

14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION



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The Board of Directors
Hock Soon Capital Berhad
Batu 4, Jalan Sungkai
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Perak

DRAFT FOR PURPOSE OF INCLUSION
IN THE PROSPECTUS EXPOSURE

[] 2025

Dear Sirs

Hock Soon Capital Berhad ("Hock Soon" or the "Company") and its subsidiaries (the "Group")

Report on the compilation of pro forma consolidated statement of financial position for inclusion in the Company's draft prospectus in connection with the proposed listing of Hock Soon on the Main Market of Bursa Malaysia Securities Berhad ("Draft Prospectus") ("Proposed Listing") ("Bursa Securities")

We have completed our assurance engagement to report on the compilation of the pro forma consolidated statement of financial position of the Company. The pro forma consolidated statement of financial position of the Company as at 30 September 2024 ("Pro Forma Financial Position") and the related notes as set out in Attachment A have been stamped by us for identification purposes. The applicable criteria on the basis on which the Board of Directors of the Company (the "Directors") has compiled the Pro Forma Financial Position is described in the notes to the Pro Forma Financial Position. The Pro Forma Financial Position is prepared in accordance with the requirements of Chapter 9, Part II Division I: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

The Pro Forma Financial Position has been compiled by the Directors for inclusion in the Draft Prospectus solely to illustrate the impact of events or transactions as set out in the notes of Attachment A on the Group's statement of financial position as at 30 September 2024, as if the events or transactions had taken place on 30 September 2024. As part of this process, information about the Group's financial position have been extracted by the Directors from the audited consolidated financial statements of Hock Soon Poultry Farm Sdn Bhd for the year ended 30 September 2024, on which an audit report dated on 24 January 2025 has been issued.

Directors' Responsibility for the Pro Forma Financial Position

The Directors are responsible for compiling the Pro Forma Financial Position on the basis described in the notes of Attachment A as required by the Prospectus Guidelines.

14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*Cont'd*)



Hock Soon Capital Berhad ("Hock Soon" or the "Company")
*Report on the compilation of pro forma consolidated statement
of financial position for inclusion in the Draft Prospectus
in connection with the Proposed Listing
[] 2025*

Reporting Accountants' Quality Management and Independence

Our firm applies Malaysian Approved Standard on Quality Management, ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the *By-Laws (On Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion as required by the Prospectus Guidelines about whether the Pro Forma Financial Position has been compiled, in all material respects, by the Directors on the basis described in the notes of Attachment A.

We conducted our engagement in accordance with Malaysian Approved Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Financial Position on the basis described in the notes of Attachment A.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Position.

The purpose of the Pro Forma Financial Position included in the Draft Prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the Group as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Position has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED
STATEMENT OF FINANCIAL POSITION (*Cont'd*)



Hock Soon Capital Berhad ("Hock Soon" or the "Company")
*Report on the compilation of pro forma consolidated statement
of financial position for inclusion in the Draft Prospectus
in connection with the Proposed Listing
[] 2025*

Opinion

In our opinion, the Pro Forma Financial Position has been compiled, in all material respects, on the basis described in the notes of Attachment A.

Other Matter

Our report on the Pro Forma Financial Position has been prepared for inclusion in the Draft Prospectus in connection with the Proposed Listing and should not be relied upon for any other purposes.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Florence Chua Lei Choon
Approval number: 03347/01/2026 J
Chartered Accountant

14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

Attachment A

Hock Soon Capital Berhad ("Hock Soon" or the "Company") and its subsidiaries (the "Group")

Pro Forma Financial Position and the notes thereon

Pro Forma Financial Position

The pro forma consolidated statement of financial position of the Company as at 30 September 2024 ("Pro Forma Financial Position") as set out below has been prepared for illustrative purposes only to show the effects of the transactions referred to in Note 2 had these transactions been effected on 30 September 2024, and should be read in conjunction with the said notes to the Pro Forma Financial Position.

			Pro Forma I	Pro Forma II	Pro Forma III
		As at 30 September 2024 ⁽¹⁾ RM'000	After adjustment for subsequent events RM'000	After Pro Forma I and the Proposed Acquisition of Hock Soon Poultry Farm RM'000	After Pro Forma II, the Proposed IPO and utilisation of proceeds RM'000
	Note				
Assets					
Property, plant and equipment	3(a)	36,059	46,584	46,584	46,584
Right-of-use assets		379	379	379	379
Investment properties		5,017	5,017	5,017	5,017
Other investments		4,154	4,154	4,154	4,154
Total non-current assets		45,609	56,134	56,134	56,134
Biological assets		49,095	49,095	49,095	49,095
Inventories		5,515	5,515	5,515	5,515
Current tax assets		63	63	63	63
Trade and other receivables		5,706	5,706	5,706	5,706
Prepayments and other assets	3(b)	1,502	1,394	1,394	1,394
Other investments	3(c)	45,856	15,856	15,856	15,856
Cash and cash equivalents	3(d)	18,771	4,794	4,794	[•]
		126,508	82,423	82,423	[•]
Asset classified as held for sale		258	258	258	258
Total current assets		126,766	82,681	82,681	[•]
Total assets		172,375	138,815	138,815	[•]

Note:

⁽¹⁾ Extracted from the audited consolidated financial statements of Hock Soon Poultry Farm Sdn Bhd for the year ended 30 September 2024.



14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

Attachment A

Hock Soon Capital Berhad ("Hock Soon" or the "Company") and its subsidiaries (the "Group")

Pro Forma Financial Position and the notes thereon

Pro Forma Financial Position (continued)

			Pro Forma I	Pro Forma II	Pro Forma III
		As at 30 September 2024 ⁽¹⁾	After adjustment for subsequent events	After Pro Forma I and the Proposed Acquisition of Hock Soon Poultry Farm	After Pro Forma II, the Proposed IPO and utilisation of proceeds
	Note	RM'000	RM'000	RM'000	RM'000
Equity					
Share capital	3(e)	9,261	9,261	102,600	[•]
Merger reserve	3(f)	-	-	(93,339)	(93,339)
Fair value reserve		2,940	2,940	2,940	2,940
Retained earnings	3(g)	133,390	90,390	90,390	[•]
Equity attributable to owners of the Company		145,591	102,591	102,591	[•]
Non-controlling interests		30	30	30	30
Total equity		145,621	102,621	102,621	[•]
Non-current liabilities					
Loans and borrowings	3(h)	4,655	13,630	13,630	13,630
Lease liabilities		9	9	9	9
Deferred tax liabilities		11,332	11,332	11,332	11,332
		15,996	24,971	24,971	24,971
Current liabilities					
Trade and other payables		7,927	7,927	7,927	7,927
Loans and borrowings	3(h)	619	1,084	1,084	1,084
Lease liabilities		5	5	5	5
Current tax liabilities		2,207	2,207	2,207	2,207
		10,758	11,223	11,223	11,223
Total liabilities		26,754	36,194	36,194	36,194
Total equity and liabilities		172,375	138,815	138,815	[•]

Note:

⁽¹⁾ Extracted from the audited consolidated financial statements of Hock Soon Poultry Farm Sdn Bhd for the year ended 30 September 2024.



14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

Attachment A

Hock Soon Capital Berhad ("Hock Soon" or the "Company") and its subsidiaries (the "Group")

Pro Forma Financial Position and the notes thereon

Pro Forma Financial Position (continued)**Supplementary information**

		Pro Forma I	Pro Forma II	Pro Forma III
	As at 30 September 2024	After adjustment for subsequent events	After Pro Forma I and the Proposed Acquisition of Hock Soon Poultry Farm	After Pro Forma II, the Proposed IPO and utilisation of proceeds
No. of Shares in issue ('000)*	9,156	9,156	400,000	500,000
Net asset per share (RM)^	15.90	11.20	0.26	[•]
Total borrowings (excluding lease liabilities)*	5,274	14,714	14,714	14,714
Gearing ratio (times) #	0.04	0.14	0.14	[•]

Notes:

* Extracted from the audited consolidated financial statements of Hock Soon Poultry Farm Sdn Bhd for the year ended 30 September 2024.

^ Net assets per share is defined as total equity attributable to owners of the Company over the number of Shares in issue.

Gearing ratio is calculated based on total borrowings divided by total equity attributable to owners of the Company.



14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*Cont'd*)

Attachment A

Hock Soon Capital Berhad ("Hock Soon" or the "Company") and its subsidiaries (the "Group")

Pro Forma Financial Position and the notes thereon

Notes to the Pro Forma Financial Position

The Pro Forma Financial Position has been prepared for inclusion in the Company's draft prospectus in connection with the proposed listing of Hock Soon on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Proposed Listing") ("Draft Prospectus") and should not be relied upon for any other purposes.

1. Basis of preparation

The applicable criteria on the basis of which the Board of Directors of the Company (the "Directors") has compiled the Pro Forma Financial Position are as described below. The Pro Forma Financial Position is prepared in accordance with the requirements of Chapter 9, Part II Division I: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

The Company was incorporated on 26 November 2024 with an issued share capital of RM1, for the purpose of a corporate exercise, as part of the listing scheme in relation to the Proposed Listing, that will result in the Company becoming the holding company of Hock Soon Poultry Farm Sdn Bhd ("Hock Soon Poultry Farm").

The Company has not carried on any business since the date of its incorporation. Being a newly incorporated company, the Company has no audited financial statements as at the date of the Draft Prospectus. Consequently, the Pro Forma Financial Position has been prepared based on the audited consolidated financial statements of Hock Soon Poultry Farm for the year ended 30 September 2024, which were prepared in accordance with Malaysian Financial Reporting Standards as issued by the Malaysian Accounting Standards Board ("MFRS Accounting Standards") and IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), and in a manner consistent with the format of the statement of financial position and the accounting policies adopted by Hock Soon Capital Berhad and its subsidiaries (the "Group"), adjusted for the events and transactions detailed in Note 2.

The pro forma adjustments are appropriate for the purpose of preparing the Pro Forma Financial Position.

The auditors' report dated 24 January 2025 on the audited consolidated statement of financial position of Hock Soon Poultry Farm for the year ended 30 September 2024 was not subject to any qualification, modification or disclaimer of opinion.

The Pro Forma Financial Position is not necessarily indicative of the financial position that would have been attained had the events and transactions detailed in Note 2 actually occurred at the respective dates. The Pro Forma Financial Position has been prepared for illustrative purposes only.



14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*Cont'd*)

Attachment A

Hock Soon Capital Berhad ("Hock Soon" or the "Company") and its subsidiaries (the "Group")
Pro Forma Financial Position and the notes thereon

2. Pro Forma adjustments to the Pro Forma Financial Position

The Pro Forma Financial Position illustrates the effects of the following events or transactions:

2.1 Pro Forma I – Adjustment for subsequent events

(i) Dividends declared and paid

Since 1 October 2024 up to the latest practicable date of 28 February 2025 ("LPD"), Hock Soon Poultry Farm declared dividends of (i) RM5 million on 1 November 2024 and paid on 18 November 2024, (ii) RM25 million on 9 December 2024 and paid on 26 December 2024; and (iii) RM13 million on 27 January 2025 and paid on 25 February 2025 in respect of the financial year ending 30 September 2025. The first two dividends, totalling RM30 million were paid out of Hock Soon Poultry Farm's investment account, while the remaining RM13 million was paid out of its bank account.

(ii) Acquisition of land

On 23 December 2024, Hock Soon Poultry Farm entered into a conditional sale and purchase agreement to acquire the land in Teluk Intan for a total cash consideration of RM10.5 million. Deposits of RM0.1 million and RM 1 million were paid from Hock Soon Poultry Farm's bank account on 10 September 2024 and 13 November 2024 respectively, to secure the transaction. The remaining balance of RM9.4 million was financed through a new loan drawdown on 27 February 2025.

2.2 Pro Forma II – Proposed Acquisition of Hock Soon Poultry Farm

On 13 March 2025, the Company entered into a conditional share sale agreement with Ong Boon Leng, Lim Suk Gen, Ong Keat Qian and Ong Keat Hoe to acquire the entire equity interest in Hock Soon Poultry Farm comprising 9,261,000 ordinary shares for a purchase consideration of RM102.6 million, which will be fully satisfied by the issuance of 399,999,999 new ordinary shares in the Company at an issue price of RM0.2565 per Share.

The Proposed Acquisition of Hock Soon Poultry Farm will be accounted for using book value accounting. Under book value accounting, the difference between the consideration paid and the share capital of the acquiree is accounted for as merger reserve.

2.3 Pro Forma III – Proposed IPO and utilisation of proceeds

The Proposed IPO entails the proposed initial public offering of 150,000,000 new ordinary shares in the Company ("Shares"), and comprises the following transactions:

(i) Proposed Public Issue

The proposed public issue of 100,000,000 new ordinary shares in the Company ("Issue Share(s)") at the indicative price of RM[•] per Issue Share.

(ii) Proposed Offer for Sale

The proposed offer for sale of 50,000,000 existing ordinary shares in the Company ("Offer Share(s)") by Ong Boon Leng, Lim Suk Gen, Ong Keat Qian and Ong Keat Hoe (collectively, the "Selling Shareholders") at the indicative price of RM[•] per Offer Share by way of price placement to selected investors.

The Company will not receive any proceeds from the Proposed Offer for Sale. The gross proceeds of RM[•] from the Proposed Offer for Sale will accrue entirely to the Selling Shareholders.



14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

Attachment A

Hock Soon Capital Berhad ("Hock Soon" or the "Company") and its subsidiaries (the "Group")
Pro Forma Financial Position and the notes thereon

2. Pro Forma adjustments to the Pro Forma Financial Position (continued)

2.3 Pro Forma III – Proposed IPO (continued)

(iii) Proposed utilisation of proceeds

The gross proceeds from the Proposed Public Issue are intended to be utilised as follows:

	RM'000
Establishment of new poultry farm in Teluk Intan ⁽¹⁾	[•]
Estimated listing expenses ⁽²⁾	[•]
	[•]

Notes:

- (1) The Group intends to establish a new poultry farm on 3 plots of adjacent land in Teluk Intan, Perak. This new poultry farm will comprise 25 closed-house chicken coops with higher egg production capacity than the Group's existing chicken coops. This new poultry farm will also be equipped with automation systems, monitoring and control systems, and a central grading and sorting station.

As at the LPD, the Group has yet to enter into any contractual binding arrangements or issued any purchase orders in relation to the above capital expenditure. Accordingly, the utilisation of proceeds earmarked for the establishment of new poultry farm is not reflected in the Pro Forma Financial Position.

- (2) The estimated listing expenses comprise the following:

	RM'000
Professional fees	[•]
Fees payable to authorities	[•]
Brokerage fee, underwriting commission and placement fees	[•]
Miscellaneous expenses and contingencies	[•]
	[•]

The total fees and expenses to be borne by the Company is estimated to be approximately RM[•]. As at 30 September 2024, RM0.6 million has been paid and charged to the profit or loss of Hock Soon Poultry Farm.

Upon completion of the IPO, the estimated listing fees and expenses of approximately RM[•] directly attributable to the Proposed Public Issue will be debited against the share capital and the remaining estimated fees and expenses of approximately RM[•] will be charged out to the profit or loss of the Group.



14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

Attachment A

Hock Soon Capital Berhad ("Hock Soon" or the "Company") and its subsidiaries (the "Group")
Pro Forma Financial Position and the notes thereon

3. Effects on the Pro Forma Financial Position**(a) Movement in property, plant and equipment**

	RM'000
Balance as at 30 September 2024	36,059
Effects of Pro Forma I:	
- Acquisition of land	10,525
Pro Forma I, II and III	<u>46,584</u>

(b) Movement in prepayments and other assets

	RM'000
Balance as at 30 September 2024	1,502
Effects of Pro Forma I:	
- Acquisition of land	(108)
Pro Forma I, II and III	<u>1,394</u>

(c) Movement in other investments

	RM'000
Balance as at 30 September 2024	45,856
Effects of Pro Forma I:	
- Dividend payment	(30,000)
Pro Forma I, II and III	<u>15,856</u>

(d) Movement in cash and cash equivalents

	RM'000
Balance as at 30 September 2024	18,771
Effects of Pro Forma I:	
- Dividend payment	(13,000)
- Acquisition of land	(977)
Pro Forma I and II	4,794
Effects of Pro Forma III:	
- Proceeds from the Proposed Public Issue	[•]
- Estimated listing expenses	[•]
Pro Forma III	<u>[•]</u>



14. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

Attachment A

Hock Soon Capital Berhad ("Hock Soon" or the "Company") and its subsidiaries (the "Group")
Pro Forma Financial Position and the notes thereon

3. Effects on the Pro Forma Financial Position (continued)**(e) Movement in share capital**

	RM'000
Balance as at 30 September 2024 / Pro Forma I	9,261
Effects of Pro Forma II:	
- Proposed Acquisition of Hock Soon Poultry Farm	93,339
Pro Forma II	102,600
Effects of Pro Forma III:	
- Issuance of new shares pursuant to the Proposed Public Issue	[•]
- Estimated listing expenses directly attributable to the Proposed Public Issue	[•]
Pro Forma III	[•]

(f) Movement in merger reserve

	RM'000
Balance as at 30 September 2024 / Pro Forma I	-
Effects of Pro Forma II:	
- Proposed Acquisition of Hock Soon Poultry Farm	(93,339)
Pro Forma II and III	(93,339)

(g) Movement in retained earnings

	RM'000
Balance as at 30 September 2024	133,390
Effects of Pro Forma I:	
- Dividend payment	(43,000)
Pro forma I and II	90,390
Effects of Pro Forma III:	
- Estimated listing expenses charged to profit or loss of the Group	[•]
Pro Forma III	[•]

(h) Movement in loans and borrowings

	RM'000
Balance as at 30 September 2024	5,274
Effects of Pro Forma I:	
- Drawdown of loan to part finance the acquisition of land	9,440
Pro Forma I, II and III	14,714

