

2. PROSPECTUS SUMMARY

This Prospectus Summary only highlights the key information from other parts of this Prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Prospectus prior to deciding on whether to invest in our Shares.

2.1 PRINCIPAL DETAILS OF OUR IPO

The following details relating to our IPO are derived from the full text of this Prospectus and should be read in conjunction with that text.

No. of Shares to be issued under Public Issue

- For application by the Malaysian Public	10,140,000
- For Pink Form Allocations	10,140,000
- For private placement to Bumiputera investors approved by MITI	25,350,000
- For private placement to selected investors	6,084,000

Enlarged number of Shares upon Listing	202,800,000
IPO Price per Share	RM[•]
Market capitalisation (calculated based on our IPO Price and enlarged number of Shares upon Listing)	RM[•]

Further details of our IPO are set out in Section 4.

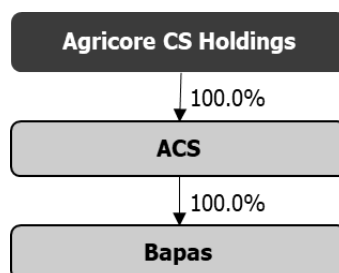
Our Specified Shareholders' entire shareholdings after our IPO will be held under moratorium for 6 months from the date of our admission to the ACE Market. Thereafter, their shareholdings amounting to 45.0% of our share capital will remain under moratorium for another 6 months. Our Specified Shareholders may sell, transfer or assign up to a maximum of one-third per annum (on a straight line basis) of their shares held under moratorium upon expiry of the second 6 month period. In addition, Aromi, our substantial shareholder, has also shown its commitment to the future of our Group, by voluntarily providing its written undertaking not to sell, transfer or assign its entire shareholding in our Company for a period of 6 months from the date of admission to the ACE Market.

Our Specified Shareholders and Aromi have provided written undertakings not to sell, transfer or assign their shareholdings under moratorium during their moratorium periods respectively. Further details on the moratorium on our Shares are set out in Section 3.2.

2.2 GROUP STRUCTURE, BUSINESS MODEL AND OPERATIONAL HIGHLIGHTS

Our Company was incorporated in Malaysia under the Act on 16 May 2023 as a private limited company under the name of Agricore CS Holdings Sdn Bhd. On 11 September 2023, our Company was converted into a public limited company and adopted our present name.

Our Group structure as at LPD is as follows:

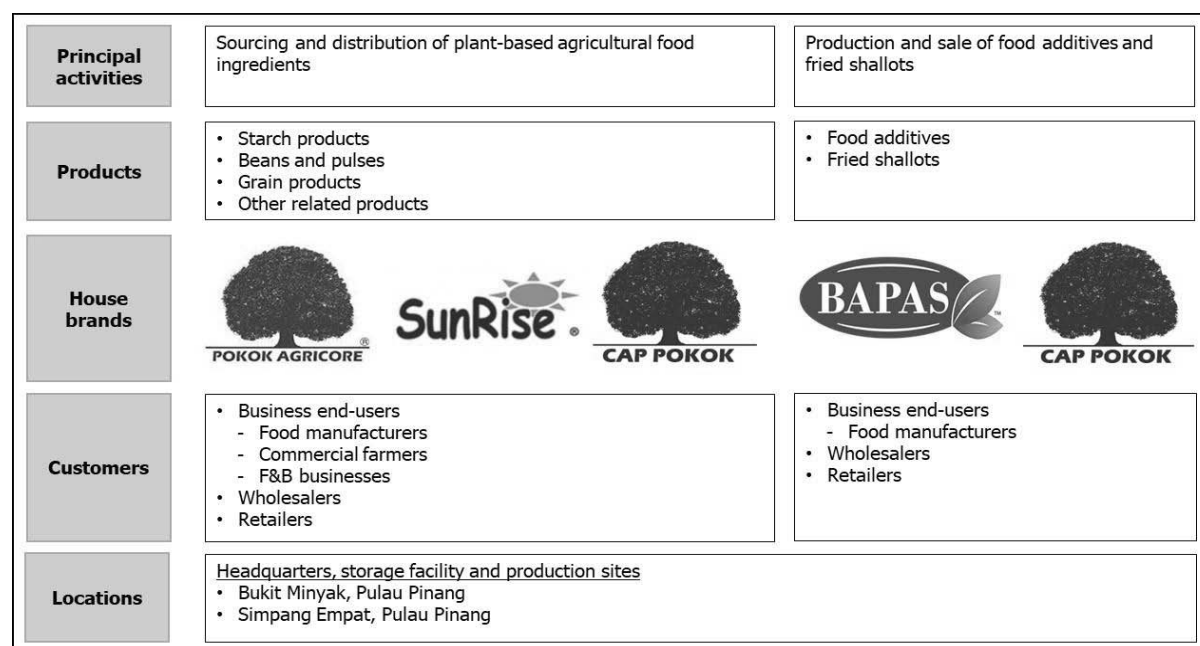


Our Company is principally an investment holding company. Through our subsidiaries, we are principally involved in the sourcing, distribution and production of food ingredients which core business activities are segmented as follows:

- sourcing and distribution of plant-based agricultural food ingredients comprising starch products, beans and pulses, grain products and other related products; and
- production and sale of food additives and fried shallots.

2. PROSPECTUS SUMMARY (Cont'd)

Our Group's business model is depicted in the diagram below:



Further details of our Group and business model are set out in Sections 6 and 7 respectively.

The breakdown of our revenue by business activity for FYE 2020 to 2022 is as follows:

Business activity	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Sourcing and distribution of plant-based agricultural products						
Starch products	27,000	30.3	36,309	36.0	44,872	36.6
Beans and pulses	46,161	51.9	49,093	48.7	53,264	43.4
Grain products	10,421	11.7	8,591	8.5	10,288	8.4
Other related products ⁽¹⁾	3,025	3.4	3,114	3.1	3,079	2.5
	86,607	97.3	97,107	96.3	111,503	90.9
Production of food additives and fried shallots						
Food additives	-	-	1,186	1.2	8,012	6.5
Fried shallots	2,388	2.7	2,539	2.5	3,170	2.6
	2,388	2.7	3,725	3.7	11,182	9.1
Total	88,995	100.0	100,832	100.0	122,685	100.0

Note:

(1) Comprises mainly nutrient solutions, brown sugar, sesame seeds and groundnuts.

Our Group's principal market is in Malaysia, which accounted for 97.4%, 98.6% and 98.5% of our total revenue for FYE 2020 to 2022 respectively. During this period, our Group also derived revenue from 5 overseas countries.

2. PROSPECTUS SUMMARY (Cont'd)

The breakdown of our Group's revenue by geographical area for FYE 2020 to 2022 are as follows:

Geographical area	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Malaysia	86,688	97.4	99,367	98.6	120,838	98.5
Overseas						
Singapore	945	1.0	785	0.8	1,029	0.8
Indonesia	1,313	1.5	579	0.6	564	0.5
China	-	-	54	<0.1	190	0.2
Australia	24	<0.1	26	<0.1	38	<0.1
Hong Kong	25	<0.1	21	<0.1	26	<0.1
	2,307	2.6	1,465	1.4	1,847	1.5
Total	88,995	100.0	100,832	100.0	122,685	100.0

Further details on the breakdown of our revenue are set out in Section 12.2.3.

2.3 INTERRUPTIONS TO BUSINESS

2.3.1 Impact of COVID-19 pandemic and our Group's business operations

Save for the interruption in our operations arising from the imposition of movement controls in Malaysia following the outbreak of COVID-19 pandemic, our Group had not experienced any other interruptions which has significantly affected our business during the past 12 months preceding LPD.

Further details on the impact of COVID-19 pandemic are set out in Section 7.11.

2.4 COMPETITIVE STRENGTHS

Our Directors believe that our business sustainability and future growth is built on the following competitive strengths:

- (a) We have an extensive network of suppliers, which allows us to have wide product offerings to meet the different needs of our customers. As at LPD, we have engaged a total of 58 suppliers from 13 countries for the supply of our plant-based agricultural food ingredients which are originated from 18 countries including Malaysia. With our wide network of suppliers, we have developed a product portfolio for our sourcing and distribution business segment comprising a total of 67 SKUs as at LPD, which enables us to address the sourcing needs of our customers for food ingredients. Further, we have also established long-standing relationships with our suppliers by maintaining loyalty, timely payments as well as commitment to fulfil purchases;
- (b) With over 14 years of experience in the food ingredients industry, we have accumulated in-depth industry knowledge and experience as well as understanding on the characteristics and attributes of food ingredients. This allows us to provide advice and recommendations to our customers based on the intended applications of the food ingredients to meet their requirements in food manufacturing, in terms of desired results of the end-products and budget considerations. Further, we also have an in-house R&D team that possesses food technology knowledge and experience which allows us to develop food additive formulations according to our customers' requirements and intended applications, to achieve certain functions in various aspects such as modifying or enhancing texture, taste, appearance and preservative properties of the end-products;

2. PROSPECTUS SUMMARY (Cont'd)

- (c) We contribute to food security as our products are widely used in food manufacturing and food preparation, hence our business is sustainable and well-positioned for growth. Our products are staple food ingredients that are widely used in the manufacturing or preparation of food. Our products are used as inputs in food manufacturing by food manufacturers, and food preparation by F&B businesses and households;
- (d) We are accredited with various certifications as a testament to our compliance with internationally recognised food quality and safety standards. Such certificates and accreditations provide confidence to our customers and end-consumers on the compliance of our products, which in turn enhances the reputation of our brands in the food ingredient industry. Additionally, with these certifications and accreditations, we believe that we have a strong foundation and are well-positioned to further grow our business in the local and export markets; and
- (e) Our Group is led by our key senior management team which possesses in-depth industry knowledge and experience in the food ingredients industry. Our Managing Director, Oon Boon Khong has 27 years of experience in the food ingredients business. He has been instrumental to our Group's expansion since our inception in 2009 and will continue to play a pivotal role in the future growth of our Group. He is supported by a team of key senior management which take an active, hands-on role in spearheading their respective departments to support the growth of our Group.

Further details of our competitive strengths are set out in Section 7.16.

2.5 BUSINESS STRATEGIES

Our business objectives are to maintain sustainable growth and create long-term shareholder value. To achieve our business objectives, we will implement the following business strategies over the period of 12 months from the date of our Listing:

- (a) We intend to increase our storage capacity by setting up a new storage facility in Klang, Selangor. In anticipation of our Group's future business growth, we plan to expand our storage capacity by setting up a new regional storage facility in Klang, Selangor, with approximate built-up area of 30,000 sq ft. In addition to having additional storage capacity, the setup of the new regional storage facility is expected to enhance the efficiency of our business operations in terms of product delivery to our customers, as the new regional storage facility will serve as our regional storage facility to support our business in the central and southern regions of Peninsular Malaysia. As at LPD, we do not have any storage facility in the central region of Peninsular Malaysia. Our new regional storage facility is expected to save approximately RM0.7 million logistics cost and transportation cost per year;
- (b) We intend to continue expanding our sourcing and distribution business to fuel our business growth by increasing our inventory levels, as it is crucial to have sufficient and readily available inventory to meet the demand for our products from customers. Through higher inventory levels, we will be able to drive our revenue growth by increasing our sales volume to our existing customers as well as securing new customers as we will be well-equipped to offer products in larger quantities on immediate basis to meet the demand from our existing customers, hence reducing the need for our customers to source the same products from alternative suppliers to fulfil their needs. Further, higher inventory level ensures consistent product availability and prompt order fulfilment, in turn allowing us to seek and secure new customers; and
- (c) We intend to expand our team in Bukit Minyak Premises to carry out our day-to-day business activities as well as to support our business growth by recruiting 1 Business Development Manager, 1 Group Accountant, 1 R&D Executive, 1 QA&QC Executive, 3 Sales Executive and 1 Logistics Executive. Recruitment of the aforementioned employees is necessary to support our business operations as we continue to expand.

Further details of our business strategies are set out in Section 7.17.

2. PROSPECTUS SUMMARY (Cont'd)

2.6 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risk factors as set out in Section 9. Some of the more important risk factors are summarised below:

- (a) We are exposed to foreign exchange fluctuation risks which may impact the profitability of our Group. The breakdown of our purchases by currency for FYE 2020 to 2022 are as follows:

Currency	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
RM	29,068	38.8	20,685	25.5	18,275	18.0
USD	45,777	61.2	60,557	74.5	83,391	82.0
Total purchases	74,845	100.0	81,242	100.0	101,666	100.0

For FYE 2020 to 2022, majority of our purchases are denominated in USD which accounted for 61.2%, 74.5% and 82.0% to our Group's total purchases respectively. However, most of our revenue is generated from sales to local customers which are transacted in RM. As such, any substantial depreciation of the RM against the USD will lead to higher costs of supplies in RM. Nevertheless, for FYE 2020 to 2022, our financial performance was not materially impacted by the foreign exchange fluctuations as we were generally able to pass on the increase in costs to our customers, save for the first half of FYE 2020 whereby USD fluctuated significantly and we were not able to fully pass on the increase in costs to our customers. Nevertheless, such event did not materially impact our financial performance in overall as our Group recorded profits for FYE 2020. Notwithstanding that, there can be no assurance that we will be able to pass on any increase in costs arising from foreign exchange fluctuations to our customers timely in the future, whereby failure in doing so may lead to negative impact on our financial performance;

- (b) We are dependent on our Managing Director and key senior management for continued success and growth of our business. The loss of any of our Managing Director and key senior management personnel simultaneously and/or within a short period of time may unfavourably impact our Group's operations and the future growth of our business;
- (c) We may be affected by negative perception and publicity on our brand names and reputation. As our products are either packaged in our house brands or indicate us as distributor or manufacturer, and sold to customers such as wholesalers and retailers which eventually sell our products to the general public, our business performance and growth would be affected by any negative perception of our brand name and reputation, which are sensitive to public opinion;
- (d) We may be affected by the presence of counterfeit products or product imitation that are sold under our brands. These counterfeit products may be from sources that do not comply with the necessary food safety standards and hence may not meet the food safety requirements. In the event that consumers experience food poisoning or other illnesses after consuming the counterfeit products and subsequently claim that the counterfeit products are products of our Group, it may create material negative impact to our reputation and may eventually affect our sales;

2. PROSPECTUS SUMMARY (Cont'd)

- (e) We may not be able to secure funding, especially on terms acceptable to us, to meet our working capital requirement. If adequate funding is not available when needed, or is available only on unfavourable terms, meeting our working capital needs or otherwise taking advantage of business opportunities or responding to competitive pressures may become challenging, which could affect our ability to grow in the food ingredients industry; and
- (f) We are dependent on our in-house R&D team. We started our manufacturing of food additives segment in FYE 2021 and recorded a substantial growth of more than 5 times from RM1.2 million to RM8.0 million in FYE 2022. Moving forward, we expect this segment to further contribute to our growth. The loss of our R&D team within a short period of time and without any suitable and timely replacements, or our inability to attract or retain qualified and competent R&D personnel may adversely affect our ability to compete and grow in the food ingredients industry.

2.7 DIRECTORS AND KEY SENIOR MANAGEMENT

Our Directors and key senior management are as follows:

Name	Designation
<u>Directors</u>	
Fu Yew Sun	Independent Non-Executive Chairman
Datuk Keh Chuan Seng	Non-Independent Non-Executive Deputy Chairman
Oon Boon Khong	Managing Director
Koay Hooi Lynn	Independent Non-Executive Director
Teh Boon Beng	Independent Non-Executive Director
Lee Seow Ling	Independent Non-Executive Director
<u>Key senior management</u>	
Lim Swee Chuan	Chief Financial Officer
Wong Kam Tong	Chief Operating Officer
Tan Hong Sheng	Product Manager
Cheng Boon Kai	Procurement Manager

Further details of our Directors and key senior management are set out in Section 5.

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2. PROSPECTUS SUMMARY (Cont'd)

2.8 PROMOTERS AND/OR SUBSTANTIAL SHAREHOLDERS

The shareholdings of our Promoters and/or substantial shareholders in our Company before and after IPO are set out below:

Name	Nationality	⁽¹⁾ Before IPO				⁽²⁾ After IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Promoters and substantial shareholders									
Frazel ⁽³⁾	Malaysia	66,996,100	44.3	-	-	66,996,100	33.0	-	-
Datuk Keh Chuan Seng	Malaysian	8,611,900	5.7	⁽⁴⁾ 66,996,100	44.3	8,611,900	4.3	⁽⁴⁾ 66,996,100	33.0
Datin Cheong Kai Meng	Malaysian	86,100	0.1	⁽⁴⁾ 66,996,100	44.3	86,100	<0.1	⁽⁴⁾ 66,996,100	33.0
Oon Boon Khong	Malaysian	60,434,400	40.0	-	-	60,434,400	29.8	⁽⁵⁾ 470,000	0.2
Substantial shareholders									
Aromi ⁽³⁾	Malaysia	13,597,700	9.0	-	-	13,597,700	6.7	-	-
Wong Pak Zen	Malaysian	-	-	⁽⁶⁾ 13,597,700	9.0	-	-	⁽⁶⁾ 13,597,700	6.7

Notes:

- (1) Based on the share capital of 151,086,000 Shares before the Proposed IPO.
- (2) Based on the enlarged share capital of 202,800,000 Shares after the Proposed IPO.
- (3) Please refer to Section 5.1.2(a) for details of shareholdings of Frazel and Section 5.1.2(e) for details of shareholdings of Aromi.
- (4) Deemed interested by virtue of their shareholdings in Frazel pursuant to Section 8(4) of the Act.
- (5) Deemed interested by virtue of his spouse's (Ng Pei Jin) shareholding (assuming she will fully subscribe for the Pink Form Allocation). Ng Pei Jin is the Logistics Manager of ACS.
- (6) Deemed interested by virtue of his shareholding in Aromi pursuant to Section 8(4) of the Act.

Further details of our Promoters and substantial shareholders are set out in Section 5.

2. PROSPECTUS SUMMARY (Cont'd)

2.9 UTILISATION OF PROCEEDS

The estimated gross proceeds to be raised from our Public Issue of RM[•] million shall be utilised in the following manner:

Utilisation of proceeds	RM'000	%	⁽¹⁾Estimated timeframe for utilisation
Setup of a regional storage facility	[•]	[•]	Within 12 months
Purchase of inventories	[•]	[•]	Within 12 months
Recruitment of staff	[•]	[•]	Within 12 months
Estimated listing expenses	[•]	[•]	Within 1 month
Total	[•]	100.0	

Note:

- (1) From the date of listing of our Shares, except for staff costs for the regional storage facility which will be utilised within 12 months from the date of commencement of operations of the regional storage facility, estimated to be in August 2024.

There is no minimum subscription to be raised from IPO.

Detailed information on our utilisation of proceeds is set out in Section 4.9.

2.10 FINANCIAL HIGHLIGHTS

2.10.1 Combined statements of profit or loss and other comprehensive income

The following table sets out the financial highlights based on our combined statements of profit or loss and other comprehensive income for FYE 2020 to 2022:

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
Revenue	88,995	100,832	122,685
GP	10,800	14,181	19,391
PBT	4,191	5,807	9,735
PAT	2,991	4,282	7,117
PAT attributable to owners of our Company	2,980	4,282	7,117
GP margin (%) ⁽¹⁾	12.1	14.1	15.8
PAT margin (%) ⁽²⁾	3.4	4.2	5.8
Basic EPS (sen) ⁽³⁾	2.0	2.8	4.7
Diluted EPS (sen) ⁽⁴⁾	1.5	2.1	3.5

Notes:

- (1) Calculated based on GP over revenue.
- (2) Calculated based on PAT divided by revenue.
- (3) Calculated based on PAT attributable to owners of our Company divided by our share capital of 151,086,000 Shares before our IPO.
- (4) Calculated based on PAT attributable to owners of our Company divided by our enlarged share capital of 202,800,000 Shares after our IPO.

There were no exceptional items during the financial years under review. Our audited combined financial statements for the past financial years under review were not subject to any audit qualifications. Further details on the financial information are set out in Sections 12 and 13.

2. PROSPECTUS SUMMARY (Cont'd)

2.10.2 Pro forma combined statements of financial position

The following table sets out a summary of the pro forma statements of financial position of our Group to show the effects of the Acquisition, Public Issue and utilisation of proceeds. It is presented for illustrative purposes only and should be read together with the pro forma statements of financial position as set out in Section 14.

		I	II	III
	As at date of incorporation	After Acquisition	After I and Public Issue	After II and utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Total non-current assets	-	15,191	15,191	15,191
Total current assets	(1)-	52,249	[•]	[•]
TOTAL ASSETS	(1)-	67,440	[•]	[•]
EQUITY AND LIABILITIES				
Share capital / Invested capital	(1)-	23,358	[•]	[•]
Reorganisation reserve	-	(13,358)	(13,358)	(13,358)
Retained profits	-	13,353	13,353	[•]
TOTAL EQUITY	(1)-	23,353	[•]	[•]
Total non-current liabilities	-	7,300	7,300	7,300
Total current liabilities	-	36,787	36,787	36,787
TOTAL LIABILITIES	-	44,087	44,087	44,087
TOTAL EQUITY AND LIABILITIES	(1)-	67,440	[•]	[•]
No. of Shares in issue ('000)	(2)-	151,086	202,800	202,800
NA per Share (RM)	1.00	0.15	[•]	[•]
Borrowings	-	25,276	25,276	25,276
Gearing (times)	-	1.1	[•]	[•]

Notes:

(1) Representing RM2.00.

(2) Representing 2 shares.

2. PROSPECTUS SUMMARY (Cont'd)

2.11 DIVIDEND POLICY

Our Company presently does not have any formal dividend policy. It is our intention to pay dividends to shareholders in the future, however, such payments will depend upon a number of factors, including our Group's financial performance, capital expenditure requirements, general financial condition and any other factors considered relevant by our Board.

During FYE 2020 to 2022 and up to LPD, we declared the following dividends:

	FYE 2020	FYE 2021	FYE 2022	1 January 2023 up to LPD
	RM'000	RM'000	RM'000	RM'000
Dividends declared	999	880	-	1,423

There was a final dividend of RM1.4 million declared with respect to FYE 2022, which was paid on 31 July 2023.

There were no further dividends declared and/or paid up to LPD. Further to the above, we do not intend to declare and pay any dividends from LPD up to our Listing. Further details of our dividend policy are set out in Section 12.15.

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