SIN-KUNG LOGISTICS BERHAD
[REGISTRATION NO. 199401035432 (321115-P)]
- VARIATION TO UTILISATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING

1. INTRODUCTION

Sin-Kung Logistics Berhad ("**SKL**" or the "**Company**") had on 15 May 2024 ("**Date of Listing**") undertook an initial public offering exercise on the ACE Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), which raised a total proceeds of RM26.0 million from the public issue of new shares ("**IPO Proceeds**").

The Board of Directors ("**Board**") of SKL has resolved to vary the purpose for the utilisation of IPO Proceeds ("**Variation**").

2. DETAILS OF THE VARIATION

After due deliberation, the Company intends to vary the utilisation of the proceeds earmarked for the expansion of warehousing and distribution services in the manner below:

	Utilisation at listing				Variation		
Details of utilisation	**Proposed utilisation (RM'000)**	**Actual Utilisation (RM'000)**	**Balance Unutilised (RM'000)**	**Estimated timeframe for utilisation**	**Variation (RM'000)**	**Balance after Variation (RM'000)**	**Estimated timeframe for utilisation**
Expansion of warehousing and distribution services	10,020	-	10,020	Within 36 months from listing	(5,000)	5,020	Within 12 months from listing
Repayment of bank borrowing	9,630	(9,630)	-	Within 12 months from listing	-	-	-
Purchase of commercial vehicles	2,000	(2,000)	-	Within 24 months from listing	-	-	-
Working Capital	1,050	(1,050)	-	Within 12 months from listing	5,000	5,000	Within 12 months from the Variation

	Utilisation at listing				Variation		
Details of utilisation	**Proposed utilisation (RM'000)**	**Actual Utilisation (RM'000)**	**Balance Unutilised (RM'000)**	**Estimated timeframe for utilisation**	**Variation (RM'000)**	**Balance after Variation (RM'000)**	**Estimated timeframe for utilisation**
Estimated listing expenses	3,300	(3,300)	-	Within 1 month from listing	-	-	
	26,000	**(15,980)**	**10,020**		**-**	**10,020**	

3. RATIONALE FOR THE VARIATION

As disclosed in the Prospectus dated 30 April 2024, RM10.02 million of the IPO Proceeds was allocated for the expansion of warehousing and distribution services of SKL and its subsidiaries (collectively, the "**Group**"), comprising RM3.0 million for incidental expenses relating to the acquisition of the Valdor Office and Warehouse ("**Valdor Warehouse**") and RM7.0 million for the purchase and installation of racking systems for the Valdor Warehouse.

The acquisition and construction of the Valdor Warehouse remain on track and are expected to be completed in the third quarter of 2026. The proposed Variation does not affect the acquisition, construction or completion of the Valdor Warehouse.

Following a review of market conditions and demand for warehouse space within the vicinity of Valdor, Penang, the Group has observed strong demand from third-party customers seeking warehousing facilities in the area. After evaluating the available opportunities and the Group's operational requirements, the Board has determined that leasing out the Valdor Warehouse upon its completion would enable the Group to optimise the utilisation of the asset and generate recurring rental income.

As the Valdor Warehouse is expected to be leased to third parties, the requirement for the originally planned racking systems and related warehouse fit-out works has been reduced. Accordingly, the Board has determined that RM5.0 million of the proceeds originally allocated for the expansion of warehousing and distribution services is no longer required for its intended purpose. Following the Variation, RM5.02 million of the IPO Proceeds will remain allocated towards the expansion of warehousing and distribution services, including the remaining incidental expenses relating to the acquisition of the Valdor Warehouse and such warehouse fit-out and infrastructure requirements as may be required.

As at 31 March 2026, the Group had cash and bank balances of approximately RM14.0 million, while trade and other payables of approximately RM5.5 million. For the financial period ended 31 March 2026, the Group recorded total cost of sales of approximately RM13.2 million, of which direct labour costs and driver expenses accounted for approximately 33.8%. During the same period, the Group also recorded an increase in revenue, reflecting improved utilisation across its logistics, warehousing and air cargo operations.

After taking into consideration the Group's current operational requirements and business expansion plans, the Board has resolved to re-allocate the surplus proceeds of RM5.0 million as follows:

(a) RM3.0 million for working capital requirements of the Group's logistics services and warehousing businesses, including payroll, administrative expenses and settlement of trade and other payables; and

(b) RM2.0 million for operating expenses relating to the Group's air cargo business, including aircraft rental and maintenance costs.

The abovementioned reallocated proceeds of RM5.0 million are expected to be utilised within 12 months from the date of this announcement.

Notwithstanding the Group's cash and bank balances of approximately RM14.0 million as at 31 March 2026, the Board considers it prudent to preserve the Group's internally generated funds for future operational requirements, capital commitments and business opportunities. The proposed reallocation will allow the Group to optimise the utilisation of the unutilised IPO Proceeds while maintaining financial flexibility.

The Board is of the view that the Variation will enable the Group to align the utilisation of the IPO Proceeds with its current business requirements, optimise its capital allocation and support the continued growth of its logistics, warehousing and air cargo operations. Accordingly, the Board believes that the Variation is in the best interests of the Company and its shareholders.

4. EFFECTS OF THE VARIATION

The Variation will not have any effect on the issued share capital and substantial shareholders’ shareholdings of the Company nor any immediate effect on the net assets per share, gearing and earnings per share of the Company.

5. APPROVALS REQUIRED

The Variation is not subject to approval of shareholders or any relevant authorities.

Nevertheless, the Board shall continue to be vigilant and prudent in managing the remaining IPO Proceeds and will continue to disclose the status of the utilisation of proceeds in the quarterly reports and annual report until the full utilisation.

6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND / OR PERSONS CONNECTED WITH THEM

None of the Directors, Major Shareholders, Chief Executive of the Company and/or persons connected with them have any interest, direct or indirect, in the Variation.

7. STATEMENT BY DIRECTORS

The Board of Directors of the Company, having reviewed and considered the decision on the Variation is in the best interest of the Company and is fair, reasonable and not detrimental to the interest of the minority shareholders of the Company.

This announcement is dated 25 June 2026.