMITS AND APPROVALS

We have various licences, permits and approvals for our operations. Details of our major licences, permits and approvals are set out in Annexure A of this Prospectus. Save as disclosed in Annexure A of this Prospectus, our business operations are not dependent on any major licence or permit.

7.19 INTERRUPTION TO OUR BUSINESS

We did not experience any material disruptions to our business operations during the past 12 months preceding the date of this Prospectus.

7.20 MATERIAL PROPERTIES AND EQUIPMENT

Details of our material properties, whether owned or leased or tenanted, and our material equipment are set out in Annexure B of this Prospectus.

7.21 INTELLECTUAL PROPERTY AND TRADEMARKS

Save as disclosed in Annexure C of this Prospectus, our Group does not have any other licences, patents, trademarks, brand names, technical assistance agreements, franchises or other intellectual properties on which we are dependent.

7. BUSINESS OVERVIEW (Cont'd)

7.22 LAWS AND REGULATIONS THAT GOVERN OUR INDUSTRY

(a) Food Act 1983 (“FA”) and its subsidiary legislation

The FA and its related regulations, particularly the Food Regulations 1985, govern the quality and safety of food distributed in Malaysia, specifying the nature, substance and quality of items considered food. The Food Regulations 1985 also mandates that all food packages for sale be properly labelled, outlining general requirements and prohibitions regarding labels. Selling food which is not of the nature, substance or quality outlined in the FA or any regulation made under the FA is considered an offence, punishable by up to five years imprisonment or to a fine, or both. Additionally, selling food in a way that misrepresents its character, nature, value, substance, quality, composition, merit or safety, strength, purity, weight, origin, age or proportion or in contravention of any regulation made under the FA, is an offence, punishable by up to three years in prison or to a fine, or both.

(b) Control of Supplies Act 1961 (“CSA”) and its subsidiary legislation

The CSA regulates the control and rationing of supplies in Malaysia. Pursuant to the CSA, stores must obtain a licence to sell controlled items. The Control of Supplies Regulations 1974, issued under the CSA, classifies certain goods such as wheat flour, sugar, cooking oil and liquefied petroleum gas as controlled articles. Both wholesale and retail sales of these controlled items are governed by the CSA. Anyone, including directors or officers of a body corporate, who fails to comply with the CSA commits an offence and, upon conviction, may face a fine of up to RM1 million or to imprisonment for up to three years or both. For a second or subsequent offence, the fine may increase to RM3 million or to imprisonment of up to five years or both. A body corporate found guilty of an offence under the CSA can be fined up to RM2 million, and for a second or subsequent offence, the fine may rise to RM5 million.

(c) Price Control and Anti-Profiteering Act 2011 (“PCAPA”)

The PCAPA controls the prices of goods and charges for services, prohibits profiteering and provides for related and incidental matters. It is an offence under the PCAPA for anyone to sell or offer to sell price-controlled goods such as wheat flour, cooking oil, sugar and liquefied petroleum gas, at prices that do not comply with those set by the MDTCL. Additionally, any individual engaged in business or trade who makes an unreasonably high profit from selling or supplying goods also commits an offence, with the MDTCL determining what constitutes an unreasonably high profit.

If a body corporate breaches these provisions of the PCAPA, it may be fined up to RM500,000 upon conviction, and up to RM1 million for a second or subsequent offence. A person who is not a body corporate may be fined up to RM100,000 or to imprisonment for a term not exceeding three years or to both. For a second or subsequent offence, the penalty increases to a fine up to RM250,000 or to imprisonment for a term not exceeding five years or to both.

(d) Control of Padi and Rice Act 1994 (“CPRA”) and its subsidiary legislation

The CPRA and its related regulations govern the paddy and rice industry in Malaysia. Under the Control of Padi and Rice (Licensing of Wholesalers and Retailers) Regulations 1996 (“CPRR”), individuals are prohibited from selling rice at wholesale or retail levels without a valid rice licence. The CPRR further restricts licensees from storing or keeping, or permitting to store or keep, any rice except at the business premises or stores specified in the licence and imposes a general duty not to hoard, conceal or destroy rice.

7. BUSINESS OVERVIEW (Cont'd)

The CPRA provides that where a body corporate breaches the conditions or provisions, it may be fined up to RM25,000 upon conviction, and up to RM50,000 for repeat offences. Individuals, including directors or officers of a body corporate, who commits an offence or fails to comply may face a fine of up to RM15,000 or to imprisonment for up to two years or both. For subsequent offences, the penalty increases to a fine of up to RM25,000 or to imprisonment for up to five years, or both.

(e) **Excise Act 1976 (“EA1976”) and its subsidiary legislation**

The EA1976, together with its subsidiary legislation, governs the licensing framework for the manufacture, distribution and sale of excisable goods in Malaysia. In accordance with the EA1976, the sale of intoxicating liquor is prohibited unless the seller holds a valid licence issued by the Excise Licensing Board. An exception to this requirement applies to the retail sale of beer or toddy in sealed bottles or cans, which does not necessitate a licence.

Further regulatory provisions are set out under the Excise (Sale of Intoxicating Liquors) Regulations 1977, which prescribe the forms of liquor licences and sets out regulations on the sale of liquors by retail shops and wholesale dealers. Among other stipulations, these regulations prohibit the sale or supply of intoxicating liquors to individuals under the age of 21 and restrict the retail sale of such liquors between the hours of 9.00 p.m. and 7.00 a.m.

Any person found selling intoxicating liquors otherwise than in accordance with a licence issued under the EA1976 shall be liable to a fine not exceeding RM50,000.

(f) **Consumer Protection Act 1999 (“CPA”) and its subsidiary legislation**

The CPA serves as the principal legislation for safeguarding consumer rights in Malaysia. Pursuant to the CPA, the Consumer Protection (Safety Standards for Primary Batteries) Regulations 2013 and the Consumer Protection (Safety Standards for Toys) Regulations 2009 mandate that non-rechargeable batteries and toys must comply with the relevant prescribed safety standards.

As provided under the Consumer Protection (Certificate of Conformance and Conformity Mark and Safety Standards) Regulations 2010 (“**CPR 2010**”), suppliers and importers of toys and primary batteries are required to ensure that the goods have undergone testing by an accredited laboratory and meet the applicable safety requirements. In addition, these goods must bear the conformity mark as specified under the CPR 2010.

Failure to comply with these safety standards under the CPA constitutes an offence. A body corporate found guilty of such an offence is liable, upon conviction, to a fine not exceeding RM250,000, and in the case of a second or subsequent offence, to a fine not exceeding RM500,000. For individuals (non-body corporates), the penalty is a fine not exceeding RM100,000 or to imprisonment for a term not exceeding three years, or both; and for subsequent offences, a fine not exceeding RM250,000 or to imprisonment for a term not exceeding six years or both. Furthermore, both individuals and body corporates are subject to an additional fine not exceeding RM1,000 for each day or part thereof that the offence continues following conviction.

The Consumer Protection (Electronic Trade Transactions) Regulations 2024 (“**CPR 2024**”) establishes mandatory disclosure requirements for individuals or entities conducting business via websites or online marketplaces.

7. BUSINESS OVERVIEW (Cont'd)

Pursuant to the CPR 2024, such operators are required to provide, at a minimum, the following information: the name of the online marketplace supplier or company; the website address of the online marketplace; the supplier's email address and telephone number; the business or advertisement address through which goods or services are offered or promoted; a description of the main characteristics of the goods or services; the full price, inclusive of transportation costs, taxes, and any additional charges; the method of payment; applicable terms and conditions; the estimated delivery timeframe; and, where applicable, a certificate confirming that the goods or services comply with safety and health standards as prescribed by the relevant authority.

A person found to be in contravention of the CPR 2024 commits an offence and, upon conviction, as provided under the CPA, shall be liable to a fine not exceeding RM100,000 or imprisonment for a term not exceeding three years, or both, and for a second or subsequent offence, a fine not exceeding RM250,000 or to imprisonment for a term not exceeding six years, or both.

(g) **Sale of Drugs Act 1952 ("SDA") and its subsidiary legislation**

Under the SDA and the Control of Drugs and Cosmetics Regulations 1984 ("**CDCR**"), drugs include substances, products or articles intended or claimed to be used for medicinal purposes in humans or animals, whether internally or externally, including over-the-counter and traditional medicines. The manufacture, sale, supply, importation, possession or administration of such products is permitted only where the products are registered and the relevant parties hold the appropriate licences.

In addition, cosmetic products may only be manufactured, sold, supplied imported or administered if they comply with prescribed regulatory requirements, including notification to the Director of Pharmaceutical Services, proper authorisation to place the products on the market, compliance with applicable labelling directives or guidelines, and the absence of false or misleading labels, symbols or safety features, or cancelled notifications.

Any person who contravenes any of the provisions of the CDCR or any condition of any licence issued under or any condition subject to which a product is registered under these regulations commits an offence. As provided under the SDA, any person who commits an offence under the SDA or any related regulations under the SDA, where no specific penalty is provided, is liable upon conviction to a fine not exceeding RM25,000 or imprisonment for a term not exceeding three years, or both. For a second or subsequent offence, the penalty increases to a fine not exceeding RM50,000 or imprisonment for a term not exceeding five years, or both. In the case of a body corporate, the penalty is a fine not exceeding RM50,000, and for a second or subsequent offence, a fine not exceeding RM100,000.

(h) **Electricity Supply Act 1990 ("ESA") and its subsidiary legislation**

Importers, manufacturers, exhibitors, sellers and advertisers of electrical equipment such as adaptor ports, light bulbs and extension cords are required to obtain a Certificate of Approval from the Energy Commission of Malaysia ("**Energy Commission**"), in accordance with the Electricity Regulations 1994 ("**ER**") issued pursuant to the ESA. All regulated electrical equipment approved by the Energy Commission must be appropriately labelled or marked and shall do so in the manner determined by the Energy Commission.

Failure to obtain a Certificate of Approval where required may result in a fine not exceeding RM5,000 or to imprisonment for a term not exceeding one year or both, under the ER.

7. BUSINESS OVERVIEW (Cont'd)

Furthermore, failure to comply with any codes, guidelines or directives issued by the Energy Commission may attract more severe penalties under the ESA, including a fine of up to RM200,000 or to imprisonment for a term not exceeding two years or both. In cases where the electrical equipment is determined to pose a risk of injury, the ESA provides for enhanced penalties of up to RM1 million or to imprisonment for a term not exceeding 10 years or both.

(i) Trade Descriptions Act 2011 (“TDA”) and its subsidiary legislation

The TDA, enforced by the MDTCL, aims to safeguard both traders and consumers by promoting ethical trade practices and preventing deceptive conduct in the supply of goods and services. The TDA seeks to protect consumer interests by prohibiting false trade descriptions as well as misleading statements, actions and practices.

A body corporate found guilty of providing a false trade description commits an offence and, upon conviction, is liable to a fine not exceeding RM250,000. For a second or subsequent offence, the penalty may increase to a fine not exceeding RM500,000. In the case of an individual who is not a body corporate, the offence is punishable by a fine not exceeding RM100,000 or to imprisonment for a term not exceeding three years, or both. For repeat offences, the penalty increases to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding five years, or both.

Similarly, a body corporate which is found to have made a misleading statement may be fined up to RM500,000 upon conviction, and up to RM1 million for a second or subsequent offence. An individual offender may be subject to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding three years, or both, and in the case of a second or subsequent offence, to a fine not exceeding RM500,000 or to imprisonment for a term not exceeding five years, or both.

Non-medical face masks are defined as face coverings for the mouth and nose that are not classified as medical face masks under the Medical Device Act 2012. Under the Trade Descriptions (Certification and Marking of Non-Medical Face Mask) Order 2022, any person supplying or offering to supply non-medical face masks is required to obtain certification from the competent authorities. Such products must comply with the prescribed standards, be duly certified, display the official certification logo, and include clear information on the applicable certification standard on the product packaging.

Non-compliance constitutes an offence and, upon conviction, is subject to penalties. If the offender is a body corporate, the penalty is a fine of up to RM200,000, and for a second or subsequent offence, a fine of up to RM500,000. If the offender is not a body corporate, the penalty is a fine of up to RM100,000 or imprisonment for a term not exceeding three years or both, and for a second or subsequent offence, a fine of up to RM250,000 or imprisonment for a term not exceeding five years or both.

Under the Trade Descriptions (Certification and Marking of Electronic Cigarette Device) Order 2022, any person who supplies or offers to supply electronic cigarette devices or spare parts is required to obtain certification from the competent authority. Electronic cigarette devices, as defined under Malaysian Standard MS 2716 and provided by the Standard and Industrial Research Institute of Malaysia, are battery-powered devices that provide inhaled doses of non-nicotine substances through vapourised solutions, while spare parts refer to interchangeable components of such devices. Certified electronic cigarette devices and spare parts must comply with the prescribed marking requirements, including the affixing of the certification mark in a conspicuous manner on the product or its packaging.

7. BUSINESS OVERVIEW (Cont'd)

Any person who fails to comply with the Certification and Marking of Electronic Cigarette Device Order commits an offence. A body corporate shall be liable to a fine not exceeding RM200,000, and for a second or subsequent offence, to a fine not exceeding RM500,000. A person who is not a body corporate shall be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding three years or to both, and for a second or subsequent offence, be liable to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding five years or to both.

(j) **Communications and Multimedia Act 1998 (“CMA”) and its subsidiary legislation**

CMA governs and regulates Malaysia’s converging communications and multimedia industries. Regulation 14 of the Communications and Multimedia (Technical Standards) Regulations 2000 (“**CMTSR**”) requires all communications equipment—defined under Regulation 2 of the CMTSR to include network facilities, customer equipment and radiocommunications equipment—to be duly certified in accordance with prescribed technical standards.

Pursuant to Regulation 16 of the CMTSR, no person may use, offer for sale, sell, or possess with a view to sell any communications equipment that does not comply with the applicable standards, is not certified, has been altered or modified such that it no longer complies with the standards, or does not bear the required certification mark or label, unless authorised by the Malaysian Communications and Multimedia Commission. Any contravention of these requirements constitutes an offence and may, upon conviction, result in a fine of up to RM300,000, imprisonment for a term of up to three years, or both.

(k) **PDPA and its subsidiary legislation**

The PDPA regulates the processing of personal data in commercial transactions and requires any individual or corporate entity involved in processing personal data on behalf of a data controller to comply with the Personal Data Protection Principles. A company registered under PDPA, carrying on retail or wholesale dealing activities is recognised as a data controller under the Personal Data Protection (Class of Data Users) Order 2013.

Breaches of the PDPA is liable to a fine of up to RM1 million or to imprisonment for up to three years or to both. In addition, the PDPA requires the appointment of one or more data protection officers (“**DPO**”) to ensure compliance. In this regard, the Guideline on the Appointment of Data Protection Officers issued by the Personal Data Protection Commissioner provides that a data controller or data processor must appoint one or more DPOs where the processing of personal data involves more than 20,000 data subjects, the processing of sensitive personal data (including financial information relating to more than 10,000 data subjects), or activities that require regular and systematic monitoring of personal data.

(l) **Sales Tax Act 2018 (“STA”)**

Sales tax in Malaysia is a single-stage tax imposed on taxable goods imported into the country at the point of entry. “Taxable goods” refer to goods of a class or kind not exempted from sales tax. As a general principle, sales tax is levied on all imported goods unless specifically exempted.

Under the STA, any person who evades the payment of sales tax commits an offence and, upon conviction, shall be liable, in the case of a first offence, to a fine of not less than 10 times and not more than 20 times the amount of sales tax evaded, or to imprisonment for a term not exceeding five years, or to both. In the case of a second or subsequent offence, the penalty increases to a fine of not less than 20 times and not more than 40 times the amount of sales tax evaded, or to imprisonment for a term not exceeding seven years, or to both.

7. BUSINESS OVERVIEW (Cont'd)

(m) **MDA and its subsidiary regulations**

The regulation of medical devices would fall under the MDA. Medical face masks, prophylactics, pregnancy tests kits, wound dressings, eye drops, contact lens solution and pain relief sprays fall under the definition of medical devices, as provided under the Medical Device Regulations 2012.

Under the MDA, it is a requirement that no medical device shall be imported, exported or placed in the market unless the medical device is registered under the MDA. Any person who fails to register the medical device shall be liable to a fine not exceeding RM200,000 or to imprisonment for a term not exceeding three years or to both.

(n) **Weights and Measures Act 1972 (“WMA”)**

The WMA regulates the manufacture, repair, sale, attempt to sell, expose for sale and use of weights, measures and instruments for weighing or measuring. The WMA prohibits the manufacture, sale, attempt to sell, or expose for sale of any false or unjust weights, measures or weighing or measuring instruments, as well as the sale or offer for sale of any such instruments that are not duly verified, stamped, certified or otherwise authenticated in accordance with the WMA.

Persons who manufacture, repair for gain, or sell weights, measures or weighing or measuring instruments are required to be licensed under the WMA. In addition, any weights, measures or instruments used for trade must conform to prescribed patterns and specifications, or be approved by the Custodian of Weights and Measures and duly verified, stamped, certified or authenticated, prior to being used for trade.

Any person who contravenes these provisions shall be liable to a fine not exceeding RM40,000 or to imprisonment for a term not exceeding three years or to both. Any person who makes, sells or attempts to sell, or exposes for sale or repairs any weight or measure or instrument for weighing or measuring which he knows to be false in order that the same may be used as true or knowing that the same is likely to be used as true shall be liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding four years or to both.

(o) **Control of Smoking Products for Public Health Act 2024 (“Control of Smoking Act”) and its subsidiary legislation**

The Control of Smoking Act regulates tobacco products, smoking substances and substitute tobacco products, including their registration, sale, packaging and labelling, and prohibits the sale of regulated products and the provision of smoking-related services to minors. The Control of Smoking Products for Public Health (Control of Sale) Regulations 2024 further prohibit the display of tobacco products, except within specialised retail premises, where such products must not be visible from outside the premises and must be accompanied by prominently displayed warning notices at the point of sale.

Any individual who contravenes these provisions involving control of smoking may, for a first offence, be liable to a fine not exceeding RM20,000 or imprisonment for a term not exceeding one year, or both, and for a second or subsequent offence, to a fine of up to RM30,000 or imprisonment for a term not exceeding two years, or both. Where the offence is committed by a body corporate, penalties include a fine not less than RM20,000 and not exceeding RM100,000, or imprisonment for a term not exceeding two years, or both, and for a second or subsequent offence, a fine not less than RM50,000 and not exceeding RM300,000, or imprisonment for a term not exceeding three years, or both.

7. BUSINESS OVERVIEW (Cont'd)

(p) **Malaysian National Kenaf and Tobacco Board Act 2009 (“NK&TB”)**

The Malaysian National Kenaf and Tobacco Board Act 2009 establishes the Malaysian National Kenaf and Tobacco Board to regulate, promote and develop the kenaf and tobacco industries in Malaysia. The NK&TB empowers the Malaysian National Kenaf and Tobacco Board to formulate policies, implement development programs, conduct research as well as provide financial and technical assistance to industry players. It also governs the licensing, registration and control of activities related to the cultivation, processing and marketing of kenaf and tobacco.

Any person who distributes tobacco or tobacco products without a valid licence commits an offence and shall be liable to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding three years or to both.

(q) **Occupational Safety and Health Act 1994 (“OSHA”)**

Pursuant to the OSHA, employers are required to ensure, so far as is practicable, the safety, health and welfare of employees at the workplace, including by maintaining safe systems of work and plant operations, providing adequate information, instruction, training and supervision, and ensuring a working environment that is safe and without health risks. Employers and self-employed persons are also required to conduct their undertakings in a manner that ensures, so far as is practicable, that persons other than their employees are not exposed to risks to their safety or health.

Non-compliance with these general duties constitutes an offence and may result, upon conviction, in a fine not exceeding RM500,000 or imprisonment for a term not exceeding two years, or both. In addition, failure by an employer to appoint an occupational safety and health coordinator, or failure by an occupier of a workplace to appoint a competent safety and health officer where required, constitutes an offence and may result in a fine not exceeding RM50,000 or imprisonment not exceeding six months, or both.

(r) **SDBA, Uniform Building By-laws 1984 (“UBBL”) and Buildings Ordinance 1994 of Sarawak**

SDBA

The SDBA, enforced by local authorities throughout Peninsular Malaysia, requires that a CCC or CF be obtained prior to the occupation of any building or part thereof.

Pursuant to the SDBA, the UBBL states that a CCC is issued by the principal submitting person. Under the UBBL, a submitting person refers to a qualified person who submits plans (other than building plans) to the local authority or relevant statutory authority, including any qualified person who subsequently assumes the duties and responsibilities of the original submitting person. The principal submitting person is responsible for ensuring that all technical conditions imposed by the local authority have been complied with, that all forms in respect of certifications prescribed under the UBBL have been duly certified and received, that all essential services have been provided, and for certifying that he has supervised the erection and completion of the building and that to the best of his knowledge and belief the building has been constructed and completed in accordance with the SDBA, the UBBL and the approved plans.

Any person who occupies or permits the occupation of a premises without a valid CCC or CF commits an offence under the SDBA and may, upon conviction, be liable to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding ten years, or both.

7. BUSINESS OVERVIEW (Cont'd)

Buildings Ordinance 1994 of Sarawak

In Sarawak, the issuance of an occupation permit which is equivalent to the CCC or CF in Peninsular Malaysia is regulated under the Buildings Ordinance 1994. Pursuant to the Fourth Schedule of the Buildings Ordinance 1994 which provides the Building By-Laws, no person shall occupy or allow any building to be occupied unless an occupation permit, partial occupation permit or temporary occupation permit has been duly issued for the building.

A person who occupies a building without the requisite permit commits an offence and, upon conviction, shall be liable to a fine not exceeding RM10,000. In the case of a continuing offence, the offender may be further liable to a fine not exceeding RM300 for each day the offence continues after a notice to cease occupation of the building has been served.

(s) **Fire Services Act 1988 (“FSA”)**

The FSA governs the effective and efficient operations of the Fire and Rescue Department of Malaysia in safeguarding persons and property against the risks of fire and other emergencies. Among other provisions, the FSA requires that every designated premise shall require a fire certificate.

In the absence of a valid fire certificate, the owner of such premises may be subject to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding five years, or both.

(t) **Local Government Act 1976, Local Authorities Ordinance 1996 and Businesses, Professions and Trades Licensing Ordinance 1958 of Sarawak**

Pursuant to the Local Government Act 1976, Local Authorities Ordinance 1996 of Sarawak and Businesses, Professions and Trades Licensing Ordinance 1958 of Sarawak and the relevant by-laws of the respective local councils and authorities, it is a requirement for stores to obtain and maintain valid business and signboard/advertising licences. These licences must be displayed at the store premises and produced upon request by the relevant authorities.

By-laws of the respective local councils require business premises licences to be obtained in order to conduct business activities and advertisement licences to be obtained for signboards.

Under the Local Government Act 1976, a local authority may, under bylaw, rule or regulation prescribe for the breach of any by-law, rule or regulation a fine not exceeding RM2,000 or a term of imprisonment not exceeding one year or both such fine and imprisonment and in the case of a continuing offence a sum not exceeding RM200 for each day during which such offence is continued after conviction. Furthermore, any person who fails to exhibit or produce the required licences at the premises commits an offence and, upon conviction, shall be liable to a fine not exceeding RM500 or imprisonment for a term not exceeding six months, or both.

Under the Local Authorities Ordinance 1996 of Sarawak, a local authority may, under bylaw, prescribe for the breach of any by-law a fine not exceeding RM5,000 or a term of imprisonment not exceeding one year or both such fine and imprisonment and in the case of a continuing offence a sum not exceeding RM200 for each day during which such offence is continued after conviction. Furthermore, any person who fails to exhibit or to produce such licence acquired in some prominent place on the licensed premise shall be guilty of an offence. Under the Local Authorities Ordinance 1996 of Sarawak, a general penalty of RM2,000 will be imposed upon conviction.

7. BUSINESS OVERVIEW (Cont'd)

In Sarawak, the Businesses, Professions and Trades Licensing Ordinance 1958 further provides that any person who, whether alone or in partnership or association with others, and whether as principal, agent or manager, or in any other capacity, conducts a business without a valid business licence shall be subject to an absolute fine of RM1,000. The Local Authorities (Advertisements) By-Laws 2012 additionally impose a fine of up to RM5,000 or to imprisonment for a term not exceeding six months for failure to obtain a signboard licence. For a continuing offence, a further fine not exceeding RM200 for each day during which the offence continues shall be imposed.

(u) **National Land Code 2020**

The National Land Code 2020 governs land matters in Peninsular Malaysia, where our material properties are located. Under the National Land Code 2020, the State Authority may alienate land subject to such express conditions and restrictions in interest as it deems appropriate at the time of approval for alienation. All conditions and restrictions in interest imposed must be endorsed on, or referenced in, the document of title relating to the land.

(v) **Employment Act 1955 ("EA1955"), Labour Ordinance 1958 of Sarawak, National Wages Consultative Council Act 2011 and Employment (Part-Time Employees) Regulations 2010**

The EA1955 governs employment contracts between employers and employees in Peninsular Malaysia and the Federal Territory of Labuan, while the Labour Ordinance 1958 regulates labour laws in Sarawak.

In relation to foreign nationals, the EA1955 stipulates that employers must obtain prior approval from the Director General of Labour before employing foreign nationals. Failure to comply constitutes an offence, and upon conviction, the employer is liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding five years, or both.

Where no specific penalty is prescribed for an offence under the EA1955, a general penalty provision applies. Under this provision, an offender shall, upon conviction, be liable to a fine not exceeding RM50,000.

The Labour Ordinance 1958 states that no person shall employ any non-resident employee unless he has obtained from the director a licence to employ non-resident employee. Failure to comply constitutes an offence, and upon conviction, the person shall be liable to a fine not exceeding RM50,000 or to imprisonment for one year or to both.

Additionally, under the National Wages Consultative Council Act 2011, an employer who fails to pay the minimum basic wages as prescribed in the Minimum Wages Order commits an offence and, upon conviction, is liable to a fine not exceeding RM10,000 for each affected employee. Pursuant to the Minimum Wages Order 2024, from 1 August 2025, the minimum monthly wage rate is RM1,700. Additionally, employers engaged in professional activities as classified under the Malaysia Standard Classification of Occupations 2020 are required to comply with the RM1,700 minimum monthly wage, irrespective of their number of employees.

7. BUSINESS OVERVIEW (Cont'd)

Furthermore, the Employment (Part-Time Employees) Regulations 2010 govern matters relating to overtime pay, public holidays, annual leave, sick leave and rest days for part-time employees. Any employer who fails to comply with these regulations commits an offence and, upon conviction, shall be liable to a fine not exceeding RM10,000.

(w) **Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 ("Employees' Accommodation Act") and its subsidiary legislation**

The Employees' Accommodations Act sets out, among other matters, the minimum standards for employee accommodations and centralised accommodations, and mandates employers to provide health, hospital, medical and social amenities for employees.

The Employees' Accommodations Act places a duty on employers or centralised accommodation providers to ensure, among others, that: (i) all accommodations provided comply with the minimum standards prescribed under the Employees' Accommodation Act and its subsidiary regulations; (ii) no employee is housed in accommodation unless a Certificate for Accommodation ("CFA") has been obtained; (iii) accommodations deemed unfit for human habitation under the relevant laws are not used; (iv) adequate and decent amenities are provided in accordance with the Employees' Accommodation Act and regulations; (v) necessary preventive measures are undertaken to ensure employees' safety and welfare; (vi) employees receive appropriate medical assistance; and (vii) measures are taken to prevent the spread of infectious diseases, including arranging, at the employer's expense, for immunisation of employees when so directed by the Medical Officer of Health.

Further, the Employees' Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralized Accommodation) Regulations 2020 ("**Employees' Accommodation Regulations**") set forth detailed requirements, including minimum floor area standards for bedrooms and sleeping spaces, as well as obligations to provide uninterrupted water and electricity supplies and to ensure access to basic amenities, which must not be shared where specified.

Any employer who fails to comply with the Employees' Accommodation Regulations commits an offence and any centralised accommodation provider who fails to comply shall be liable to a fine not exceeding RM1,000 or to imprisonment for a term not exceeding six months or to both. Under the Employees' Accommodation Act, an employer who fails to obtain a CFA commits an offence and, upon conviction, is liable to a fine not exceeding RM50,000. A centralised accommodation provider who fails to obtain a CFA shall be liable to a fine not exceeding RM50,000 or to imprisonment not exceeding one year or to both.

(x) **Immigration Act 1959/63 and the Immigration Regulations 1963 ("IA")**

The Immigration Act 1959/63 governs the entry, stay and departure of persons into and out of Malaysia. It sets out the legal framework for immigration control, including requirements for visas, passes, and permits for non-citizens. Any person who employs one or more persons, other than a citizen or a holder of an entry permit who is not in possession of a valid pass shall be guilty of an offence and shall, on conviction, be liable to a fine of not less than RM10,000 and not exceeding RM50,000 or to imprisonment for a term not exceeding 12 months, or to both, for each such employee. Where the offence involves the employment of more than five individuals without valid passes, the offender shall be liable, upon conviction, to imprisonment for a term of not less than six months and not exceeding five years, and shall also be subject to whipping of not more than six strokes.

7. BUSINESS OVERVIEW (Cont'd)

Additionally, any person who contravenes the conditions attached to a pass or permit issued under the Immigration Regulations 1963 commits an offence and, upon conviction, shall be liable to imprisonment for a term not exceeding six months or to a fine not exceeding RM1,000, or both.

7.23 NON-COMPLIANCES WITH THE RELEVANT LAWS, REGULATIONS, RULES AND REQUIREMENTS GOVERNING THE CONDUCT OF OUR GROUP

Save as disclosed below, there is no material breach of the relevant laws, regulations, rules and requirements governing the conduct of the business of our Group, including compliance of property assets owned or tenanted by our Group.

7.23.1 CCC non-compliances in respect of the Desa Petaling Storage House

As at the LPD, we do not possess the CCC or its equivalent for the tenanted equipment storage premises located in Taman Desa Petaling, Kuala Lumpur, which is used as a storage for store and office equipment, including racking systems, freezers, chillers and air conditioning units ("**Desa Petaling Storage House**").

Status as at the LPD

The architects and consultants appointed by us have, on behalf of our Company, applied for a temporary building permit for the Desa Petaling Storage House. As at the LPD, we have obtained the development order, namely the planning permission approval from Dewan Bandaraya Kuala Lumpur ("**DBKL**") dated 20 February 2026 ("**Development Order**"). Pursuant to the Development Order, an application should be submitted to DBKL's Building Control Department to firstly obtain approval for the building plan, i.e. kebenaran mendirikan bangunan ("**KMB**"). Subsequently, a CCC must be deposited with the DBKL, where approval from Bomba forms part of the compliance requirements. On 17 March 2026, our Group has submitted the application to obtain the KMB.

We target to obtain the KMB and CCC for the Desa Petaling Storage House by the second half of 2026.

Impact to business operations or financial condition of our Group

Section 70(27)(f) of the SDBA states that any person who occupies or permits to be occupied any building or any part thereof without a certificate of completion and compliance, shall be liable on conviction to a fine not exceeding RM250,000 or imprisonment for a term not exceeding 10 years or both. The estimated cost of compliance is approximately RM50,000.

However, this non-compliance will not have a material adverse impact on the business operations and financial condition of our Group as the Desa Petaling Storage House is mainly used for storage of fixed assets and other non-inventory items, rather than goods required for the day-to-day operations of our stores. If we fail to make progress in our application for the temporary building permit within a reasonable timeframe, we have the flexibility to relocate this storage premises to a new site easily.

7.23.2 Store CCC Non-Compliances

As at the LPD, 86 out of 996 our stores (or 8.6%) have not been issued with the required CCC or Permit Pembinaan Kecil ("**PPK**") (as applicable) or do not have the documentary evidence of CCC having been issued. Save for two stores, which are owned by our Group, all of the affected stores are tenanted from third party landlords, with the majority of them (52 out of 86) located in Kuala Lumpur and Selangor.

7. BUSINESS OVERVIEW (Cont'd)

Status as at the LPD

We have been advised by our appointed architect that we may apply for a PPK from DBKL to comply with the SDBA and any by-laws under the SDBA. The submission of building plan to the relevant local council's building department, along with confirmation of compliance with fire safety regulations by Bomba as required under the PPK applications, is deemed equivalent to a CCC application.

The PPK applications will be submitted by a Principal Submitting Person (as defined in the SDBA), who is a registered professional architect or engineer, providing confirmation that the property unit is safe for occupation.

As at the LPD, we have taken the necessary steps to apply for the CCC or PPK (as applicable) for 77 affected stores on behalf of the respective landlords, as follows:

<u>No.</u>	<u>Location of the affected stores</u>	<u>Requisite approval to be obtained for occupation of building</u>	<u>Total stores without the requisite approval</u>	<u>Submitted applications</u>	<u>Remaining applications to be submitted</u>
1.	Affected stores located within Kuala Lumpur	PPK ⁽¹⁾⁽²⁾	37	36	1
2.	Affected stores located in other states of Peninsular Malaysia	CCC ⁽²⁾	41	33	8
3.	Affected stores Located in Sarawak	CCC ⁽²⁾	8	8	-
			86⁽³⁾	77	9

Notes:

- (1) Where required and as directed by the relevant local council, the Company will obtain a CCC for the Affected Stores.
- (2) Where required, the issuance of a CCC is preceded by the submission of building plan.
- (3) Out of the 86 stores which have no CCC/PPK, 84 of the affected stores are tenanted.

We will continue to engage with the local councils to resolve and address the outstanding non-compliances in accordance with the directions of the local councils after the submission of the PPK and CCC applications, while closely monitoring the progress of these applications. At the same time, we are also actively following up with the landlords of the affected stores to obtain copies of the CCC.

We aim to submit the applications for the remaining 9 stores (representing 0.9% of 996 stores as at the LPD) by the second quarter of 2026. However, the progress of these applications will depend on the landlord's availability to approve and confirm on the submission documents and other relevant information. We expect to receive the PPK for all the affected stores located within the jurisdiction of DBKL by the third quarter of 2026, and the CCC for the affected stores not located outside the purview of DBKL by end of 2026.

7. BUSINESS OVERVIEW (Cont'd)

We might not be able to obtain the CCC or its equivalent for all the affected stores in a timely manner due to, among others, delay by the authorities in inspecting the stores and in the event the authorities should require us to provide additional documentation. Notwithstanding these issues, we will continue to take the necessary steps to address the above matter. If we are unable to obtain the CCC or its equivalent for any of the affected stores within a reasonable timeframe or fail to make progress in our applications to the local councils, we will relocate these stores to new sites that already have the CCC. The status of any remaining non-compliance will be disclosed in our annual report.

Impact to business operations or financial condition of our Group

In Peninsular Malaysia, Section 70(27)(f) of the SDBA states that any person who occupies or permits to be occupied any building or any part thereof without a certificate of completion and compliance, shall be liable on conviction to a fine not exceeding RM250,000 or imprisonment for a term not exceeding 10 years or both. In Sarawak, Section 24 of the Fourth Schedule of the Buildings Ordinance 1994 of Sarawak states that any person who occupies or permits to be occupied any building or any part thereof without an occupation permit commits an offence and shall on conviction, be liable to a fine not exceeding RM10,000 and in the case of a continuing offence, to a further fine not exceeding RM300 for every day during which the offence continues after notice to cease occupying the building has been issued on such person. The estimated cost of compliance is approximately RM0.7 million.

However, this non-compliance is not expected to have a material adverse impact on the business operations and financial condition of our Group after taking into consideration the following:

- (i) all of the affected stores are located within shoplots or are part of larger developments. None of the Affected Stores are standalone buildings. All the properties have already been provided with utility connections and assessment rates for all these properties have been duly imposed by the local councils, suggesting that the development of the buildings have been confirmed by the relevant technical agencies (such as Tenaga Nasional Berhad and Indah Water Konsortium Sdn Bhd) and met the essential compliance requirements. Typically, *Jabatan Penilaian dan Perkhidmatan Harta* determines the assessment rates for newly constructed properties based on the approved building plan deposited with the local councils. Accordingly, the architects appointed by us have confirmed that obtaining the PPK or CCC is a procedural formality for us to obtain documentary evidences of compliance and permission for occupation;
- (ii) while the combined revenue contribution from the 86 Affected Stores accounted for 10.6% of our total revenue for the FYE 30 June 2025, each of the Affected Stores' revenue contribution, on average, is less than 0.2% of our revenue for the same period;
- (iii) we have initiated the PPK or CCC application for 77 stores. For the nine remaining applications to be submitted, the combined revenue contribution from these nine Affected Stores is only 1.0% of our total revenue for the FYE 30 June 2025. Once the application is submitted, the authorities would typically not close down the store due to the reasons as set out in item (i) above. Additionally, all the 86 affected stores have a valid business licence and signboard licence;
- (iv) the impact of the total estimated costs for the Store CCC Non-Compliance (which includes the estimated cost of compliance and potential maximum penalty) as a percentage of our Group's PBT for the FYE 30 June 2025 is 2.4%;

7. BUSINESS OVERVIEW (Cont'd)

- (v) in the event of enforcement, we believe that the local authorities may first issue a notice requiring us to submit the necessary applications before imposing any fines or penalties. We are confident that we will meet the required timeline given that we are already in the process of preparing these applications; and
- (vi) simultaneous enforcement on all the affected stores which have yet to submit the necessary applications, which could result in forced closure of all the affected stores, is remote and the risk is spread out as these stores are under the ambit of different local councils.

7.23.3 Renewal of business and signboard licence in respect of our stores

As at the LPD, the business and signboard licence for one store in Klang (out of our 996 stores) has expired and has yet to be renewed, despite the renewal application having been submitted to Majlis Bandaraya Diraja Klang ("MBDK") prior to its expiry.

Status as at the LPD

We have submitted the renewal application for the business and signboard licence to MBDK on 8 January 2026, and the renewed licence is currently pending issuance by MBDK.

We target to obtain the renewed business and signboard licence for the one store in Klang by April 2026.

Impact to business operations or financial condition of our Group

In the absence of a valid business and/or signboard licence, pursuant to Section 104 of the Local Government Act 1976, a local authority may prescribe for the breach of any by-law, rule or regulation a fine not exceeding RM2,000 or a term of imprisonment not exceeding 1 year or both such fine and imprisonment and in the case of a continuing offence a sum not exceeding RM200 for each day during which such offence is continued after conviction.

However, this non-compliance will not have a material adverse impact on the business operations and financial condition of our Group as it relates to only one store out of our 996 stores as at the LPD. The renewal application was submitted prior to the licence expiry and the delay is administrative in nature pending issuance by MBDK. We do not foresee any issues with the renewal.

7.23.4 Overall financial impact of the outstanding non-compliances as at the LPD

The table below summarises the total estimated cost of compliance (including potential maximum penalties applicable) relating to the non-compliances as set out in Section 7.23.2 above that are pending rectification as at the LPD:

No.	Summary description of non-compliances	Estimated rectification costs (A) RM'000	Potential maximum penalty (B) RM'000	Total estimated costs (C) = (A) + (B) RM'000	% of our Group's PBT for the FYE 30 June 2025 %
(1)	Operating in premises without CCC or its equivalent	667	2,511	3,179	2.4
(2)	Absence of CCC or its equivalent for Desa Petaling Storage House	50	250	300	0.2

7. BUSINESS OVERVIEW (Cont'd)

No.	Summary description of non-compliances	Estimated rectification costs	Potential maximum penalty	Total estimated costs (C) = (A) + (B)	% of our Group's PBT for the FYE 30 June 2025
		(A) RM'000	(B) RM'000	(B) RM'000	%
(3)	Operating store without a valid business & signboard licence	1	2	3	*
	Total	718	2,763	3,482	2.6

Note:

* *Negligible.*

The total estimated rectification costs for the abovementioned non-compliances of approximately RM0.7 million will not have material adverse impact to the financial condition of our Group as it represents less than 1.0% of our Group's PBT for the FYE 30 June 2025.

The total potential maximum penalties for the abovementioned non-compliances is approximately RM2.8 million (representing approximately 2.1% of our Group's PBT for the FYE 30 June 2025). Notwithstanding the above, we are of the view that it is unlikely that the potential maximum penalties for the said non-compliances to be imposed simultaneously, as the non-compliances are under the ambit of different local councils. In the event of enforcement, we are of the view that the local councils may grant a rectification period prior to imposing any penalties. For information purposes only, the past fines and/or penalties imposed by the local councils for operating in premises without CCC or its equivalent ranged between RM50 and RM4,000 per store.

Notwithstanding the above, certain of the non-compliances may remain unresolved at the time of our Listing. Our Directors undertake to continue to make the necessary applications and/or engage with the local councils to resolve and address the outstanding non-compliances in accordance with the directions of the local councils after our Listing. We will update our shareholders on the status of the outstanding non-compliances in our annual report.

7.23.5 Past non-compliances

In addition to the above, there have been instances of past non-compliances, all of which have been rectified as at the LPD, as summarised below:

(a) Stores without business and signboard licence

During the FYE 30 June 2025, one store was opened while its business and signboard licence application was still under review by the relevant authority. Additionally, there were six stores in Sarawak that did not have signboard licences. However, all such licences have been obtained as at the LPD. Following this, we implemented a SOP prohibiting the opening of any store prior to the issuance of the requisite business and signboard licence.

7. BUSINESS OVERVIEW (Cont'd)

(b) Fire certificate for our Balakong DC

Following the acquisition of our Balakong DC Assets as part of the restructuring exercise undertaken by KKSMST, KKSMST has taken over the tenancy of our Balakong DC on 10 March 2025. As the fire certificate of our Balakong DC had expired, KKSMST has engaged a consultant to assist in applying for and obtaining a new fire certificate for the property. On 11 July 2025, KKSMST had obtained the fire certificate issued by Bomba, which is valid from 11 July 2025 to 10 July 2026.

(c) Lapses in workers' accommodation requirements

To comply with the relevant provisions of the Employees' Accommodation Act, we have relocated our employees to dormitories with valid COA by entering into tenancy agreements with the service providers, and have obtained COA for our Group's own or tenanted hostels.

(d) Sale of liquor without a valid licence and sale of liquor during prohibited hours

As at the LPD, we have ceased all non-compliances related to the sale of liquor without a valid licence and sale of liquor during prohibited hours, both of which are in contravention of the EA1976. We have addressed the non-compliances by ceasing the sale of liquor or by submitting liquor licence applications for the relevant stores to sell liquor, and implementing measures to ensure timely renewals, thereby ensuring that all stores engaged in the sale of liquor are in possession of valid licences. We have also taken measures to ensure that the sale of liquor is not conducted during prohibited hours whereby our POS system will not allow any sale transaction of liquor to be conducted during the prohibited hours.

(e) Product related non-compliances and other non-compliances related to the operation of our stores

There were a number of products which were previously sold at our stores which did not comply with the applicable laws ("**Non-Compliant Products**"), through a group-wide review conducted by us, we identified a number of products that were sold at our stores which did not comply with the relevant regulatory requirements.

Following the review, we have ceased the purchase and sales of such non-compliant products that were identified at that point of time and have sourced from other suppliers that supply similar products that meet the relevant registrations and/or certifications.

Additionally, for cigarettes, tobacco products or electronic cigarettes, we have implemented an SOP requiring that any display in our stores of such cigarettes, tobacco products or electronic cigarettes (including advertisements) requires prior approval from our purchasing department.

7. BUSINESS OVERVIEW (Cont'd)

There were also a number of non-compliances related to some of the stores which have been rectified as at the LPD. For example:

(i) **Fivefoot way licence**

There were past instances of non-compliances where some stores did not have a valid licence to display goods and place items at the fivefoot way as required under the SDBA. Subsequently, our Group has removed such goods and items at the fivefoot way and implemented measures to ensure timely renewals of our licences in relation to the display of goods and placement of items at the fivefoot way, thereby ensuring that all stores using the fivefoot way are in possession of valid licences.

(ii) **Certificate of registration issued by the Personal Data Protection Commissioner (“Certificate of PDP Registration”)**

There were past instances of non-compliance where certain stores did not have a store-specific Certificate of PDP Registration as required under the PDPA. Our Group has obtained the store-specific Certificates of PDP Registration for the affected stores, and implemented measures to ensure all the new stores will have their store-specific Certificate of PDP Registration.

(f) **Data Protection Officer**

There was a past non-compliance in relation to Section 12A of the PDPA where a data controller shall appoint one or more data protection officers who shall be accountable to the data controller for the compliance with the PDPA. We have since appointed a data protection officer.

(g) **Overtime work hours**

We have, in the past, failed to observe employees' overtime work hours, resulting in instances where total overtime exceeded the maximum limit allowable under the EA1955. As at the LPD, an overtime policy has been implemented to ensure that its practices align with the applicable limit under the EA1955. Under this policy, overtime claims will be limited to 35 hours per month for each Shop Assistant, 45 hours per month for each Assistant Supervisor and 60 hours per month for each Supervisor. The Senior Field Managers and Field Managers for the respective stores will ensure strict adherence to the overtime policy, monitor overtime hours regularly and take corrective actions promptly to prevent any future incidents of exceeding the allowable overtime limits.

(h) **Statutory wage payment requirements**

There were past instances where certain employees were paid their salaries in cash at their request due to bank remittances being rejected for various reasons, including outdated passport information for foreign workers or the freezing of local employees' bank accounts, as well as the payment of salaries and overtime allowances in cash to employees who had tendered their resignation. This practice contravenes the EA1955, which requires that wages be paid directly into a bank account maintained in the employee's name with a licensed financial institution, unless written approval is obtained from the Director General, Department of Labour Peninsular Malaysia (“**Director General of Labour**”) for alternative payment methods.

7. BUSINESS OVERVIEW (Cont'd)

We have rectified the above non-compliance by adopting the use of Touch 'n Go eWallet, a third-party platform approved by the Director General of Labour for digital wage payment, for payment of salaries to the affected employees. Accordingly, we have discontinued the practice of making salary payments in cash.

(i) **Establishment of safety and health committees, and appointment of safety and health officer and SHE Coordinators, for our headquarters and Balakong DC and our stores (as applicable)**

We have a past non-compliance in relation to Section 30(1) of the OSHA which requires every employer to establish a safety and health committee at the place of work in accordance with this section if there are 40 or more persons employed at the place of work, or if the Director General directs the establishment of such a committee at the place of work. As at the LPD, we have rectified the non-compliance by establishing a safety and health committee at both our headquarters and Balakong DC respectively.

There was also a non-compliance in relation to Section 29(2) of the OSHA where an occupier of a place of work as specified in that section shall appoint a person who is competent to act as a safety and health officer at the place of work. We have rectified the non-compliance by appointing a safety and health officer for our Balakong DC.

Further, Section 29A(1) of the OSHA where an employer whose place of work is not required to have a safe and health officer shall appoint one of his employees to act as a safety and health coordinator (“**SHE Coordinator**”) if he employs five or more employees at his place of work. We have formalised the appointments of the SHE Coordinators for our headquarters and all our stores. The names of the appointed SHE Coordinators have been submitted to the Department of Occupational Safety and Health via its online MyKKP portal.

(j) **Foreign workers performing cashier role and employment composition requirement under DBKL’s licence condition**

(i) Foreign workers performing cashier role

In the past, some foreign workers sometimes undertook the role or duties of a cashier at our stores, which fell outside their approved scope of work and is therefore prohibited under the IA.

This situation primarily arose due to operational constraints, particularly at stores where there is only one local employee working alongside foreign workers during each shift. Under the EA1955, all employees including local and foreign workers are entitled to rest or meal breaks during their shifts. Accordingly, during the rest hours or meal breaks, and in cases where the local employee was absent due to sudden medical leave, foreign workers temporarily stepped in to carry out cashier functions.

7. BUSINESS OVERVIEW (Cont'd)

- (ii) Employment composition requirements under DBKL licence conditions

In the past, some stores located in Kuala Lumpur did not comply with the applicable employment composition requirement imposed under their respective business licences issued by DBKL. The licence conditions prescribed that employees at the premises must comprise 50% citizen and 50% non-citizen holding valid work permits. In some locations however, the proportion of foreign workers exceeded the 50% threshold which therefore contravened the Licensing of Trades, Businesses and Industries (Federal Territory of Kuala Lumpur) By-Laws 2016.

As at the LPD, we have rectified the above non-compliances by implementing an SOP governing workforce composition and shift staffing requirements. Under this SOP, every shift: (i) must comprise at least two local employees; and (ii) must not allow a foreign worker to work alone at each store. This SOP is fully implemented as at the LPD.

Additionally, in compliance with the licence conditions under DBKL regarding employment composition, none of the stores under DBKL's jurisdiction has more than 50% foreign nationals.

To further enhance operational efficiency and compliance, a centralised workforce management system has been established to monitor and manage staffing levels across all stores. This digital platform provides real-time visibility into workforce operational continuity.

In the event of unforeseen manpower shortages, such as sudden medical leave or resignation of local employees, the Field Manager will transfer employees from other stores to ensure that no store is left operating with only one foreign worker. This contingency plan is communicated to all relevant personnel to facilitate swift and effective responses. Furthermore, regular briefings are conducted to educate the headquarters employees and management on compliance requirements, the SOPs and the importance of adhering to staffing protocols.

We have implemented measures to prevent foreign workers from performing cashier duties by disabling non-local identification credentials from being used at POS systems at the checkout counters of all our stores. In addition, our KPI Review Team, which is a dedicated and independent team, is tasked with conducting unannounced store evaluations to assess store performance and compliance) and our CCTV monitoring team at its headquarters will also be conducting periodic inspections to verify that only local staff are performing cashier roles and any non-compliances will be reported to the operation team for immediate action. This monitoring serves as an additional control to prevent any recurrence.

Our Group has a total of 5,965 employees working at our stores, of whom only 699 (or 11.7%) are foreign workers as at the LPD. All foreign workers employed by our Group have valid work permits and are currently residing in valid dormitories with COA as at the LPD.

7. BUSINESS OVERVIEW (Cont'd)

7.23.6 Steps taken to rectify the non-compliances and prevent recurrence of such non-compliances

The non-compliances in the past were primarily attributable to weaknesses in our Group's internal control framework. In readiness for our Listing, our Group has undertaken a comprehensive transformation programme to strengthen governance, enhance oversight, and instil a more robust compliance culture across our entire Group.

We have strategically strengthened our leadership team through the appointment of key senior management personnel with extensive and relevant industry experience, including among others a Chief Financial Officer, Chief Digital Officer and Chief Operating Officer (Retail Innovation & Human Capital) for our Group between 2024 and 2026. These individuals bring deep sector-specific expertise to ensure continuous monitoring and the execution of effective internal controls and compliance mechanisms across our Group's operations going forward.

Under the leadership of our Key Senior Management, we endeavour to fully comply with the applicable laws, rules and regulations in respect of our real properties and our business operations, we have taken the following initiatives to rectify the non-compliances mentioned in Sections 7.23.1 to 7.23.5 of this Prospectus. Below sets out specific SOPs to address and to prevent the recurrence of the non-compliances. For example:

Type of non-compliance	SOP established
CCC	<p>For the real properties of our Group, we will only purchase real properties with CCC in place prior to the signing of any sales and purchase agreement(s).</p> <p>For tenanted properties, we will endeavour to select properties with CCC in place prior to entering into tenancy agreement(s) with any landlord. In the event of scarcity of shop lots with CCC in place for rent, we will proceed to enter into tenancy agreement(s) with landlords but will assist the landlord to obtain the CCC or equivalent such as PPK or temporary building permit before commencing tenancy of said property.</p>
Business and signboard licence	<p>We have implemented an SOP requiring a valid business and signboard licence prior to the opening of any store.</p> <p>For the renewal of business and signboard licences, our renewal process is to submit the renewal applications to the respective local council at least 60 days before the expiry date (where possible) and will follow up closely with the respective local council to ensure timely approval.</p>
Workers' accommodation	<p>We will only permit employees to stay at our Group's own hostels with valid COA and dormitories with valid COA provided by service providers.</p>
Product-related non-compliances and other non-compliances related to the stores	<p>We will only purchase products from suppliers whose products bear the required certifications or conformity marks, ensuring compliance with relevant safety, quality assurance standards and applicable requirements.</p>

7. BUSINESS OVERVIEW (Cont'd)

Type of non-compliance	SOP established
Non-compliance with work scope as stated in the work permits and employment composition requirements	<p>Additionally, suppliers must submit supporting documents evidencing product compliance upon onboarding and provide updated documentation periodically to verify their certification status.</p> <p>We have also implemented measures to ensure the sale of products which require specific licences have a valid licence and ensure timely renewals of such licences, thereby ensuring that all stores that are selling such products are in possession of valid licences. We will cease selling products which require specific licence if the store does not have a valid licence for the product.</p> <p>We will also not place any items at the five footway unless there is a valid licence.</p> <p>Every shift must comprise (i) at least two local employees; and (ii) must not allow a foreign worker to work alone at each store.</p> <p>Additionally, to comply with the employment composition requirement imposed under the business licence issued by DBKL, we will ensure that none of the stores located within the jurisdiction of DBKL has more than 50% of our employees as foreign nationals.</p>

Further, we had implemented the following measures to enhance our internal control system in order to prevent the recurrence of such non-compliances:

- (a) established our Sustainability and Risk Management Committee, which comprising a majority of Independent Non-Executive Directors. The Sustainability and Risk Management Committee's terms of reference includes overseeing our Group's compliance framework to prevent recurrence and future non-compliance incidents by ensuring the infrastructure, resources and systems are in place and are adequate for risk management, and that processes for the identification, measurement and analysis, reporting and mitigation of risks are in place;
- (b) seek professional advice and assistance from independent internal control consultants, legal advisers and/or other appropriate independent professional advisers, where necessary, with respect to matters related to the adequacy and effectiveness of the internal controls and compliance as well as risk management systems of our Group, and for updates on the applicable laws related to the business operations of our Group. We will also engage professionals where necessary to provide training to the Directors and employees of our Group to ensure they have a clear understanding of matters related to our Group's internal controls and compliance and seek continuous improvement of our Group's policies and processes implementation;

7. BUSINESS OVERVIEW (Cont'd)

- (c) to strengthen compliance oversight, our Group's management team holds regular meetings where compliance matters are reviewed and addressed. We have also established a compliance management committee ("**CMC**") comprising members from different departments and functions in our Group. The CMC is responsible for monitoring and overseeing our Group's regulatory compliance matters including the compliance with licensing, certificates and approvals for the businesses and operations of our Group and to ensure that non-compliance incidents are adequately investigated and the reporting of issues to appropriate parties in a timely manner. Currently, the Legal Manager is the secretary of the CMC and responsible for driving, coordinating and ensuring all processes align with the related regulatory requirements; and
- (d) implemented a centralised store licence and permit management system to track, maintain and monitor the validity and renewal status of all licences and permits required for its business operations, including CCC, product-specific licences and foreign worker work permits, ensuring compliance with applicable regulatory requirements. The system incorporates automated alerts to notify responsible personnel of upcoming expiries, enabling timely renewals and mitigating the risk of non-compliance or operational disruption. It also allows authorised users to update licence information, upload supporting documents and monitor licence statuses in real time, with escalation triggers in place to ensure prompt remedial action in the event of any lapse.

Our Board is of the view that the steps taken by our Group to rectify the non-compliances and to enhance our internal control system will be effective in minimising the recurrence of the instances of the non-compliances of our Group in the future and in ensuring compliance by our Group on an on-going basis.

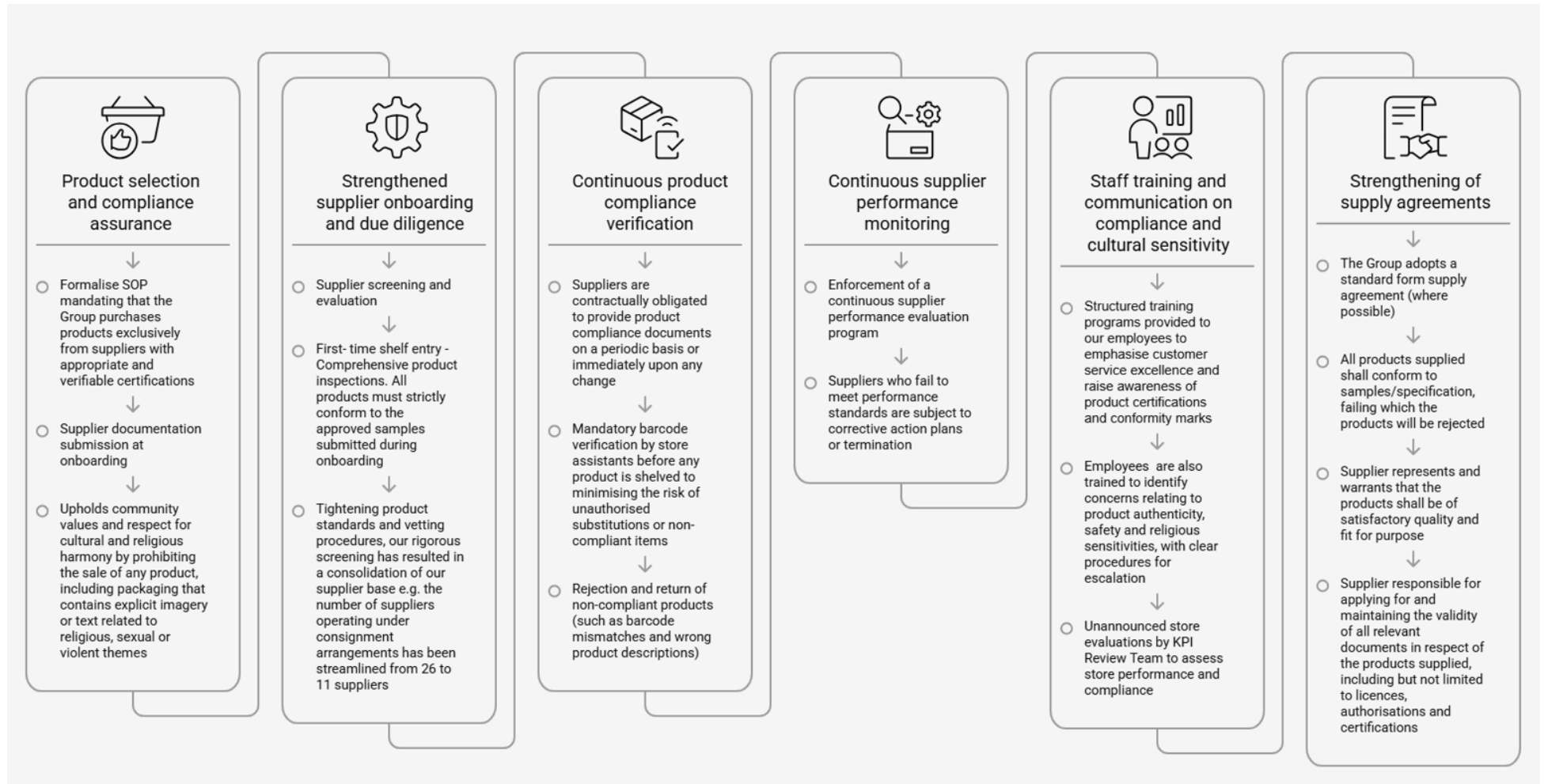
7.23.7 Lapses in product compliance

During the Financial Years under Review, we have encountered the following:

- (a) In March 2024, socks bearing the word "Allah" were offered for sale at our Bandar Sunway store. We had immediately expressed deep regrets and issued a public apology for the incident. In a press release dated 13 March 2024, we stated that the socks had been supplied on a consignment basis and that we had not intentionally chosen to offer such products for sale and had withdrawn the remaining available stock of those products from our stores. Later, three of our stores in Perak, Pahang and Sarawak were targeted with petrol bombs. However, there was no major loss to our stores. On 15 July 2024, we paid a fine of RM60,000 pursuant to Section 298 of the Penal Code for intentionally wounding the religious feelings of others pursuant to a Shah Alam Sessions Court (BA-62-36-03/2024) order dated 15 July 2024;
- (b) In January 2025, sandwiches labelled as "Ham and Cheese Sandwich" and bearing a Halal logo were offered for sale at our Group's Universiti Malaya store. A customer raised concerns about the veracity of the Halal labelling, which escalated into our Group's product offerings generally, being in question. As a result, two stores on the Universiti Malaya campus were temporarily closed by the university following these concerns. JAKIM later confirmed that the product did not have a valid Halal certification at the time. As at the LPD, we have not been imposed with any fines, penalties or claims from local authorities in connection with the past sales of the ham and cheese sandwiches.

7. BUSINESS OVERVIEW

In view of the above, our Group has taken the following steps to enhance our internal control processes in product compliance:



7. BUSINESS OVERVIEW

(a) Product selection and compliance assurance

Our Group has formalised an SOP mandating that we purchase products exclusively from suppliers with the appropriate and verifiable certifications such as Halal certification or conformity marks relevant to the product category. This SOP aligns our Group's procurement activities with regulatory standards and consumer expectations, thereby minimising risks related to product authenticity and compliance.

Our Group also requires all suppliers to submit comprehensive and verifiable documentation confirming product compliance at the point of onboarding. This includes product specifications, conformity certifications, such as Halal certificates (where applicable) and labelling information.

While we sell certain cultural and household goods such as candles and incense that are commonly used for prayers, we strictly uphold community values and ensure respect for cultural and religious harmony by prohibiting the sale of any product, including its packaging or labelling, that contains explicit imagery or text related to religious, sexual or violent themes.

For clarity, as at the LPD, our Group does not sell any non-Halal F&B products that contain pork or lard.

(b) Strengthened supplier onboarding and due diligence

Our Group has enhanced our supplier onboarding process to ensure a more robust oversight over our supply chain from the outset. All prospective suppliers are subjected to a screening process that rigorously evaluates their credibility, based on matters such as company profile, list of existing customers and compliance with applicable laws, including strict adherence to product certification standards such as Halal certification.

Our Group's purchasing department performs comprehensive product inspections to ensure that all products strictly conform to the approved samples submitted during the onboarding. This process helps to maintain product authenticity, quality and appropriateness prior to being made available for sale on the shelves of our stores.

As part of a supply chain risk mitigation strategy, our Group has tightened our processes to ensure products purchased from the suppliers meet our standards, especially consignment products. This has consolidated our supplier base, reducing the number of suppliers operating under consignment arrangements from 26 to 11. Our Group's initiative streamlines our supply chain operations, enhances product traceability and hence, mitigates the risks associated with a wider supplier base.

To reinforce these efforts, our Group has formalised an SOP mandating procurement exclusively from suppliers whose products carry valid and verifiable certifications or conformity marks, where relevant, including but not limited to Halal certification for F&B products.

(c) Continuous product compliance verification

Suppliers are also contractually obligated to update the product compliance documents submitted during onboarding on a periodic basis or immediately upon any change in product composition, labelling or certification status.

7. BUSINESS OVERVIEW (Cont'd)

To further reinforce product integrity, as opposed to previous practice where our consignment suppliers restocked products at their allocated shelves themselves, a mandatory barcode verification process must be conducted by our store assistants before any product is shelved, thereby minimising the risk of unauthorised substitutions or non-compliant items being placed in our stores.

Where discrepancies are identified such as barcode mismatches and wrong product descriptions, these products will be rejected and returned immediately or quarantined for sending back to our suppliers. This approach ensures that only verified and contractually compliant products reach our stores, reinforcing our Group's commitment to regulatory compliance, brand integrity and consumer trust.

(d) On-going supplier performance monitoring

Once suppliers are onboarded, our Group enforces an ongoing systematic supplier performance evaluation program. This program encompasses a comprehensive set of criteria including delivery timeliness, product quality, validity of certifications and any non-compliances in matters relating to cultural and religious harmony as well as compliance with legal and ethical standards. Suppliers who fail to meet these stringent performance standards are subject to corrective action plans or risk being phased out of our supply chain.

(e) Staff training and communication on compliance and cultural sensitivity

Our Group recognises that well-trained and vigilant staff are critical to maintaining product integrity, compliance and consumer trust. To this end, we have implemented the following measures:

- (i) conducts structured training programmes for all our store employees, specifically targeting Supervisors and Field Managers. New training modules have been introduced to emphasise customer service excellence and raise awareness of product certifications and conformity marks, such as Halal certification. Staff are trained to identify concerns relating to product authenticity, safety and religious sensitivities, with clear procedures for escalation. Completion of these trainings is mandatory and refresher trainings are conducted periodically to reinforce awareness. Training attendance and completion are formally tracked to ensure full compliance, with non-completion escalated to our Group's operations department for follow-up.

In addition, ad-hoc online training sessions are conducted to provide timely updates on new initiatives, operational enhancements and compliance requirements. For example, our Group has sent employees from its procurement, customer service, operations, training and corporate management divisions to participate in the Basic Halal Industry Course conducted by the Halal Development Corporation, focusing on halal certification processes, relevant regulatory requirements and their role in strengthening compliance awareness.

7. BUSINESS OVERVIEW (Cont'd)

- (ii) a dedicated and independent team is tasked with conducting unannounced store evaluations to assess store performance and compliance (“**KPI Review Team**”). Our KPI Review Team assigns a score to each store based on criteria such as customer service, cleanliness, planogram adherence, inventory and stock control compliance and, general store compliance and maintenance. This store-level grading is then consolidated to evaluate the performance of Operation Regional Managers and Senior Field Managers. The performance findings are discussed at the weekly operations meetings and key trends are escalated to our senior management team on a quarterly basis. Stores that fail to meet the required standards are required to implement a corrective action plan within a stipulated timeline and may be disqualified from certain employee incentives or benefits until compliance standards are met. Follow-up reviews are conducted to verify rectification and ensure continuous compliance.

(f) **Strengthening of the supply agreement**

Our Group adopts a standard form supply agreement to be executed by all its suppliers, save for suppliers who utilise their own standard form supply agreements. Our Group standard form supply agreement has been updated as at the LPD and provides, inter alia, for the following:

- (i) all products supplied and delivered by the supplier shall conform to the samples and/or specifications provided by the supplier, failing which we shall, at its discretion, be entitled to reject such products;
- (ii) the supplier represents and warrants that the products shall be of satisfactory quality, free from defects in design, manufacture, materials and workmanship are merchantable, and are fully fit for their intended purpose for the duration specified under the applicable warranty;
- (iii) the supplier shall be solely responsible for applying for and maintaining the validity of all relevant documents in respect of the products supplied, including but not limited to licences, authorisations and certificates. In the event that any such document becomes invalid, the supplier shall immediately notify us and promptly withdraw the affected products from our stores and Balakong DC; and
- (iv) the supplier shall, upon request by KKSMST, promptly furnish evidence of compliance with all applicable laws and regulations.

Further, our Group is also in the process of sending notification letters to remind our existing suppliers to always comply with all applicable laws and regulations.

Through these enhanced internal controls and adherence to best practices in supply chain management and product compliance, our Group has developed a comprehensive governance framework. This framework is designed to mitigate risks, uphold regulatory and cultural standards.

7. BUSINESS OVERVIEW (Cont'd)

7.24 MATERIAL DEPENDENCY ON COMMERCIAL CONTRACTS, AGREEMENTS OR OTHER ARRANGEMENTS

As at the LPD, there are no commercial contracts, agreements, other arrangements or other matters entered into by or issued to us which we are materially dependent on, and which are material to our business and profitability.

7.25 HEALTH AND SAFETY MATTERS

We value the health of our employees and place great emphasis on the safety of our employees at our headquarters, our DC and our stores. All new employees are briefed on our health and safety policy and we carry out an in-house training to ensure a safe working environment for our employees. All our employees are further expected to follow the SOPs that have been put in place, in order to minimise any risk to both employees and customers.

Our employees are trained in the procedures to be followed in the event of any accidents at any of our locations. We promote good hygiene practices and we encourage our employees to use safety equipment and report any unsafe conditions immediately to our Company.

As evidence of our ongoing commitment, we have established a dedicated Safety, Health & Environmental (“**SHE**”) department and a SHE committee to oversee and continuously improve our SHE-related policies and initiatives. Our SHE department and committee oversee and ensure that our Group’s ESG strategy is sufficiently robust and measurable in accordance with the applicable sustainability standards. In addition, we have appointed a safety and health coordinator who is responsible for overseeing SHE controls across our Group.

7.26 ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We are committed to operating in an environmentally and socially responsible manner, recognising the importance of sustainability for the long-term well-being of our communities and our business. To evidence our commitment to carrying out our business in line with key ESG principles, we have developed a Sustainability Policy to align our sustainability efforts with our strategic objectives, to foster a culture of accountability and integrity, to promote transparency, and to contribute to the long-term well-being of our business and our stakeholders.

7.26.1 Environmental

We strive to be an environmentally efficient and responsible organisation. As our business is not energy or resource-intensive, we are working towards inculcating a culture of being more sustainable, responsible, and resource-efficient in our business operations. Our key approaches towards managing our impact on the environment, are as follows:

(a) **Managing our environmental footprint**

We aim to monitor and measure the overall environmental impact across our operations, aligning with broader environmental goals. We have started regularly monitoring the energy consumption and the monthly electricity and other utility bills across our network of stores. Moving forward, we intend to implement systems which may be able to detect abnormal energy spikes, and to utilise analytics to assist us in managing consumption so that we may be more targeted in our energy initiatives. To measure our progress, we will be collecting, consolidating, and reviewing the electricity bills from our entire network of stores. A centralised database will be built for comparison, trend analysis, and benchmarking against historical usage. This monitoring system will enable continuous monitoring and drives accountability for energy performance across different stores.

7. BUSINESS OVERVIEW (Cont'd)

(b) Optimising resource use

As most of our stores operate 24 hours daily, our electricity consumption is significant. To ensure more efficient utilisation of energy, one of our key initiatives is the adoption of energy-efficient light-emitting diodes (“LED”), replacing incandescent bulbs across our operations. Stores have also been progressively retrofitted with LED signage, and we have been systematically upgrading our chillers from R22 to R410 ratings, thus reducing our energy consumption. We have also optimised energy use in different stores by limiting the operating hours of air conditioners, track lights, LED at counters and at can-drink chillers during non-peak hours, either between 12.00 a.m. to 8.00 a.m. or 2.00 a.m. to 8.00 a.m. depending on the store locations.

For all new stores, we are using signboards with dusk-to-dawn sensors, a light-sensitive device that automatically turns outdoor lights on at dusk (when it gets dark) and off at dawn (when it gets light) while in old stores we are limiting the operating hours of signboard display lights between 8.00 a.m. to 7.00 p.m.. In addition, further enhancements include integrating fans beneath air conditioners to improve airflow and cooling efficiency. At our Balakong DC, the open-wall design of our DC enhances natural airflow, reducing dependence on mechanical ventilation or fans. At our headquarters, we prioritise good indoor air quality and a comfortable working environment by regulating temperature and humidity through ventilation, as well as integrating fans beneath air conditioners to improve airflow and cooling efficiency at reduced energy levels. Looking ahead, we intend to introduce more energy-efficient models such as inverter air conditioners. These upgrades are expected to contribute to a reduction in our Group’s carbon footprint. To complement this, we will conduct training for our employees on energy-saving best practices, including the incorporation of time-based “on” and “off” controls into store employees’ daily checklists.

(c) Minimising waste and promoting circularity

Since 2024, we have introduced the “Say No to Plastic Bags” campaign across our stores in Malaysia to promote a zero-plastic lifestyle and to reduce waste from our Group’s significant volume of daily transactions. To encourage adoption, we have offered for sale, our KK Eco Bags, available in two sizes (XL and S), both at a nominal price of only RM1.00 per KK Eco Bag. These bags come with a lifetime exchange policy, allowing customers to exchange damaged bags with new ones at any of our stores. The initiative is aligned with the agenda announced by the Minister for Natural Resources, Environment, and Climate Change, which targets a nationwide ban on plastic bags across all retail sectors by 2025.

We have also put in place a systematic waste recovery process across our DC and stores. Recyclable materials such as cardboard, corrugated boxes, and cling wrap are collected from our stores and headquarters, consolidated at our DC, and handed over to licensed recyclers. We also work with waste management partners to collect and recycle equipment scraps (including air conditioning units, IT equipment, iron, cooling boxes, and other materials) by dismantling and segregating them for proper recycling. Our partners also handle food waste from expired products, damaged packaging, non-returnable goods, and damaged pallet wood from our stores and DC. To ensure secure disposal of sensitive documents, we engage a certified data destruction company to shred hardcopy records, with all shredded paper then recycled. In addition, we collaborate with our suppliers to return expired products for proper treatment or disposal through their own waste management processes.

7. BUSINESS OVERVIEW (Cont'd)

(d) Embracing responsible logistics

In alignment with Malaysia's Nationally Determined Contribution (NDC) and the global goal to achieve net-zero emissions by 2050, we are committed to reducing our environmental footprint through responsible logistics practices. To this end, we have optimised our fuel consumption and improved fleet efficiency while reducing unnecessary detours and idle mileage through route planning and optimised loading practices, such as maximising lorry space utilisation and minimising the number of trips required.

7.26.2 Social

We prioritise the nurturing of relationships and we foster the development of our human capital, encompassing both employees and wider stakeholders. Our commitment covers areas such as community engagement, health and safety, and the pursuit of product and service excellence.

Our key principles in this area include:

(a) Upholding fair labour practices and respect

To adhere to ethical standards in our treatment of all individuals, ensuring fairness, dignity, and respect in all our employment practices. Our initiatives include (i) communicating labour policies, complaint procedures and employee rights in the employee handbook, onboarding materials internal memos and training sessions; (ii) regularly reviewing our human resource policies to ensure they remain in line with national labour legislation; and (iii) benchmarking wages against industry standards and ensuring transparent and equitable compensation structures.

(b) Fostering an inclusive and equitable workplace

As the operator of one of the largest Malaysian convenience mart chains, our presence extends nationwide, including in small towns suburb areas where employment opportunities may be limited. We are committed to creating positive socio-economic impact by prioritising recruitment from within local communities. We also work with established job-seeking platforms, ensuring accessible opportunities for jobseekers to explore careers within our Group. We ensure non-discrimination in our recruitment practices, offering equal employment opportunities regardless of gender, race, or religion.

(c) Promoting a safe and healthy environment

We are committed to fostering a workplace that is free from any manifestation of discrimination, harassment or offensive behaviour. We strongly believe that every employee should be treated equally and with the utmost respect, irrespective of their race, religion, age, gender, sexual orientation, disability or citizenship status. This commitment extends to ensuring fair labour practices and a respectful work environment across all levels of the organisation. To support this, designated personnel contact details are available at every store and at our DC, enabling employees to seek immediate assistance whenever needed. For example, our Group Response Team (Pasukan Keselamatan Waktu Malam) who are on duty at all times to respond to any reports of emergency, break-in or any other security issues from our stores. Employees are regularly engaged through training sessions and internal memos on labour rights and human resource policies. Visual reminders and posters are placed across our stores, DC and headquarters to reinforce the importance of ethical conduct in daily operations.

7. BUSINESS OVERVIEW (Cont'd)

Looking ahead, we aim to further strengthen two-way communication channels between employees, HR, and management, ensuring that employees feel heard, respected, and valued. To achieve this, we have established a whistleblowing channel, enabling the confidential and anonymous reporting of serious concerns, including unethical or inappropriate behaviour. Together, these mechanisms reinforce our commitment to promoting a safe and healthy environment.

(d) Investing in employee growth and development

To value the continuous learning and growth of our employees by providing opportunities for skill development and career advancement including providing opportunities for our employees to attend public training or in-house training relevant to their respective departments, both in general terms as well as training which is more targeted, depending on the particular skillsets required for different work functions. These training initiatives are tailored to employees' respective roles and cover key areas such as customer service and communication skills, fair and respectful engagement with diverse customer groups, emergency and incident handling procedures, expiry date awareness and product rotation practices to minimise wastage, as well as customer relationship management and complaint handling.

(e) Striving for customer satisfaction

We are committed to ensuring that every service interaction is carried out with professionalism, efficiency, and care. To achieve this, we have established a comprehensive set of measures: (i) providing excellent customer service by training and empowering store employees to respond to customer inquiries with professionalism and resolve complaints with a positive attitude; (ii) monitoring and addressing comments from customers on our stores from different platforms, such as through emails, phone calls, WhatsApp chat, social media and our customer careline. All insights are systematically documented and analysed to identify recurring issues and store-level misconduct. This process enables prompt targeted interventions such as surprise evaluations and corrective measures; (iii) ensuring a seamless transaction and shopping experience for customers, by offering a wide range of payment methods, with employees trained to handle all systems proficiently; (iv) optimising and standardising store layout to ensure it is customer-friendly and easy to navigate, ensuring that customers can find what they need quickly and easily; (v) implementing a loyalty programme that rewards repeat customers with exclusive offers, discounts or redeemable points for future purchases; (vi) training DC and store employees to inspect packaging and product conditions for damage or expiry with clear steps for escalation or disposal; and (vii) implementing random internal audits of shelf stock to ensure compliance and reinforce the importance of daily checks.

(f) Engaging with local communities

To collaborate with our local communities through various initiatives to build lasting partnerships and achieve collective growth and shared prosperity including but not limited to: (i) designing annual corporate social responsibility ("CSR") initiatives aligned with community needs; and (ii) co-creating marketing campaigns with community leaders especially during festive periods or as part of our CSR initiatives.

7. BUSINESS OVERVIEW (Cont'd)

In 2025, we joined the Malaysia Clean Day initiative by KPKT, partnering with a local non-governmental organisation (“**NGO**”) to run a community recycling drive under our employee volunteer programme. The event brought together 300 participants, including our head office and store staff, NGO volunteers, and local residents, who contributed recyclables and learned proper recycling practices through NGO-led sessions. This initiative marks an important step in embedding environmental responsibility within our workforce and within the local community and in strengthening our collective contribution to sustainable practices.

We demonstrate our commitment to community engagement by providing practical support to local communities, both directly, through company-led initiatives and also in collaboration with government agencies and NGOs. Our efforts include responding to natural disasters like floods, fires, and landslides, as well as providing aid during the COVID-19 pandemic, such as distributing RM100 essential goods baskets, masks, and hygiene supplies, and supporting community programmes such as the Gerobok Muhibbah at Masjid Jamek Sultan Abdul Samad, Kuala Lumpur and Bait Al-Mahabbah at Masjid Putrajaya by donating food supplies to the mosques, which will then distribute the food to underprivileged members of the community.

Since 2016, we have actively supported the well-being of our surrounding community in all the areas in which we operate, assisting vulnerable groups such as orphans, senior citizens, underprivileged families, persons with disabilities (PWDs), retired police officers, and military veterans. Our support comes in many forms through essential items, Food Bank contributions, and targeted programmes. We support NGOs such as National Cancer Society of Malaysia, Ti-Ratana Welfare Society, Persatuan Keluarga Polis Malaysia and local community groups, as well as student-focused initiatives like Universiti Malaya off-campus assistance, Universiti Kebangsaan Malaysia Fit & Fun 2025 and Xiamen University Malaysia Funtopia 2025. Collaborating with government programmes such as Payung Rahmah, MyKasih 2025 and Bakul Rahmah, we help vulnerable communities nationwide. Our annual BB Charity Programme in Bukit Bintang, organised with The Kuala Lumpur Chinese Assembly Hall, distributes goodies and red packet (ang pao) to around 1,800 orphans, elderly, homeless, single mothers, and PWDs, exemplifying our long-term community engagement. Most recently, in March 2025, we participated in the “Infaq Ramadan” initiative with universities, NGOs, and mosques, supporting activities such as sponsoring student bus tickets for Hari Raya, hosting iftar events, and providing groceries to students in need. In addition, we aim to collaborate with NGOs to raise community awareness of dementia by providing financial support, supporting awareness talks, and conducting visits to relevant centres.

We use the opportunity of festive seasons to extend our support to those in need and bring joy and relief to underprivileged groups by contributions of food supplies, festive gifts and participation in communal events that encourage inclusiveness and mutual respect.

7. BUSINESS OVERVIEW (Cont'd)

7.26.3 Governance

We are committed to upholding the highest standards of governance across our operations, ensuring responsible business conduct and full regulatory compliance. Through robust frameworks in corporate governance, supply chain oversight, compliance management, and data protection, we safeguard stakeholder trust while supporting sustainable and long-term growth. We have established and clear governance structures to ensure accountability in managing sustainability matters. Our sustainability framework outlines our governance policy and strategy, supported by a sustainability working group which consists of representatives from various departments. This sustainability working group reports to the Sustainability and Risk Management Committee which then reports to our Board, on sustainability matters.

Our Board remains firmly committed to upholding and sustaining the highest standards of corporate governance, in line with the principles of the MCCG. Our governance framework is guided by three key pillars: (i) Board leadership and effectiveness; (ii) Robust audit and risk management; and (iii) Integrity in corporate reporting and establishing meaningful relationships with our stakeholders. We recognise that strong ethical governance and transparency are fundamental to our long-term sustainability and to our continued ability to contribute positively to society and the environment. Our approach to achieving this includes:

(a) Reinforcing sound governance and integrity

Our Group recognises that sound governance extends beyond our Board. We emphasise integrity, accountability, and responsible conduct across all levels of the organisation. This is reinforced through a suite of policies and frameworks, including but not limited to: (i) Anti-Bribery and Anti-Corruption Policy; (ii) Privacy and Personal Data Protection Policy; (iii) Code of Conduct and Business Ethics; (iv) Whistleblowing Policy; (v) Conflict of Interest Policy; (vi) Related Party Transactions Policy; and (vii) Gift, Entertainment, Hospitality and Travel Declaration Framework to maintain the highest standards of ethical conduct, transparency, and honesty in all our operations, reflecting our core values and commitments including (A) educating employees on our Anti-Bribery and Anti-Corruption Policy and our other policies; (B) conducting training for our employees on ethics, fraud detection, customer service and inventory responsibility; (C) enforcing strict attendance tracking and disciplinary action for absenteeism or for failure to adhere to staffing SOPs; (D) setting up clear SOPs to log and investigate misconduct cases; and (E) updating the operations manual and employee handbook with clear guidelines and to highlight consequences for unethical conduct. Also, in accordance with the MCCG's recommendations, the composition of our Board reflects strong diversity and independence, meeting the target of having at least 30% female directors as well as having a majority of our Board represented by Independent Directors. Governance oversight is further strengthened through our Audit Committee, our Nomination and Remuneration Committee, and our Sustainability and Risk Management Committee. Each of these committees comprises wholly or predominantly Independent Non-Executive Directors, ensuring independent oversight over financial reporting, executive compensation, potential conflicts of interest, related party transactions, and key risks.

7. BUSINESS OVERVIEW (Cont'd)

(b) Adhering to the PDPA legal and regulatory frameworks

We have implemented a comprehensive set of IT security measures to safeguard sensitive information and to ensure that third-party vendors are compliant to our requirements. A data classification framework and role-based access controls strengthen governance by enforcing stricter protocols and limiting access to authorised personnel, supported by regular access audits. To address risks arising from human error, we conduct company-wide data privacy training and provide specialised programmes for teams handling sensitive data. A formal data governance structure, including a DPO, oversees compliance and serves as the central authority for data matters. Moving forward, we are accelerating the shift from paper-based records to secure digital systems to enhance data tracking, storage, monitoring, and overall protection.

(c) Fostering open dialogues with stakeholders

To uphold good governance practices, we put great emphasis on communication with our stakeholders, including our employees, customers, suppliers and communities to build trust and strengthen our relationships. We will periodically engage with our stakeholders to identify material sustainability matters and ensure that our sustainability efforts are aligned with our stakeholder interests. We aim to provide balanced, comparable, and meaningful sustainability information in our reporting, disclosing both positive and negative aspects of sustainability performance to ensure transparency and accountability.

7.27 AWARDS

The table below sets out the awards that we have received up to the LPD:

<u>Year</u>	<u>Award</u>	<u>Awarding Body</u>
2008	The 6 th Asia Pacific International Honesty Enterprise - Keris Award 2007	Asia Pacific TOP Excellence Brand Committee, Vietnam Foundation Supporting of Literacy and Artistic Creation and Global Business Magazine
	SME Recognition Award - SME Rising Star Award 2008	SME Association of Malaysia
2011	Malaysia Retail Chain Association (“ MRCA ”) Award 2011 – National Growth Award Silver	MRCA
	The 9 th Malaysia’s 100 Outstanding SMEs Golden Bull Award 2011 – Winner of the Outstanding SMEs	Nanyang Siang Pau
	The Star Outstanding Business Awards (SOBA) 2011 - Rising Star Platinum Award	The Star
	The Star Outstanding Business Awards (SOBA) 2011 - Business of the Year Gold Award	
	Asean Outstanding Business Awards 2011 – Industry Class Sectors Retail Chain	Asean Retail-Chains & Franchise Federation (ARFF)

7. BUSINESS OVERVIEW (Cont'd)

Year	Award	Awarding Body
2012	The 10 th Malaysia's 100 Outstanding SMEs Golden Bull Award 2012 – 4 th Position Winner of the Super Golden Bull	Nanyang Siang Pau
	MRCA Award 2012 - National Growth Award – Gold	MRCA
2013	Sin Chew Business Excellence Awards 2013 - Retail Excellence Award	Sin Chew Daily
2014	Sin Chew Business Excellence Awards 2014 - Retail Excellence Award	Sin Chew Daily
2015	Golden Eagle Award 2015 – Eminent Eagle	Nanyang Siang Pau
	McMillan Woods Global Awards 2015 – MasterClass Awards (Fast Moving Goods)	McMillan Woods Global
2016	The BrandLaureate SMEs Best Brands Awards 2015-2016 – Corporate Branding (Retail Convenience Store)	The World Brands Foundation
	ASEAN Master Class Award 2016 in Retailing Excellence	ARFF
	MRCA Crown Awards 2016 – Outstanding Brand Award	MRCA
2017	SME Malaysia Platinum Business Awards 2017 – Outstanding Achiever Award	SME Association of Malaysia
	Inaugural Malaysian Brand Award	The Federation of Malaysia Chinese Commerce Association
2019	Billion Dollar Club Award	MRCA
2021	Malaysia Family Career Carnival 2021 - Caring Employer Award	Ministry of Human Resources Malaysia and PERKESO
2023	Malaysia Industry Awards (MINDA) 2023 - Brand Excellence Award	Federation Of Malaysian Business Association (FMBA)
2024	Asia New Economy Summit - Great Asia Outstanding Corporation Award	KSI Strategic Institute for Asia Pacific
2025	Putra Aria Brand Awards – Bronze (Retail)	Association of Accredited Advertising Agents Malaysia

7.28 KEY ACCREDITATIONS

KKSMST is accredited by the Department of Skills Development (JPK) under the Ministry of Human Resources Malaysia as a training centre for the National Dual Training System (SLDN/NDTS).