

8. IMR REPORT

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SMITH ZANDER

Date: 21 September 2023

The Board of Directors

Agricore CS Holdings Berhad

57-G Persiaran Bayan Indah

Bayan Bay, Sungai Nibong

11900 Bayan Lepas

Pulau Pinang

Dear Sirs / Madams,

Independent Market Research Report on the Food Ingredients Industry in Malaysia (“IMR Report”)

This IMR Report has been prepared by SMITH ZANDER INTERNATIONAL SDN BHD (“SMITH ZANDER”) for inclusion in the draft Prospectus in conjunction with the proposed listing of Agricore CS Holdings Berhad (“Agricore CS Holdings”) on the ACE Market of Bursa Malaysia Securities Berhad.

The objective of this IMR Report is to provide an independent view of the industry in which Agricore CS Holdings and its subsidiaries (“Agricore CS Group”) operate and to offer a clear understanding of the industry dynamics. As Agricore CS Group is principally involved in the sourcing, distribution and production of food ingredients, the scope of work for this IMR Report will thus address the following areas:

- (i) The food ingredients industry in Malaysia;
- (ii) Key industry drivers, risks and challenges of the food ingredients industry in Malaysia; and
- (iii) Competitive landscape of the food ingredients industry in Malaysia.

The research process for this study has been undertaken through secondary or desktop research, as well as detailed primary research when required, which involves discussing the status of the industry with leading industry participants. Quantitative market information could be sourced from interviews by way of primary research and therefore, the information is subject to fluctuations due to possible changes in business, industry and economic conditions.

SMITH ZANDER has prepared this IMR Report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this IMR Report presents a balanced view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive. Our research has been conducted with an “overall industry” perspective and may not necessarily reflect the performance of individual companies in this IMR Report. SMITH ZANDER shall not be held responsible for the decisions and/or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies mentioned in this report.

For and on behalf of SMITH ZANDER:



DENNIS TAN
MANAGING PARTNER

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The research for this IMR Report was completed on 7 September 2023.

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About SMITH ZANDER INTERNATIONAL SDN BHD

SMITH ZANDER is a professional independent market research company based in Kuala Lumpur, Malaysia, offering market research, industry intelligence and strategy consulting solutions. SMITH ZANDER is involved in the preparation of independent market research reports for capital market exercises, including initial public offerings, reverse takeovers, mergers and acquisitions, and other fund-raising and corporate exercises.

Profile of the signing partner, Dennis Tan Tze Wen

Dennis Tan is the Managing Partner of SMITH ZANDER. Dennis Tan has over 25 years of experience in market research and strategy consulting, including over 20 years in independent market research and due diligence studies for capital markets throughout the Asia Pacific region. Dennis Tan has a Bachelor of Science (major in Computer Science and minor in Business Administration) from Memorial University of Newfoundland, Canada.

1 THE FOOD INGREDIENTS INDUSTRY IN MALAYSIA

Overview

Food ingredients refer to any unprocessed or processed food item used in the production and/or further processing of food and beverage (“F&B”) products as well as in the preparation of homecooked meals and meals served in the foodservice industry. Food ingredients are the basic building blocks of the F&B industry, and they include a wide range of animal-based and plant-based agricultural products. Food ingredients also include food additives which are typically manufactured substances that are specifically designed to provide certain properties and functions in F&B products.

The food ingredients industry can be broadly segmented into the following categories:

- (i) **Animal-based agricultural products** – refer to commodities or products, whether raw or processed, that are derived from livestock and are intended for various purposes such as human consumption and production of animal feed. Examples of animal-based agricultural products include meat, eggs, fish, seafood and dairy products (e.g. milk, cheese and yoghurt).
- (ii) **Plant-based agricultural products** – refer to commodities or products, whether raw or processed, that are derived from plants and are grown and cultivated for human consumption and production of animal feed. Examples of plant-based agricultural products are segmented as follows:
 - **Fruits and vegetables:** Fruits are seed-bearing structures of flowering plants whereas vegetables are edible parts of plants such as the leaves and the stems. Examples of fruits include apples, oranges, strawberries and mangoes whereas vegetables include kale, spinach, lettuce and cabbage.
 - **Roots and tubers:** Roots and tubers are plants which are predominantly grown underground. Examples of roots and tubers include potatoes, sweet potatoes, beets, cassava and yams.
 - **Cereal grains:** Cereal grains are edible seeds of plants belonging to the grass family. Examples of cereal grains include rice, barley, rye, wheat, oats, and corn.
 - **Pulses and legumes:** Pulses are edible seeds from a legume plant whereas legumes are plants that develop seeds which are enclosed within protective pods. Examples of pulses and legumes include kidney beans, lentils, mung beans, yellow split peas and soybeans.
 - **Flour and starches:** Flour and starches are derived from plants, specifically processed to be used for the production of finished F&B products, cooking and baking, amongst others. Flour and starches are typically derived from plant-based agricultural products such as cereal grains as well as roots and tubers. Cereal grains like wheat, corn and rice, as well as roots and tubers like potatoes and cassava can be further processed through grinding, milling, dehydration, drying and/or sifting to produce flour and starches such as wheat flour, corn starch, glutinous rice flour, potato starch and tapioca starch.
 - **Others:** Others include other plant-based agricultural products that do not belong to the abovementioned segments. Examples of such products are herbs and spices, nuts and seeds and sugar crops.
- (iii) **Food additives** – Food additives are natural or synthetic substances added to modify and/or enhance the texture, taste, appearance and preservative properties of F&B products. They can be derived naturally from animal-based agricultural products, plant-based agricultural products or minerals, or synthetically through chemical or enzymatic reaction. Further, certain flour and starches such as corn starch, potato starch and tapioca starch can also be used as food additives for functions like thickening sauces and/or to act as a stabiliser, amongst others. Food additives are typically used in the manufacturing, processing, treatment, packaging, transportation and storage of food. Examples of the types of food additives are as follows:
 - **Antioxidants:** used to prolong the shelf-life of F&B products by delaying or protecting against deterioration caused by oxidation. Examples of antioxidants are ascorbic acid, rosemary extract and tocopherols.
 - **Food colouring:** used to impart colour when added into food or beverages. Examples of food colouring are allura red, indigo carmine and tartrazine.

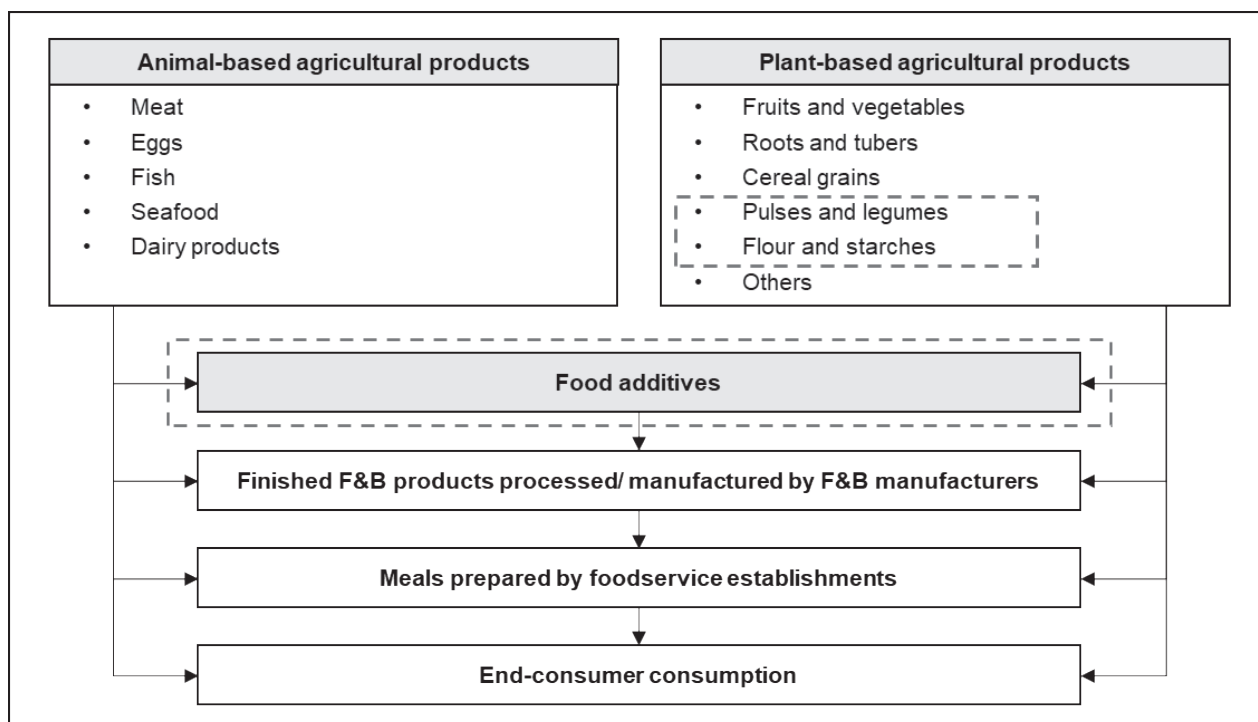
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- Flavour enhancers: used to enhance or intensify the existing flavour in a F&B product. Examples of flavour enhancers are monosodium glutamate, sodium aspartate and disodium guanylate.
- Preservatives: used to prolong the shelf-life of F&B products by protecting against deterioration caused by microorganisms. Example of preservatives are citric acid, potassium sorbate and sodium benzoate.
- Stabilisers: used to maintain or improve the stability, consistency, texture as well as physical and chemical characteristics of a F&B product. Examples of stabilisers are agar, distilled monoglyceride and pectin.
- Thickening agents: used to increase the viscosity of a liquid without affecting its other characteristics or properties. Examples of thickening agents are corn starch, xanthan gum and pectin.

Some food additives may have specific functions and are designed to serve a specific purpose in F&B products. On the other hand, there are multi-purpose food additives that can be used for multiple functions in F&B products. For example, a pectin can be used as a stabiliser as well as a thickening agent.

Food supply chain



Notes:

- This list is not exhaustive.
- denotes the food ingredient segments of the food supply chain.
- denotes the segments of food ingredients which Agricore CS Group is mainly involved in. Agricore CS Group is also involved in the sourcing and distribution of glutinous rice flour, which is the major contributor under its grain products segment. For the purpose of this IMR Report, glutinous rice flour is categorised under the flour and starches segment.

Source: SMITH ZANDER

Food ingredients such as animal-based agricultural products and plant-based agricultural products can be further processed to manufacture food additives or they can be directly used in the manufacturing of finished F&B products, preparation of meals by foodservice establishments as well as for home cooking by end-consumers. Further, food additives can also be used to further process or manufacture finished F&B products, for preparation of meals by foodservice establishments as well as for home cooking by end-consumers.

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Food ingredients serve as an integral component for the daily consumption through home cooking as well as various F&B related industries such as F&B manufacturing as well as foodservice industries, thus the availability and affordability of food ingredients have a significant impact on the nation's food security. Food ingredients in Malaysia may either be produced or manufactured domestically or imported, and the availability and affordability of food ingredients can be affected by factors such as weather conditions, transportation costs, and global trade policies.

One of the main challenges in attaining food security lies in establishing consistent and reliable supply of food ingredients. For instance, supply of plant-based agricultural food ingredients may be volatile as it is subject to uncontrollable and extraneous factors such as unpredictable weather conditions, pests, and other conditions that may result in food shortages and hike in prices for food ingredients as well as finished F&B products. Further, any imposition of trade policies or occurrence of trade wars or adverse economic conditions may also influence the accessibility, availability and affordability of food ingredients which will in turn impact the country's food security. Despite these challenges, efforts are being made globally to ensure consistent supply of food ingredients and enhance food security through initiatives such as sustainable agricultural practices, diversification of food sources and strengthening international cooperation and partnerships.

The food ingredients industry in Malaysia serves a wide range of business end-users including F&B manufacturers (i.e. for the production of finished F&B products), commercial farmers (i.e. for agricultural activities) and foodservice establishments such as restaurants, cafes and bakeries (e.g. for the preparation of meals or production of bakery products), as well as retail end-users (i.e. general public). Food ingredients are sold by farmers and food ingredient manufacturers directly to business end-users, as well as to distributors and wholesalers (i.e. who purchase food ingredients from farmers and/or food ingredient manufacturers to be subsequently sold to business end-users and/or distributed to retailers for onward sale to the general public), and retailers such as supermarkets, hypermarkets, grocery stores and sundry shops.

Industry Performance, Size and Growth

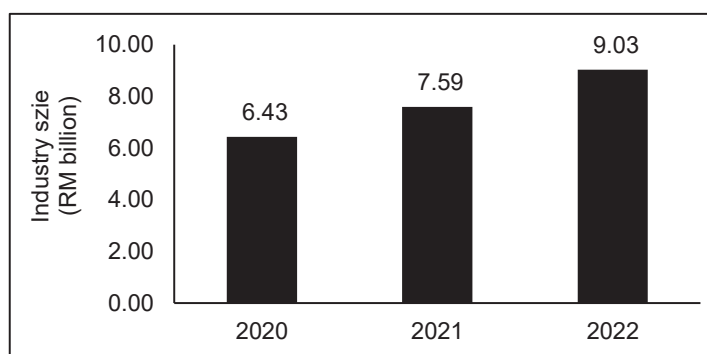
As Agricore CS Group primarily sources and distributes plant-based agricultural food ingredients that are categorised under the pulses and legumes as well as the flour and starches segments, in this IMR Report, the food ingredients industry in Malaysia is represented by the industry size under the aforementioned food ingredients segments.

The food ingredients industry also encompasses other products such as fruits and vegetables, roots and tubers, cereal grains as well as herbs and spices, which are not included in the computation of industry size as Agricore CS Group does not focus on, or is not involved in, the sourcing and distribution of these products. Further, the food ingredients industry size also excludes products that Agricore CS Group does not source and distribute despite being categorised under the pulses and legumes as well as the flour and starches segments, such as Bambara beans, pigeon peas, wheat flour and maize flour.

The food ingredients industry in Malaysia grew from RM6.43 billion in 2020 to RM9.03 billion in 2022 recording a compound annual growth rate ("CAGR") of 18.51%.

Further, SMITH ZANDER estimates the food ingredients industry in Malaysia to grow from RM9.03 billion in 2022 to RM9.33 billion in 2023 and RM10.60 billion in 2024, recording a CAGR of 8.35% from year 2022 to 2024.

The respective industry sizes of the pulses and legumes as well as flour and starches in Malaysia observed positive CAGRs from 2020 to 2022. The pulses and legumes industry in Malaysia grew from RM1.57 billion in 2020 to RM2.47 billion in 2022, recording a CAGR of 25.43%. SMITH ZANDER estimates the pulses and

Food ingredients industry size (Malaysia), 2020-2022

Note:

- The industry size of food ingredients is an aggregate of the industry sizes of pulses and legumes as well as flour and starches.

Sources: Department of Statistics Malaysia ("DOSM"), SMITH ZANDER

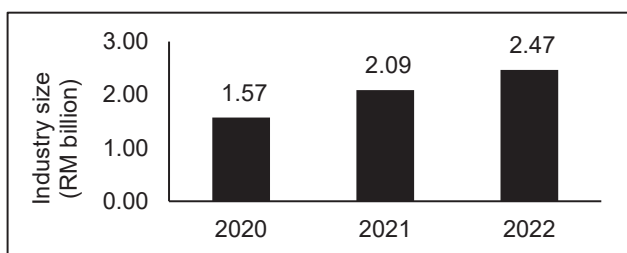
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legumes industry in Malaysia to have declined by 4.86% from RM2.47 billion in 2022 to RM2.35 billion in 2023 which may be due to lower import of soybeans. Nonetheless, SMITH ZANDER forecasts the pulses and legumes industry in Malaysia to recover and grow by 15.74% from RM2.35 billion in 2023 to RM2.72 billion in 2024 driven by the key industry drivers shown in **Chapter 2 – Key Industry Drivers, Risks and Challenges of the Food Ingredients Industry in Malaysia** of this IMR Report.

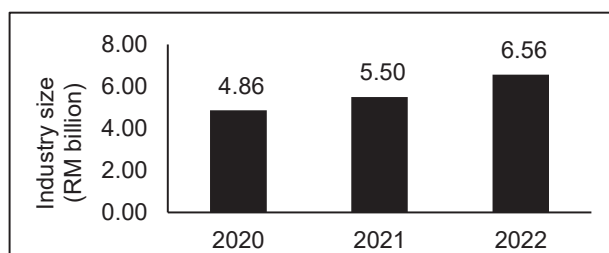
Additionally, the flour and starches industry in Malaysia grew from RM4.86 billion in 2020 to RM6.56 billion in 2022, recording a CAGR of 16.18%. SMITH ZANDER estimates the flour and starches industry in Malaysia to grow from RM6.56 billion in 2022 to RM6.98 billion in 2023 and RM7.88 billion in 2024, recording a CAGR of 9.60% from year 2022 to 2024.

Pulses and legumes industry size (Malaysia), 2020-2022



Sources: DOSM, SMITH ZANDER

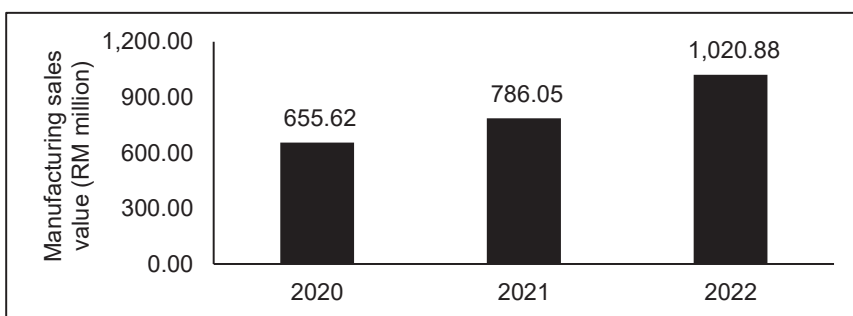
Flour and starches industry size (Malaysia), 2020-2022



Sources: DOSM, SMITH ZANDER

The industry size of food additives in Malaysia is represented by the manufacturing sales value of distilled monoglyceride (food additives/ stabilisers/ emulsifiers)¹. The industry size of food additives in Malaysia observed an upward trajectory, increasing from RM655.62 million to RM1.02 billion from 2020 to 2022, recording a CAGR of 24.78%.

Food additives industry size (Malaysia), 2020-2022



Source: DOSM

SMITH ZANDER estimates the food additives industry in Malaysia to grow from RM1.02 billion in 2022 to RM1.16 billion in 2023 and RM1.34 billion in 2024, recording a CAGR of 14.62% from year 2022 to 2024.

Moving forward, the food ingredients industry is expected to continue to be driven by the key industry drivers as shown in **Chapter 2 – Key Industry Drivers, Risks and Challenges of the Food Ingredients Industry in Malaysia** of this IMR Report.

2 KEY INDUSTRY DRIVERS, RISKS AND CHALLENGES OF THE FOOD INGREDIENTS INDUSTRY IN MALAYSIA

Key Industry Drivers

- ▶ **The significance of food security serves as a driving factor in propelling the growth of the food ingredients industry**

Food security refers to the availability of food within a nation and the ability of its people to access, afford and source sufficient food supplies. The significance of food security plays an imperative role in fostering a

¹ Data on the overall food additives industry size in Malaysia is not publicly available. As such, the manufacturing sales value of distilled monoglyceride in Malaysia is used as the closest available information to represent the industry size of food additives in Malaysia.

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growing need for food ingredients. As societies achieve food security, individuals are better positioned to fulfil their dietary requirements and pursue healthier lives, leading to increased demand for food. Further, when the population is assured with access to sufficient nutrition, this may lead to greater productivity and labour force participation, which in turn boosts incomes and enabling greater propensity to spend on food. This, in turn, drives the growth of the food ingredients industry.

In the pursuit of food security, the food ingredients industry is compelled to explore innovative avenues for improving agricultural production, food processing methods, and distribution channels to meet the population's food demand. The emphasis on food security thus acts as a driving factor for driving the growth of the food ingredients industry.

► **Increased food needs as a result of the growth in population and economic affluence, presenting demand potential for food ingredients**

Over the period of 2020 and 2022, Malaysia's population increased from approximately 32.40 million people to 33.20 million people at a CAGR of 1.23%.

Malaysia is a developing country with a growing economy and increasing wealth. The gross national income ("GNI") per capita in Malaysia increased from RM42,838.00 in 2020 to RM52,968.00 in 2022 at a CAGR of 11.20%. This increase in per capita income indicates a rise in a more affluent population with greater spending power, which will in turn create higher demand for food.

Food ingredients are essential not only at an individual level where it is required for the preparation of home cooked meals but is also of importance from an industrial standpoint as it impacts an array of industries especially F&B related industries such as F&B manufacturing and processing as well as foodservice industries. As the population continues to experience growth annually, more food supply is required to sustain the growing population which will naturally drive the demand for food ingredients.

► **Growth in demand from the F&B manufacturing and processing industry as well as the foodservice industry will boost the food ingredients industry**

Food ingredients are used in multiple industries especially in the F&B manufacturing and processing industry as well as the foodservice industry. The F&B manufacturing and processing industry is involved in transforming food ingredients into either semi-finished or finished F&B products. Food ingredients serve as key components in many processed F&B products such as noodles, pastries, meat products, sauces and snacks. As such, increasing utilisation of food ingredients in the F&B manufacturing and processing industry in Malaysia encourages the production and supply of food ingredients.

Further, the demand for food ingredients is driven by the growth of the foodservice industry. The foodservice industry comprises a wide range of businesses that are involved in the provision of F&B services such as restaurants, bars, cafes, cafeterias and street stalls/kiosks. The foodservice industry thrives on offering diverse menus and specialised cuisines to cater to different consumer palates and preferences. This requires a vast selection of food ingredients to craft dishes and flavours. Therefore, increased consumption in foodservice establishments as well as the need to maintain menu diversity to meet customer expectations will boost the food ingredients industry.

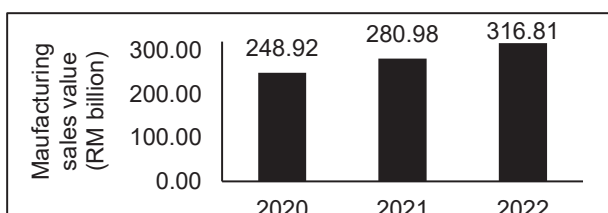
The F&B manufacturing and processing industry in Malaysia is represented by the manufacturing sales value of F&B products which increased from RM248.92 billion in 2020 to RM316.81 billion in 2022 at a CAGR of 12.82%. On the other hand, the foodservice industry in Malaysia, represented by the revenue of F&B services, increased from RM56.43 billion in 2020 to RM65.95 billion in 2022 at a CAGR of 8.11%.

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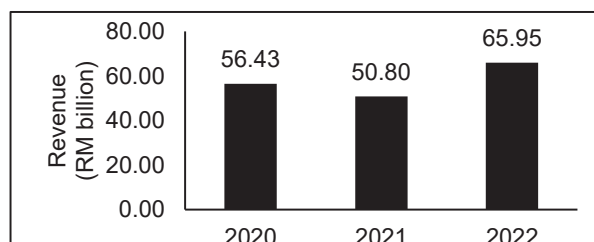
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F&B manufacturing and processing industry (Malaysia), 2020-2022



Sources: DOSM, SMITH ZANDER

Foodservice industry (Malaysia), 2020-2022



Source: DOSM

The growth of the F&B manufacturing and processing industry as well as foodservice industry in Malaysia will continue to be driven by the future expansion of the economy due to the necessity of food in people’s daily lives as well as the increasing need for diverse food options. As a result, this will boost the demand for food ingredients moving forward.

► **Government initiatives in promoting the F&B manufacturing industry will drive the demand for food ingredients**

According to the Malaysian Investment Development Authority, 93 investment projects in food manufacturing in 2022 with a total worth of RM3.52 billion were approved. These investment projects are expected to drive the growth of the F&B manufacturing industry in Malaysia which will in turn lead to increase in demand for food ingredients in Malaysia.

Further, the Government has been promoting Malaysia as a destination for Halal manufacturing due to the rapid development of Halal certification in the country, and the role of the Department of Islamic Development Malaysia (“JAKIM”) as one of the world’s major Halal governing bodies. JAKIM’s recognition programme for international Halal bodies is also one of the most stringent and sought-after bilateral Halal system recognition programmes. This encourages consumer product companies to seek manufacturing services in Malaysia that are compliant to JAKIM’s certification standards, and thus potentially driving the growth of the industry. As the F&B manufacturing industry grows, this will drive the demand for food ingredients including food ingredients that are Halal-certified. Subsequently, increased demand for Halal-certified food ingredients will drive the overall food ingredients industry in Malaysia.

Key Industry Risks and Challenges

► **Fluctuating prices impact the food ingredients industry**

Food ingredients are susceptible to price fluctuations as a result of demand and supply conditions in the global market. Price fluctuations are due to environmental and market factors that affect the equilibrium of supply and demand, resulting in imbalance. Environmental factors include adverse weather conditions leading to poor harvest, and market factors include economic fluctuations and speculations, as well as changes in government regulations.

One of the key commodities in the food ingredients industry is soybeans, which is amongst the food ingredients sold by Agricore CS Group. In 2020, global soybean price (i.e. quarterly average price) declined from USD378.49 (RM1,590.26)² per metric ton (“MT”) in the first quarter (“Q1”) of 2020 to USD363.34 (RM1,526.61) per MT in the second quarter (“Q2”) of 2020 due to ample global supplies. Nonetheless, starting from Q2 2020 up to Q2 2021, global soybean price observed substantial increases quarter-by-quarter to USD619.54 (RM2,568.24)³ per MT. This increase in global soybean price may be due to strong demand for soybeans from China amid supply shortfalls in South America.

Subsequently, global soybean price declined to USD552.38 (RM2,289.84) per MT in the fourth quarter (“Q4”) of 2021 which may be caused by an increase in global supply. This was followed by price increases to

² Exchange rate from USD to RM in 2020 was converted based on average annual exchange rates in 2020 extracted from published information from Bank Negara Malaysia at USD1 = RM4.2016.

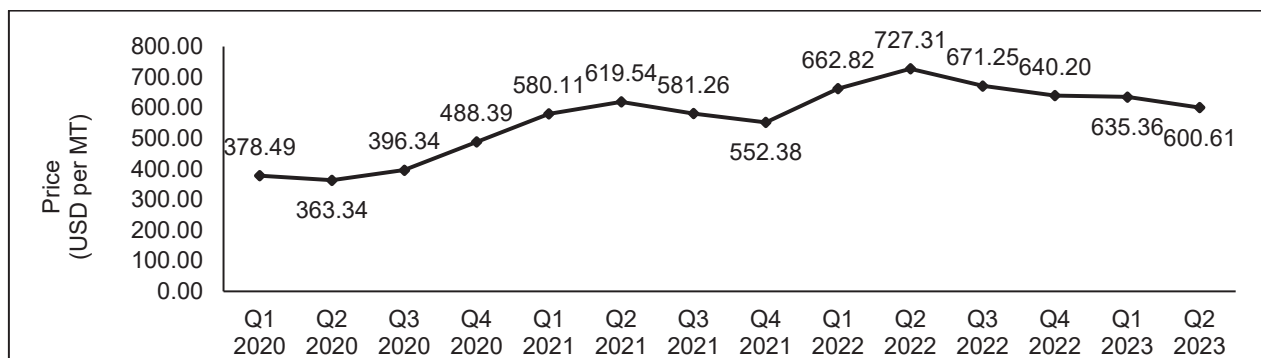
³ Exchange rate from USD to RM in 2021 was converted based on average annual exchange rates in 2021 extracted from published information from Bank Negara Malaysia at USD1 = RM4.1454.

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USD727.31 (RM3,200.53)⁴ per MT in Q2 2022, due to factors such as trade disruption caused by the war in Ukraine and supply shortfalls. Thereafter, global soybean price observed a declining trend to USD600.61 (RM2,642.98)⁵ per MT in Q2 2023, due to larger supplies of other edible oils in the market leading to softer demand for soybeans.

Soybean prices (Global), Q1 2020 – Q2 2023



Sources: World Bank, SMITH ZANDER

► **Vulnerability to product contamination, tampering, adulteration or damage**

Due to the perishable nature of food ingredients, food ingredients industry players (including farmers, food ingredient manufacturers, distributors and wholesalers) are vulnerable to the risk of product contamination, tampering, adulteration or damage. Such incidences could detrimentally affect the quality of the food ingredients and may result in customer dissatisfaction and/or expose the responsible food ingredient industry player to product defect claims. If such incidences were to occur, the responsible food ingredients industry player may have to recall the batch of affected products as well as provide refunds or replacement products to the affected customers which would give rise to additional costs. In extreme cases, the food ingredients industry player may suffer significant losses due to the costs of a widespread product recall and the destruction of inventories, as well as revenue losses as a result of prolonged product unavailability.

Furthermore, aside from facing potential financial losses, the food ingredients industry player may also receive negative publicity which will negatively impact its reputation in the industry. Moreover, this may lead to a decline in demand for the food ingredients industry player’s products as both existing and potential customers may doubt the reliability of the brand and the quality of its products. Consequently, the food ingredients industry player may experience further adverse impact on its financial performance.

► **Dependence on crop yield**

The food ingredients industry, particularly involving plant-based agricultural products, depends heavily on consistent and sufficient supply of crops to produce essential food ingredients. The annual yield of mature crops does not remain constant and varies, arising from external factors such as soil fertility, availability of water, weather conditions as well as presence of pest or diseases. In the event that incidents such as adverse weather conditions (e.g. flood, cyclone and drought), pest infestations or disease outbreak were to occur, this will adversely impact crop productivity, resulting in scarcity, price volatility and supply disruptions. Subsequently, this may pose further challenges for food ingredients industry players in meeting demand and maintaining price stability for their products.

Moreover, variations in crop yield can impact product quality and consistency, thus posing significant challenges to ensure conformity across batches and fulfil the standards and requirements by customers and the relevant regulatory authorities. In order to mitigate such challenges, food ingredients industry players are

⁴ Exchange rate from USD to RM in 2022 was converted based on average annual exchange rates in 2022 extracted from published information from Bank Negara Malaysia at USD1 = RM4.4005.

⁵ Exchange rate from USD to RM in 2023 was converted based on average annual exchange rates in 2022 extracted from published information from Bank Negara Malaysia at USD1 = RM4.4005, as the average annual exchange rates in 2023 is yet to be available.

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encouraged to place emphasis on implementing sustainable agricultural practices, exploring diverse sourcing options as well as fostering resilient supply chains to navigate effects arising from unpredictable crop yield.

3 COMPETITIVE LANDSCAPE OF THE FOOD INGREDIENTS INDUSTRY IN MALAYSIA

Overview

The food ingredients industry in Malaysia is competitive and fragmented due to the large number of industry players including large private companies (i.e. companies with revenue above RM20.00 million) as well as small to medium enterprises (i.e. companies with revenue not exceeding RM20.00 million) that compete in the sourcing, distribution, production and/or manufacturing of various types of food ingredients.

Industry players include farmers (i.e. who produce food ingredients such as pulses and legumes as well as fruits and vegetables), food ingredient manufacturers (i.e. who manufacture food ingredients such as flour and starches as well as food additives), as well as distributors and wholesalers (i.e. who source and distribute food ingredients products from farmers and/or food ingredient manufacturers). Food ingredients are manufactured domestically as well as imported from various countries overseas.

Key Industry Players

As Agricore CS Group is principally involved in the sourcing and distribution of plant-based agricultural food ingredients, the basis for selection of the key industry players in the food ingredients industry in Malaysia is as follows:

- Companies who source and distribute plant-based agricultural food ingredients which are similar to those sold by Agricore CS Group, particularly Agricore CS Group's products under the pulses and legumes and/or flour and starches segments; and
- Companies with headquarters located in Peninsular Malaysia.

Company name	Business activities	Latest available financial year	Revenue ⁽¹⁾ (RM million)	Gross profit/ (loss) margin (%)	Profit/ (loss) after tax margin (%)
Prima Inter-chem Sdn Bhd	Importer and stockist of chemicals, excipients, ingredients and additives for various industries	30 April 2023	282.47	13.29	5.33
Agricore CS Group ⁽²⁾⁽³⁾	Sourcing and distribution of plant-based agricultural food ingredients, and production and sale of food additives and fried shallots	31 December 2022	122.69	15.81	5.80
Keongco Malaysia Sdn Bhd	Import, wholesale, trading and export of commodities such as garlic, onions, potatoes, dried chillies, pulses, groundnuts and spices	31 December 2022	109.78	17.31	4.18
Swee Hin Chan Company Sdn Berhad (a subsidiary of Khong Guan Limited) ⁽⁴⁾	Import and export of flour and starches	31 July 2023	95.50	N/A ⁽⁵⁾	1.14
Lotus Essential Sdn Bhd	Import and distribution of tapioca starch, corn starch and coal, and provision of paper and plastic recycling services	30 April 2023	79.56	8.46	(23.05)

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Company name	Business activities	Latest available financial year	Revenue ⁽¹⁾ (RM million)	Gross profit/ (loss) margin (%)	Profit/ (loss) after tax margin (%)
Antik Sempurna Sdn Bhd	Trading of tapioca starch, corn starch, wheat molasses, rice, salt, sugar and others	30 September 2022	67.10	7.30	(0.27)
Resource Food Supplies (M) Sdn Bhd	Import and export of food commodities, raw materials and ingredients	31 December 2022	58.51	14.07	5.64
Hoe Hing Chan Sdn Bhd	Wholesale and trading in all kind of groceries	30 June 2023	42.21	12.82	2.72
MAPS Enterprise Sdn Bhd	Import and distribute spices, lentils, food products, toiletries and all other household products	31 December 2022	34.60	15.61	2.75
Noble Specialty Sdn Bhd	Import, export and act as a manufacturer's representative and stockist of chemical and food ingredients	31 December 2022	30.01	13.06	1.93
Wide Tropism Trading Sdn Bhd	Supply and distribute organic products and natural health products such as beans (e.g. mung beans and soybeans), seeds, nuts, grains and dried fruits	31 December 2022	23.07	27.35	1.91
Sin Yong Huat Enterprise Sdn Bhd	Import and wholesale of food products such as beans, starches, flour, chemical items, peas, seeds, sundry goods and other raw materials	31 December 2022	22.27	N/A ⁽⁵⁾	7.59

Notes:

- The identified key industry players include all industry players that were identified by SMITH ZANDER based on sources available, such as the internet, published documents and industry directories. However, there may be companies that have no online and/or published media presence, or are operating with minimal public advertisement, and hence SMITH ZANDER is unable to state conclusively that the list of industry players is exhaustive.
 - For the purpose of this IMR Report, companies with revenue above RM20.00 million in their latest available respective financial years is used as a basis to shortlist the key industry players. Companies with revenue below RM20.00 million in their latest available respective financial years have not been shortlisted.
- (1) Revenue of industry players may include revenue derived from other business activities (i.e. business activities other than the sourcing and distribution of plant-based agricultural products) and/or revenue derived from countries outside Malaysia.
 - (2) The financial figures for Agricore CS Group are presented on a group basis and include financials for the production of food additives and fried shallots. The revenue for the production of food additives and fried shallots in FYE 31 December 2022 is recorded at RM11.18 million.
 - (3) Agricore CS Group is deemed as a large private company prior to its listing on Bursa Malaysia Securities Berhad.
 - (4) Khong Guan Limited, a Singapore company listed on the Singapore Stock Exchange, is the ultimate holding company of Swee Hin Chan Company Sdn Berhad. Khong Guan Limited is principally involved in the trading of wheat flour and other edible products and investment holding.
 - (5) N/A – not available, as gross profit is not reported in the annual report.

Sources: Agricore CS Group, various company websites, Companies Commission of Malaysia, SMITH ZANDER

Apart from the companies listed in the table above, there are also exempt private companies that are deemed as key industry players of the food ingredients industry in Malaysia which fulfil the first 2 basis of selection of key industry players. As these companies are exempt private companies filed under Companies Commission of Malaysia, their financials are not publicly available. Examples of such companies are Eng Sheng Sdn Bhd, THC Sdn Bhd, Tian Seng Hang Trading Company Sdn Bhd and Victual Industries Sdn Bhd.

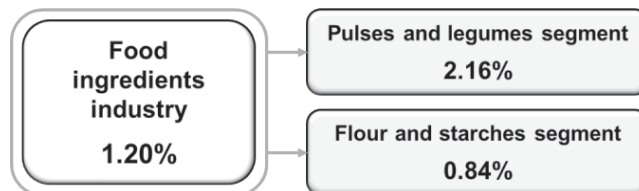
8. IMR REPORT (Cont'd)

SMITH ZANDER

Industry/Market Share

Agricore CS Group captured a market share of 1.20% in the food ingredients industry, computed based on its revenue from the sourcing and distribution of plant-based agricultural products (not inclusive of revenue generated from other related products segment) of RM108.42 million in the financial year ended (“FYE”) 2022, against the food ingredients industry size of RM9.03 billion in 2022.

Agricore CS Group’s market share, 2022



Further, Agricore CS Group primarily sources and distributes beans and pulses (with a revenue contribution of 43.42% in the FYE 2022) which are categorised under the pulses and legumes segment, as well as starch and grain products (with a total revenue contribution of 44.96% in the FYE 2022) which are categorised under the flour and starches segments. Hence, Agricore CS Group’s market share is also calculated using its segmental revenue from these segments against the industry sizes of the respective product segments.

In 2022, Agricore CS Group captured a market share of 2.16% in the pulses and legumes segment, computed based on its revenue from the sourcing and distribution of beans and pulses of RM53.26 million in the FYE 2022, against the industry size of pulses and legumes of RM2.47 billion in 2022. In the same year, Agricore CS Group captured a market share of 0.84% in the flour and starches segment, computed based on its revenue from the sourcing and distribution of starch and grain products of RM55.16 million in the FYE 2022, against the industry size of flour and starches of RM6.56 billion in 2022.

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