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PROSPECTUS



AGRICORE CS HOLDINGS BERHAD

(202301018008 (1511930-P))

(Incorporated in Malaysia)

INITIAL PUBLIC OFFERING IN CONJUNCTION WITH OUR LISTING ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING A PUBLIC ISSUE OF 51,714,000 NEW ORDINARY SHARES IN OUR COMPANY ("SHARES") IN THE FOLLOWING MANNER:

- **10,140,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;**
- **10,140,000 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP;**
- **25,350,000 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY; AND**
- **6,084,000 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS,**

AT AN ISSUE PRICE OF RM[●] PER SHARE, PAYABLE IN FULL UPON APPLICATION.

Adviser, Sponsor, Underwriter and Placement Agent



M & A SECURITIES SDN BHD

(197301001503 (15017-H))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

[Bursa Securities has approved our admission to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities.] This Prospectus has been registered by Bursa Securities. The approval of the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities and registration of this Prospectus, should not be taken to indicate that Bursa Securities recommends the offering or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Prospectus. Bursa Securities has not, in any way, considered the merits of the securities being offered for investment. Bursa Securities is not liable for any non-disclosure on the part of the company and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus. No securities will be allotted or issued based on this Prospectus after 6 months from the date of this Prospectus.

YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 173.

THE ACE MARKET IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR EMERGING CORPORATIONS THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN MARKET. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.

THE ISSUE, OFFER OR INVITATION FOR THE OFFERING IS A PROPOSAL NOT REQUIRING APPROVAL, AUTHORISATION OR RECOGNITION OF THE SECURITIES COMMISSION MALAYSIA UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007.

This Prospectus is dated [●]

Our Directors and Promoters (as defined herein) have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in the Prospectus false or misleading.

M & A Securities Sdn Bhd, being our Adviser, Sponsor, Underwriter and Placement Agent to our IPO (as defined herein), acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

This Prospectus, together with the Application Form (as defined herein), has also been lodged with the ROC (as defined herein), who takes no responsibility for its contents.

You should note that you may seek recourse under Sections 248, 249 and 357 of the CMSA (as defined herein) for breaches of securities laws including any statement in the Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Prospectus or the conduct of any other person in relation to our Group (as defined herein).

Securities listed on Bursa Securities are offered to the public premised on full and accurate disclosure of all material information concerning our IPO, for which any person set out in Section 236 of the CMSA, is responsible.

Approval has been obtained from Bursa Securities for the listing of and quotation for our IPO Shares (as defined herein) on [•]. Our admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares. Bursa Securities shall not be liable for any non-disclosure on our part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

The SC (as defined herein) had on [•] approved the resultant equity structure of our Company under the equity requirements for public listed companies pursuant to our Listing (as defined herein).

[Our securities are classified as Shariah compliant by the Shariah Advisory Council of the SC. This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review is undertaken by the Shariah Advisory Council of the SC. The new status is released in the updated list of Shariah compliant securities, on the last Friday of May and November.]

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith.

It shall be your sole responsibility if you are or may be subject to the laws of countries or jurisdictions other than Malaysia, to consult your legal and/or other professional advisers as to whether our IPO would result in the contravention of any law of such countries or jurisdictions.

Further, it shall also be your sole responsibility to ensure that your application for our IPO Shares would be in compliance with the terms of our IPO as stated in our Prospectus and the Application Form and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected. We will further assume that you had accepted our IPO in Malaysia and will be subjected only to the laws of Malaysia in connection therewith.

However, we reserve the right, in our absolute discretion to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

No action has been or will be taken to ensure that this Prospectus complies with the laws of any country or jurisdiction other than the laws of Malaysia. It shall be your sole responsibility to consult your legal and/or other professional adviser on the laws to which our IPO or you are or might be subjected to. Neither us nor our Adviser nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, avoidable or void in any country or jurisdiction.

ELECTRONIC PROSPECTUS

This Prospectus can also be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the Electronic Prospectus and the copy of this Prospectus registered with Bursa Securities are the same.

You are advised that the internet is not a fully secured medium and that your Internet Share Application (as defined herein) may be subject to risks of problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions (as defined herein). These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt of the validity or integrity of an Electronic Prospectus, you should immediately request from us, our Adviser or Issuing House (as defined herein), a paper printed copy of this Prospectus.

In the event of any discrepancies arising between the contents of the electronic and the contents of the paper printed copy of this Prospectus for any reason whatsoever, the contents of the paper printed copy of this Prospectus which are identical to the copy of the Prospectus registered with Bursa Securities, shall prevail.

In relation to any reference in this Prospectus to third party internet sites (referred to as "**Third Party Internet Sites**"), whether by way of hyperlinks or by way of description of the Third Party Internet Sites, you acknowledge and agree that:

- (a) We and our Adviser do not endorse and are not affiliated in any way with the Third Party Internet Sites and are not responsible for the availability of, or the contents or any data, information, files or other material provided on the Third Party Internet Sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;
- (b) We and our Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, for fulfilling any of the terms of your agreements with the Third Party Internet Sites. We and our Adviser are also not responsible for any loss or damage or costs that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance of any data, information, files or other material provided by such parties; and
- (c) Any data, information, files or other material downloaded from Third Party Internet Sites is done at your own discretion and risk. We and our Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:

- (a) The Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions and shall not be responsible in any way for the integrity of the contents of an Electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions and thereafter communicated or disseminated in any manner to you or other parties; and
- (b) While all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium.

The Internet Participating Financial Institutions shall not be liable (whether in tort or contract or otherwise) for any loss, damage or cost, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institutions, and/ or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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INDICATIVE TIMETABLE

All terms used are defined under "Definitions" commencing from page vii.

The indicative timing of events leading to our Listing is set out below:

Events	Indicative date
Issuance of this Prospectus/Opening of Application	[•]
Closing of Application	[•]
Balloting of Application	[•]
Allotment of IPO Shares to successful applicants	[•]
Date of Listing	[•]

If there is any change to the indicative timetable, we will advertise the notice of such change in a widely circulated English and Bahasa Malaysia daily newspapers in Malaysia, and make an announcement on Bursa Securities' website.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All terms used in this section are defined under "Definitions" commencing from page vii.

All references to "Agricore CS Holdings" and "Company" in this Prospectus are to Agricore CS Holdings Berhad (202301018008 (1511930-P)). Unless otherwise stated, references to "Group" are to our Company and our subsidiaries taken as a whole; and references to "we", "us", "our" and "ourselves" are to our Company, and, save where the context otherwise requires, our subsidiaries. Unless the context otherwise requires, references to "Management" are to our Directors and key senior management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

The word "approximately" used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest thousand or million or one decimal place (for percentages) or one sen (for currency). Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

Certain abbreviations, acronyms and technical terms used are defined in the "Definitions" and "Technical Glossary" appearing after this section. Words denoting singular shall include plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include companies and corporations.

All reference to dates and times are references to dates and times in Malaysia.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

This Prospectus includes statistical data provided by our management and various third-parties and cites third-party projections regarding growth and performance of the industry in which our Group operates. This data is taken or derived from information published by industry sources and from the internal data. In each such case, the source is stated in this Prospectus. Where no source is stated, such information can be assumed to originate from us. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by the Independent Market Researcher. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate.

The information on our website, or any website directly or indirectly linked to such websites do not form part of this Prospectus.

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FORWARD-LOOKING STATEMENTS

All terms used are defined under "Definitions" commencing from page vii.

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast", "project", "propose" or similar expressions and include all statements that are not historical facts.

Such forward-looking statements include, without limitations, statements relating to:

- (a) demand for our products;
- (b) our business strategies;
- (c) our future plans;
- (d) our future earnings, cash flows and liquidity; and
- (e) our ability to pay future dividends.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

- (a) the economic, political and investment environment in the countries which we operate; and
- (b) Government policy, legislation or regulation of the countries which we operate in.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 9 – "Risk Factors" and Section 12 – "Financial Information". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

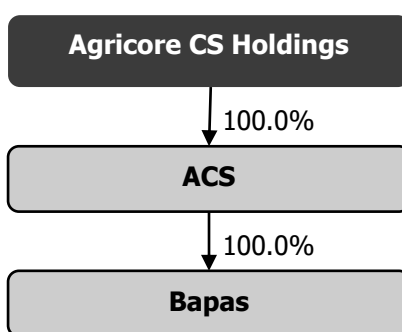
Should we become aware of any subsequent material change or development affecting matters disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment/transfer of our IPO Shares, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the CMA and Paragraph 1.02, Chapter 1 of Part II (Division 6) of the Prospectus Guidelines (Supplementary and Replacement Prospectus).

DEFINITIONS

The following terms in this Prospectus bear the same meanings as set out below unless otherwise defined or the context requires otherwise:

COMPANIES WITHIN OUR GROUP:

- "Agricore CS Holdings" or "Company" : Agricore CS Holdings Berhad (202301018008 (1511930-P))
- "Agricore CS Group" or "Group" : Agricore CS Holdings and its subsidiaries, collectively
- "ACS" : Agricore CS Sdn Bhd (200901002764 (845691-H))
- "Bapas" : Bapas Food Products Sdn Bhd (201401048709 (1124898-K))



GENERAL:

- "ACE Market" : ACE Market of Bursa Securities
- "Acquisition" : Acquisition by Agricore CS Holdings of the entire equity interest of ACS for a purchase consideration of RM23.4 million which was wholly satisfied by the issuance of 151,085,998 new Shares at an issue price of RM0.1546 per Share, which was completed on [●]
- "Act" : Companies Act 2016
- "ADA" : Authorised Depository Agent
- "Adviser" or "Sponsor" or "Underwriter" or "Placement Agent" : M&A Securities
- "Application(s)" : Application(s) for IPO Shares by way of Application Form(s), Electronic Share Application(s) or Internet Share Application(s)
- "Application Form(s)" : Printed application form(s) for the application of our IPO Shares accompanying this Prospectus
- "Aromi" : Aromi Sdn Bhd (202001006152 (1362472-T))
- "ATM" : Automated teller machine
- "Board" : Board of Directors of Agricore CS Holdings

DEFINITIONS (Cont'd)

"Bukit Minyak Premises"	:	Existing office, factory and storage building, which serves as the Group's headquarters, storage facility, production facilities for food additives, and R&D laboratory, located at 1173, Jalan Perindustrian Bukit Minyak 2, Kawasan Perindustrian Bukit Minyak, 14100 Bukit Mertajam, Pulau Pinang
"Bursa Depository" or "Depository"	:	Bursa Malaysia Depository Sdn Bhd (198701006854 (165570-W))
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (200301033577 (635998-W))
"CAGR"	:	Compound annual growth rate
"CCC"	:	Certificate of completion and compliance
"CCM"	:	Companies Commission of Malaysia
"CDS"	:	Central Depository System
"CDS Account"	:	Account established by Bursa Depository for a depositor for the recording and dealing in securities by the depositor
"Central Depositories Act" or "SICDA"	:	Securities Industry (Central Depositories) Act 1991
"CMSA"	:	Capital Markets and Services Act 2007
"Constitution"	:	Our constitution
"COVID-19"	:	Novel coronavirus disease 2019, an infectious respiratory disease which first broke out in 2019
"Director(s)"	:	An executive director or a non-executive director of our Company within the meaning of Section 2 of the Act
"EBIT"	:	Earnings before interest and tax
"EBITDA"	:	Earnings before interest, tax, depreciation and amortisation
"Electronic Prospectus"	:	Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium
"Electronic Share Application(s)"	:	Application(s) for IPO Shares through a Participating Financial Institution's ATM
"Eligible Person(s)"	:	The eligible Director(s), employee(s), and person(s) who have contributed to the success of our Group who are eligible to participate in the Pink Form Allocations, collectively
"EPS"	:	Earnings per share
"F&B"	:	Food and beverage
"Frazel"	:	Frazel Group Sdn Bhd (201601021070 (1192009-A))
"FYE"	:	Financial year(s) ended/ending 31 December, as the case may be

DEFINITIONS (Cont'd)

“Government”	:	Government of Malaysia
“GP”	:	Gross profit
“ICSA”	:	Institute of Chartered Secretaries and Administrators
“IFRS”	:	International Financial Reporting Standards
“IMR” or “SMITH ZANDER”	:	Smith Zander International Sdn Bhd (201301028298 (1058128-V)), our Independent Market Researcher
“IMR Report”	:	Independent Market Research Report titled “Food Ingredients Industry in Malaysia” dated 21 September 2023
“Internet Participating Financial Institution(s)”	:	Participating financial institution(s) for Internet Share Application as listed in Section 16.6
“Internet Share Application(s)”	:	Application(s) for IPO Shares through an online share application service provided by Internet Participating Financial Institution(s)
“Initial Public Offering” or “IPO”	:	Our initial public offering comprising the Public Issue
“IPO Price”	:	Issue price of RM[•] per Share under our Public Issue
“IPO Share(s)” or “Issue Share(s)”	:	New Share(s) to be issued under our Public Issue
“Issuing House”	:	Tricor Investor & Issuing House Services Sdn Bhd (197101000970 (11324-H))
“JAKIM”	:	Department of Islamic Development Malaysia
“Listing”	:	Listing of and quotation for our entire enlarged share capital of RM[•] comprising 202,800,000 Shares on the ACE Market
“Listing Requirements”	:	ACE Market Listing Requirements of Bursa Securities
“Listing Scheme”	:	Comprising the Public Issue and Listing, collectively
“LPD”	:	31 August 2023, being the latest practicable date for ascertaining certain information contained in this Prospectus
“M&A Securities”	:	M & A Securities Sdn Bhd (197301001503 (15017-H))
“MAICSA”	:	Malaysian Institute of Chartered Secretaries and Administrators
“Malaysian Public”	:	Malaysian citizens and companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
“Market Day”	:	Any day between Monday to Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for the trading of securities
“MCCG”	:	Malaysian Code on Corporate Governance

DEFINITIONS (Cont'd)

"MCO"	:	The nationwide Movement Control Order imposed by the Government under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
"MFRS"	:	Malaysian Financial Reporting Standards
"MIA"	:	Malaysian Institute of Accountants
"MIDA"	:	Malaysian Investment Development Authority
"MITI"	:	Ministry of Investment, Trade and Industry
"MOH"	:	Ministry of Health Malaysia
"MyIPO"	:	Intellectual Property Corporation of Malaysia
"NA"	:	Net assets
"NBV"	:	Net book value
"Official List"	:	A list specifying all securities which have been admitted for listing on the ACE Market
"Participating Institution(s)"	Financial	: Participating financial institution(s) for Electronic Share Application(s) as listed in Section 16.5
"PAT"	:	Profit after tax
"PBT"	:	Profit before tax
"PE Multiple"	:	Price-to-earnings multiple
"Pink Form Allocations"	:	Allocation of 10,140,000 Issue Shares to Eligible Person(s), which forms part of our Public Issue
"Promoter(s)"	:	Frazel, Datuk Keh Chuan Seng, Datin Cheong Kai Meng and Oon Boon Khong, collectively
"Prospectus"	:	This prospectus dated [•] in relation to our IPO
"Public Issue"	:	Public issue of 51,714,000 Issue Shares at our IPO Price
"QA&QC"	:	Quality assurance and quality control
"QC"	:	Quality control
"R&D"	:	Research and development
"ROC"	:	Registrar of Companies
"Rules of Bursa Depository" or "Depository Rules"	:	Rules of Bursa Depository and any appendices thereto
"SC"	:	Securities Commission Malaysia
"SEA"	:	Southeast Asia
"Share(s)"	:	Ordinary share(s) in Agricore CS Holdings

DEFINITIONS (Cont'd)

"Simpang Empat Factory"	:	Existing office, factory and storage building for the production of fried shallots, located at 46, Lengkok IKS Simpang Empat 1, Taman IKS Simpang Empat, 14100 Simpang Ampat, Pulau Pinang
"SKU(s)"	:	Stock keeping unit(s)
"SOP"	:	Standard operating procedures
"Specified Shareholder(s)"	:	Frazel, Datuk Keh Chuan Seng, Datin Cheong Kai Meng and Oon Boon Khong, collectively
"SRP"	:	Sijil Rendah Pelajaran Malaysia
"UK"	:	United Kingdom
"Underwriting Agreement"	:	Underwriting agreement dated [•] entered into between our Company and M&A Securities for the purpose of our IPO
"USA"	:	United States of America

CURRENCIES:

"RM" and "sen"	:	Ringgit Malaysia and sen respectively
"USD"	:	United States Dollar

UNIT OF MEASUREMENTS:

"g"	:	Gram
"kg"	:	Kilogram
"L"	:	Litre
"MT"	:	Metric ton
"sq ft"	:	Square feet

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TECHNICAL GLOSSARY

This glossary contains an explanation of certain terms used throughout this Prospectus in connection with our Group's business. The terminologies and their meanings may not correspond to the standard industry usage of these terms:

"Anti-caking agent"	:	A food additive used to prevent or reduce particles of food from clumping and binding to one another
"Anti-foaming agent"	:	A food additive used to prevent or reduce foaming of food products
"Binding agent"	:	A food additive used to improve or maintain texture of food products
"Certificate of Analysis"	:	A food analysis document issued by suppliers or appointed third party laboratory which indicates the contents of the products such as protein level, viscosity and moisture level, including test methodology
"Defoamer"	:	A food additive used to eliminate or minimise the creation of foam during food processing
"Freeze-thaw stability"	:	A measurement of the stability of food ingredients upon exposure to freezing temperatures and subsequent thawing
"Fried shallots"	:	A type of food ingredients produced through the frying of shallots and/or onions, and is used in food preparation such as cooking or garnishing
"Germination ability"	:	The sprouting ability of seeds
"Gluten-free substitute"	:	A type of product that serves as a substitute or alternative to gluten
"GMP"	:	Good Manufacturing Practice Certificate issued by the MOH
"Granule size"	:	Size of individual starch particles
"HACCP"	:	Hazard Analysis and Critical Control Point Certificate issued by the MOH
"ISO"	:	International Organisation for Standardisation, a non-governmental organisation that develops standards to ensure the quality, safety and efficiency of products, services and systems
"Leavening agent"	:	A substance that is used to expand doughs and batters by releasing gases within the mixtures, making doughs and batters to be light and porous
"Leguminous plants"	:	Plants that produce edible seeds, such as beans, peas, and lentils
"Meat replacement product"	:	A type of product that serves as a substitute or alternative to meat
"MeSTI"	:	Makanan Selamat Tanggungjawab Industri Certificate issued by the MOH
"Moisture retention agent"	:	A food additive used to retain moisture and prevent food from drying out

TECHNICAL GLOSSARY (*Cont'd*)

- "Nutrient solutions" : Liquid fertiliser containing the necessary nutrients for optimal crop growing
- "Oxidation" : A process in which chemical substances within food products change due to exposure to oxygen, causing deterioration in the quality of food products
- "pH value" : A measure of the acidity or basicity of a substance
- "Phase separation" : An occurrence where a homogenous mixture comprising two or more components separates into its distinct constituent components
- "Pulses" : Edible seeds from leguminous plants
- "Rancidity" : A condition where fats and oils present in food has degraded, resulting in unpleasant odour or flavour
- "Retrogradation" : A process where starch reverts to a more crystalline structure upon cooling
- "Rheological properties" : Refers to the viscosity and flow behaviour of fluids
- "Syneresis" : A process when a liquid such as water is expelled or extracted from a gel
- "Tubers" : Thickened stems that grow underground and contain high starch content, such as potatoes, tapiocas, and yams
- "Viscosity" : A measurement of the resistance of fluids to flow

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1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Designation	Residential address	Nationality/ Profession	Gender
Fu Yew Sun	Independent Non-Executive Chairman	15, Jalan TR 9/1 Tropicana Golf & Country Resort 47410 Petaling Jaya Selangor	Malaysian/ Chief Investment Officer	Male
Datuk Keh Chuan Seng	Non-Independent Non-Executive Deputy Chairman	31, Taman Johan Fasa 2 Jalan Kuala Kedah 05400 Alor Setar Kedah	Malaysian/ Director	Male
Oon Boon Khong	Managing Director	2, Lorong Alma Indah 14 Taman Alma Indah 14000 Bukit Mertajam Pulau Pinang	Malaysian/ Director	Male
Koay Hooi Lynn	Independent Non-Executive Director	43, Jesselton Crescent 10450 George Town Pulau Pinang	Malaysian/ Chartered Accountant	Female
Teh Boon Beng	Independent Non-Executive Director	8, Jalan Gelugor 11600 Georgetown Pulau Pinang	Malaysian/ Director	Male
Lee Seow Ling	Independent Non-Executive Director	Tower 2-18-E Greenlane Park 1, Solok Tembaga 11600 Georgetown Pulau Pinang	Malaysian/ Certified Practising Accountant	Female

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Koay Hooi Lynn	Chairperson	Independent Non-Executive Director
Teh Boon Beng	Member	Independent Non-Executive Director
Lee Seow Ling	Member	Independent Non-Executive Director

NOMINATING COMMITTEE

Name	Designation	Directorship
Teh Boon Beng	Chairperson	Independent Non-Executive Director
Koay Hooi Lynn	Member	Independent Non-Executive Director
Lee Seow Ling	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Lee Seow Ling	Chairperson	Independent Non-Executive Director
Koay Hooi Lynn	Member	Independent Non-Executive Director
Teh Boon Beng	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY (Cont'd)

- COMPANY SECRETARIES** : How Wee Ling (SSM Practising Certificate No. 202008000869)
(MAICSA 7033850)
(Associate Member of the MAICSA)
- Ooi Ean Hoon (SSM Practising Certificate No. 202008000734)
(MAICSA 7057078)
(Associate Member of the MAICSA)
- 57-G, Persiaran Bayan Indah
Bayan Bay, Sungai Nibong
11900 Bayan Lepas
Pulau Pinang
- Telephone number: +604-6408 933
- REGISTERED OFFICE** : 57-G, Persiaran Bayan Indah
Bayan Bay, Sungai Nibong
11900 Bayan Lepas
Pulau Pinang
- Telephone number: +604-6408 933
- HEAD OFFICE** : 1173, Jalan Perindustrian Bukit Minyak 2
Kawasan Perindustrian Bukit Minyak
14100 Bukit Mertajam
Pulau Pinang
- Telephone number: +604-505 7733
- EMAIL ADDRESS AND WEBSITE** : Website: www.agricore.com.my
Email address: corporate@agricore.com.my
- AUDITORS AND REPORTING ACCOUNTANTS FOR OUR LISTING** : **Crowe Malaysia PLT**
(201906000005 (LLP0018817-LCA)) & (AF 1018)
- Level 6, Wisma Penang Garden
42 Jalan Sultan Ahmad Shah
10050 George Town
Pulau Pinang
- Partner-in-charge: Eddy Chan Wai Hun
Approval number: 02182/10/2023 J
(Chartered Accountant of MIA and Malaysian Institute of Certified Public Accountant)
- Telephone number: +604-2277 061
- ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT** : **M & A Securities Sdn Bhd**
(197301001503 (15017-H))
- 45-11, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
- Telephone number: +603-2284 2911

1. CORPORATE DIRECTORY (Cont'd)

SOLICITORS FOR OUR LISTING : Rosli Dahlan Saravana Partnership

Level 16, Menara 1 Dutamas
1, Jalan Dutamas 1
Solaris Dutamas
50480 Kuala Lumpur

Telephone number: +603-6209 5400

ISSUING HOUSE AND SHARE REGISTRAR : Tricor Investor & Issuing House Services Sdn Bhd (197101000970 (11324-H))

Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Telephone number: +603-2783 9299

INDEPENDENT MARKET RESEARCHER : Smith Zander International Sdn Bhd (201301028298 (1058128-V))

15-01, Level 15
Menara MBMR
1, Jalan Syed Putra
58000 Kuala Lumpur

Managing Partner: Dennis Tan Tze Wen
(Bachelor of Science (major in Computer Science and minor in Business Administration) from Memorial University of Newfoundland, Canada)

Telephone number: +603-2732 7537

LISTING SOUGHT : ACE Market

SHARIAH STATUS : [Approved by Shariah Advisory Council of SC]

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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.

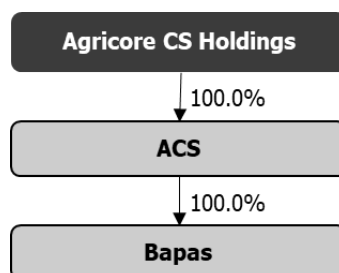
Our Specified Shareholders' entire shareholdings after our IPO will be held under moratorium for 6 months from the date of our admission to the ACE Market. Thereafter, their shareholdings amounting to 45.0% of our share capital will remain under moratorium for another 6 months. Our Specified Shareholders 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:

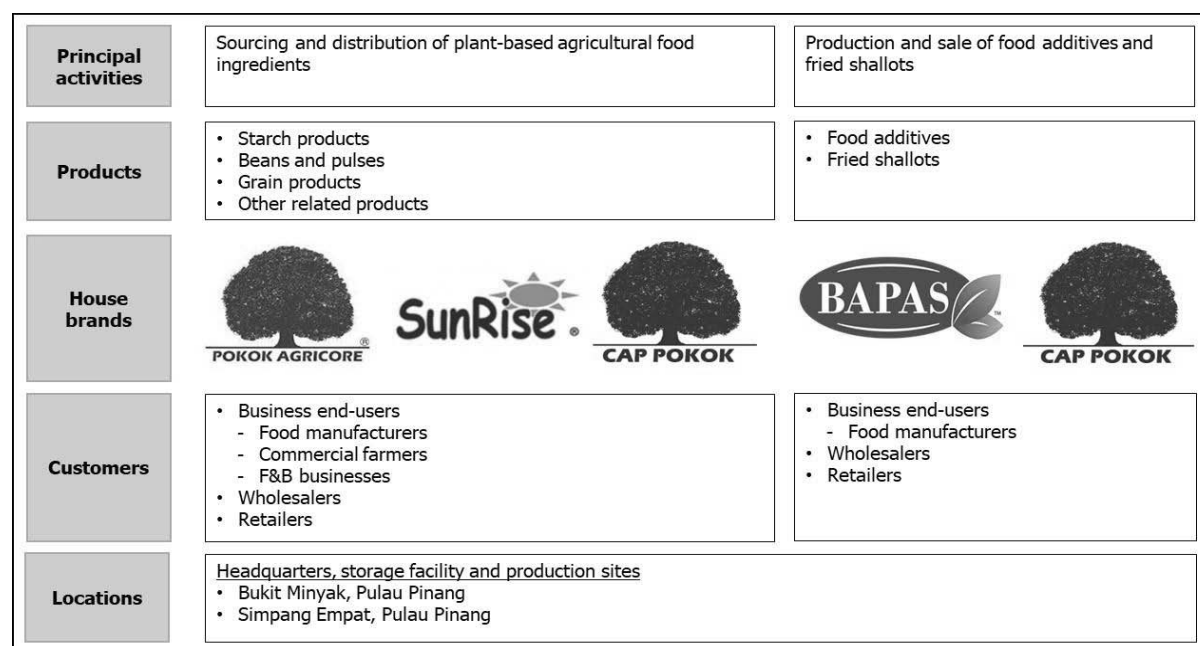


Our Company is principally an investment holding company. Through our subsidiaries, we are principally involved in the sourcing, distribution and production of food ingredients which core business activities are segmented as follows:

- 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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3. APPROVALS AND CONDITIONS

3.1 APPROVALS AND CONDITIONS

3.1.1 Bursa Securities approval

Bursa Securities had, vide its letter dated [•], approved our admission to the Official List of the ACE Market, the listing of and quotation for our entire enlarged issued share capital on the ACE Market and the approval-in-principle for the registration of the Prospectus. The approval from Bursa Securities is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
(a)	[•]	[•]

3.1.2 SC approval

Our Listing is an exempt transaction under Section 212(8) of the CMSA and is therefore not subject to the approval of the SC.

The SC had, vide its letter dated [•], approved our resultant equity structure pursuant to our Listing under the Bumiputera equity requirement for public listed companies. The approval from the SC is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
(a)	[•]	[•]

The effect of our Listing on our equity structure is as follows:

Category of shareholders	As at LPD		After our Listing	
	No. of Shares	%	No. of Shares	%
Bumiputera	-	-	⁽¹⁾ 30,420,000	15.0
Non-Bumiputera	2	100.0	172,380,000	85.0
Malaysian	2	100.0	202,800,000	100.0
Foreigners	-	-	-	-
	2	100.0	202,800,000	100.0

Note:

(1) Based on the assumption that the Shares allocated to the Bumiputera public investors via balloting and Bumiputera investors approved by MITI by way of private placement are subscribed as follows:

Category	No. of Shares	%
Bumiputera public investor via balloting	5,070,000	2.5
Private placement to identified Bumiputera investors approved by MITI	25,350,000	12.5
	30,420,000	15.0

The Shariah Advisory Council of SC had, vide its letter dated [•], classified our Shares as shariah-compliant based on our audited combined financial statements for FYE 2022.

3.1.3 MITI approval

The MITI had, vide its letter dated [•], taken note and has no objection to our Listing.

3. APPROVALS AND CONDITIONS *(Cont'd)*

3.2 MORATORIUM ON OUR SHARES

In accordance with Rule 3.19(1) of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of those Shares held by our Specified Shareholders as follows:

- (a) The moratorium applies to the entire shareholdings of our Specified Shareholders for a period of 6 months from the date of our admission to the ACE Market ("**First 6-Month Moratorium**");
- (b) Upon the expiry of the First 6-Month Moratorium, our Company must ensure that our Specified Shareholders' aggregate shareholdings amounting to at least 45.0% of the total number of issued ordinary shares remain under moratorium for another period of 6 months ("**Second 6-Month Moratorium**"); and
- (c) On the expiry of the Second 6-Month Moratorium, our Specified Shareholders may sell, transfer or assign up to a maximum of 1/3 per annum (on a straight line basis) of those Shares held under moratorium.

In addition to the moratorium imposed on the Shares held by the Specified Shareholders, 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 of 13,597,700 Shares, representing 6.7% of our enlarged share capital after our Listing, for a period of 6 months from the date of our admission to the ACE Market.

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3. APPROVALS AND CONDITIONS *(Cont'd)*

Details of our Shares which will be subject to the abovesaid moratorium, are set out below:

Shareholders	Year 1		Year 2		Year 3			
	Moratorium shares during the First 6-Month Moratorium		Moratorium shares during the Second 6-Month Moratorium		Moratorium shares		Moratorium shares	
	No. of Shares	⁽¹⁾ %	No. of Shares	⁽¹⁾ %	No. of Shares	⁽¹⁾ %	No. of Shares	⁽¹⁾ %
Frazel	66,996,100	33.0	60,840,000	30.0	40,560,000	20.0	20,280,000	10.0
Datuk Keh Chuan Seng	8,611,900	4.2	-	-	-	-	-	-
Datin Cheong Kai Meng	86,100	<0.1	-	-	-	-	-	-
Oon Boon Khong	60,434,400	29.8	30,420,000	15.0	20,280,000	10.0	10,140,000	5.0
Aromi	13,597,700	6.7	-	-	-	-	-	-
	149,726,200	73.8	91,260,000	45.0	60,840,000	30.0	30,420,000	15.0

Note:

⁽¹⁾ Based on our enlarged share capital of 202,800,000 Shares after our IPO.

The moratorium has been fully accepted by our shareholders above, who have provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium during the abovementioned moratorium period.

The moratorium restrictions are specifically endorsed on the share certificates representing the Shares under moratorium held by the above shareholders to ensure that our Share Registrar does not register any transfer that contravenes with such restrictions.

Separately, the shareholders of Frazel, namely Datuk Keh Chuan Seng and Datin Cheong Kai Meng, and the shareholders of Aromi, namely Wong Pak Zen, Voon Kooi Wong, Ng Wen Ying, Cheng Boon Kai, Tan Cheah Haw, Tan Hong Sheng, Wong Kam Tong and Yong Chew Yuong, have also undertaken not to sell, transfer or assign their respective shareholdings in Frazel and Aromi during their abovementioned moratorium periods respectively.

4. DETAILS OF OUR IPO

4.1 OPENING AND CLOSING OF APPLICATION PERIOD

The Application period will open at 10.00 a.m. on [•] and will remain open until 5.00 p.m. on [•]. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

4.2 INDICATIVE TIMETABLE

Events	Indicative date
Issuance of this Prospectus/ Opening of Application	[•]
Closing of Application	[•]
Balloting of Application	[•]
Allotment of IPO Shares to successful applicants	[•]
Date of Listing	[•]

In the event there is any change to the indicative timetable, we will advertise the notice of change in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia, and make an announcement on Bursa Securities' website.

4.3 DETAILS OF OUR IPO

4.3.1 Listing scheme

(a) Public Issue

A total of 51,714,000 Issue Shares, representing 25.5% of our enlarged share capital are offered at our IPO Price. The Issue Shares shall be allocated in the following manner:

(i) Malaysian Public

10,140,000 Issue Shares, representing 5.0% of our enlarged share capital, are reserved for application by the Malaysian Public, to be allocated via balloting process as follows:

(aa) 5,070,000 Issue Shares, representing 2.5% of our enlarged share capital, made available to public investors; and

(bb) 5,070,000 Issue Shares, representing 2.5% of our enlarged share capital, made available to Bumiputera public investors.

(ii) Eligible Persons

10,140,000 Issue Shares, representing 5.0% of our enlarged share capital, are reserved for our Eligible Persons under the Pink Form Allocations. Further details of our Pink Form Allocations are set out in Section 4.3.2.

(iii) Private placement to Bumiputera investors approved by MITI

25,350,000 Issue Shares, representing 12.5% of our enlarged share capital, are reserved for private placement to Bumiputera investors approved by MITI.

4. DETAILS OF OUR IPO (Cont'd)

(iv) Private placement to selected investors

6,084,000 Issue Shares, representing 3.0% of our enlarged share capital, are reserved for private placement to selected investors.

The basis of allocation of the Issue Shares shall take into account our Board's intention to distribute the Issue Shares to a reasonable number of applicants to broaden our Company's shareholding base to meet the public spread requirements, and to establish a liquid and adequate market for our Shares. Applicants will be selected in a fair and equitable manner to be determined by our Directors.

Upon completion of our Public Issue, our share capital will increase from RM23.4 million comprising 151,086,000 Shares to RM[•] million comprising 202,800,000 Shares. There is no over-allotment or 'greenshoe' option that will increase the number of our IPO Shares.

Our Public Issue is subject to the terms and conditions of this Prospectus.

(b) Listing

Upon completion of our IPO, our Company's entire enlarged share capital of RM[•] million comprising 202,800,000 Shares shall be listed on the ACE Market.

4.3.2 Pink Form Allocations

We have allocated 10,140,000 Issue Shares under the Pink Form Allocations to our Eligible Persons as follows:

Category	No. of Eligible Persons	Aggregate no. of Issue Shares allocated
Eligible Directors	3	300,000
Eligible employees	[•]	[•]
Persons who have contributed to the success of our Group	[•]	[•]
	[•]	10,140,000

Entitlements which are not accepted by certain Eligible Persons will be re-allocated among the Eligible Persons at the discretion of our Board.

(a) Allocation to eligible Directors

The criteria for allocation to our eligible Directors are based on amongst others their anticipated contribution to our Group.

Datuk Keh Chuan Seng (our Non-Independent Non-Executive Deputy Chairman) and Oon Boon Khong (our Managing Director) have opted not to participate in the Pink Form Allocations as they are already our substantial shareholders. Lee Seow Ling (our Independent Non-Executive Director) has also opted not to participate in the Pink Form Allocations.

4. DETAILS OF OUR IPO (Cont'd)

Details of the proposed allocation to our other Directors are as follows:

Name	Designation	No. of Issue Shares allocated
Fu Yew Sun	Independent Non-Executive Chairman	100,000
Koay Hooi Lynn	Independent Non-Executive Director	100,000
Teh Boon Beng	Independent Non-Executive Director	100,000
		300,000

(b) Allocation to our eligible employees

The criteria of allocation to our eligible employees (as approved by our Board) are based on, inter-alia, the following factors:

- (i) Our employees must be an eligible and confirmed employee and on the payroll of our Group;
- (ii) The number of shares allocated to our eligible employees are based on their seniority, position, length of service and respective contribution made to our Group as well as other factors deemed relevant to our Board; and
- (iii) Full time employee of at least 18 years of age.

Details of the proposed allocation to our key senior management are as follows:

Name	Designation	No. of Issue Shares allocated
Lim Swee Chuan	Chief Financial Officer	550,000
Wong Kam Tong	Chief Operating Officer	635,000
Tan Hong Sheng	Product Manager	283,000
Cheng Boon Kai	Procurement Manager	435,000
		1,903,000

(c) Allocation to persons who have contributed to the success of our Group

Persons who have contributed to the success of our Group include business associates, customers and suppliers.

The number of Issue Shares to be allotted to those persons who have contributed to the success of our Group are based on amongst others, the nature and terms of their business relationship with us, length of their relationship with us and the level of contribution and support to our Group.

4.3.3 Placement and underwriting arrangement

Our Underwriter will underwrite 20,280,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. The balance 31,434,000 Issue Shares available for application by Bumiputera investors approved by MITI and selected investors will not be underwritten and will be placed out by our Placement Agent.

Any of our Issue Shares not subscribed by the Malaysian Public and Pink Form Allocations shall be subject to the following clawback and reallocation provisions:

- (a) If any Issue Shares allocated to the Malaysian Public are undersubscribed, the balance portion will be allocated for excess application by the Eligible Persons (subject always that public spread requirements are met). Likewise, any Issue Shares which are not taken up by the Eligible Persons, will be allocated to the Malaysian Public in the event of an oversubscription.

4. DETAILS OF OUR IPO (Cont'd)

- (b) After (a) above, the remaining portion will be made available for application by way of private placement to selected investors to be identified.
- (c) Thereafter, any remaining Issue Shares that are not subscribed for will be subscribed by our Underwriter based on the terms and conditions of the Underwriting Agreement.

The allocation of Issue Shares to identified Bumiputera investors shall be subject to the allocation as approved by MITI. Such Issue Shares shall be subject to the following clawback and reallocation provisions:

- (a) Any unsubscribed Issue Shares allocated to Bumiputera investors approved by MITI shall firstly be reallocated to Malaysian institutional investors. If after the above reallocation, there are still Issue Shares not taken up, the said unsubscribed Issue Shares shall then be offered to Bumiputera public investors via public balloting in the event of an oversubscription.
- (b) After (a) above, the remaining portion will be made available for:
 - (i) Malaysian Public, in the event of an oversubscription; or
 - (ii) application by way of private placement to selected investors to be identified, the proportion of which will be determined by our Board and Placement Agent.

The clawback and reallocation shall not apply in the event of oversubscription of the Issue Shares allocated to the Malaysian Public, Pink Form Allocations and private placement to Bumiputera investors approved by MITI. Our Board will ensure that any excess IPO Shares will be allocated in a fair and equitable manner.

4.3.4 Minimum and oversubscription

There is no minimum subscription to be raised from our IPO. However, in order to comply with the public spread requirements of Bursa Securities, the minimum subscription in terms of the number of IPO Shares will be the number of IPO Shares required to be held by public shareholders to comply with the public spread requirements as set out in the Listing Requirements or as approved by Bursa Securities.

In the event of an oversubscription, acceptance of Applications by the Malaysian Public shall be subject to ballot to be conducted in a manner approved by our Directors. Our Board will ensure that any excess IPO Shares will be allocated on a fair and equitable manner.

Under the Listing Requirements, at least 25.0% of our enlarged share capital for which listing is sought must be in the hands of a minimum of 200 public shareholders, each holding not less than 100 Shares upon our admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing. If we fail to meet the said requirement, we may not be allowed to proceed with our Listing on the ACE Market. In such an event, we will return in full, without interest, all monies paid in respect of all applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

As at LPD, save as disclosed in Section 4.3.2, to the extent known to our Company:

- (a) there are no substantial shareholder(s), Directors or key senior management of our Group who have indicated to our Company that they intend to subscribe for the IPO Shares; and
- (b) there are no person(s) who have indicated to our Company that they intend to subscribe for more than 5.0% of the IPO Shares.

4. DETAILS OF OUR IPO (Cont'd)

4.4 SHARE CAPITAL, CLASSES OF SHARES AND RANKINGS

Upon completion of our IPO, our share capital would be as follows:

Details	No. of Shares	RM
Share capital		
As at date of incorporation	2	2
Issued pursuant to the Acquisition	151,085,998	23,357,895
As at date of this Prospectus	151,086,000	23,357,897
To be issued under our Public Issue	51,714,000	[•]
Enlarged share capital upon our Listing	202,800,000	[•]

As at date of this Prospectus, we have only one class of shares, being ordinary shares, all of which rank equally amongst one another.

Our Issue Shares will, upon allotment and issuance, rank equally in all respects with our existing ordinary shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of allotment of our Issue Shares.

Subject to any special rights attaching to any Shares which may be issued by us in the future, our shareholders shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions and any surplus if our Company is liquidated in accordance with our Constitution.

Each of our shareholders shall be entitled to vote at any of our general meetings in person or by proxy or by other duly authorised representative. On a poll, every shareholder present in person or by proxy or other duly authorised representative shall have one vote for each ordinary share held.

4.5 PURPOSES OF OUR IPO

The purposes of our IPO are as follows:

- (a) To enable our Group to raise funds for the purposes specified in Section 4.9 herein;
- (b) To gain recognition through our listing status to enhance our reputation in terms of marketing our products and to retain and attract new employees;
- (c) To provide an opportunity for the Malaysian Public, including our Eligible Persons to participate in our equity; and
- (d) To enable us to tap into the equity capital market for future fund raising and to provide us the financial flexibility to pursue future growth opportunities as and when they arise.

4. DETAILS OF OUR IPO (Cont'd)

4.6 BASIS OF ARRIVING AT OUR IPO PRICE

Our IPO Price was determined and agreed upon by us and M&A Securities, as our Adviser, Sponsor, Underwriter and Placement Agent, after taking into consideration the following factors:

- (a) Our pro forma NA per Share of RM[•], calculated based on our pro forma NA after our IPO and utilisation of proceeds as at 31 December 2022 of approximately RM[•] million and enlarged share capital of 202,800,000 Shares upon Listing;
- (b) The PE Multiple of our IPO Price of [•] times, calculated based on our PAT for FYE 2022 of RM7.1 million and market capitalisation of RM[•] million upon Listing;
- (c) Our historical financial track record as follows:

	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
PAT attributable to owners of our Company	2,980	4,282	7,117

- (d) Our competitive strengths as set out in Section 7.16; and
- (e) Our business strategies and prospects as set out in Section 7.17.

You should note that our market price upon Listing is subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares. You should form your own views on the valuation of our IPO Shares before deciding to invest in them. You are reminded to carefully consider the risk factors as set out in Section 9 before deciding to invest in our Shares.

4.7 TOTAL MARKET CAPITALISATION UPON LISTING

Based on our IPO Price and enlarged share capital of 202,800,000 Shares upon Listing, our total market capitalisation will be RM[•] million.

4.8 DILUTION

Dilution is the amount by which our IPO Price exceeds our pro forma NA per Share immediately after our IPO. The following table illustrates such dilution on a per Share basis:

IPO Price	<u>RM</u> [•]
Pro forma NA per Share as at 31 December 2022 after Acquisition but before Public Issue	0.15
Pro forma NA per Share as at 31 December 2022 after Acquisition, Public Issue and utilisation of proceeds	[•]
Increase in pro forma NA per Share attributable to existing shareholders	[•]
Dilution in pro forma NA per Share to our new public investors pursuant to our IPO	[•]
Dilution in pro forma NA per Share as a percentage of our IPO Price	[•]%

4. DETAILS OF OUR IPO (Cont'd)

Further details of our pro forma NA per Share as at 31 December 2022 is set out in Section 14.

The following table shows the average effective cost per Share paid by our existing shareholders for our Shares since our incorporation up to the date of this Prospectus:

Shareholders	⁽¹⁾No. of Shares received	⁽²⁾Total consideration		Average effective cost per Share
		RM		
Frazel	66,996,100	10,357,599		0.1546
Datuk Keh Chuan Seng	8,611,900	1,331,400		0.1546
Oon Boon Khong	60,434,400	9,343,158		0.1546
Datin Cheong Kai Meng	86,100	13,311		0.1546
Aromi	13,597,700	2,102,204		0.1546
Lim Swee Chuan	1,359,800	210,225		0.1546
	151,086,000	23,357,897		

Notes:

- (1) Issued under the Acquisition and including transfer of 2 shares from the subscriber shareholders to Frazel.
- (2) Being the consideration for the Acquisition and including transfer of 2 shares from the subscriber shareholders to Frazel.

Save as disclosed above and the Pink Form Allocations to our eligible Directors and key senior management, there has been no acquisition or subscription of any of our Shares by our Directors or key senior management, substantial shareholders or persons connected with them, or any transaction entered into by them which grants them the right to acquire any of our existing Shares, in the past 3 years up to LPD.

4.9 UTILISATION OF PROCEEDS**4.9.1 Public Issue**

The estimated gross proceeds from our Public Issue of RM[•] million will accrue entirely to us and are planned to be utilised in the following manner:

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

Pending the deployment of the proceeds raised from our Public Issue as aforementioned, the funds will be placed in short-term deposits with financial institutions.

Notes:

- (1) From the date of our Listing, except for staff costs, rental, utilities, security, and general upkeep and maintenance 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.

4. DETAILS OF OUR IPO (Cont'd)**(a) Setup of a regional storage facility**

As at LPD, we have a storage facility with aggregate space for purposes of our sourcing and distribution of plant-based agricultural products segment of approximately 50,838 sq ft located within the Bukit Minyak Premises. This storage has an average utilisation rate of approximately 88.1% over FYE 2020 to 2022, further details of which are set out in Section 7.13.

With the ongoing growth and expansion of our business, we intend to set up a new regional storage facility in the central region of Peninsular Malaysia. Due to limited financial and human resources in the past, we did not set up such a facility. As at LPD, we are in the midst of identifying a suitable building to rent for our new regional storage facility (with built-up area of approximately 30,000 sq ft), ideally located in Klang, Selangor, which is of near proximity to Port Klang. The exact location and size of the new regional storage facility are subject to changes depending on the market price and availability. Our Group will be applying for a certificate of registration of food premises from the MOH and business/ storage licence from Majlis Perbandaran Klang for the new regional storage facility in Klang.

As at LPD, we store all of our plant-based agricultural products delivered by our suppliers and for onward distribution to our customers at Bukit Minyak Premises. With the setup of this new regional storage facility in the central region, it is expected to enhance the efficiency of our business operations in terms of product delivery to our customers by providing quicker delivery lead times to our customers in the central and southern regions of Peninsular Malaysia. Our products can be directly delivered from our new regional storage facility to our customers in central region (i.e. Selangor, Kuala Lumpur and Negeri Sembilan) and southern region (i.e. Melaka and Johor) of Peninsular Malaysia. For FYE 2020 to 2022, revenue from our sourcing and distribution business from the central and southern regions of Peninsular Malaysia collectively amounted to RM33.4 million, RM42.1 million and RM55.2 million respectively, which accounted for 38.6%, 43.4% and 49.5% respectively of our revenue generated from our sourcing and distribution business segment.

Our Group intends to allocate RM[•] million, representing [•]% of our gross proceeds from the Public Issue as setup costs for the regional storage facility, details of which are as follows:

Description	Estimated cost RM'000	Total estimated cost RM'000	(1)Estimated timeframe for utilisation
Renovation costs			
- Mechanical and electrical works	[•]		
- Installation of racking platform and storage fixture	[•]	(2)[•]	Within 4 months
Staff costs ⁽³⁾		[•]	(3)-
Acquisition of:			
- Office furniture	[•]		
- 2 units of lorry	[•]		
- 2 units of forklift	[•]	(2)[•]	Within 4 months
Operating expenses		(4)[•]	Within 12 months
		[•]	

4. DETAILS OF OUR IPO (Cont'd)**Notes:**

- (1) From the date of our Listing.
- (2) The estimated renovation cost and capital expenditures are based on quotations obtained from contractors and suppliers.
- (3) Comprises staff cost for additional permanent employees for the regional storage facility (i.e. 1 operation manager, 1 warehouse executive, 1 account and administrative executive, 6 storage staffs, 2 logistic crews and 2 lorry drivers, where the number of employees required are based on management's estimation on the storage size, expected inventory levels and operation level of the regional storage facility), to be utilised over a period of 12 months from the commencement of operations of the regional storage facility (estimated to be in August 2024 as stated in the indicative timeline below).
- (4) Comprises rental, utilities, security, and general upkeep and maintenance to be utilised over a period of 12 months from the commencement of operations of the regional storage facility (estimated to be in August 2024 as stated in the indicative timeline below).

Once the setup of the regional storage facility in August 2024 is completed based on the estimated timeline, we will commence our operations immediately.

The indicative timeline for the setup the regional storage facility is as follows:

Timeline	Details
T (from date of our Listing)	Execution of tenancy agreement for the regional storage facility
T + 1 month	Submission of building plan to local council
T + 2 months	<ul style="list-style-type: none"> - Approved building plan obtained from local council - Submission of building plan to the Fire and Rescue Department of Malaysia
T + 3 months	<ul style="list-style-type: none"> - Approval obtained from the Fire and Rescue Department of Malaysia - Commencement of renovation
T + 4 months	<ul style="list-style-type: none"> - Completion of renovation - Business / storage licence obtained from Majlis Perbandaran Klang - Certificate of registration from MOH obtained - Commencement of operations of the regional storage facility

Please refer to Section 7.17.1 for further details.

In the event that we have identified suitable premise for our new regional storage facility and are required to execute the tenancy agreement prior to our Listing, we will fund the setup costs for the regional storage facility using our internally-generated funds. Upon completion of our Listing, we will replenish our internally-generated funds from the earmarked proceeds of the Public Issue.

4. DETAILS OF OUR IPO (Cont'd)**(b) Purchase of inventories**

Our Group intends to allocate RM[•] million, representing approximately [•]% of our gross proceeds from the Public Issue, to increase the inventory levels to support our business growth, of which RM[•] million will be utilised to purchase inventory for our Bukit Minyak Premises and the remaining RM[•] million will be utilised to purchase inventory for the new regional storage facility. The purchase of inventories mainly comprise our 3 main categories of primary plant-based agricultural food ingredients. Raw materials cost accounted for approximately 94.6%, 94.6% and 93.3% of our Group's total cost of goods sold for FYE 2020 to 2022 respectively. Please refer to Section 7.17.2 for further details.

(c) Recruitment of staff

Our Group intends to allocate RM[•] million, representing approximately [•]% of our gross proceeds from the Public Issue, to recruit additional staff in our Bukit Minyak Premises to support the expected growth in our business operations, details of which are as follows:

Details	Pax	(1)RM'000
- Business Development Manager	1	[•]
- Group Accountant	1	[•]
- R&D Executive	1	[•]
- QA&QC Executive	1	[•]
- Sales Executive	3	[•]
- Logistic Executive	1	[•]
		[•]

Note:

- (1) The estimated staff cost is based on management's internal estimations using existing and historical staff salaries of our Group. The estimated staff cost is for a period of 12 months beginning from the date of employment of the respective staff which is expected to be upon our Listing. The estimated staff cost mainly consists of salaries, medical expenses, staff benefits and other related expenses.

(d) Estimated listing expenses

An amount of RM[•] million, representing approximately [•]% of our gross proceeds from the Public Issue, is allocated to meet the estimated cost of our Listing. The following summarises the estimated expenses incidental to our Listing to be borne by us:

Estimated listing expenses	RM'000
Professional fees ⁽¹⁾	[•]
Underwriting, placement and brokerage fees	[•]
Fees payable to the authorities	[•]
Printing and contingencies ⁽²⁾	[•]
	[•]

Notes:

- (1) Includes advisory/professional fees for, amongst others, our Adviser, solicitors, reporting accountants, IMR, internal control reviewer and Issuing House.
- (2) Other incidental or related expenses in connection with our IPO.

4. DETAILS OF OUR IPO (Cont'd)

Any variations from the amounts budgeted above, save for items (b) and (c), shall be adjusted towards or against, as the case may be, the proceeds allocated for the purchase of inventories and recruitment of staff. Any further shortfall will be funded via our internally generated funds and/or bank borrowings. Where applicable and required under Rule 8.24 of the Listing Requirements, we will seek shareholders' approval for any material variation to the intended utilisation of proceeds.

4.10 BROKERAGE FEES, PLACEMENT FEES AND UNDERWRITING COMMISSION

4.10.1 Brokerage fees

Brokerage is payable in respect of the Issue Shares at the rate of 1.0% of our IPO Price in respect of successful applicants which bear the stamp of member companies of Bursa Securities, member of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or Issuing House.

4.10.2 Placement fees

Our Placement Agent will place out a total of 31,434,000 Issue Shares to Bumiputera investors approved by MITI and selected investors.

We will pay our Placement Agent a placement fee of [•]% of our IPO Price multiplied by the number of Issue Shares placed out by our Placement Agent.

4.10.3 Underwriting commission

Our Underwriter has agreed to underwrite 20,280,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. We will pay our Underwriter an underwriting commission of [•]% of our IPO Price multiplied by the number of Shares underwritten.

4.11 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

We have entered into the Underwriting Agreement with M&A Securities, to underwrite 20,280,000 Issue Shares ("**Underwritten Shares**") as set out in Section 4.3.3.

The salient terms in the Underwriting Agreement are as follows:

[•]

4.12 TRADING AND SETTLEMENT IN SECONDARY MARKET

Our Shares will be admitted to the Official List of the ACE Market and an official quotation will commence after, among others, the receipt of confirmation from Bursa Depository that all of our IPO Shares have been duly credited into the respective CDS Accounts of the successful applicants and the notices of allotment have been issued and despatched to all the successful applicants.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as securities to be deposited into the CDS. Following this, we will deposit our Shares directly with Bursa Depository and any dealings in our Shares will be carried out in accordance with the SICDA and Depository Rules. We will not issue any share certificates to successful applicants.

4. DETAILS OF OUR IPO (Cont'd)

Upon our Listing, transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS Account being debited with the number of Shares sold and the buyer's CDS Account being credited with the number of Shares acquired.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares will trade under the odd lot board. Settlement of trades done on a "ready" basis on Bursa Securities generally takes place on the second Market Day following the transaction date, and payment for the securities is generally settled on the second Market Day following the transaction date.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

5.1 PROMOTERS AND/OR SUBSTANTIAL SHAREHOLDERS

5.1.1 Promoters' and/or substantial shareholders' shareholdings

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

Name	Place of incorporation/ 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 our share capital of 151,086,000 Shares before our IPO.
- (2) Based on our enlarged share capital of 202,800,000 Shares after our 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 Allocations). 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.

Our Promoters and/or substantial shareholders do not have different voting rights from other shareholders of our Group.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

5.1.2 Profiles of Promoters and/or substantial shareholders

The profiles of our Promoters and/or substantial shareholders are set out below:

(a) Frazel

Frazel was incorporated in Malaysia on 20 June 2016 under the Companies Act 1965 as a private limited company under the name of Frasers Group Sdn Bhd and assumed its present name on 2 June 2020. Frazel is an investment holding company principally involved in the provision of management services for companies in the property development industry. As at LPD, the issued capital of Frazel is RM20,400,000 comprising 20,400,000 ordinary shares.

As at LPD, the directors of Frazel and their respective shareholdings in Frazel are as follows:

Name	Designation	Nationality	Direct		Indirect	
			No. of shares	%	No. of shares	%
Datuk Keh Chuan Seng	Director and shareholder	Malaysian	12,240,000	60.0	-	-
Datin Cheong Kai Meng	Director and shareholder	Malaysian	8,160,000	40.0	-	-
			20,400,000	100.0		

(b) Datuk Keh Chuan Seng

Datuk Keh Chuan Seng, a Malaysian, aged 52, is our Promoter, substantial shareholder and Non-Independent Non-Executive Deputy Chairman. He was appointed to our Board on 10 August 2023 and provides advice on corporate strategy to our Group such as financing decisions. He was introduced to Oon Boon Khong, our Promoter, substantial shareholder and Managing Director, through mutual acquaintances back in 2016, and was invited by Oon Boon Khong in May 2022 to invest in ACS which subsequently led to the acquisition of ACS shares from Leong Yeok Wah, BBN Network Sdn Bhd and Oon Boon Khong by Frazel, Datin Cheong Kai Meng and himself in September 2022, further details of which could be referred to in Section 7.1. Upon completion of our IPO, he will hold 37.3% equity interest in our Company.

In 1989, he completed his SRP at Sin Min (Private) High School, Alor Setar, Kedah. Upon completion of SRP, he left for Singapore and undertook part-time jobs involving the maintenance and repair of ships. In 1991, he decided to venture to Japan where he stayed until November 2005, during which he was involved in real estate development on a personal basis where he was responsible for identifying and sourcing for potential investors.

In December 2005, he was appointed as Director of Shanghai JM Development Sdn Bhd, where he ventured into property development business in Kedah and Sadao, a district in Songkhla Province, Thailand. Shanghai JM Development Sdn Bhd is principally involved in the property investment holding, general trading of bird nest and swiftlet bird nest farming. He still presently assumes this position where he is responsible for identifying and sourcing for potential investment properties.

In 2016, he founded Frazel and was appointed as Executive Chairman of Frazel, a position he presently assumes, where he is responsible for the strategic planning of building construction projects.

In 2020, he was appointed as Non-Independent Non-Executive Chairman of EG Industries Berhad (listed on the Main Market of Bursa Securities), an investment holding company with subsidiaries involved in printed board assembly, where he provides advice on corporate strategy. He subsequently resigned in May 2023.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

In 2021, he was appointed as Non-Independent Non-Executive Director and Chairman of HB Global Limited (listed on the Main Market of Bursa Securities) and was subsequently redesignated as the Executive Chairman in the even year, where he provides advice for the group's business operations focusing on strategic matters such as major investments. HB Global Limited is a Singapore investment holding company with its subsidiaries involved in telecommunication services, food manufacturing and processing as well as research and development in wellness technology.

He was appointed as Executive Chairman of K. Seng Seng Corporation Berhad (listed on the Main Market of Bursa Securities), an investment holding company with its subsidiaries involved in the manufacturing and processing of secondary stainless steel products as well as the trading of industrial hardware including marine hardware and consumables and Tex Cycle Technology (M) Berhad (listed on the ACE Market of Bursa Securities), an investment holding company with its subsidiaries primarily engaged in the waste management business, the supply of specialised products for the defence industry, the supply of further endow chemical products for related industries, as well as the undertaking of renewable energy projects in January 2023 and May 2023 respectively, where he is responsible for managing the company and providing strategic guidance to the board of directors. On 6 June 2023, he was also appointed as Executive Director of Ge-Shen Corporation Berhad (listed on the Main Market of Bursa Securities), which involved in the provision of management services as well as investment holding with its subsidiaries involved in various sectors including automotive, medical devices & consumables, industrial applications, consumer electronics, office automation, home appliances and aerospace and was subsequently redesignated as their Executive Chairman on 8 June 2023, where he is responsible for the development and implementation of strategic initiatives. He presently assumes the aforementioned positions.

He is the spouse of Datin Cheong Kai Meng, our Promoter and substantial shareholder.

Kindly refer to Section 5.2.3(b) for his involvement in other business activities outside our Group.

(c) Datin Cheong Kai Meng

Datin Cheong Kai Meng, a Malaysian, aged 50, is our Promoter and substantial shareholder.

In 1999, she was admitted to the Graduateship of ICSA and has been a Chartered Secretary and Associate Member of MAICSA since 2000.

In 1997, whilst undertaking the ICSA course, she commenced her career at Por & Ooi Management (Kedah) Sdn Bhd (now known as Por & Ooi Management (Kedah) PLT), a partnership involved in the provision of management consultancy and company secretarial services, as a Secretarial Assistant where she was responsible for maintaining and updating statutory registers and minutes books as well as to assist in preparation of directors' resolutions. In 2000, upon becoming an Associate Member of MAICSA she was promoted and appointed to the role of Company Secretary, where she handled a portfolio of clients of the firm including public and private limited companies. She was involved in conducting company secretarial work such as preparing and lodging the requisite statutory filings of her clients and advising them on secretarial matters.

In 2013, she was appointed as a Director in Por & Ooi Management (Kedah) Sdn Bhd and eventually assumed the designation of Partner in Por & Ooi Management (Kedah) PLT after the company's conversion to a limited liability partnership in 2015. Presently, she is responsible for overseeing the firm's human resources initiatives and operations, and continues to hold the role of Company Secretary for the firm's clients.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

In 2013, she joined Shanghai JM Development Sdn Bhd, which is principally involved in property investment holding, general trading of bird nest and swiftlet bird nest farming, as Chief Financial Officer, a role she currently holds, where she is responsible for assessing and forecasting the company's financial standing based on financial and operational data and reports.

In 2014, she joined Por Ooi Management Services (AS) PLT (now known as P & O Management Services (AS) PLT), a partnership involved in the provision of business management, accounting and tax consultancy services, and held the position as a Partner where she was responsible for managing its operational matters prior to her resignation in October 2016.

In June 2016, she was appointed as Chief Financial Officer of Frazel, a role she presently assumes, where she is responsible for financial planning and analysing company's financial strengths in place to achieve organisational goals.

In 2019, she joined P & O Corporate Services (AS) PLT, a management consultancy and company secretarial services provider, and held the position as Partner, where she provides management consultancy and secretarial support services. She was also appointed as Partner for Frazel Interiors PLT, a partnership involved in the provision of interior decoration services, in 2020 where she oversees the creation and design of residential and commercial spaces. She presently holds the aforementioned positions.

She is the spouse of Datuk Keh Chuan Seng, our Promoter, substantial shareholder and Non-Executive Non-Independent Deputy Chairman.

(d) Oon Boon Khong

Oon Boon Khong, a Malaysian, aged 49, is our Promoter, substantial shareholder and Managing Director. He was appointed to our Board on 10 August 2023.

He is responsible for overseeing our Group's business operations, planning, and executing strategic directions to drive the business development, growth and expansion of our Group. He is also involved in managing our Group's sales and marketing strategies by identifying potential customers to penetrate into new markets and seize business opportunities.

Upon the completion of his Sijil Am Pelajaran at Jit Sin High School, Pulau Pinang in 1992, he began his career as a freelance sales agent in building materials.

In 1995, he joined Johnson Shoes Berhad (now known as Johnson Shoes Sdn Bhd), a footwear manufacturing company, as a Sales Representative where he was responsible for the sales and marketing of footwear products to supermarkets, retailers and factories.

He subsequently left Johnson Shoes Berhad in 1996 to join Thye Huat Chan Sdn Bhd, a company involved in the trading and supply of food and agricultural products, as a Sales Representative where he was responsible for the sales and marketing of starch and beans in the northern region of Malaysia. In 1999, he was promoted to Sales Executive and his job scope was extended to cover the east coast of Malaysia. Subsequently in 2005, he was promoted to Assistant Sales Manager where he managed the sales team as well as the logistics and transportation matters for the company.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)

After departing from Thye Huat Chan Sdn Bhd in February 2009, based on mutual decision with his spouse, Ng Pei Jin, he co-founded ACS through her. At the inception of the company, he was instrumental in the establishment and development of ACS and assumed the position of General Manager in March 2009. On 19 July 2011, Ng Pei Jin disposed her 0.02% interest in ACS to Oon Boon Khong and ceased to be a shareholder. He was responsible for identifying and establishing relationships with customers and suppliers, managing sales and marketing, developing ACS's branding as well as overseeing the logistics and warehouse operations of ACS. In May 2009, he was appointed as Director of ACS where he was responsible for overseeing the entire operations and growth of ACS. In 2023, he was re-designated as Managing Director and Chief Executive Officer of ACS.

In 2015, he became an indirect shareholder of Bapas through his shareholdings in ACS. In 2020, he was appointed as Director of Bapas where he was responsible for overseeing the operations of Bapas and driving the growth of Bapas' fried shallots manufacturing business. He also expanded Bapas' portfolio by establishing a new division, specialising in food additives.

Kindly refer to Section 5.2.3(c) for his involvement in other business activities outside our Group.

(e) Aromi

Aromi was incorporated in Malaysia on 20 February 2020 under the Act as a private limited company. Aromi is principally involved in activities of holding our Shares. Aromi was incorporated as the investment holding company of our Shares to consolidate the investment of our employees and investors for purposes of acquisition from a previous shareholder, Leung Sook Mee, as described in Section 7.1. As at LPD, Aromi had no intended business activities and the issued capital of Aromi is RM9,000 comprising 9,000 ordinary shares.

As at LPD, the details of the directors and/or shareholders of Aromi are as follows:

Name	Designation	Nationality	Direct		Indirect	
			No. of shares	%	No. of shares	%
Wong Pak Zen ⁽¹⁾	Director and shareholder	Malaysian	6,000	66.8	-	-
Voon Kooi Wong ⁽²⁾	Director and shareholder	Malaysian	1,200	13.4	-	-
Ng Wen Ying ⁽³⁾	Director and shareholder	Malaysian	400	4.4	-	-
Cheng Boon Kai ⁽⁴⁾	Shareholder	Malaysian	200	2.2	-	-
Tan Cheah Haw ⁽³⁾	Shareholder	Malaysian	400	4.4	-	-
Tan Hong Sheng ⁽⁴⁾	Shareholder	Malaysian	400	4.4	-	-
Wong Kam Tong ⁽⁴⁾	Shareholder	Malaysian	200	2.2	-	-
Yong Chew Yuong ⁽³⁾	Shareholder	Malaysian	200	2.2	-	-
			9,000	100.0	-	-

Notes:

- (1) Wong Pak Zen is a director and substantial shareholder of Starch Trade Sdn Bhd, a supplier of our Group. He has no familial relationships with the Promoters, substantial shareholders, Directors and key senior management of our Group. Please refer to Section 11.1 for further details.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

- (2) Voon Kooi Wong is an acquaintance of Oon Boon Khong, our Managing Director. He has no familial relationships with the Promoters, substantial shareholders, Directors and key senior management of our Group.
- (3) Ng Wen Ying, Tan Cheah Haw and Yong Chew Yuong are the employees of our Group, namely our Human Resources Manager, Product Manager for ACS and Account Manager respectively. They have no familial relationships with the Promoters, substantial shareholders, Directors and key senior management of our Group.
- (4) Cheng Boon Kai, Tan Hong Sheng and Wong Kam Tong are our Group's key senior management, namely our Procurement Manager, Product Manager and Chief Operating Officer respectively. They have no familial relationships with each other, the Promoters, substantial shareholders, Directors and other key senior management of our Group. Please refer to Section 5.3.3 for their profiles.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

5.1.3 Changes in Promoters' and/or substantial shareholders' shareholdings

The changes in our Promoters and/or substantial shareholders' respective shareholdings in our Company since our incorporation are as follows:

Name	As at incorporation				⁽¹⁾ Before IPO				⁽²⁾ After IPO			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Lew Pui Lean	1	50.0	-	-	-	-	-	-	-	-	-	-
Tan Yi Ning	1	50.0	-	-	-	-	-	-	-	-	-	-
Promoters and substantial shareholders												
Frazel ⁽³⁾	-	-	-	-	66,996,100	44.3	-	-	66,996,100	33.0	-	-
Datuk Keh Chuan Seng	-	-	-	-	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	-	-	-	-	86,100	0.1	⁽⁴⁾ 66,996,100	44.3	86,100	<0.1	⁽⁴⁾ 66,996,100	33.0
Oon Boon Khong	-	-	-	-	60,434,400	40.0	-	-	60,434,400	29.8	⁽⁵⁾ 470,000	0.2
Substantial shareholders												
Aromi ⁽³⁾	-	-	-	-	13,597,700	9.0	-	-	13,597,700	6.7	-	-
Wong Pak Zen	-	-	-	-	-	-	⁽⁶⁾ 13,597,700	9.0	-	-	⁽⁶⁾ 13,597,700	6.7

Notes:

- (1) Based on our share capital of 151,086,000 Shares before our IPO.
- (2) Based on our enlarged share capital of 202,800,000 Shares after our 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 Allocations). 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.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.1.4 Persons exercising control over the corporation

Save for our Promoters as set out in Section 5.1.1, there is no other person who is able to, directly or indirectly, jointly or severally, exercise control over our Company. As at LPD, there is no arrangement between our Company, the Promoters and our substantial shareholders with any third-party which may result in a change in control of our Company at a date subsequent to our Listing.

5.1.5 Amounts or benefits paid or intended to be paid or given to our Promoters and/or substantial shareholders

Save for the issuance of our Shares as consideration for the Acquisition, dividends paid or intended to be paid to our Promoters and/or substantial shareholders as disclosed below, and aggregate remuneration and benefits paid or proposed to be paid for services rendered to our Group in all capacities as disclosed in Section 5.2.4, there are no other amounts or benefits that have been paid or intended to be paid to our Promoters and/or substantial shareholders within the 2 years preceding the date of this Prospectus:

	Dividends declared and paid			1 January 2023 up to LPD
	FYE 2020	FYE 2021	FYE 2022	
Promoters and/or substantial shareholders	RM'000	RM'000	RM'000	RM'000
Promoters and substantial shareholders				
Frazel	-	-	-	631
Datuk Keh Chuan Seng	-	-	-	81
Datin Cheong Kai Meng	-	-	-	1
Oon Boon Khong	480	449	-	569
Substantial shareholder				
Aromi	66	79	-	128
Total	546	528	-	1,410

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

5.2 DIRECTORS

5.2.1 Directors' shareholdings

The shareholdings of our Directors in our Company before and after our IPO assuming that they will fully subscribe for their respective entitlements under the Pink Form Allocations are set out below:

Name	Designation/ Nationality	⁽¹⁾ Before IPO				⁽²⁾ After IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Fu Yew Sun	Independent Non-Executive Chairman/ Malaysian	-	-	-	-	100,000	<0.1	-	-
Datuk Keh Chuan Seng	Non-Independent Non- Executive Deputy Chairman/ Malaysian	8,611,900	5.7	⁽³⁾ 66,996,100	44.3	8,611,900	4.3	⁽³⁾ 66,996,100	33.0
Oon Boon Khong	Managing Director/ Malaysian	60,434,400	40.0	-	-	60,434,400	29.8	⁽⁴⁾ 470,000	0.2
Koay Hooi Lynn	Independent Non-Executive Director/ Malaysian	-	-	-	-	100,000	<0.1	-	-
Teh Boon Beng	Independent Non-Executive Director/ Malaysian	-	-	-	-	100,000	<0.1	-	-
Lee Seow Ling	Independent Non-Executive Director/ Malaysian	-	-	-	-	-	-	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

Notes:

- (1) Based on our share capital of 151,086,000 Shares before our IPO.
- (2) Based on our enlarged share capital of 202,800,000 Shares after our IPO.
- (3) Deemed interested by virtue of his shareholding in Frazel pursuant to Section 8(4) of the Act.
- (4) Deemed interested by virtue of his spouse's (Ng Pei Jin) shareholding (assuming she will fully subscribe for the Pink Form Allocations). Ng Pei Jin is the Logistics Manager of ACS.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)

5.2.2 Profiles of Directors

The profiles of Datuk Keh Chuan Seng, our Non-Independent Non-Executive Deputy Chairman and Oon Boon Khong, our Managing Director are set out in Section 5.1.2. The profiles of our Directors are as follows:

(a) Fu Yew Sun

Fu Yew Sun, a Malaysian, aged 49, is our Independent Non-Executive Chairman. He was appointed to our Board on 10 August 2023.

In 1997, he graduated with a Bachelor of Science (Cum Laude Honours) in Mechanical Engineering from the University of Southern California, Los Angeles, California. He is a Chartered Financial Analyst (CFA) and has been a member of the Association and Investment Management and Research (now known as CFA Institute) since 2002.

He started his career in 1997, as a Mechanical Engineer at TNB Generation Sdn Bhd. During his stint in TNB Generation Sdn Bhd, he was stationed at the Serdang Power Station where he oversaw the maintenance programme of gas turbines. He subsequently left TNB Generation Sdn Bhd in 2000 to join SG Research (Malaysia) Sdn Bhd as a Research Executive, where he was engaged in research coverage of the construction and infrastructure sectors.

In 2001, he left SG Research (Malaysia) Sdn Bhd and had a brief tenure with Standard Chartered Bank Malaysia Berhad from February 2002 to December 2022, as an Associate in the Debt Capital Markets department where he was involved in origination of corporate bond transactions.

In 2003, he joined UTSB Management Sdn Bhd as an Assistant Manager in the Treasury department where he was responsible for managing the group's fund raising and treasury transactions. Subsequently in 2005, he was promoted to Manager of Group Treasury with an expanded scope of managing the group's surplus funds.

In 2007, he left UTSB Management Sdn Bhd and joined AmBank (M) Berhad, initially as Director of Credit Research and was later promoted to Director/ Head of Trading (Global Markets) where he was responsible for leading a team of dealers who engaged in trading, underwriting, positioning-taking activities for AmBank Group in credits, interest-rates and foreign exchange instruments.

In 2014, he rejoined UTSB Management Sdn Bhd, assuming the role of General Manager where he founded and led a Project Management and Trading team in managing a portfolio of global assets in multiple asset classes.

After his departure from UTSB Management Sdn Bhd in 2017, he joined AmFunds Management Berhad as the Chief Investment Officer where he led a team of investment professionals in managing portfolios for institutional and retail clients.

In 2019, he left AmFunds Management Berhad to establish a family office in Singapore. In 2021, he officially founded JRT Capital Management Pte Ltd, a family office with the principal business in investment management, which was approved by the Monetary Authority of Singapore. Aside from being the founder of JRT Capital Management Pte Ltd, he also plays the role of Chief Investment Officer, where he manages the portfolio of the company in multi-asset classes.

Kindly refer to Section 5.2.3(a) for his involvement in other business activities outside our Group.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

(b) Koay Hooi Lynn

Koay Hooi Lynn, a Malaysian, aged 53, is our Independent Non-Executive Director. She was appointed to our Board on 10 August 2023. She is the Chairperson of our Audit and Risk Management Committee and a member of our Nominating Committee and Remuneration Committee.

In 1994, she graduated with a Bachelor of Commerce from La Trobe University, Melbourne, Australia. In 2005, she joined CPA Australia as a Certified Practising Accountant, and in the same year, she was also certified as a Chartered Accountant by MIA. She is an Affiliate of the MAICSA and an Associate Member of the Chartered Tax Institute of Malaysia (CTIM) since 2009. She has been an ASEAN Chartered Professional Accountant under the ASEAN Chartered Professional Accountants Coordinating Committee (ACPACC) since 2018.

In 1994, she began her career at Koay Seng Leong & Co as an Audit Assistant where she was involved with audit assurance work for subsidiaries of public listed companies and small and medium enterprises from different industries such as palm oil plantations, manufacturing, trading and property developers. In 1998, she was promoted to Audit Senior where her responsibilities were extended to tax compliance matters and subsequently in 2009, she was promoted to Manager.

In 2013, she became Partner of the firm, a position she presently assumes, where her responsibilities include audit compliance and staff adherence to auditing standards and accounting regulations, as well as providing tax compliance and advisory services to her clients.

In August 2023 and September 2023, she was appointed as the Independent and Non-Executive Director of Farlim Group (Malaysia) Berhad and SWS Capital Berhad respectively, both listed companies on the Main Market of Bursa Securities.

Kindly refer to Section 5.2.3(d) for her involvement in other business activities outside our Group.

(c) Teh Boon Beng

Teh Boon Beng, a Malaysian, aged 63, is our Independent Non-Executive Director. He was appointed to our Board on 24 January 2024. He is the Chairperson of our Nominating Committee and a member of our Audit and Risk Management Committee and Remuneration Committee.

In August 1984, he graduated with a Bachelor of Economics in Business Administration from University of Malaya.

Upon completion of his degree, he commenced his career in Malayan Banking Berhad's ("**Maybank**") main branch at Bishop Street, Georgetown, Pulau Pinang as a Trainee Officer in July 1984 and was subsequently transferred to its Bukit Mertajam branch, Pulau Pinang in March 1985. During that period, he was responsible for sourcing commercial loans and deposits. In September 1985, he assumed the role of Credit Officer of the Bukit Mertajam branch, Pulau Pinang where his scope of responsibilities extended to include portfolio management as well as credit analysis.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

In 1992, he was promoted to Assistant Branch Manager, where he oversaw the overall operations of the Campbell Street branch in Georgetown, Pulau Pinang. In 1996, he was promoted to the Head of Customer Service of Maybank's main branch in Alor Setar, Kedah where he was in charge of the overall branch's customer service operations. In 1998, he was promoted to Branch Manager of the Pengkalan Weld branch, Georgetown, Pulau Pinang where his responsibilities included obtaining deposit loans and overseeing the performance of the branch. In 2000, he took on the role of Branch Manager of the Nibong Tebal branch in Seberang Perai Selatan, Pulau Pinang where his responsibilities expanded to include overseeing larger branch operations and spearheading initiatives to achieve higher performance targets.

In 2001, he was redesignated as the Account Manager of the then newly established Maybank Penang Business Centre where he was responsible for obtaining new commercial deposits and loans, as well as cultivating and managing relationships with commercial clients. In 2002, he was promoted to Senior Account Manager where his scope of responsibilities expanded to also include leading and overseeing the performance of the account management team.

In 2004, he was promoted to Head of Maybank Alor Setar Business Centre where he oversaw the overall operations and performance of the said business centre. In 2008, he was transferred back to Pulau Pinang where he assumed the role of Head of Maybank Prai Business Centre. In 2015, he reassumed the role of Head of the Maybank Alor Setar Business Centre until his retirement in 2021.

In July 2022 and December 2022, he was appointed as the Independent Non-Executive Director of Ajiya Berhad and K. Seng Seng Corporation Berhad respectively, both listed on the Main Market of Bursa Securities.

Kindly refer to Section 5.2.3(e) for his involvement in other directorships outside our Group.

(d) Lee Seow Ling

Lee Seow Ling, a Malaysian aged 53 years old, is our Independent Non-Executive Director. She was appointed to our Board on 18 September 2023. She is the Chairperson of our Remuneration Committee and a member of our Nominating Committee and Audit and Risk Management Committee.

In 1993, she graduated with a Bachelor of Business in Accountancy from Charles Sturt University, New South Wales, Australia. She has been a member of the Australian Society of Certified Practising Accountant (CPA Australia) since 1993 and has been a Certified Practising Accountant since 1996.

In 1993, she started her career in the audit firm, Kiat & Associates as an Audit Assistant. Her responsibilities included assisting clients in setting up their accounting and financial information systems as well as computerised accounting systems. She also provided accounting and auditing advisory services to her clients.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

In 1995, she departed from the audit firm and joined THB Industries Sdn Bhd (now known as Kobay Technology Berhad) as an Account and Admin Officer where she was responsible for preparing monthly financial reports. Subsequently in 1997, she was promoted to Accountant, where her role was further expanded to include group consolidation review. She also took part in the listing exercise of Kobay Technology Berhad on the Main Board of Kuala Lumpur Stock Exchange (now known as Main Market of Bursa Securities) in the same year. In 2004, she was further promoted to Group Accountant, where she was responsible for overseeing the financial reporting of the group.

In 2021, she was relocated to Kobay Management Services Sdn Bhd (a wholly-owned subsidiary of Kobay Technology Berhad) as Group Accountant, where she assumed the same scope of responsibilities. In 2023, she was promoted to Senior Group Accountant, a role she presently assumes, with extended managerial responsibilities.

She does not have any involvement in any business activities or directorships outside our Group.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.2.3 Principal business performed outside our Group

Save as disclosed below, none of our Directors has any other principal directorship and/or principal business activities performed outside our Group in the past 5 years up to LPD:

(a) Fu Yew Sun

Company	Principal activities	Position held	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
Present involvement						
Arete Capital Sdn Bhd	Provision of management consultancy services	Director / Shareholder	30 June 2020	-	33.3	-
Lionstar Holdings Pte Ltd	Investment holding in equities, bonds, structured products, private equities, private credits, real estates, hedge funds, foreign exchange	Director / Shareholder	28 July 2021	-	25.0	-
JRT Capital Management Pte Ltd	<ul style="list-style-type: none"> Management consultancy services Management of investments in equities, bonds, structured products, private equities, private credits, real estates, hedge funds, foreign exchange 	Director / Shareholder	28 July 2021	-	25.0	-
Arete Capital Pte Ltd	Investment holding in equities, bonds, structured products, private equities, private credits, real estates, hedge funds, foreign exchange	Shareholder	28 February 2023	-	20.0	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
<u>Past involvement</u>						
Gekko Dining Sdn Bhd	Provision of F&B services	Shareholder	-	Date of cessation of shares: 18 August 2023	10.0	-
Region Homes Sdn Bhd	<ul style="list-style-type: none"> Property investment holding Dissolved on 30 December 2021 	Director / Shareholder	23 August 2011	-	50.0	-

(b) Datuk Keh Chuan Seng

Company	Principal activities	Position held	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
<u>Present involvement</u>						
Ge-Shen Plastic (M) Sdn Bhd	Manufacturing and trading of all kinds of plastic moulded products, any type of components, tools and die any related products and assembly services	Director	6 June 2023	-	-	-
Demand Options Sdn Bhd	Metal stamping, tool and die fabrication, prototyping and production by laser technology, assembly, spray painting and secondary process	Director	6 June 2023	-	-	-
Eztec Technology (M) Sdn Bhd	Manufacturing of plastic mould, tools and die	Director	6 June 2023	-	-	-
Polyplas Sdn Bhd	Manufacturing and trading of plastic moulded products, components, tools and other related products and assembly services	Director	6 June 2023	-	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
GS Assembly (PP) Sdn Bhd	Property investment holding	Director	6 June 2023	-	-	-
Ge-Shen Corporation Berhad (listed on the Main Market of Bursa Securities)	Investment holding company in shares and provision of management services, with its subsidiaries involved in various sectors including automotive, medical devices & consumables, industrial applications, consumer electronics, office automation, home appliances and aerospace	Executive Chairman / Indirect Shareholder	6 June 2023	-	-	⁽³⁾ 27.9
Tex Cycle Technology (M) Berhad (listed on the ACE Market)	Investment holding company in shares with its subsidiaries primarily engaged in the waste management business, supply specialised products for the defence industry and further endow chemical products for related industries, renewable energy sector ranging from biomass to solid waste to energy project	Executive Chairman / Indirect Shareholder	3 May 2023	-	-	⁽³⁾ 26.2
K. Seng Seng Corporation Berhad (listed on the Main Market of Bursa Securities)	Investment holding company in shares with its subsidiaries involved in manufacturing and processing of secondary stainless steel products, and trading of industrial hardware including marine hardware and consumables	Executive Chairman / Indirect Shareholder	16 January 2023	-	-	⁽³⁾ 26.5
Grand Uptown Sdn Bhd	Redevelopment of sewerage treatment plants at Taman Connaught, Kuala Lumpur under a privatisation agreement with the Government	Director	12 December 2022	-	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
Savelite Engineering Sdn Bhd	Electrical contractor	Director / Shareholder	1 December 2022	-	40.0	-
HB Global Venture Berhad	Dormant, with no intended activity	Director / Shareholder	23 March 2022	-	50.0	-
Bakar Arang Development Sdn Bhd	Commercial and residential property development	Director / Shareholder	1 October 2021	-	52.0	-
ES Kinetic Sdn Bhd	Installation of non-electric solar energy collectors	Director	10 August 2021	-	-	-
HB Global Capital Sdn Bhd	Dormant, with no intended activity	Director	11 March 2021	-	-	-
HB Global Limited (listed on the Main Market of Bursa Securities)	Singapore investment holding company with its subsidiaries involved in telecommunication services, food manufacturing and processing, research and development in wellness technology	Executive Chairman / Shareholder	10 February 2021	-	16.7	-
Frazel Centre Sdn Bhd	Property investment holding	Shareholder	13 January 2021	13 September 2022	51.0	-
Frazel Access Sdn Bhd	Property investment holding	Shareholder	13 January 2021	13 September 2022	51.0	-
Frazel Land Sdn Bhd	Property investment holding	Shareholder	13 January 2021	13 September 2022	51.0	-
Frazel Construction Sdn Bhd	Property investment holding and building construction	Shareholder	7 January 2021	13 September 2022	60.0	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
Eco Standard Berhad	Construction of engineering projects, engineering services, other architectural and engineering activities and related technical consultancy	Director / Shareholder	24 December 2020	-	33.3	-
Frazel Interiors PLT	Provision of interior decoration services	Partner	28 July 2020	-	-	-
DK Galaxy Sdn Bhd	<ul style="list-style-type: none"> Provision of event organising Tourism agency 	Director / Shareholder	25 February 2020	-	30.0	-
Yansnest Sdn Bhd	Property investment holding	Director / Shareholder	30 January 2020	-	50.0	-
Frazel Yansnest Sdn Bhd	Property investment holding	Shareholder	30 January 2020	13 September 2022	50.0	-
Frazel Urban Sdn Bhd	Property investment holding	Shareholder	15 September 2019	13 September 2022	30.0	-
Frazel Luxe Sdn Bhd	Property investment holding	Shareholder	20 August 2019	13 September 2022	30.0	-
Frazel Zouk Sdn Bhd	Property investment holding	Shareholder	18 July 2019	13 September 2022	70.0	-
APU Capital Sdn Bhd	Provision of licensed money lending services	Director / Shareholder	5 July 2019	-	50.0	-
PSJ Transport Sdn Bhd	Provision of warehouse services	Director / Shareholder	26 May 2019	-	100.0	-
TKG Setia Sdn Bhd	Property development	Director	18 April 2019	-	25.0	-
Frazel Heritage Hotel Sdn Bhd	<ul style="list-style-type: none"> Therapeutic reflexology Hotel operations 	Director / Shareholder	3 December 2018	-	51.0	-
Frazel China Sdn Bhd	<ul style="list-style-type: none"> Property investment holding Online commerce 	Shareholder	28 November 2018	13 September 2022	50.0	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
KCK Realty Sdn Bhd	Provision of information communication technology system security and other business support services	Director / Shareholder	3 September 2018	-	40.0	-
Frazel Teguh Sdn Bhd	Property investment holding	Director / Shareholder	3 August 2017	-	50.0	-
CH Teguh Development Sdn Bhd	Property development	Director / Shareholder	22 May 2017	-	30.0	-
Nice Premier Sdn Bhd	Property investment holding	Director / Shareholder	16 March 2017	-	35.0	-
Nice Vision Property Sdn Bhd	Property investment holding	Director / Shareholder	28 February 2017	-	35.0	-
Frazel Trading Sdn Bhd	<ul style="list-style-type: none"> • Property investment holdings • Wholesale of birdnest • Business management consultancy 	Director / Shareholder	28 February 2017	-	50.0	-
Frazel Inn Sdn Bhd	Hotel business	Director / Shareholder	22 January 2017	-	70.0	-
SK Grand Sdn Bhd	Property investment holding	Director / Shareholder	20 January 2017	-	38.0	-
SK Grand Property Sdn Bhd	Property investment holding	Shareholder	20 January 2017	4 September 2022	38.0	-
Nice Paradise Sdn Bhd	Hotel operations and property investment holding	Director / Shareholder	26 September 2016	-	55.0	-
Frazel Link Sdn Bhd	Property investment holding	Shareholder	13 September 2016	13 September 2022	22.0	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
Frazel Point Sdn Bhd	Property investment holding	Shareholder	13 September 2016	13 September 2022	32.0	-
Frazel United Sdn Bhd	Property development	Director / Shareholder	29 June 2016	-	51.0	-
Frazel Realty Sdn Bhd	Property development	Director / Shareholder	23 June 2016	-	51.0	-
Frazel	<ul style="list-style-type: none"> Investment holding of our Shares and shares in K. Seng Seng Corporation Berhad, Ge-Shen Corporation Berhad and Tex Cycle Technology (M) Berhad Provision of management services 	Director / Shareholder	20 June 2016	-	60.0	-
Frazel Sunrise Sdn Bhd	Property development	Director	19 May 2016	-	80.0	-
Tititama Sdn Bhd	Property investment holding	Shareholder	1 July 2007	13 September 2022	35.0	-
Frazel Property Sdn Bhd	Property development	Director / Shareholder	5 January 2016	-	90.0	-
Keat Poh Sdn Bhd	Swiftlet bird nest farming and property investment holding	Shareholder	13 August 2015	13 September 2022	35.0	-
Asia World Property Management Sdn Bhd	Property development	Director / Shareholder	25 June 2015	-	90.0	-
Asia Golden Property Management Sdn Bhd	Property investment holding	Director / Shareholder	25 June 2015	-	54.0	-
Asia Property Unity Sdn Bhd	Property development and property investment holding	Shareholder	25 June 2015	13 September 2022	40.0	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
Frazel Global Sdn Bhd	Property development	Director / Shareholder	30 April 2015	-	78.0	-
SK Grand Development Sdn Bhd	Property development	Director / Shareholder	1 February 2015	-	80.0	-
Berlian Mewah Sdn Bhd	Property investment holding	Director / Shareholder	29 December 2014	-	70.0	-
Sunrise Islands Sdn Bhd	Property development	Shareholder	16 June 2013	13 September 2022	80.0	-
JSY Development Sdn Bhd	Property development	Director / Indirect shareholder	21 May 2013	-	-	(1)100.0
Ramen Seng Sdn Bhd	Swiftlet bird nest farming and property investment holding	Shareholder	19 October 2010	13 September 2022	35.0	-
Mega Goldyear Sdn Bhd	Swiftlet bird nest farming	Shareholder	10 October 2010	13 September 2022	62.5	-
Ramen Swiftlets Enterprise	Farming and sales of birdnests	Business Owner	21 January 2010	-	-	-
Johan Erasama Sdn Bhd	Property development	Director / Shareholder	28 May 2009	-	80.0	-
Shanghai JM Development Sdn Bhd	Property investment holding, general trading and trading of bird nest and swiftlet bird nest farming	Director / Shareholder	14 December 2005	-	53.3	-
Seng Sheng Enterprise Sdn Bhd	Provision of licensed money lending services	Shareholder	14 April 2005	16 June 2022	87.5	-
DKT Grand Properties Sdn Bhd	Property development	Shareholder	1 February 2015	13 September 2022	80.0	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
Wisma Jernih Sdn Bhd	Property investment holding and cultivation of fruit trees	Shareholder	29 December 2014	13 September 2022	35.0	-
Frazel World Sdn Bhd	Property development	Indirect shareholder	18 May 2014	13 September 2022	-	⁽²⁾ 80.0
Past involvement						
HB Infrastructures & Technologies Sdn Bhd	Installation of telecommunication cables	Director	29 October 2021	10 February 2023	-	-
QYH Capital Sdn Bhd	<ul style="list-style-type: none"> Human resource consultancy services Repair and maintenance of industrial machinery and equipment 	Director / Shareholder	8 December 2020	31 May 2023 / Date of cessation of direct shares: 19 June 2023	49.0	-
EG Industries Berhad (listed on the Main Market of Bursa Securities)	Investment holding company in shares with subsidiaries involved in printed board assembly which entails high and low-mix printed circuit board and box build, that encompasses total design, manufacturing, testing and shipping of completed product to customers' end users	Non-Independent Non-Executive Chairman / Shareholder	27 November 2020	31 May 2023 / Date of cessation of direct shares: 11 March 2022 and 15 March 2022	1.0	⁽⁴⁾ 6.8
Sunrise Teguh Sdn Bhd	Property investment holding	Director	3 August 2017	11 August 2020	-	-
Nice Galaxy Sdn Bhd	Property investment holding	Director	16 March 2017	20 August 2019	-	-
Frazel Icon Sdn Bhd	<ul style="list-style-type: none"> Property investment holding Dissolved on 10 August 2023 	Director	26 September 2016	13 September 2022	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
Arah Cerah Sdn Bhd	Trading of birdnest	Director	7 March 2011	28 September 2019	-	-
Nice International Sdn Bhd	Property investment holding	Director	20 June 2016	20 August 2019	-	-
SK Grand Group Sdn Bhd	Property investment holding and general trading	Director	4 June 2015	17 September 2020	-	-
Wisma Teguh Sdn Bhd	<ul style="list-style-type: none"> Property investment holding and building construction Dissolved on 4 December 2020 	Director / Shareholder	3 August 2017	-	50.0	-
Frasers Blockchain Sdn Bhd	<ul style="list-style-type: none"> Dormant Dissolved on 4 December 2020 	Director / Shareholder	3 September 2018	-	50.0	-
Frazel Development Sdn Bhd	Property development	Director	30 November 2020	1 May 2022	-	-

Notes:

- (1) Deemed interested by virtue of his shareholding in Shanghai JM Company Development Sdn Bhd pursuant to Section 8 of the Act.
- (2) Deemed interested by virtue of his shareholding in Shanghai JM Company Development Sdn Bhd and Berlian Mewah Sdn Bhd pursuant to Section 8 of the Act.
- (3) Deemed interested by virtue of his shareholding in Frazel pursuant to Section 8 of the Act.
- (4) Deemed interested by virtue of his past shareholding in QYH Capital Sdn Bhd pursuant to Section 8 of the Act.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

(c) Oon Boon Khong

Company	Principal activities	Position held	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
<u>Present involvement</u>						
Nil						
<u>Past involvement</u>						
Aromi	Investment holding in our Shares	Director	20 February 2020	28 December 2022	-	-

(d) Koay Hooi Lynn

Company	Principal activities	Position held	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
<u>Present involvement</u>						
Farlim Group (M) Berhad (listed on the Main Market of Bursa Securities)	Property development and investment holding company in shares with subsidiaries involved in various sectors including property development, investment holding, building construction and trading in building materials	Independent Non-Executive Director	24 August 2023	-	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
SWS Capital Berhad (listed on the Main Market of Bursa Securities)	Investment holding company in shares with subsidiaries involved in various sectors including the manufacturing and trading of plastic wares, utensils and goods; manufacturing and sale of bedroom sets, dining furniture, occasional furniture and buffet and hutch; lamination of veneer and paper; trading of various types of boards, polyethene, pneumatic fasteners, nails and others; and marketing and distribution of plastic household and industrial products	Independent Non-Executive Director	1 September 2023	-	-	-
Sinopont Everthriving (Malaysia) Sdn Bhd	Sales and production of solar photovoltaic modules, encapsulation, ethylene-vinyl, and polymer materials	Director	27 April 2023	-	-	-
Tak Leong Development Sdn Bhd	Property investment holding	Director / Shareholder	13 April 1994	-	25.0	-
Lynndrew Enterprises (Malaysia) Sdn Bhd	Investment in quoted shares of listed companies in Malaysia and property investment holdings	Director / Shareholder	2 August 1993	-	30.0	-
Ulearnmoney (M) Sdn Bhd	Operation of an online financial education platform	Shareholder	-	-	0.1	-
Koay Seng Leong & Co	Audit firm	Partner	2 January 2013	-	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
Past involvement						
Risen Solar Technology Sdn Bhd	<ul style="list-style-type: none"> • Manufacture of electronic components and electric lighting equipment • Installation of non-electric solar energy collectors 	Director	4 September 2020	11 October 2022	-	-
Eve Energy Malaysia Sdn Bhd	Manufacture of batteries and accumulators	Director	30 August 2020	26 July 2023	-	-

(e) Teh Boon Beng

Company	Principal activities	Position held	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
Present involvement						
Ajiya Berhad (listed on the Main Market of Bursa Securities)	Investment holding in shares with subsidiaries involved in the manufacturing and trading of roofing materials, various kinds of glass and trading of building materials	Independent Non-Executive Director	1 July 2022	Date of cessation of shares: 8 December 2022 and 9 December 2022	0.3	-
K. Seng Seng Corporation Berhad (listed on the Main Market of Bursa Securities)	Investment holding in shares with its subsidiaries involved in manufacturing and processing of secondary stainless steel products, and trading of industrial hardware including marine hardware and consumables	Independent Non-Executive Director	22 December 2022	Date of cessation of shares: 4 January 2023	0.2	-

Past involvement

Nil

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

As at LPD, the directorships of our Directors in other companies are in compliance with Rule 15.06 of the Listing Requirements as they do not hold more than 5 directorships in public listed companies on Bursa Securities.

The involvement of our Directors in those business activities outside our Group does not give rise to any conflict of interest situation with our business. The involvement of our Executive Directors in the business outside our Group does not preclude them from allocating or committing their time and effort to our Group as they are not involved in the day-to-day operations of the companies. Therefore, their involvement in the companies do not require a significant amount of time, and hence does not affect their ability to fulfil their executive roles and responsibilities to our Group.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

5.2.4 Directors' remuneration and benefits

The remuneration of our Directors including fees, salaries, bonuses, other emoluments and benefits-in-kind, must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board. The Director's fees and any benefits payable to Directors shall be subject to annual approval by our shareholders pursuant to an ordinary resolution passed at a general meeting in accordance with our Constitution. Please refer to Section 15.3 for further details.

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for FYE 2021 to 2023 are as follows:

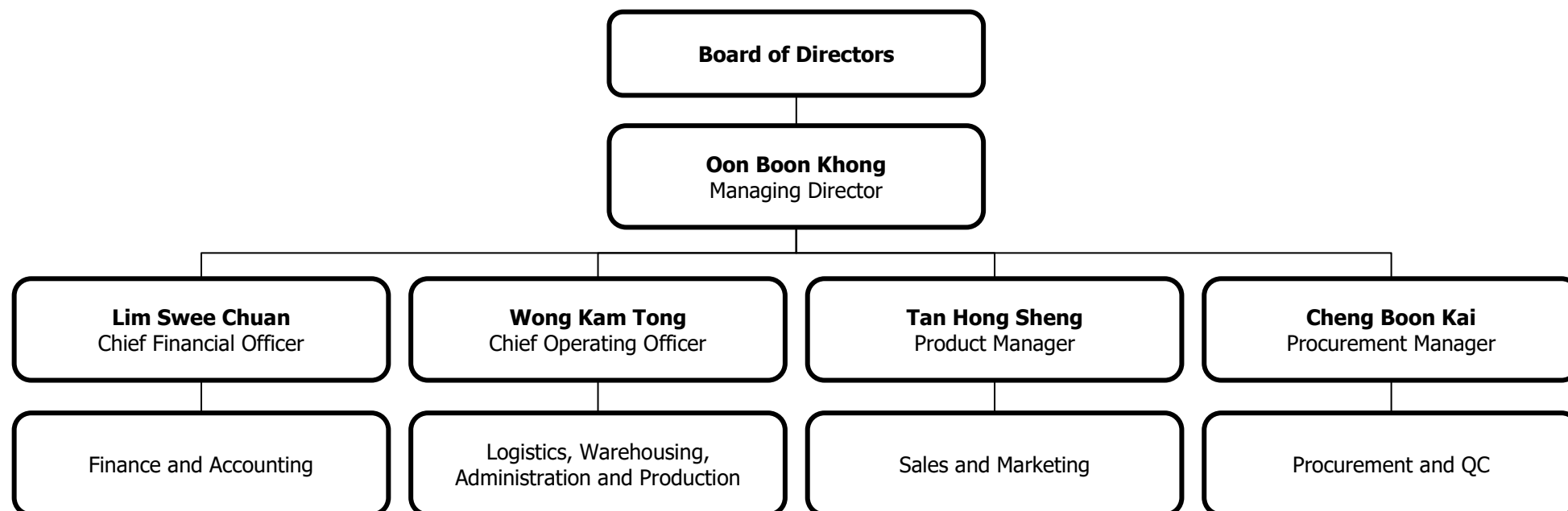
	Directors' fees	Salaries	Bonuses	Other emoluments	Benefits-in-kind	Total
	RM'000					
FYE 2021 (Paid)						
Oon Boon Khong	-	271	35	37	-	343
FYE 2022 (Paid)						
Datuk Keh Chuan Seng	-	-	-	-	-	-
Oon Boon Khong	-	272	63	41	-	376
FYE 2023 (Proposed)						
Fu Yew Sun	14	-	-	-	-	14
Datuk Keh Chuan Seng	56	70	-	9	-	135
Oon Boon Khong	-	420	20	53	-	493
Koay Hooi Lynn	12	-	-	-	-	12
Lee Seow Ling	10	-	-	-	-	10

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.3 KEY SENIOR MANAGEMENT

5.3.1 Management structure

The management reporting structure of our Group is as follows:



5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

5.3.2 Key senior management shareholdings

The shareholdings of our key senior management in our Group before and after our IPO (assuming they fully subscribe for their Pink Form Allocations), save for Oon Boon Khong (our Promoter, substantial shareholder and Managing Director) which is disclosed in Sections 5.1.1. and 5.2.1, are set out below:

Name	Designation/ Nationality	⁽¹⁾ Before IPO				⁽²⁾ After IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Lim Swee Chuan	Chief Financial Officer/ Malaysian	1,359,800	0.9	-	-	1,909,800	0.9	-	-
Wong Kam Tong	Chief Operating Officer/ Malaysian	-	-	-	-	635,000	0.3	-	-
Tan Hong Sheng	Product Manager/ Malaysian	-	-	-	-	283,000	0.1	-	-
Cheng Boon Kai	Procurement Manager/ Malaysian	-	-	-	-	435,000	0.2	-	-

Notes:

⁽¹⁾ Based on our share capital of 151,086,000 Shares before our IPO.

⁽²⁾ Based on our enlarged share capital of 202,800,000 Shares after our IPO.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.3.3 Profiles of key senior management

Save for the profile of Oon Boon Khong (our Managing Director), which are set out in Section 5.1.2, the profiles of the other key senior management of our Group are as follows:

(a) Lim Swee Chuan

Lim Swee Chuan, a Malaysian, aged 57, is our Chief Financial Officer, responsible for our Group's accounting and finance functions and internal control systems as well as implementation of our Group's strategic planning activities.

In 1991, he graduated with a Bachelor of Accountancy (Honours) Degree from Universiti Utara Malaysia. In 1995, he was certified as a Public Accountant and subsequently in 2001, as a Chartered Accountant by MIA. He is a Fellow of the Malaysian Institute of Taxation (presently known as the Chartered Tax Institute of Malaysia) since 2006.

In 1991, he began his career in Cycle & Carriage (M) Sdn Bhd as an Audit Assistant where he assisted in the review process of the group's internal systems and control procedures of Cold Storage (M) Bhd, an associate company of Cycle & Carriage Bintang Berhad to ensure compliance with their business objectives, policies and standards.

In 1992, he left Cycle & Carriage (M) Sdn Bhd to join PriceWaterhouse (now known as PwC Malaysia) as an Audit Assistant where was involved in the conduct of statutory audits for the firm's clients. In 1994, he was promoted to Audit Senior where he led the audit process and was responsible for audit fieldwork, system review and providing guidance to audit assistants.

In 1995, he left Pricewaterhouse and joined Mecorprise Sdn Bhd (now known as Kobay Technology Berhad) as an Accountant where his scope of responsibilities involved reviewing daily finance and accounting functions of the company including preparing and maintaining financial and management reports. Subsequently in the same year, he was promoted to Finance Manager where he was responsible for overseeing the company's accounting and financing functions.

In 1997, he was further promoted to Group Finance Manager where he was responsible for overseeing Kobay Technology Berhad and its subsidiaries' financial operations and reporting, tax compliance and treasury matters. He also took part in the listing exercise of Kobay Technology Berhad on the Main Board of Kuala Lumpur Stock Exchange (now known as Main Market of Bursa Securities) in 1997. In 2000, he was promoted to Group General Manager (Finance) and in 2001, appointed as Executive Director cum Chief Financial Officer to oversee and manage the corporate finance, tax and accounting matters of Kobay Technology Berhad and its subsidiaries.

Separately, in March 2000, he was also appointed as the Executive Director cum Chief Financial Officer of Lipo Corporation Berhad (now known as Kobay Industries Sdn Bhd) which was a subsidiary of Kobay Technology Berhad. He held the position of Executive Director cum Chief Financial Officer of Kobay Technology Berhad and Kobay Industries Sdn Bhd (which was privatised in 2012) until his resignation in June 2020.

In December 2020, he joined ACS as the Finance Director and he was subsequently promoted to Chief Financial Officer in 2023, a position he presently assumes.

Kindly refer to Section 5.3.4(a) for his involvement in other business activities outside our Group.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

(b) Wong Kam Tong

Wong Kam Tong, a Malaysian, aged 48, is our Chief Operating Officer, responsible for overseeing our Group's production, logistics, warehousing and administration operations.

In 2001, he graduated with a Bachelor of Social Science (Honours) (Economics) from Universiti Sains Malaysia.

Prior to his graduation, in 2001, he started his career in Thye Huat Chan Sdn Bhd as a Marketing Executive where he was responsible for the sales of starches and beans to factories and wholesalers, as well as the collection process. He left Thye Huat Chan Sdn Bhd in 2004 and founded Redsun Worldwide Trading, a sole proprietor involved in the trading of groceries and tobacco products, which became dormant since 2015.

After he left his trading business, he co-founded Bapas in 2014 and was eventually appointed as the Factory Manager of Bapas in 2015, where he was in charge of its production operations and played an instrumental role in setting up our Group's fried shallot manufacturing business.

In 2020, he was transferred to ACS as Senior Operation Manager to oversee the day-to-day operations of both ACS and Bapas. He was subsequently promoted to Chief Operating Officer of ACS in 2023, a position he presently assumes.

Kindly refer to Section 5.3.4(b) for his involvement in other business activities outside our Group.

(c) Tan Hong Sheng

Tan Hong Sheng, a Malaysian, aged 29, is our Product Manager, responsible for overseeing our Group's sales and marketing operations as well as our Group's business development and customers' affairs.

In 2017, he graduated with a Bachelor of Science (Food Technology and Nutrition) from the Royal Melbourne Institute of Technology, Melbourne, Australia.

Upon graduation, he joined Markaids (Malaysia) Sdn Bhd in 2017 as a Management Graduate Trainee where he gained exposure and technical knowledge in various functional food ingredients properties and applications. In 2018, he was promoted to Business Development Executive where he was responsible for servicing and developing new business for the company in the processed meat, processed seafood and vegetarian business segments. In 2019, he was promoted to Senior Business Development Executive where he led the sales team in the business divisions of processed meat and seafood, and managed suppliers as well as sales forecasts for key accounts in the said business divisions.

In June 2020, he left Markaids (Malaysia) Sdn Bhd and joined ITS Nutriscience Sdn Bhd in July 2020 as Product Manager to spearhead the company's new business division in relation to functional food ingredients.

In August 2020, he left ITS Nutriscience Sdn Bhd to join ACS as our Product Manager, a position he presently assumes. Since joining our Group, he played an instrumental role in setting up our Group's food additive and export division.

Kindly refer to Section 5.3.4(c) for his involvement in other business activities outside our Group.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

(d) Cheng Boon Kai

Cheng Boon Kai, a Malaysian, aged 33, is our Procurement Manager, responsible for overseeing our Group's overall procurement and QC activities which include amongst others, developing procurement strategies, identifying and evaluating new suppliers, managing supplier relationships, pricing and contract negotiations as well as the supervision of the procurement team.

In 2011, he graduated with a Diploma in Business Studies (International Business) from Tunku Abdul Rahman College (now known as Tunku Abdul Rahman University of Management and Technology). Whilst pending the completion of the aforementioned diploma with Tunku Abdul Rahman College, he took on the role of Sales Executive at JM Motor Venture Sdn Bhd between March 2011 to August 2011 where he was responsible for identifying potential clients for sales of motor cars.

Upon his graduation, he joined ACS as a Sales Executive in September 2011 where he was responsible for promoting sales and collections and taking care of customers' needs in relation to the company's products. In 2012, he was transferred to the role of Purchasing Executive where he was responsible for sourcing, planning and purchasing raw materials, controlling and monitoring inventories and logistic arrangements for the raw materials received. In 2019, he was subsequently promoted to Procurement Manager, a position he presently assumes.

Kindly refer to Section 5.3.4(d) for his involvement in other business activities outside our Group.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

5.3.4 Principal business performed outside our Group

Save as disclosed in Section 5.2.3 and below, none of our key senior management has any other principal directorship and/or principal business activities performed outside our Group within the last 5 years up to LPD.

The involvement of our key senior management in those business activities outside our Group does not give rise to any conflict of interest situation with our business. Their involvement in those business activities does not require a significant amount of time, and hence does not affect their ability to fulfil their roles and responsibilities to our Group.

(a) Lim Swee Chuan

Company	Principal activities	Position held	Date of appointment	Date of resignation/cessation	% of shareholding held	
					Direct	Indirect
Present involvement						
Thai Long Heng (M) Sdn Bhd	Property investment holding	Shareholder	-	-	8.3	-
FA Angel PLT ⁽¹⁾	Investment holding in shares of Fuchiphagus Agritech Sdn Bhd, an edible bird nest producer	Partner	8 September 2021	-	-	-
Medicap Angel PLT ⁽²⁾	Investment holding in shares of Medicap Sdn Bhd, a medical healthcare service provider	Partner	4 October 2021	-	-	-
Past involvement						
Lavanya Resorts Sdn Bhd	Hotel operations and property management	Director	30 July 2018	30 June 2020	-	-
Paradigm Aerospace Sdn Bhd	Manufacturing of components and sub-assemblies for aerospace parts	Director	4 December 2017	30 June 2020	-	-
KT Microhandling Sdn Bhd	Manufacture of semiconductor assembly and test equipment	Director	19 July 2016	30 June 2020	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation/cessation	% of shareholding held	
					Direct	Indirect
Kobay G Sdn Bhd	Marketing and project management services for property developers	Director	27 August 2015	30 June 2020	-	-
Innospec Sdn Bhd	Electronic manufacturing services, product development and manufacturing services for printed circuit board assembly, cable assembly, electromechanical assembly and test	Director	8 July 2015	30 June 2020	-	-
Ultimate Sanctuary Sdn Bhd	Property development	Director	13 May 2015	30 June 2020	-	-
Masset Capital Sdn Bhd	Investment holding in shares of listed companies in Malaysia and USA	Director	13 May 2015	30 June 2020	-	-
Ice Holidays Sdn Bhd	Tour operator	Director	3 February 2012	10 March 2020	-	-
Polytool Technologies Sdn Bhd	Manufacturing of industrial equipment, machinery parts and tooling, encapsulation molds, trim and form dies and progressive tooling for lead frames	Director	18 May 2010	30 June 2020	-	-
Kobay Land Sdn Bhd	Property development	Director	18 May 2010	30 June 2020	-	-
Premierview Property Sdn Bhd	Property development	Director	18 May 2010	30 June 2020	-	-
Super Tropica Development Sdn Bhd	Property development	Director	4 November 2009	30 June 2020	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation/cessation	% of shareholding held	
					Direct	Indirect
Maker Technologies Sdn Bhd	Manufacture of precision molds and parts	Director	4 December 2008	30 June 2020	-	-
Kobay SB Sdn Bhd	Property development	Director	31 March 2003	30 June 2020	-	-
Kobay Management Services Sdn Bhd	Provision of management services	Director	2 February 2004	30 June 2020	-	-
Paradigm Metal Industries Sdn Bhd	Manufacturing of precision metal stamping, sheet metal and die-casting parts	Director	2 February 2004	30 June 2020	-	-
Paradigm Precision Components Sdn Bhd	Manufacturing of precision machined components	Director	2 February 2004	30 June 2020	-	-
LD Global Sdn Bhd	Property development	Director	2 February 2004	30 June 2020	-	-
Micro Surface Treatment Sdn Bhd	Precision plating and surface treatment	Director	2 February 2004	30 June 2020	-	-
Bend Weld Engineering Sdn Bhd	Manufacture of metal works and structures, modules and parts for oil and gas production and extraction equipment	Director	11 July 2003	30 June 2020	-	-
Kual Technologies Sdn Bhd	Manufacture of aluminum extrusion, formation and surface treatment for parts manufactured for all industries	Director	11 July 2003	30 June 2020	-	-
Golden Destinations Sdn Bhd	<ul style="list-style-type: none"> • Wholesale of household furniture • Dissolved on 27 December 2019 	Director	16 April 2012	-	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Position held	Date of appointment	Date of resignation/cessation	% of shareholding held	
					Direct	Indirect
Kobay Assets Sdn Bhd	Letting of properties	Director	11 July 2003	30 June 2020	-	-
Lodge 18 Sdn Bhd	Operation of dormitory	Director	8 August 2002	30 June 2020	-	-
Kewjaya Sdn Bhd	Provision of money lending services	Director	16 May 2002	30 June 2020	-	-
Kobay Technology Berhad (listed on the Main Market of Bursa Securities)	Investment holding and provision of management services, with subsidiaries involved in various sectors including sales of pharmaceutical, medicine and healthcare products, manufacture of semiconductor, metal structures and components, machinery parts and tooling for various industries, property development, property letting, operation of hotels and dormitory	Director	29 November 2001	30 June 2020	-	-
Kobay Project Venture Sdn Bhd	Property development	Director	17 September 2001	30 June 2020	-	-
Kobay Industries Sdn Bhd	Investment holding in shares of companies involved in the precision and industrial manufacturing	Director	29 March 2000	30 June 2020	-	-
SC M&A Consulting	Provision of merger and acquisition consultancy, management and accounting services	Sole proprietor	3 September 2020	3 September 2021	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Notes:

- (1) He invested in the shares of Fuchiphagus Agritech Sdn Bhd through FA Angel PLT.
- (2) He invested in the shares of Medicap Sdn Bhd through Medicap Angel PLT.

The involvement of Lim Swee Chuan in the business outside our Group does not require a significant amount of time and does not preclude him from allocating or committing his time and effort to our Group as he is not involved in the day-to-day operations of the companies / partnerships.

(b) Wong Kam Tong

<u>Company</u>	<u>Principal activities</u>	<u>Position held</u>	<u>Date of appointment</u>	<u>Date of resignation/cessation</u>	<u>% of shareholding held</u>	
					<u>Direct</u>	<u>Indirect</u>
<u>Present involvement</u>						
Aromi	Investment holding in our Shares	Shareholder	-	-	2.2	-
<u>Past involvement</u>						
Redsun World Trading	Wholesale packaging and supplying of electrical goods, cigarettes, tobacco, plastic goods, retail, processing dry and wet junk food	Sole proprietor	10 May 2004	9 May 2021	-	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

(c) Tan Hong Sheng

<u>Company</u>	<u>Principal activities</u>	<u>Position held</u>	<u>Date of appointment</u>	<u>Date of resignation/cessation</u>	<u>% of shareholding held</u>	
					<u>Direct</u>	<u>Indirect</u>
<u>Present involvement</u>						
Aromi	Investment holding in our Shares	Shareholder	-	-	4.4	-
<u>Past involvement</u>						
Orione Group (M) Sdn Bhd	Export and import of perfumeries, cosmetics, soap and toiletries	Director / Shareholder	29 May 2019	28 March 2023 / Date of cessation of shares: 28 March 2023	100.0	-

(d) Cheng Boon Kai

<u>Company</u>	<u>Principal activities</u>	<u>Position held</u>	<u>Date of appointment</u>	<u>Date of resignation/cessation</u>	<u>% of shareholding held</u>	
					<u>Direct</u>	<u>Indirect</u>
<u>Present involvement</u>						
Aromi	Investment holding in our Shares	Shareholder	-	-	2.2	-
<u>Past involvement</u>						
Nil						

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)

5.3.5 Key senior management remuneration and benefits

The remuneration of our key senior management including salaries, bonuses, other emoluments and benefits-in-kind, must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board.

The aggregate remuneration and material benefits-in-kind (in bands of RM50,000) paid and proposed to be paid to our key senior management (save for our Directors which are disclosed in Section 5.2.4) for services rendered in all capacities to our Group for FYE 2021 to 2023 are as follows:

	⁽¹⁾ Remuneration band		⁽²⁾ FYE 2023
	FYE 2021 (Paid)	FYE 2022 (Paid)	(Proposed)
	RM'000		
Lim Swee Chuan	200 – 250	250 – 300	300 – 350
Wong Kam Tong	150 – 200	150 – 200	150 – 200
Tan Hong Sheng	100 – 150	100 – 150	100 – 150
Cheng Boon Kai	50 – 100	50 – 100	100 – 150

Notes:

- (1) The remuneration for key senior management includes salaries, bonuses (except for FYE 2023), allowances and other emoluments.
- (2) The bonuses for FYE 2023 are not included. Such bonuses, if any, will be determined at a later date based on the individual's performance as well as our Group's performance, and in relation to our Chief Operating Officer and Chief Financial Officer will be subject to recommendation of our Remuneration Committee and approval by our Board.

5.4 BOARD PRACTICE

5.4.1 Board

Our Board has adopted the following responsibilities for effective discharge of its functions:

- (a) to provide leadership and oversee the overall conduct of our Group's businesses to ensure that our businesses are being properly managed;
- (b) to review and adopt strategic plans for our Group and to ensure that such strategic plans and the risk, performance and sustainability thereon are effectively integrated and appropriately balanced;
- (c) to review and adopt corporate governance best practices throughout our Group in all its business dealings in respect of our shareholders and other stakeholders and to ensure compliance with applicable laws and regulations;
- (d) to ensure that our Company has effective Board committees as required by the applicable laws, regulations, rules, directives and guidelines and as recommended by the MCGG;
- (e) to review and approve our annual budget, financial statements and annual reports;

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)

- (f) to monitor the relationship between our Group and our management, shareholders and stakeholders, and to develop and implement an investor relations programme or effective shareholders' communications policy for our Group;
- (g) to ensure that our key senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of our board and key senior management;
- (h) to ensure the integrity of our Group's financial and non-financial reporting; and
- (i) to appoint our Board committees, to delegate powers to such committees, to review the composition, performance and effectiveness of such committees, and to review the reports prepared by our Board committees and deliberate on the recommendations thereon.

In accordance with our Constitution, an election of Directors shall take place each year. At the first Annual General Meeting ("**AGM**") of the Company, all the Directors shall retire from office, and at the AGM in every subsequent year, 1/3rd of the Directors for the time being or, if their number is not 3 or a multiple of 3, then the number nearest to 1/3rd shall retire from office and be eligible for re-election provided always that all Directors shall retire from office at least once in every 3 years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires whether adjourned or not.

As at the date of this Prospectus, the details of the date of expiration of the current term of office for each of our Directors and the period that each of our Directors has served in office are as follows:

Name	Date of appointment	Date of expiration of the current term in office	Approximate no. of months in office as at the date of Prospectus
Fu Yew Sun	10 August 2023	At the 2024 AGM of our Company	2
Datuk Keh Chuan Seng	10 August 2023	At the 2024 AGM of our Company	2
Oon Boon Khong	10 August 2023	At the 2024 AGM of our Company	2
Koay Hooi Lynn	10 August 2023	At the 2024 AGM of our Company	2
Teh Boon Beng	24 January 2024	At the 2024 AGM of our Company	<1
Lee Seow Ling	18 September 2023	At the 2024 AGM of our Company	1

The members of our Board are set out in Section 5.2. The composition of our Board is in compliance with the MCCG.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)

5.4.2 Audit and Risk Management Committee

The members of our Audit and Risk Management Committee are as follows:

Name	Designation	Directorship
Koay Hooi Lynn	Chairperson	Independent Non-Executive Director
Teh Boon Beng	Member	Independent Non-Executive Director
Lee Seow Ling	Member	Independent Non-Executive Director

The main function of our Audit and Risk Management Committee is to assist our Board in fulfilling its oversight responsibilities. Our Audit and Risk Management Committee has full access to internal and external auditors who in turn have access at all times to the Chairperson of our Audit and Risk Management Committee.

The key duties and responsibilities of our Audit and Risk Management Committee include, amongst others, the following:

- (a) to review the engagement, compensation, performance, qualification and independence of our external auditors, its conduct of the annual statutory audit of our financial statements, and the engagement of external auditors for all other services;
- (b) to review and recommend our quarterly and annual financial statements for approval by our Board before announcement to regulatory bodies, focusing in particular on any changes in or implementation of major accounting policies and practices, significant and unusual events, significant adjustments arising from our audit, going concern assumption and compliance with accounting standards and other regulatory or legal requirements;
- (c) to review and monitor any related party transaction/business dealings entered into by our Group and any conflict of interest situation that arose, persist or may arise within our Group including any transaction, procedure or course of conduct that raises questions of management integrity, and the measures taken to resolve, eliminate, or mitigate such conflicts;
- (d) to oversee and recommend the risk management framework of our Group;
- (e) to review and recommend changes as needed to ensure that our Group has in place at all times a risk management policy which address the strategies, operational, financial and compliance risk;
- (f) to implement and maintain a sound risk management framework which identifies, assesses, manages and monitors our Group's business risks;
- (g) to review the risk profile of our Group and to evaluate the measure taken to mitigate the business risks;
- (h) to review the adequacy of our management's response to issues identified to risk registers, ensuring that our risks are managed within our Group's risk appetite;
- (i) to perform the oversight function over the administration of whistleblowing policy that is approved and adopted by our Board and to protect the values of transparency, integrity, impartiality and accountability where our Group conducts its business and affairs;
- (j) to discuss and review the major findings of internal investigations and our management's response;

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)

- (k) to do the following:
- (i) consider and approve the appointment of internal auditors and any question of resignation;
 - (ii) review the adequacy of the scope, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
 - (iii) review the internal audit plan and results of the internal audit assessments and investigation undertaken, and ensure that the appropriate action is taken on the recommendation of the internal auditors;
 - (iv) consider the internal audit reports and findings by the internal auditors, fraud investigation and actions and steps taken by our management in response to audit findings;
 - (v) appraise or assess the performance of members of the internal audit function; and
 - (vi) monitor the overall performance of our Company's internal audit function.
- (l) to consider other areas as defined by our Board or as may be prescribed by Bursa Securities or any other relevant authority from time to time; and
- (m) to perform such other functions that may be mutually agreed upon by our Audit and Risk Management Committee and our Board.

The recommendations of our Audit and Risk Management Committee are subject to the approval of our Board.

5.4.3 Nominating Committee

The members of our Nominating Committee are as follows:

Name	Designation	Directorship
Teh Boon Beng	Chairperson	Independent Non-Executive Director
Koay Hooi Lynn	Member	Independent Non-Executive Director
Lee Seow Ling	Member	Independent Non-Executive Director

Our Nominating Committee undertakes, among others, the following functions:

- (a) to assist our Board in ensuring that our Board is of an effective composition, size and commitment to adequately discharge its responsibilities and duties;
- (b) to ensure appropriate selection criteria and processes and to identify and recommend to our Board, candidates for directorships of our Company and members of the relevant Board committees;
- (c) to evaluate the effectiveness of our Board and our Board committees;
- (d) to undertake formal assessment on the effectiveness of our Board as a whole and the effectiveness of each Director;
- (e) to ensure that all Directors receive appropriate continuous training in order to broaden their perspectives and to keep abreast with developments in the market place and with changes in new statutory and regulatory requirements;

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

- (f) to ensure an appropriate framework and succession planning for our Board, including our Executive Directors; and
- (g) to consider and examine such other matters as our Nominating Committee considers appropriate.

The recommendations of our Nominating Committee are subject to the approval of our Board.

5.4.4 Remuneration Committee

The members of our Remuneration Committee are as follows:

Name	Designation	Directorship
Lee Seow Ling	Chairperson	Independent Non-Executive Director
Koay Hooi Lynn	Member	Independent Non-Executive Director
Teh Boon Beng	Member	Independent Non-Executive Director

The main function of our Remuneration Committee is to assist our Board in fulfilling its responsibility on matters relating to our Group's compensation, bonuses, incentives and benefits. The Remuneration Committee's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

- (a) to recommend a remuneration framework for our Executive Directors and key senior management⁽¹⁾ for our Board's approval to ensure corporate accountability and governance with respect to our Board's remuneration and compensation. There should be a balance in determining the remuneration package, which should be sufficient to attract and retain Directors of calibre, and yet not excessive. The framework should cover all aspects of remuneration including Director's fee, salaries, allowance, bonuses, options and benefits-in-kind;
- (b) to recommend specific remuneration packages for our Executive Directors and key senior management⁽¹⁾. The remuneration package should be structured such that it is competitive. Salary scales drawn up should be within the scope of the general business policy and not be dependent on short-term performance to avoid incentives for excessive risk-taking. As for independent directors, the level of remuneration should be linked to their level of responsibilities undertaken and contribution to the effective functioning of our Board;
- (c) to ensure the establishment of a formal and transparent procedure for developing policies, strategies and framework for the remuneration of our Executive Directors and key senior management⁽¹⁾;
- (d) to implement the policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of our Board and key senior management⁽¹⁾; and
- (e) to perform any other functions as defined by our Board.

The recommendations of our Remuneration Committee are subject to the approval of our Board.

Note:

- ⁽¹⁾ Limited to Chief Executive Officer, Chief Operating Officer and Chief Financial Officer (where applicable).

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.5 RELATIONSHIPS AND/OR ASSOCIATIONS

Datuk Keh Chuan Seng and Datin Cheong Kai Meng, both of whom are our Promoters and substantial shareholders are spouses. Datuk Keh Chuan Seng is also our Non-Independent Non-Executive Deputy Chairman.

Save for the above, there are no family relationships or association between or amongst our Promoters, substantial shareholders, Directors and key senior management as at LPD.

5.6 EXISTING OR PROPOSED SERVICE AGREEMENTS

As at LPD, there are no existing or proposed service agreements entered into between our Company with any Directors or between any companies within our Group with any key senior management which provide for benefits upon termination of employment.

5.7 DECLARATIONS FROM PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

As at LPD, none of our Promoters, Directors or key senior management is or has been involved in any of the following events (whether within or outside Malaysia):

- (a) in the last 10 years, a petition under any bankruptcy or insolvency law filed (and not struck out) against him or any partnership in which he was a partner or any corporation of which he was a Director or a member of key senior management;
- (b) disqualified from acting as a Director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (c) in the last 10 years, charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (d) in the last 10 years, any judgment that was entered against him, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (e) in the last 10 years, was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market;
- (f) being the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity;
- (g) in the last 10 years, has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and
- (h) has any unsatisfied judgment against him.

6. INFORMATION ON OUR GROUP

6.1 INFORMATION ON OUR COMPANY

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 Company is principally an investment holding company. There has been no material change in the manner in which we conduct our business or activities since our incorporation and up to LPD. Through our subsidiaries, we are principally involved in the sourcing, distribution and production of food ingredients. Please refer to Section 7.1 for detailed information of our Group's history.

As at LPD, our share capital is RM23,357,897 comprising 151,086,000 Shares, which have been issued and fully paid-up. The movements in our share capital since the date of our incorporation are set out below:

Date of allotment	No. of Shares allotted	Consideration/ Types of issue	Cumulative share capital RM
16 May 2023	2	RM2/ Subscribers' share	2
[•]	151,085,998	RM23,357,895/ Consideration for the Acquisition	23,357,897

As at LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

Upon completion of our IPO, our enlarged share capital will increase to RM[•] million comprising 202,800,000 Shares.

6.2 DETAILS OF THE ACQUISITION

In preparation for our Listing, we have undertaken the Acquisition. On 8 August 2023, we entered into a conditional share sale agreement with Frazel, Datuk Keh Chuan Seng, Datin Cheong Kai Meng, Oon Boon Khong, Aromi and Lim Swee Chuan to acquire a total of 10,000,000 ordinary shares in ACS representing the entire equity interest for a total purchase consideration of RM23.4 million which was satisfied by the issuance of 151,085,998 new Shares to the vendors at an issue price of RM0.1546 each.

Details of the Acquisition and the number of Shares issued to the vendors under the Acquisition are set out below:

Vendors of ACS	Shareholdings in ACS		Purchase consideration RM'000	No. of Shares issued
	No. of shares acquired	% of share capital		
Frazel	4,434,300	44.3	10,358	66,996,098
Datuk Keh Chuan Seng	570,000	5.7	1,331	8,611,900
Datin Cheong Kai Meng	5,700	0.1	13	86,100
Oon Boon Khong	4,000,000	40.0	9,343	60,434,400
Aromi	900,000	9.0	2,102	13,597,700
Lim Swee Chuan	90,000	0.9	210	1,359,800
	10,000,000	100.0	23,357	151,085,998

6. INFORMATION ON OUR GROUP (Cont'd)

The purchase consideration for the Acquisition of RM23.4 million was arrived at a "willing-buyer willing-seller" basis after taking into consideration the adjusted NA of ACS as at 31 December 2022 of RM23.4 million and the declaration and payment of final dividend in respect of FYE 2022, details of which are as follows:

	RM'000
Audited NA of ACS as at 31 December 2022	24,776
Less: Dividend paid on 31 July 2023	(1,423)
Adjusted NA of ACS	<u>23,353</u>

The Acquisition was completed on [•]. Thereafter, ACS became our wholly-owned subsidiary, as set out in our group structure in Section 6.3.

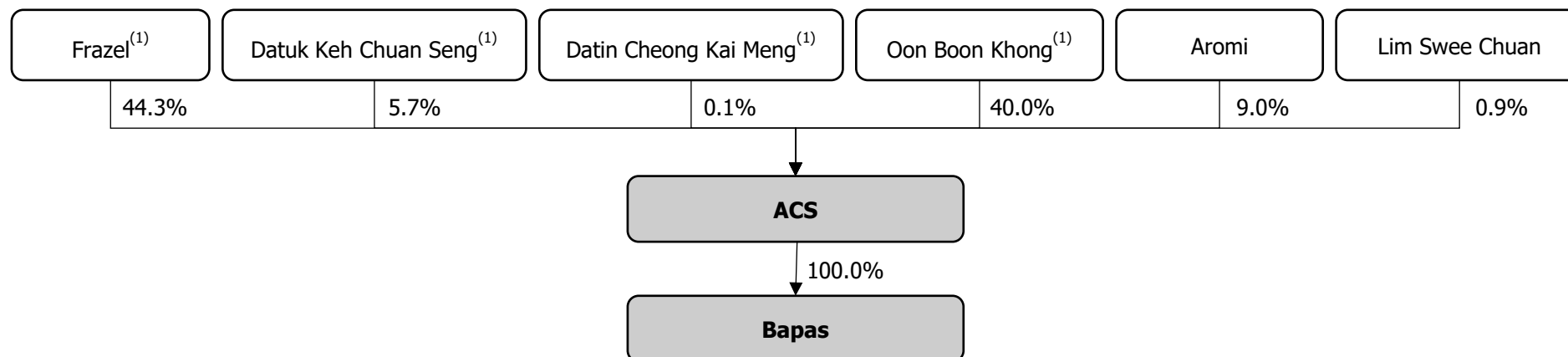
The new Shares issued under the Acquisition rank equally in all respects with our existing Shares including voting rights and will be entitled to all rights and dividends and/or other distributions, the entitlement date of which is subsequent to the date of issuance of the new Shares.

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6. INFORMATION ON OUR GROUP (Cont'd)

6.3 GROUP STRUCTURE

Before the Acquisition



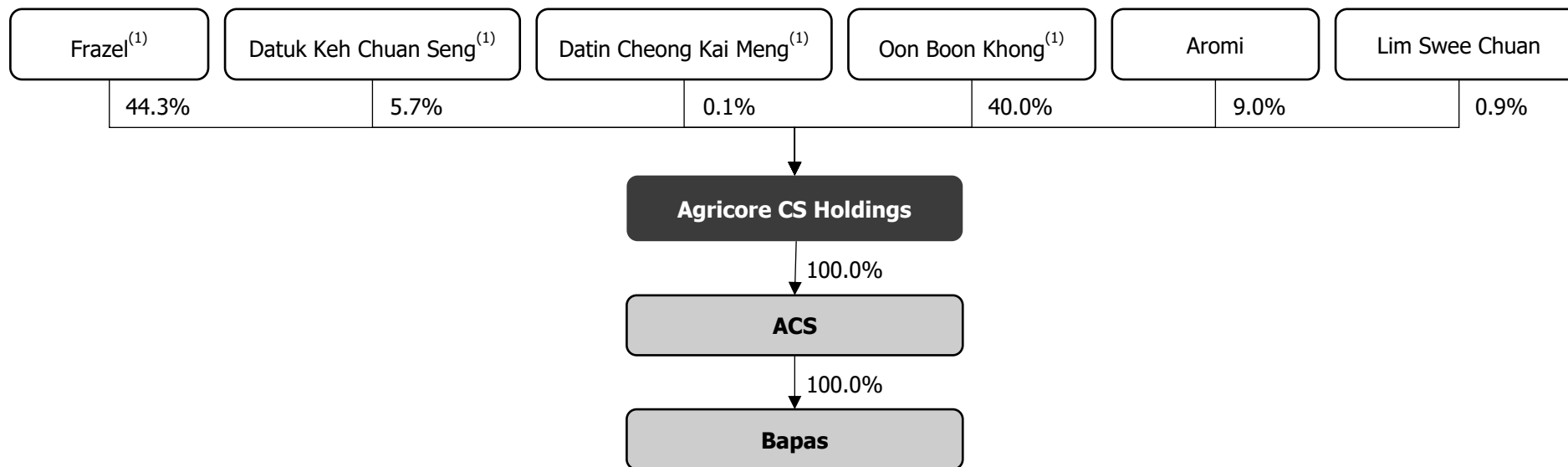
Note:

⁽¹⁾ Refers to the Promoters.

Please refer to Section 5.1.2(a) for details of shareholdings of Frael and Section 5.1.2(e) for details of shareholdings of Aromi.

6. INFORMATION ON OUR GROUP (Cont'd)

After Acquisition but before our IPO

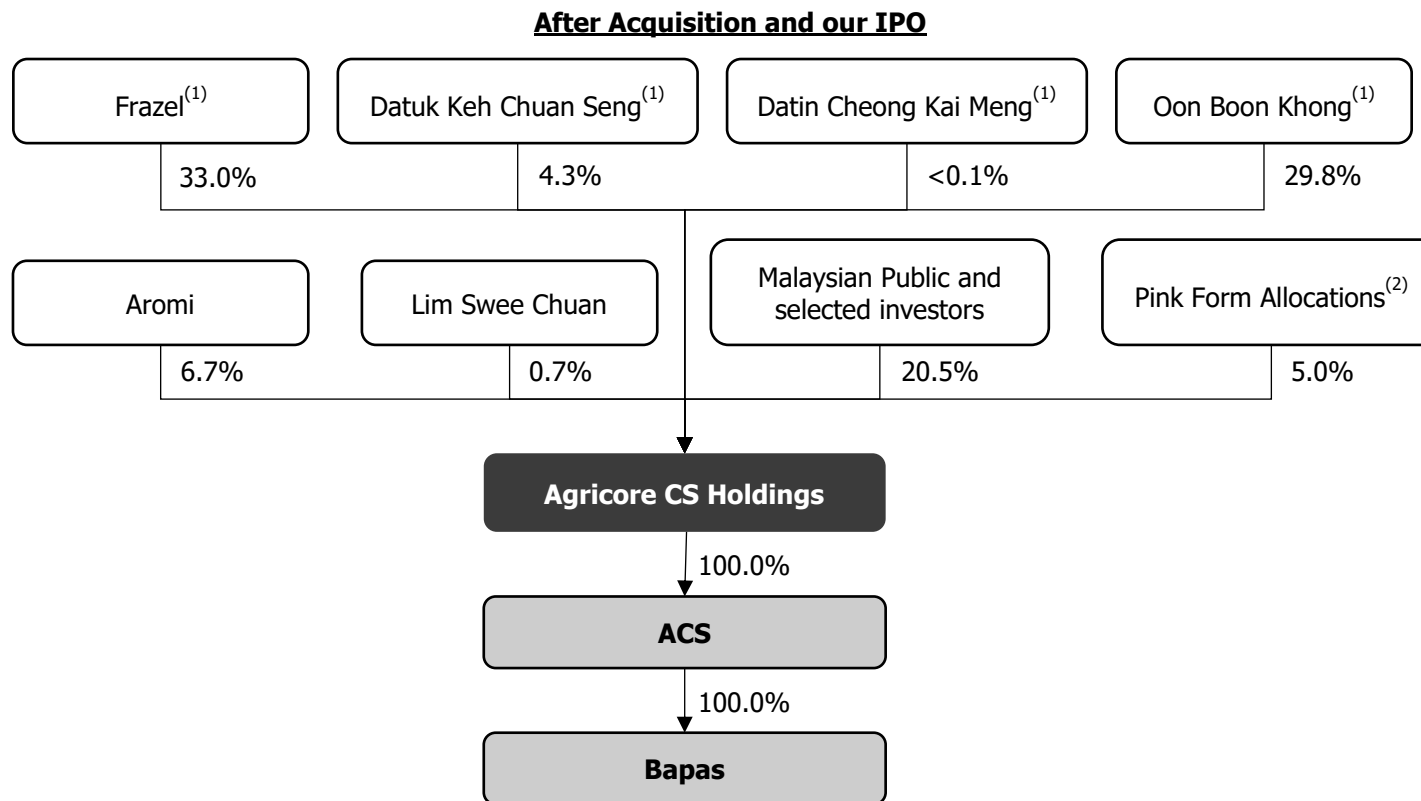


Note:

⁽¹⁾ Refers to the Promoters.

Please refer to Section 5.1.2(a) for details of shareholdings of Frael and Section 5.1.2(e) for details of shareholdings of Aromi.

6. INFORMATION ON OUR GROUP (Cont'd)



Notes:

(1) Refers to the Promoters.

(2) Assuming that all Eligible Persons will subscribe for the Pink Form Allocations.

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.

6. INFORMATION ON OUR GROUP (Cont'd)

6.4 SUBSIDIARIES AND ASSOCIATED COMPANIES

Details of our subsidiaries as at LPD are summarised as follows:

Company/ Registration No.	Date/ Place of incorporation	Issued share capital	Effective equity interest	Principal activities/ Principal place of business
			%	
ACS/ 200901002764 (845691-H)	3 February 2009/ Malaysia	10,000,000	100.0	Sourcing and distribution of plant-based agricultural food ingredients/ Malaysia
Held through ACS				
Bapas/ 201401048709 (1124898-K)	30 December 2014/ Malaysia	3,000,000	100.0	Production and sale of food additives and fried shallots/ Malaysia

Details of the share capital of our subsidiaries are set out in Section 15.2.

As at LPD, we do not have any associated company.

6.5 MATERIAL CONTRACTS

Save as disclosed below, there were no contracts which are or may be material (not being contracts entered into in the ordinary course of business) entered into by our Group for FYE 2020 to 2022 and up to LPD:

- (a) conditional share sale agreement dated 8 August 2023 with Frazel, Datuk Keh Chuan Seng, Datin Cheong Kai Meng, Oon Boon Khong, Aromi and Lim Swee Chuan for the Acquisition, which was completed on [●];
- (b) novation and debt settlement agreement dated 24 September 2021 made between ACS, Bourne Commercial Ltd ("**Bourne**") and the shareholders of ACS at the material time, namely Aromi, BBN Network Sdn Bhd, Oon Boon Khong and Leong Yeok Wah ("**Shareholders**") for the settlement of the debt owed by ACS to Bourne in cash amounting to RM5,443,876.17 ("**Debt**") in respect of various purchases of supplies including beans and pulses as well as starch products by ACS from Bourne between March 2020 to May 2020 in the following manner:
 - (i) novation of all rights, liabilities and obligations in, to and towards part of the Debt amounting to RM3,250,000 by ACS to the Shareholders in the exact proportion of their shareholdings in ACS which are to be settled within 15 years from the date of the agreement ("**Assumed Debt**"); and
 - (ii) settlement of outstanding difference of RM2,193,876.17 by ACS within 2 years from the date of the agreement.

In view of the high capital outlay for the construction of Phase 3 expansion comprising a double-storey factory to the existing storage facility on the Bukit Minyak Premises (detailed in Section 6.5(c)) as well as to cushion the uncertainties caused by COVID-19, ACS negotiated with Bourne to restructure the Debt to avoid constraint to ACS' cashflow. As a result, ACS, Bourne and Shareholders entered into the aforementioned novation and

6. INFORMATION ON OUR GROUP (Cont'd)

debt settlement agreement. The amount in (i) above was subsequently capitalised into 3,250,000 new shares of ACS on 30 November 2021 whereby such shares were allotted to the Shareholders for settling the Assumed Debt owed by ACS to Bourne, and the amount in (ii) above was fully settled in cash by ACS on 28 October 2022; and

- (c) letter of award dated 26 December 2020 from Perunding LW on behalf of Bapas to S.H. Butterworth Engineering Sdn Bhd for the proposed construction of an additional double-storey factory to the existing storage facility on Bukit Minyak Premises for an aggregate contract value of RM2,233,750 which was completed on 8 April 2022.

6.6 PUBLIC TAKE-OVERS

During the last financial year and the current financial year up to LPD, there were:

- (a) No public take-over offers by third parties in respect of our Shares; and
- (b) No public take-over offers by our Company in respect of other companies' shares.

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6. INFORMATION ON OUR GROUP *(Cont'd)*

6.7 MAJOR APPROVALS AND LICENCES

As at LPD, there are no other major approvals, licences and permits issued to our Group in order for us to carry out our operations other than those disclosed below:

No.	Licencee	Issuing authority	Date of issue or commencement/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Status of compliance
(a)	Bapas	MITI	From December 2022 onwards (valid until and unless revoked or surrendered)	Manufacturing licence for manufacturing of food additives and seasoning	<ol style="list-style-type: none"> 1. MITI and MIDA must be notified of any sale of the shares in the company 2. The company shall train Malaysian citizens in order to transfer technology and expertise to every level/position 3. The company must comply with the Capital Investment Per Employee (CIPE) requirement of at least RM140,000 4. The company's total full-time workforce must consist of at least 80% Malaysians. The employment of foreign nationals including employees obtained through outsourcing is subject to the current policy 	Complied
(b)	Bapas	MITI	From 27 January 2023 onwards (valid until and unless revoked or surrendered)	Manufacturing licence for manufacturing of fried shallots	<ol style="list-style-type: none"> 1. MITI and MIDA must be notified of any sale of the shares in the company 2. The company shall train Malaysian citizens in order to transfer technology and expertise to every level/position 3. The company must comply with the Capital Investment Per Employee (CIPE) requirement of at least RM140,000 	Complied

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licencee	Issuing authority	Date of issue or commencement/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Status of compliance
					4. The company's total full-time workforce must consist of at least 80% Malaysians. The employment of foreign nationals including employees obtained through outsourcing is subject to the current policy	Complied
(c)	ACS	MOH	8 December 2021 / 7 December 2024	MeSTI Certificate that ACS has fulfilled the terms and conditions for certification of MeSTI (Makanan Selamat Tanggungjawab Industri)	1. The MeSTI Certificate and logo shall not be transferred nor shall its content be altered 2. Any changes to the name or address of the factory or premise, certification scope or anything related thereto shall be informed in writing to the Senior Director for Food Safety and Quality, MOH for further action. Certification will be automatically void should the factory or premise ceased operation 3. The use of the logo is only allowed for food product that is being produced in the premise as stated in the certificate	Noted Noted Complied
(d)	Bapas	MOH	10 May 2023 / 9 May 2026	MeSTI Certificate that Bapas (Simpang Empat Factory) has fulfilled the terms and conditions for certification of MeSTI (Makanan Selamat Tanggungjawab Industri)	1. The MeSTI Certificate and logo shall not be transferred nor shall its content be altered 2. Any changes to the name or address of the factory or premise, certification scope or anything related thereto shall be informed in writing to the Senior Director for Food Safety and Quality, MOH for further action. Certification will be automatically void should the factory or premise ceased operation 3. The use of the logo is only allowed for food product that is being produced in the premise as stated in the certificate	Noted Noted Complied

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licencee	Issuing authority	Date of issue or commencement/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Status of compliance
(e)	Bapas	MOH	10 June 2022 / 9 June 2025	MeSTI Certificate that Bapas (Bukit Minyak Premises) has fulfilled the terms and conditions for certification of MeSTI (Makanan Selamat Tanggungjawab Industri)	<ol style="list-style-type: none"> 1. The MeSTI Certificate and logo shall not be transferred nor shall its content be altered 2. Any changes to the name or address of the factory or premise, certification scope or anything related thereto shall be informed in writing to the Senior Director for Food Safety and Quality, MOH for further action. Certification will be automatically void should the factory or premise ceased operation 3. The use of the logo is only allowed for food product that is being produced in the premise as stated in the certificate 	<p>Noted</p> <p>Noted</p> <p>Complied</p>
(f)	ACS	Ministry of Agriculture and Agro-based Industry	19 January 2022/ 18 January 2025	Wholesale licence to sell rice by wholesale and to store rice	<ol style="list-style-type: none"> 1. To sell rice by wholesale at Bukit Minyak Premises 2. An application to renew the licence has to be made no later than 30 days before the date of expiry 	<p>Complied</p> <p>Noted</p>
(g)	ACS	Ministry of Agriculture and Agro-based Industry	15 August 2023 / 14 August 2026	Import licence to import rice into Malaysia and store rice	<ol style="list-style-type: none"> 1. To import rice into Malaysia and to store rice at Bukit Minyak Premises 2. An application to renew the licence has to be made no later than 30 days before the date of expiry 	<p>Complied</p> <p>Noted</p>
(h)	ACS	Ministry of Agriculture and Agro-based Industry	15 August 2021 / 14 August 2024	Export licence to export rice out of Malaysia and to store rice	<ol style="list-style-type: none"> 1. To export rice out of Malaysia and to store rice at Bukit Minyak Premises 2. An application to renew the licence has to be made to later than 30 days before the date of expiry 3. This licence only permits the exporting of glutinous rice flour, vermicelli, bran and downstream products only. Every export made is subject to the 	<p>Complied</p> <p>Noted</p> <p>Complied</p>

6. INFORMATION ON OUR GROUP (Cont'd)

<u>No.</u>	<u>Licencee</u>	<u>Issuing authority</u>	<u>Date of issue or commencement/ Date of expiry</u>	<u>Nature of approval/licences</u>	<u>Equity and/or major conditions imposed</u>	<u>Status of compliance</u>
					approval of the Director General of control of paddy and rice via e_Permit (AP) on the online system of the Royal Customs of Malaysia	
(i)	ACS	Ministry of Domestic Trade and Cost of Living	22 June 2021 / 21 June 2024	Wholesale licence to deal by wholesale for sugar, cooking oil and wheat flour	<ol style="list-style-type: none"> 1. This licence is valid for wholesale dealing of sugar, cooking oil and wheat flour only at Bukit Minyak Premises 2. The licence holder has to keep the sugar, cooking oil and wheat flour only at Bukit Minyak Premises 3. The licence cannot be transferred 4. The licence holder shall not have in its possession or under its custody or control and shall not allow anyone to have in its possession or under its custody or control on behalf of the licence holder more than the quantity stated below of the scheduled articles to which this license applies: <ul style="list-style-type: none"> - Sugar – 50 MT - Cooking Oil – 100 MT - Wheat Flour – 50 MT 5. The licence holder must consult and obtain approval from the Ministry of Domestic Trade and Cost of Living before raising the price of sugar, wheat flour, or cooking oil 	<p>Complied</p> <p>Complied</p> <p>Noted</p> <p>Complied</p> <p>Noted</p>
(j)	Bapas	Ministry of Domestic Trade and Cost of Living	16 May 2023 / 15 May 2024	Scheduled controlled articles permit to store up to 12,000 kg of cooking oil	<ol style="list-style-type: none"> 1. The licence holder shall store controlled scheduled article at Simpang Empat Factory 	Complied

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licencee	Issuing authority	Date of issue or commencement/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Status of compliance
					2. The licence holder shall store or have in possession of controlled scheduled article not exceeding the quantity permitted in this permit	Complied
					3. The licence holder shall purchase specified controlled scheduled article for personal use and not for resale purposes	Complied
					4. The licence holder shall maintain a purchase record book containing the supplier's name and address, date of purchase, quantity and price and keep invoices, receipts or any purchase documents	Complied
					5. This permit is not transferrable	Noted
					6. Renewal of permit must be submitted 30 days before expiration	Noted
					7. The scheduled controlled article purchased and stored are not subsidised controlled article	Noted
(k)	ACS	MOH	15 October 2021 / 15 October 2024	Certificate of registration of food premises involved in manufacturing of food at Bukit Minyak Premises	This certificate cannot be transferred	Noted
(l)	Bapas	MOH	28 October 2020 / 27 October 2023 (renewed with new expiry on 28 October 2026)	Certificate of registration of food premises involved in manufacturing of food at Bukit Minyak Premises	This certificate cannot be transferred	Noted
(m)	Bapas	MOH	19 January 2023 / 19 January 2026	Certificate of registration of food premises involved in manufacturing of food at Simpang Empat Factory	This certificate cannot be transferred	Noted

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licencee	Issuing authority	Date of issue or commencement/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Status of compliance								
(n)	Bapas	Ministry of Domestic Trade and Cost of Living	27 July 2023 / 26 July 2026	Certificate of Recognition that the products manufactured by Bapas fulfils the terms and conditions for certification of Malaysian Goods Logo:	Nil	N/A								
				<table border="1"> <thead> <tr> <th>No.</th> <th>Brand</th> <th>Product Name</th> <th>Details of SKU</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>CAP POKOK</td> <td>Fried shallots</td> <td>Ranging from 60g to 1kg of fried shallots</td> </tr> </tbody> </table>	No.	Brand	Product Name	Details of SKU	1	CAP POKOK	Fried shallots	Ranging from 60g to 1kg of fried shallots		
No.	Brand	Product Name	Details of SKU											
1	CAP POKOK	Fried shallots	Ranging from 60g to 1kg of fried shallots											
(o)	ACS	JAKIM	16 July 2023 / 15 July 2025	<p>Halal Certificate of Authentication certifying that the following products manufactured / distributed / managed by ACS has complied with Islamic Law and Malaysian Halal Standard and approved by Halal Certification Panel of Majlis Agama Islam Negeri Pulau Pinang:</p> <ol style="list-style-type: none"> Antifoam Corn Starch Finest Glutinous Rice Flour Modified Tapioca Starch Potato Starch Sago Starch Tapioca Starch Wheat Starch 	<ol style="list-style-type: none"> This Halal Certificate of Authentication (The Certificate) and the Malaysian Halal Logo (the Logo) shall not be traded, transferred nor shall its contents be altered Any changes to the name or address of the company, factory or premise, name of product, ingredients, suppliers or anything related thereto shall be informed in writing to the Director General of JAKIM and/or the State Islamic Religious Affairs Council (MAIN)/State Department of Islamic Religious Affairs (JAIN) for further action The use of the logo on the approved product/ premise/ service shall be accompanied by the reference number and standard number as stated in the certificate for such product/premise/services A renewal application shall be submitted at the earliest 6 months or no later than 3 months before the expiry of the certificate 	<p>Noted</p> <p>Noted</p> <p>Complied</p> <p>Noted</p>								

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licencee	Issuing authority	Date of issue or commencement/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Status of compliance
(p)	ACS	JAKIM	1 December 2022 / 30 November 2024	Halal Certificate of Authentication certifying that the following products manufactured / distributed / managed by ACS has complied with Islamic Law and Malaysian Halal Standard and approved by Halal Certification Panel of Jabatan Hal Ehwal Agama Islam Pulau Pinang: <ol style="list-style-type: none"> 1. Barley 2. Black Bean with Green Kernel 3. Black Eyed Bean 4. Black Matpe 5. Brown Bean 6. Chickpeas 7. Dun Peas 8. Green Mung Bean 9. Green Peas 10. Groundnut 11. Maisu 12. Marrowfat Peas 13. Mung Dhall 14. Red Bamboo Bean 15. Red Bean 16. Red Kidney Bean 17. Sago Seed 18. Sesame Seeds 19. Soybeans 20. Urid Dhall 21. Urid Gota 22. Yellow Bamboo Bean 23. Yellow Split Peas 	<ol style="list-style-type: none"> 1. This Halal Certificate of Authentication (The Certificate) and the Malaysian Halal Logo (the Logo) shall not be traded, transferred nor shall its contents be altered 2. Any changes to the name or address of the company, factory or premise, name of product, ingredients, suppliers or anything related thereto shall be informed in writing to the Director General of JAKIM for further action 3. The use of the logo on the approved product/ premise/ service shall be accompanied by the reference number and standard number as stated in the certificate for such product premise 4. A renewal application shall be submitted 3 months before the expiry of the certificate 	<p>Noted</p> <p>Noted</p> <p>Complied</p> <p>Noted</p>

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licencee	Issuing authority	Date of issue or commencement/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Status of compliance
(q)	ACS	JAKIM	16 September 2022 / 15 September 2024	Halal Certificate of Authentication that the following products manufactured / distributed / managed by ACS and manufactured by Kilang Beras Mihoda Sdn Bhd (our supplier) has complied with Islamic Law and Malaysian Halal Standard and approved by Halal Certification Panel of Jabatan Hal Ehwal Agama Islam Pulau Pinang: 1. Beras Hancur 2. Beras Super Special Tempatan 5%	1. This Halal Certificate of Authentication (The Certificate) and the Malaysian Halal Logo (the Logo) shall not be traded, transferred nor shall its contents be altered 2. Any changes to the name or address of the company, factory or premise, name of product, ingredients, suppliers or anything related thereto shall be informed in writing to the Director General of JAKIM for further action 3. The use of the logo on the approved product/ premise/ service shall be accompanied by the reference number and standard number as stated in the certificate for such product premise 4. A renewal application shall be submitted 3 months before the expiry of the certificate	Noted Noted Complied Noted
(r)	Bapas	JAKIM	1 March 2023 / 28 February 2025	Halal Certificate of Authentication that the following products manufactured / distributed / managed by Bapas and manufactured by Bapas has complied with Islamic Law and Malaysian Halal Standard and approved by Halal Certification Panel of Majlis Agama Islam Negeri Pulau Pinang: 1. Fried Shallots	1. This Halal Certificate of Authentication (The Certificate) and the Malaysian Halal Logo (the Logo) shall not be traded, transferred nor shall its contents be altered 2. Any changes to the name or address of the company, factory or premise, name of product, ingredients, suppliers or anything related thereto shall be informed in writing to the Director General of JAKIM for further action 3. The use of the logo on the approved product/ premise/ service shall be accompanied by the reference number and standard number as stated in the certificate for such product premise	Noted Noted Complied

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licencee	Issuing authority	Date of issue or commencement/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Status of compliance
(s)	Bapas	JAKIM	1 October 2022 / 30 September 2024	Halal Certificate of Authentication that the following products manufactured / distributed / managed by Bapas has complied with Islamic Law and Malaysian Halal Standard and approved by Halal Certification Panel of Majlis Agama Islam Negeri Pulau Pinang: <ol style="list-style-type: none"> 1. Agrinom B01 Antioxidant; 2. Agriphos – NF 01 Acidity Regulator; 3. Agriphos – NM 01 Acidity Regulator; 4. Agriphos C01 CM Sequestrant; 5. Agriphos C05 Sequestrant; 6. Agriphos C18 Sequestrant; 7. Agriphos P80 Sequestrant; 8. Agriphos P80CM Sequestrant; 9. Agriphos S20 Sequestrant; 10. Agripro E10 Preservative; 11. Agripro E5 Preservative; 12. Agripro E8 Preservative; 13. Agristar OSC 55 Modified Starch; 14. Agristar OV 01 Modified Starch; 15. Agristar SA 64 Modified Starch; 16. Agristar SA 99 Modified Starch; 17. Agristar SC01 Modified Starch; 18. Agristar SCH 01 Modified Starch; 19. Agristar SCH 01M Modified Starch; 20. Agristar SCH 02 Modified Starch; 	<ol style="list-style-type: none"> 4. A renewal application shall be submitted 3 months before the expiry of the certificate 1. This Halal Certificate of Authentication (The Certificate) and the Malaysian Halal Logo (the Logo) shall not be traded, transferred nor shall its contents be altered 2. Any changes to the name or address of the company, factory or premise, name of product, ingredients, suppliers or anything related thereto shall be informed in writing to the Director General of JAKIM for further action 3. The use of the logo on the approved product/ premise/ service shall be accompanied by the reference number and standard number as stated in the certificate for such product premise 4. A renewal application shall be submitted 3 months before the expiry of the certificate 	<p>Noted</p> <p>Noted</p> <p>Noted</p> <p>Complied</p> <p>Noted</p>

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licencee	Issuing authority	Date of issue or commencement/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Status of compliance
				21. Agristar SCH 02M Modified Starch; 22. Agristar SCH 03 Modified Starch; 23. Agristar SCH 03M Modified Starch; 24. Agristar SCH 04 Modified Starch; 25. Agristar SCH 04M Modified Starch; 26. Agristar SD 99 Modified Starch; 27. Agristar SE 01 Modified Starch; 28. Agristar SGH 919 Modified Starch; 29. Agristar SIP 01 Emulsifier; 30. Agristar SO 99 Modified Starch; 31. Agristar SP 01 Emulsifier; 32. Agristar SV 64 Modified Starch; 33. Agristar SV 99 Modified Starch; 34. Agristar SX 72 Modified Starch; 35. Agristar SX 99 Modified Starch; 36. Agristar SZ 919 Modified Starch; and 37. Agritex S01 Stabilizer		
(t)	ACS	Seberang Perai City Council	3 December 2021 / 31 December 2023	Business Licence for factory for processing and packaging of nuts, flour, oil and other raw foodstuffs: - Packing soybeans, peanuts and other grain food - Warehouse/ Place to store stuff - Office Signboard Licence	Nil	N/A

6. INFORMATION ON OUR GROUP (Cont'd)




No.	Licencee	Issuing authority	Date of issue or commencement/ Date of expiry	Nature of approval/licences	Equity and/or major conditions imposed	Status of compliance
(u)	Bapas	Seberang Perai City Council	16 December 2022 / 31 December 2023	Business Licence for: - Factory to manufacture other raw foodstuffs not included in the schedule - Trading firm/ Office - Warehouse/ Place to store stuff Signboard Licence	Nil	N/A
(v)	Bapas	Seberang Perai City Council	5 December 2022 and 20 September 2023 (for Signboard Licence) / 31 December 2023	Business Licence for manufacturing of food additives & seasoning: - Laksa, instant noodles, noodle, koay teow and food made from flour - Warehouse/ Place to store stuff - Office Signboard Licence	Nil	N/A

As at LPD, our Group has obtained all the requisite approvals, licences and permits for our business operations and our Group has not faced any issues in relation to renewal of our approvals, licences and permits.



6. INFORMATION ON OUR GROUP (Cont'd)

6.8 INTELLECTUAL PROPERTIES




As at LPD, our Group does not own and has not applied for the registration of any other intellectual properties other than those disclosed below:

Design	Registered owner/ Trademark no.	Approving authority/ Place of application or registration	Class/ Description	Status	Validity period
	ACS/ 2010021053	MyIPO/ Malaysia	29/ Baked beans; bean curd; beans; beans in tomato sauce; canned beans; canned foods; dried soya beans; edible oils; fermented bean curd; milk powders (other than foodstuff for babies); nuts (prepared); processed beans; red bean (raw adzuki beans); soya bean milk; soya bean milk in liquid and solid form; soya bean oil for food; tofu; all included in class 29	Registered	3 November 2020 to 3 November 2030
	ACS/ 2010021054	MyIPO/ Malaysia	30/ Baking powder; coffee; corn starch flour; curry powder; flour for food; food starch; molasses for food; noodles; powder for making cakes; rice starch flour; soya flour; spices; sugar; tapioca flour; tea; vermicelli (noodles); wheat starch flour; all included in class 30	Registered	3 November 2020 to 3 November 2030
	ACS/ 2010021055	MyIPO/ Malaysia	35/ Advisory services for business management; computerized on-line retail store services in the field of grocery; franchising services (group purchasing, group advertising); import-export agencies; organisation of exhibitions for commercial or advertising purposes; retail grocery stores; retail services or wholesale services for foods and beverages; wholesale and retail store services and on-line retail and wholesale store services featuring grocery; all included in class 35	Registered	3 November 2020 to 3 November 2030



6. INFORMATION ON OUR GROUP (Cont'd)

Design	Registered owner/ Trademark no.	Approving authority/ Place of application or registration	Class/ Description	Status	Validity period
	ACS/ 2014051841	MyIPO/ Malaysia	29/ Cooking oil, processed onion (fried onions, onion flakes, onion paste), processed shallots (fried shallot, shallot flakes, shallot paste) , preserved shallots, preserved onion, processed garlic (fried garlic, garlic flakes, garlic paste), garlic (preserved), sesame oil, colza oil for food, corn oil, palm oil for food, nut oil, sunflower oil, anchovy, dates, eggs, edible birds' nests, coconut oil and fats (for food), potato chips, condensed milk, milk products, preserved mushrooms, prepared mushrooms, preserved peas, tuna fish, sea cucumbers (not live), salted fish, sardines, salmon, shrimp (not live), processed peanuts, raisins, dried vegetables, preserved vegetables, canned fruits, pickles, sausages; all included in class 29	Registered	11 February 2014 to 11 February 2024
	ACS/ 2014051843	MyIPO/ Malaysia	30/ Cooking salt; processed shallot for use as seasoning; processed garlic for use as seasoning; processes onion for use as seasoning; cracker; chips (cereal products); biscuits; edible ices; curry (spices); flavouring - other than essential oils; turmeric for food; husked barley; maize flour; popcorn; pepper; potato flour; rice; glutinous rice; glutinous rice flour; rice noodles (chinese rice noodles - bihun, uncooked); instant noodles; bean starch noodles (glass noodles, uncooked); sago; sago starch; sauce (condiments); curry paste; tomato sauce; chili sauce; seasoning; soya sauce; semolina; star aniseed; flour – milling products; salt, seasoning, flavouring & condiments; vinegar; herbs & spices mixes; nutmeg; sauce powder; spices extracts; seasoning mixes; curry powder; dry condiments; chocolate based drink; instant tea; instant coffee; processed corn; all included in class 30	Registered	11 February 2014 to 11 February 2024




6. INFORMATION ON OUR GROUP (Cont'd)

Design	Registered owner/ Trademark no.	Approving authority/ Place of application or registration	Class/ Description	Status	Validity period
	ACS/ 2013059904	MyIPO/ Malaysia	30/ Starch; corn starch; tapioca starch; wheat starch; sago starch; potato starch; rice; glutinous rice flour; processed grains; rice flour and goods made thereof; noodle; asian noodles; chinese noodles (uncooked); all included in class 30	Registered	19 September 2023 to 19 September 2033
	ACS/ 2013059913	MyIPO/ Malaysia	31/ Unprocessed beans; fresh soybean; raw beans; fresh beans; sesame; all included in class 31	Registered	19 September 2023 to 19 September 2033
	ACS/ TM2019002858	MyIPO/ Malaysia	29/ Cooking oil; processed onions; processed shallots; preserved shallots; onions, preserved; processed garlic; garlic, preserved; sesame oil; colza oil for food; corn oil; palm oil for food; nut oils; sunflower oil for food; anchovy, not live; dates; eggs; edible birds' nests; coconut oil and fat (for food); potato chips; condensed milk; milk products; mushrooms, preserved; prepared mushrooms; preserved peas; tuna fish; sea-cucumbers, not live; salted fish; sardines, not live; salmon, not live; shrimps, not live; processed peanuts; raisins; dried vegetables; preserved vegetables; canned fruits; pickles; sausages; all included in class 29	Registered	25 January 2019 to 25 January 2029

6. INFORMATION ON OUR GROUP (Cont'd)

Design	Registered owner/ Trademark no.	Approving authority/ Place of application or registration	Class/ Description	Status	Validity period
	ACS/ TM2019002860	MyIPO/ Malaysia	30/ Cooking salt; processed shallot for use as seasoning; processed garlic for use as seasoning; processed onion for use as seasoning; crackers; chips (cereal products); biscuits; edible ices; curry (spice); food flavourings, other than essential oils; turmeric for food; husked barley; maize flour; popcorn; pepper; potato flour; rice; glutinous rice; glutinous rice flour; chinese rice noodles (bifun, uncooked); instant noodles; bean-starch noodles; sago; sago starch; sauce (condiments); curry paste; tomato sauce; chili sauce; seasonings; soya sauce; semolina; star aniseed; flour; salts, seasonings, flavourings & condiments; vinegar; herbs & spice mixes; nutmegs; sauce powder; spice extracts; seasoning mixes; curry powder; dry condiments; chocolate-based drink; instant tea; instant coffee; processed corn; all included in class 30	Registered	25 January 2019 to 25 January 2029
POKOK AGRICORE	ACS/ 44083655	China National Intellectual Property Administration/ China	30/ Rice noodles (powder), sago, rice dumpling powder, raw glutinous rice flour, rice noodles (in strips), thickener for cooking food, edible starch, tapioca, fans (piece) and lotus root powder	Registered	14 November 2020 to 13 November 2030
	ACS/ 44088203	China National Intellectual Property Administration/ China	30/ Rice noodles (powder), sago, rice dumpling powder, raw glutinous rice flour, rice noodles (in strips), thickener for cooking food, edible starch, tapioca, fans (piece) and lotus root powder	Registered	14 November 2020 to 13 November 2030

6. INFORMATION ON OUR GROUP (Cont'd)

Design	Registered owner/ Trademark no.	Approving authority/ Place of application or registration	Class/ Description	Status	Validity period
	ACS/ IDM000413020	Directorate General of Intellectual Property (Ministry of Law and Human Rights of the Republic of Indonesia)/ Indonesia	30/ Corn starch, curry seasoning, flour for food, starch for food, rice starch, tapioca flour and vermicelli	Registered	7 December 2021 to 7 December 2031
	ACS/ IDM000438830	Directorate General of Intellectual Property (Ministry of Law and Human Rights of the Republic of Indonesia)/ Indonesia	29/ Curd beans, nuts, canned food (fruit), soy milk and tofu	Registered	28 December 2021 to 28 December 2031
	Bapas/ TM2020018523	MyIPO/ Malaysia	40/ Processing of foodstuffs for use in manufacture; processing of raw materials for the manufacture of food and beverages	Registered	26 August 2020 to 26 August 2030

6. INFORMATION ON OUR GROUP (Cont'd)

6.9 PROPERTY, PLANT AND EQUIPMENT

6.9.1 Properties owned by our Group

The summary of the material property owned by our Group as at LPD is set out below:

No.	Registered owner/ Postal address/ Title details	Description of property/ Existing use/ Expiry of lease (if any)/ Category of land use (if any)	Approximate land area/ Approximate built-up area sq ft	Date of purchase/ Date of CCC	Encumbrance	Audited NBV as at 31 December 2022 RM'000
(a)	ACS/ 1173, Jalan Perindustrian Bukit Minyak 2, Kawasan Perindustrian Bukit Minyak, 14100 Bukit Mertajam, Pulau Pinang/ Pajak Negeri No. Hakmilik 10910, Lot 20172, Mukim 13, Daerah Seberang Perai Tengah, Negeri Pulau Pinang	Double storey office, 3 units of single storey factory and one double storey factory/ Office, warehouse and factory/ Leasehold for 60 years expiring on 5 July 2072/ Industrial	115,852 / 77,514	11 August 2011 / 22 September 2015 ⁽¹⁾ , 18 December 2018 ⁽²⁾ and 8 April 2022 ⁽³⁾	(i) Charge in favour of Alliance Bank Malaysia Berhad registered on 13 February 2018 (ii) Charge in favour of Alliance Bank Malaysia Berhad registered on 18 November 2021	7,812

Notes:

- (1) The CCC is issued in relation to the construction of 2 units of single storey factory. Our Group had occupied the property since April 2014 after the completion of construction in September 2013 in anticipation of the issuance of the CCC. As at LPD, our Group has not been issued with any compounds or penalties in relation to the aforementioned non-compliance.
- (2) The CCC is issued in relation to the construction of 1 additional unit of single storey factory with double storey office.
- (3) The CCC is issued in relation to the alteration to the existing property and the construction of 1 additional unit of double storey factory.

The property owned by our Group is not in breach of any land use conditions, statutory requirements, land rules or building regulations/by-laws, which will have material adverse impact on our operations as at LPD. Our property has obtained all the necessary licenses and certificates.

6. INFORMATION ON OUR GROUP (Cont'd)

6.9.2 Properties rented by our Group

The summary of the material properties rented by our Group as at LPD are set out below:

No.	Postal address	Landlord/ Tenant	Description/ Existing use/ Expiry of lease (if any)/ Category of land use (if any)	Approximate land area/ Approximate built-up area sq ft	Date of CCC	Period of tenancy/ Rental per annum
(a)	No. 46, Lengkok IKS Simpang Empat 1, Taman IKS Simpang Empat, 14100, Simpang Ampat, Pulau Pinang	SHL Capital Sdn Bhd/ Bapas	Single storey detached factory together with a 3-storey office premises/ Factory (for fried shallots) and office/ Freehold/ None	14,090/ 6,240	23 January 2017	2 years commencing 1 November 2022 to 30 October 2024/ RM114,000 <u>Renewal period</u> 2 years commencing from 1 November 2024 until 31 October 2026

Our property is rented from non-related party. The property rented by our Group is not in breach of any other land use conditions, statutory requirements, land rules or building regulations/by-laws, which will have material adverse impact on our operations as at LPD.

6.9.3 Acquisition of properties

Our Group has not acquired nor entered into any agreements to acquire any properties during FYE 2020 to 2022 and up to LPD.

6. INFORMATION ON OUR GROUP (Cont'd)**6.9.4 Material capital expenditures and divestitures****(a) Material capital expenditures**

Save for the expenditures disclosed below, there were no other capital expenditures made by us for FYE 2020 to 2022 and up to LPD:

Capital expenditures	At cost			
	FYE 2020	FYE 2021	FYE 2022	1 January 2023 up to LPD
	RM'000	RM'000	RM'000	RM'000
Furniture, fittings and equipment	43	61	295	153
Motor vehicles	155	97	279	111
Plant and machinery ⁽¹⁾	522	71	790	1,281
Capital work-in-progress ⁽²⁾	51	1,435	1,307	-
	771	1,664	2,671	1,545

Notes:

- (1) For FYE 2020, relates mainly to 1 unit of packing machine, 3 units of forklifts, 1 unit of moisture analyser and 59 units of steel pallets.

For FYE 2022 and up to LPD, relates mainly to the expanded plant and machinery for the production of food additives, such as valve bag weighing machine, big bang powder packing machine, ribbon mixer, metal detector, air press conveyor, onion cutting machine, spin oil machine, fried onion machine, onion washing machine, onion peeling machine and platform and stainless steel buckets.

- (2) Relates mainly to the construction of Phase 3 comprising a double-storey factory to the existing warehouse on Bukit Minyak Premises as detailed in Section 6.5(c).

The above capital expenditures were primarily financed by a combination of bank borrowings and internally generated funds. Our capital expenditures are mainly driven by our business growth as well as for replacement purposes.

(b) Material capital divestitures

Save for the divestitures disclosed below, there were no other capital divestitures made by us for FYE 2020 to 2022 and up to LPD:

Capital divestitures	At cost			
	FYE 2020	FYE 2021	FYE 2022	1 January 2023 up to LPD
	RM'000	RM'000	RM'000	RM'000
Buildings	-	-	-	13
Motor vehicles ⁽¹⁾	-	273	570	32
Plant and machinery	-	-	5	7
	-	273	575	52

Note:

- (1) Relates to disposal of motor vehicles that are no longer in good condition or in use.

6. INFORMATION ON OUR GROUP (Cont'd)

All our capital divestitures were carried out in the ordinary course of business as part of the periodic review of our fixed asset register to identify and eliminate those assets which have been fully depreciated or no longer in use or obsolete or surpassed their useful lives.

As at LPD, other than the proposed utilisation of proceeds from our Public Issue for our capital expenditure as disclosed in Section 4.9, we do not have any material capital expenditures and divestitures currently in progress, within or outside Malaysia.

6.9.5 Key machinery and equipment

Details of our Group's key machinery and equipment are as follows:

Machinery and equipment	Remaining economic useful life	No. of units	No. of units fully depreciated	Audited NBV as at 31 December 2022
	Years			RM'000
Packing machine	5 to 9	5	-	539
Cold room	6 to 9	2	-	540
Solar photovoltaic system	6 to 8	2	-	458
Mixer machine	6	1	-	163
Fryer machine	3 to 4	2	-	26
Forklift	3 to 9	10	1	418
Weighing machine	9	1	-	41
Ribbon mixer	9	2	-	135
Metal detector	9	1	-	63
Dock leveler	9	1	-	52
Compressor	9	1	-	85
				2,520

We conduct periodic inspection and maintenance of our machinery and equipment and undertake certain repair works when necessary. Our maintenance procedures including oiling, corrosion prevention and cleaning. Machinery which is fully depreciated may not have surpassed its useful life. Although certain machinery and equipment are fully depreciated, they may still operate effectively. If the machinery is well maintained and can operate effectively and efficiently, it will not be disposed. Fully depreciated machinery are disposed when they cannot operate effectively, or are functionally obsolete.

6. INFORMATION ON OUR GROUP (Cont'd)

6.9.6 Material plans to construct, expand or improve our property, plant and equipment

Save for the proposed utilisation of proceeds from our Public Issue to finance the capital expenditure as set out in Section 4.9, our Group does not have any other immediate plans to construct, expand or improve our property, plant and equipment as at LPD.

6.10 RELEVANT LAWS, REGULATIONS, RULES OR REQUIREMENTS

The following is an overview of the major laws, regulations, rules and requirements governing the conduct of our Group's business and environmental issue which may materially affect our business operations:

(a) Industrial Co-ordination Act 1975 ("ICA 1975")

The ICA 1975 provides for the co-ordination and orderly development of manufacturing activities in Malaysia, for the establishment of an Industrial Advisory Council and for other matters connected therewith or incidental thereto.

Pursuant to Section 3(1) of the ICA 1975, no person shall engage in any manufacturing activity unless he is issued a licence in respect of such manufacturing activity. Any person engaging in any manufacturing activity with a shareholders' fund of RM2.5 million and above or employing 75 or more full-time paid employees are required to apply for a manufacturing licence.

Failure to comply constitutes an offence and such person shall, on conviction, be liable to a fine not exceeding RM2,000 or to a term of imprisonment not exceeding 6 months and to a further fine not exceeding RM1,000 for every day during which such default continues.

As at LPD, our Group has obtained 2 manufacturing licences at the Bukit Minyak Premises and Simpang Empat Factory respectively, all of which are valid and subsisting.

(b) Control of Padi and Rice Act 1994 ("CPRA 1994")

The CPRA 1994 is an act which makes provisions in law relating to padi and rice and for other matters connected therewith. The Control of Padi and Rice (Licensing of Wholesalers and Retailers) Regulations 1996 ("**CPRA WR Licensing Regulations**") and Control of Padi and Rice (Licensing of Importers and Exporters) Regulations 1994 ("**CPRA IE Licensing Regulations**") are regulations made pursuant to the CPRA 1994.

Pursuant to Regulation 3 of the CPRA WR Licensing Regulations, no person shall sell rice by wholesale or retail except under a licence issued in accordance with regulation 4. Regulation 12 of the CPRA WR Licensing Regulations provides that any person who contravenes these Regulations or any of the conditions specified in the licence shall be guilty of an offence under Section 22 of the CPRA Act 1994.

Pursuant to Regulation 3 of the CPRA IE Licensing Regulations, no person shall import or export rice unless he is licensed to do so by the Director General for the control of padi and rice. Regulation 10 of the CPRA IE Licensing Regulations provides that a person who fails to comply with any of the provisions of these Regulations or any of the conditions specified in the licence shall be guilty of an offence under Section 22 of the CPRA Act 1994.

6. INFORMATION ON OUR GROUP (Cont'd)

Section 22 of the CPRA 1994 states that:

- (i) A person, other than a body corporate, but including a director or officer of a body corporate, who commits an offence under, or who fails to comply with, any of the provisions of the CPRA 1994 or any regulation made thereunder in respect of which no penalty is expressly provided for, shall, on conviction, be liable to a fine not exceeding RM15,000 or to imprisonment for a term not exceeding 2 years or to both, and for a second or subsequent offence, to a fine not exceeding RM25,000 or to imprisonment for a term not exceeding 5 years or to both; and
- (ii) A body corporate which commits an offence under, or fails to comply with, any of the provisions of the CPRA 1994 or any regulation made thereunder shall, on conviction, be liable to a fine not exceeding RM25,000 and, for a second or subsequent offence, to a fine not exceeding RM50,000.

As at LPD, our Group has obtained a wholesale licence, an import licence and an export licence pursuant to the CPRA 1994 and the relevant regulations, all of which are valid and subsisting.

(c) Control of Supplies Act 1961 ("CSA 1961")

The CSA 1961 is an act to provide for the control and rationing of supplies. The Control of Supplies Regulations 1961 ("**CS Regulations**") is a regulation made pursuant to the CSA 1961.

Pursuant to Regulation 3 of the CS Regulations, no person shall deal by wholesale or retail in any scheduled article or manufacture any scheduled article except under and in accordance with a licence issued under Regulation 4. The scheduled article includes sugar, cooking oil and wheat flour.

Pursuant to Regulation 18 of the CS Regulations, any person who carries on any trade or business, which in the course of the trade or business he uses or consumes cooking oil shall not have in his possession the quantity of cooking oil exceeding 12kg unless he has been authorized by way of a permit issued by the Controller of Supplies.

Section 22 of the CSA 1961 provides that:

- (i) Any person, other than a body corporate, but including a director or officer of a body corporate, who commits an offence against the CSA 1961 shall, on conviction, be liable to a fine not exceeding RM1,000,000 or to imprisonment for a term not exceeding 3 years or to both, and for a second or subsequent offence, to a fine not exceeding RM3,000,000 or to imprisonment for a term not exceeding 5 years or to both; and
- (ii) Any body corporate which commits an offence against the CSA 1961 shall, on conviction, be liable to a fine not exceeding RM2,000,000 and, for a second or subsequent offence, to a fine not exceeding RM5,000,000.

As at LPD, our Group has obtained a wholesale licence to deal by wholesale for sugar, cooking oil and wheat flour and a permit to store more than 12kg of cooking oil, all of which are valid and subsisting.

6. INFORMATION ON OUR GROUP (Cont'd)

(d) Food Act 1983 ("FA 1983")

The FA 1983 and Food Regulations 1985 ("**Food Regulations**") are laws governing food safety and quality control. The objective is to protect the public against health hazards and fraud in the preparation, sale and use of food, and for matters incidental thereto or connected therewith.

Section 15 of the FA 1983 provides that where a standard has been prescribed for any food, any person who prepares, packages, labels or advertises any food which does not comply with that standard, in such a manner that it is likely to be mistaken for food of the prescribed standard, commits an offence and is liable on conviction to imprisonment for a term not exceeding 3 years or to fine or to both.

Regulations 9 to 18E of the Food Regulations set out the regulations on labelling of food packaging that has to be adhered to. Regulation 397 of the Food Regulations provides that any person who contravenes or fails to comply with any provisions of the Food Regulations commits an offence and any person who commits an offence against the Food Regulations for which no penalty is provided by the FA 1983 shall, on conviction, be liable to a fine not exceeding RM10,000 or imprisonment for a term not exceeding 2 years.

Regulation 3 of the Food Hygiene Regulations 2009 requires all the following food premises to be registered, the non-compliance of which shall be an offence punishable with a fine not exceeding RM10,000 or imprisonment not exceeding 2 years:

- (i) All food premises involved in manufacturing of food;
- (ii) All food premises involved in food catering;
- (iii) All premises where food is prepared, processed, kept and served for sale; and
- (iv) All vehicles where food ready for consumption is sold.

As at LPD, our Group is in compliance with the relevant provisions under the FA 1983 and the regulations thereunder and our Group has obtained certificates of registration of food premises for the Bukit Minyak Premises and the Simpang Empat Factory, all of which are valid and subsisting.

(e) Trade Descriptions Act 2011 ("TDA 2011")

The TDA 2011 is an act for the purpose of promoting good trade practices by prohibiting false trade descriptions and false or misleading statements, conduct and practices in relation to the supply of goods and services, and by prohibiting, restricting or otherwise regulating or controlling the use of any statement, expression or indication which is likely to discriminate or boycott any product or goods or to discourage, forbid, hinder or influence any person from using or consuming any product or goods in the course of trade or business, and to provide for matters connected therewith or incidental thereto.

Section 16 of the TDA 2011 provides that no person shall make any false representation by any means, whether direct or indirect, that any goods or services supplied by him or any methods adopted by him are of a kind supplied to or approved by any person including any government or government department or agency or any international body or agency whether in Malaysia or abroad. Any person who contravenes Section 16 commits an offence and shall on conviction, be liable:

6. INFORMATION ON OUR GROUP (Cont'd)

- (i) if such person is a body corporate, to a fine not exceeding RM500,000 and for a second or subsequent offence, to a fine not exceeding RM1,000,000; or
- (ii) if such person is not a body corporate, to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding 3 years or to both and for a second or subsequent offence, to a fine not exceeding RM500,000 or to imprisonment for a term not exceeding 5 years or to both.

Pursuant to Regulation 4(1) of the Trade Descriptions (Certification and Marking of Halal) Order 2011 ("**Trade Halal Cert Order**"), all food and goods shall not be described as Halal or be described in other expression to indicate that the food or goods can be consumed or used by a Muslim unless it is certified as Halal by the competent authority and marked with the logo as specified in the First Schedule of the Trade Halal Cert Order.

Pursuant to Regulation 8 of the Trade Halal Cert Order, any person who supplies or offers to supply any food, goods or services in relation to the food or goods, in contravention of this Order, commits an offence and shall, on conviction, be liable:

- (i) if such person is a body corporate, to a fine not exceeding RM200,000, and for a second or subsequent offence, to a fine not exceeding RM500,000; or
- (ii) if such person is not a body corporate, to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding 3 years or to both, and for a second or subsequent offence, to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding 5 years or to both.

As at LPD, our Group is in compliance with the relevant provisions under the TDA 2011 and the regulations thereunder and our Group has obtained Halal certifications for its products which are described as Halal.

(f) Biosafety Act 2007 ("BSA 2007")

The BSA 2007 regulates the release, importation, exportation and contained use of living modified organisms, and the release of products of such organisms.

Section 12(1) of the BSA 2007 provides that no person shall undertake any release activity, or any importation of living modified organisms, or both (known as an "**event**") without the prior approval of the National Biosafety Board. In this regard, the events undertaken by our Group fall within the list of approved events by the National Biosafety Board.

"Release activity" is defined to mean any intentional introduction of living modified organisms or products of such organisms into the environment through the activities or for the purposes specified in the Second Schedule, one of which is the supply or offer to supply for sale or placing on the market. "Living modified organisms" is defined to mean any living organism that possesses a novel combination of genetic material obtained through the use of modern biotechnology.

Section 12(2) of the BSA 2007 provides that any person who contravenes subsection (1) commits an offence and shall, on conviction, be liable:

- (i) where such person is an individual, to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding 5 years or to both and, in the case of a continuing offence, to a further fine not exceeding RM10,000 for each day during which the offence continues after conviction;

6. INFORMATION ON OUR GROUP (Cont'd)

- (ii) where such person is a body corporate, to a fine not exceeding RM500,000 and, in the case of a continuing offence, to a further fine not exceeding RM20,000 for each day during which the offence continues after conviction.

As at LPD, our Group is in compliance with the relevant provisions under the BSA 2007.

(g) Local Government Act 1976 ("LGA 1976")

The LGA 1976 empowers every local authority to grant licence or permit for any trade, occupation or premise through by-laws. Every licence or permit granted shall be subject to such conditions and restrictions as the local authority may think fit and shall be revocable by the local authority at any time without assigning any reason therefor.

Our Group's business falls under the jurisdiction of the Seberang Perai City Council ("**MBSP**"). The relevant by-laws governing the conduct of our Group's business would be the Licensing Payment (Seberang Perai City Council) By-Laws 1980 ("**By-Laws 1980**") and the Licensing of Advertisements (Seberang Perai City Council) By-Laws 2001 ("**By-Laws 2001**").

By-Laws 1980 provides that it is an offence for a person to operate any business activity falling under Schedule 1 without a valid licence issued by MBSP. Any person who contravenes any provision of the By-Laws 1980 commits an offence and shall, on conviction be liable to a fine not exceeding RM2,000 or to a term of imprisonment not exceeding 1 year or to both such fine and imprisonment.

By-Laws 2001 establishes that no person shall exhibit or cause or permit to be exhibited any advertisement without a license issued by the MBSP. Any person who contravenes any of the provision of the By-Laws 2001 shall be guilty of an offence and shall upon conviction be liable to a fine not exceeding RM2,000 or to a term of imprisonment not exceeding 1 year or to both such fine and imprisonment.

As at LPD, our Group holds and maintains valid business premises licences for all our operating business premises in Malaysia as well as signboard licences for all premises with external signboards.

(h) Employment Act 1955 ("EA 1955")

The EA 1955 regulates all labour related matters including contracts of service, payment of wages, employment of women, maternity protection, rest days, hours of work, holidays, termination, lay-off and retirement benefits, employment of foreign employees and keeping of registers of employees.

Any person who commits any offence under, or contravenes any provision of the EA 1955, or any regulations, order or other subsidiary legislation whatsoever made thereunder, in respect of which no penalty is provided, shall be liable, on conviction, to a fine not exceeding RM50,000.

As at LPD, our Group complies with the relevant requirements under the EA 1955.

(i) Factories and Machineries Act 1967 ("FMA 1967")

The FMA 1967 and the relevant regulations made thereunder, including the Factories and Machinery (Notification, Certificate of Fitness and Inspection) Regulations 1970 provide for the control of factories with respect to matters relating to the safety, health and welfare of persons in the factories, the registration and inspection of machinery and other matters connected therewith.

6. INFORMATION ON OUR GROUP (Cont'd)

Section 19 of the FMA 1967 states that no person shall operate or cause or permit to be operated any machinery in respect of which a certificate of fitness is prescribed, unless there is a valid certificate of fitness issued under the FMA 1967 in relation to the operation of the machinery. Any person who contravenes this provision shall be served with a notice in writing prohibiting the operation of such machinery or may render such machinery inoperative until such time as a valid certificate of fitness is issued. In addition, such person shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM150,000 or to imprisonment for a term not exceeding 3 years or to both.

As at LPD, our Group is in compliance with the relevant provisions under the FMA 1967 and we have obtained valid certificates of fitness for the operation of our machineries that require certifications under the FMA 1967.

(j) Occupational Safety and Health Act 1994 ("OSHA 1994")

The OSHA 1994 regulates the safety, health and welfare of persons at work, to protect others against risks to safety or health in connection with the activities of persons at work, as well as to promote an occupational environment for persons at work.

Pursuant to Section 16 of the OSHA 1994, it is the duty of every employer to prepare and as often as may be appropriate revise a written statement of his general policy with respect to the safety and health at work of his employees and the organization and arrangements for the time being in force for carrying out that policy, and to bring the statement and any revision of it to the notice of all of his employees. An employer who contravenes this provision shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding 2 years or to both.

Section 29 of the OSHA 1994 requires an occupier of a place of work to which this section applies to employ a competent person to act as a safety and health officer at the place of work. An occupier who contravenes the provisions of this section shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM5,000 or to a term of imprisonment not exceeding 6 months or to both. The employer of the class or description of industries that shall employ a safety and health officer can be found under Order 3 of the Occupational Safety and Health (Safety and Health Officer) Order 1997, which include any boiler and pressure vessel manufacturing activity employing more than a hundred employees.

In addition, Section 30 of the OSHA 1994 provides that every employer shall establish a safety and health committee at the place of work if there are 40 or more persons employed at the place of work or the Director General of DOSH directs the establishment of such a committee at the place of work. A person who contravenes this provision shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM5,000 or to imprisonment for a term not exceeding 6 months or to both.

As at LPD, our Group is in compliance with the relevant provisions under the OSHA 1994.

6. INFORMATION ON OUR GROUP (Cont'd)

(k) Environmental Quality Act 1974 ("EQA 1974")

The EQA 1974 sets out provisions in respect of prevention, abatement, control of pollution and enhancement of the environment.

Under the EQA 1974, no person shall, unless licensed:

- (i) emit or discharge any environmentally hazardous substances, pollutants or wastes into the atmosphere;
- (ii) pollute or cause or permit to be polluted any soil or surface of any land; or
- (iii) emit, discharge or deposit any environmentally hazardous substances, pollutants or wastes into any inland waters;

in contravention of the acceptable conditions specified under the EQA 1974.

Any person who contravenes the above shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM100,000 or to imprisonment for a period not exceeding 5 years or to both and to a further fine not exceeding RM500 a day for every day that the offence is continued after a notice by the Director General of Environmental Quality requiring him to cease the act specified therein has been served upon him.

Notwithstanding the above provisions of the EQA 1974, Schedule 1 of the Environmental Quality (Industrial Effluent) Regulations ("**EQIER 2009**") provides a list of discharges which is exempted from the said provisions which include, amongst others, processing, manufacturing, washing or servicing of any other products or goods that produce effluent of less than 60 cubic metres (13,000 imperial gallons) per day. As the water used by our Group for cleaning purposes produces effluent of less than 60 cubic metres (13,000 imperial gallons) per day, our Group is in compliance with the EQIER 2009.

The Environmental Quality (Clean Air) Regulations 2014 ("**EQCAR 2014**") imposes an obligation on the owner or occupier of premises to give prior written notification to the Director General no less than thirty days before commencement of work on any premises that may result in a source of emission. The EQCAR 2014 also states that every premises shall be equipped with an air pollution control system in accordance with the specifications as determined by the Director General. Any person who fails to comply shall be guilty of an offence and shall be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding 2 years or to both.

As at LPD, our Group complies with the relevant provisions of the EQA 1974 and the regulations thereunder.

6. INFORMATION ON OUR GROUP (Cont'd)

(l) Fire Services Act 1988 ("FSA")

The FSA provides for the effective and efficient functioning of the Fire and Rescue Department of Malaysia, for the protection of persons and property from fire risks or emergencies and for purposes connected therewith.

Pursuant to Sections 28 of the FSA, every designated premises shall require a fire certificate and a fire certificate shall be renewable annually. The premises of which the use, size and location as set out in the schedule of the Fire Services (Designated Premises) Order 1998 shall be designated premises for the purpose of issuance of a fire certificate under the FSA. Such designated premises include:

- Offices : 30 metres and above in height or 10,000 square metres and over (total floor area)
- Factories : (i) Single storey and above – 2,000 square metres and over (total floor area) where the automatic sprinkler systems are installed
- (ii) 2 storeys and above – 2,000 square metres and over (total floor area) where the automatic sprinkler systems are installed
- (iii) Special structure – Hazardous processes

Under the FSA, where there is no fire certificate in force in respect of any designated premises, the owner of the premises shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding 5 years or to both.

As at LPD, our Group has obtained a fire certificate for our Bukit Minyak Premises which remains valid and subsisting. The Simpang Empat Factory does not require a fire certificate as it does not fall within the definition of "designated premise" under the FSA.

(m) Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 ("EMSH 1990")

The EMSH 1990 prescribes the minimum standards of housing, nurseries and accommodation for employees (and their dependents, if applicable) as well as health, hospital, medical and social amenities to be provided by the employers to their employees.

Pursuant to the EMSH Regulations, employers are required to provide accommodation to foreign employees with a Visit Pass (Temporary Employment) issued under Regulation 11 of the Immigration Regulations 1963.

Section 24D of the EMSH 1990 states that no accommodation shall be provided to an employee unless certified with a Certificate for Accommodation ("**CFA**"). An employer who contravenes this provision commits an offence and shall, on conviction, be liable to a fine not exceeding RM50,000 per unit of workers' accommodation.

As at LPD, our Group has entered into a service agreement with Kellie Ooi Enterprise dated 12 February 2023 to provide accommodation to our foreign employees at 31, Jalan Perwira, Taman Perwira, 14100, Simpang Ampat, Pulau Pinang. The CFA was issued to ACS on 14 March 2023 and is valid and subsisting.

6. INFORMATION ON OUR GROUP (Cont'd)

(n) Street, Drainage and Building Act 1974 ("SDBA")

The SDBA is implemented by the local authorities of Peninsular Malaysia and it stipulates that every building or part of a building must have a CCC or Certificate of Fitness for Occupation ("CFO") before it may be occupied.

Under the Uniform Building By-Laws 1984 ("UBBL") which was issued pursuant to the SDBA, a CCC will only be issued by the local authority upon receipt of certification in relevant forms by a qualified person i.e. an architect, registered building draughtsman or engineer. To the best of their knowledge, a qualified person must be satisfied that: (i) the relevant building has been constructed in accordance with UBBL; (ii) any conditions imposed by the local authority have been satisfied; (iii) all essential services have been provided; and (iv) responsibilities have been accepted for the portions that are being concerned with.

Pursuant to the SDBA, a person who occupies a premise without a CCC or CFO is subject to a fine of up to RM250,000, imprisonment for a term of up to 10 years, or both.

Our Group occupied the Bukit Minyak property since April 2014 (after the completion of the construction of 2 units of single storey factory in September 2013) prior to the issuance of its first CCC on 22 September 2015 as detailed in Section 6.9.1. Upon issuance of the first CCC, such non-compliance was rectified. Our Group has also obtained CCCs for subsequent extensions on 18 December 2018 and 8 April 2022 respectively. Furthermore, our Group has not been issued with any compounds or penalties in relation to the non-compliance.

As at LPD, our Group's owned and rented properties have a record of validly obtained CCC.

(o) Malaysian Quarantine and Inspection Services Act 2011 ("MAQIS")

The MAQIS is an act for the purpose of providing integrated services relating to quarantine, inspection and enforcement at the entry points, quarantine stations and quarantine premises and certification for import and export of plants, animals, carcasses, fish, agricultural produce, soils and microorganisms and includes inspection of and enforcement relating to food and for matters connected to it.

Section 11 of MAQIS provides amongst others that no person shall import or export any agricultural produce (any product from plant, animal, carcass or fish, whether processed or otherwise) without a permit, licence or certificate issued under this Act. The agricultural produce which require an import or export permit (as the case may be) under MAQIS is set out in the Customs (Prohibition of Import) Order 2023 (previously Customs (Prohibition of Import) Order 2017 which has since been revoked) and the Customs (Prohibition of Export) Order 2023 (previously Customs (Prohibition of Export) Order 2017 which has since been revoked).

Pursuant to MAQIS, any person who is involved in the importation and exportation of any agricultural produce who contravenes this section commits an offence and shall, on conviction, be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding 6 years or to both and, for a second or subsequent offence to a fine not exceeding RM150,000 or to imprisonment for a term not exceeding 7 years or to both.

Our Group complies with the provisions of MAQIS and has obtained the relevant permits under MAQIS for the import and export of the relevant products.

6. INFORMATION ON OUR GROUP (Cont'd)

6.11 ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRACTICES

Our Group has implemented, and is in the midst of implementing, the following practices:

(a) Environmental

Our Group believes in preserving and caring for the environment by adopting sustainable practices in our business activities. The measures that we have taken or plan to take (as the case may be) include the following:

(i) Carbon footprint

We have installed solar panels to generate electricity from sunlight, at the Bukit Minyak Premises, recognising that solar power is a renewal energy source which reduces carbon footprint from our operations. The installed power capacity is 268 kilowatt peak. The power generated is used in our operations, and the surplus is fed into the grid of Tenaga Nasional Berhad.

Further, we proactively addressed carbon footprint reduction by using electric-powered forklifts (previously gas-powered) in our warehousing activities. As at LPD, 10 units of our forklifts are electric-powered. This switch not only contributes to a safer work environment for our employees but also eliminates on-site emissions, demonstrating our commitment to sustainability.

We encourage our employees to adopt energy-saving practices in our workplace, such as turning off light switches and equipment when not in use. We also set our air conditioners to a comfortable and optimal temperature range of 24 degree Celcius to 26 degree Celcius. This helps us to avoid wasting electricity and reduce the impact to environment.

(ii) Water management

Bapas had switched from "water peeling" to "dry peeling" for our shallot peeling process. This helps us to save water and minimise water wastage as dry peeling machines use air pressure instead of water to peel the shallots.

To further manage the water consumption, we are considering installing a rainwater harvesting system. This initiative would enable the use of properly treated rainwater in our Group's operation, thereby reducing our water consumption.

(iii) Air quality management

Our factory buildings are built in compliance with the standards from the Department of Environment Malaysia. Air pollution control systems are installed in the production facilities to comply with the regulations of the Department of Environment Malaysia.

6. INFORMATION ON OUR GROUP (Cont'd)

(b) Social

Our Group is committed to act responsibly to all our stakeholders in our business operations as well as to the community in which we operate in. Our Group's efforts in fulfilling our social sustainability are as follows:

(i) Occupational health and safety

Our Group observes the requirements of Jabatan Keselamatan dan Kesihatan Pekerjaan Malaysia. Our employees have completed the Occupational Safety and Health Awareness training. The training is important in helping our employees to familiarise themselves with the safety and health practices of our Group and preparing them to handle emergency situations. We provide personal protective equipment to employees based on their roles and task assigned.

(ii) Labour practices and standards

Our Group values the contribution of all our employees and takes every step to comply with the EA 1955 and other relevant statutory obligations. Our Group's human resource policy covers every facet of employment-related statutes and provides guidance for the human resource practices of our Group. Some of the policies that we have implemented include flexible working arrangements and gender diversity.

(iii) Halal certifications

Our products as well as production facilities and processes have also been inspected and certified to be in compliant with the Halal standards, which allow us to manufacture and distribute Halal-certified products to cater to the Halal market. To ensure full compliance with the terms and conditions, all our employees have undergone Halal awareness training. Employees involved in the production areas must observe the Halal sanitary procedures and attend food handling courses.

(iv) Food safety and quality

Our production facilities and processes for food additives in our Bukit Minyak Premises have also been certified compliant with the internationally recognised HACCP System and GMP System.

We obtain Certificates of Analysis from our suppliers prior to product shipment to ensure the products are in accordance with our specifications and quality standards.

We ensure that our product labels are accurate, clear and in compliance with the relevant regulatory requirements. Proper product labels provide important information on a product such as ingredients and product safety information, and they serve to build consumer trust in our products. Our Group values feedback from consumers and stakeholders and continues to improve and innovate our products to meet their needs.

6. INFORMATION ON OUR GROUP (Cont'd)**(c) Governance**

Our Group is committed to conduct our business ethically and in compliance with all relevant laws, regulations, rules and requirements as disclosed in Section 6.10. In maintaining high standards of corporate governance, our Board has progressively adopted all the applicable principles and practices as promulgated in the MCCG particularly on embracing board gender diversity.

In addition, our Group has adopted a zero-tolerance policy towards bribery where we have put in place the policies and procedures to ensure strict compliance with the Malaysian Anti-Corruption Commission Act 2009. In relation to our Group's risk management, our Group has put in place a risk management framework to monitor closely on the risk associated with our Group's business as well as the Whistleblowing Policy and Personal Data Protection Policy to ensure and promote fairness in business dealings.

Our Group will continue to innovate in the way we conduct our business and offer new products. We are progressively introducing information technology in our operations, one of which is the sales management system. The system allows our sales and marketing team to respond to customers' enquiry expeditiously. In the area of product development, we have invested in and will continue to invest in our R&D function. We believe that our strength in R&D will be one of the key drivers for our business success and sustainability.

6.12 EMPLOYEES

As at LPD, we have a total workforce of 99 employees. Save for foreign employees, all of whom carry valid working permits, all our employees are hired on a permanent basis.

The breakdown of our employees as at 31 December 2022 and LPD are as follows:

	No. of employees			
	As at 31 December 2022		LPD	
	Local	Foreign	Local	Foreign
As at 31 December 2022				
Executive Directors ⁽¹⁾	1	-	1	-
Key senior management	4	-	4	-
Accounting and finance	6	-	7	-
Human resource and administrative	5	-	5	-
Logistics	7	-	8	-
Procurement	2	-	2	-
Sales and marketing	7	-	7	-
Warehouse and production	27	11	32	22
QA&QC	4	-	7	-
R&D	3	-	4	-
Production planner	2	-	-	-
Total	68	11	77	22

Note:

⁽¹⁾ Includes the executive director of our subsidiaries.

There were no significant changes in the number of employees of our Group from 31 December 2022 up to LPD.

None of our employees belong to any labour union and over FYE 2020 to 2022 and up to LPD, there has been no labour dispute between our management and our employees. Additionally, over FYE 2020 to 2022 and up to LPD, there has not been any incident of work stoppage that has materially affected our operations.

7. BUSINESS OVERVIEW

7.1 OUR HISTORY

Our Company was incorporated in Malaysia under the Act on 16 May 2023 as a private limited company under the name Agricore CS Holdings Sdn Bhd. On 11 September 2023, we converted into a public limited company and assumed our present name. We were incorporated as a special purpose vehicle to facilitate the Listing.

The history of our Group can be traced back to 3 February 2009 with the incorporation of ACS. The incorporation of our subsidiaries and changes in shareholdings, as well as the history and development of our Group and business operations since 2009 are as follows:

Incorporation of our subsidiaries and changes in shareholdings

ACS

ACS was incorporated on 3 February 2009 by 3 founding shareholders, namely Siew Boon Shem (33.33%), Ng Pei Jin (spouse of Oon Boon Khong) (33.33%) and Leung Sook Mee (33.33%) to undertake trading of plant-based agricultural food ingredients.

On 24 April 2009, by way of issuance of new shares of ACS to Siew Boon Shem, Ng Pei Jin and Leung Sook Mee for a total cash consideration of RM97.00 or RM1.00 per share, their equity interest held in ACS changed to Siew Boon Shem (9.00%), Ng Pei Jin (40.00%) and Leung Sook Mee (51.00%). On 25 May 2009, new shares of ACS were allotted to Siew Boon Shem, Oon Boon Khong, our Managing Director and Leung Sook Mee for a total cash consideration of RM99,900.00 or RM1.00 per share. Their equity interest held in ACS changed to Siew Boon Shem (9.00%), Ng Pei Jin (0.04%), Oon Boon Khong (39.96%) and Leung Sook Mee (51.00%).

On 26 May 2010, Siew Boon Shem, Leung Sook Mee and Oon Boon Khong subscribed for new shares in ACS at a cash consideration of RM0.15 million or RM1.00 per share. The shareholdings in ACS changed to Siew Boon Shem (9.00%), Ng Pei Jin (0.02%), Leung Sook Mee (51.00%) and Oon Boon Khong (39.98%).

On 31 March 2011, Siew Boon Shem disposed his 9.00% equity interest in ACS for a cash consideration of RM22,500 or RM1.00 per share to his spouse, Leong Yeok Wah and ceased to be a shareholder. On 19 July 2011, Ng Pei Jin disposed her 0.02% interest in ACS for a cash consideration of RM40.00 or RM1.00 per share to Oon Boon Khong and ceased to be a shareholder. On 29 August 2011, Leung Sook Mee transferred 34.00% of her equity interest to her sibling, Leung Yow Tuck (17.00%) and her nephew, Leong Huck Khan (17.00%) at a cash consideration of RM85,000 or RM1.00 per share. The shareholdings of ACS changed to Leung Sook Mee (17.00%), Leong Yeok Wah (9.00%), Leung Yow Tuck (17.00%), Leong Huck Khan (17.00%) and Oon Boon Khong (40.00%).

On 29 December 2012, by way of issuance of new shares of ACS to Leung Sook Mee, Leong Yeok Wah, Leung Yow Tuck, Leong Huck Khan and Oon Boon Khong at a total cash consideration of RM2.15 million or RM1.00 per share, their equity interest held in ACS remained at Leung Sook Mee (17.00%), Leong Yeok Wah (9.00%), Leung Yow Tuck (17.00%), Leong Huck Khan (17.00%) and Oon Boon Khong (40.00%).

7. BUSINESS OVERVIEW (Cont'd)

On 29 June 2020, Oon Boon Khong acquired 8.00% and 3.00% equity interests in ACS at a cash consideration of RM2.75 million or approximately RM10.42 per share from Leung Sook Mee and Leong Yeok Wah respectively. On even date, Aromi acquired 9.00% equity interests in ACS at a cash consideration of RM2.25 million or approximately RM10.42 per share from Leung Sook Mee and became a shareholder. Leung Yow Tuck and Leong Huck Khan also transferred all of their equity interests in ACS to BBN Network Sdn Bhd (held by Leung Sook Mee (90.00%) and her child, Sim Jun Kai (10.00%)) at a total cash consideration of RM2.00 and ceased to be shareholders. The shareholdings in ACS changed to Leong Yeok Wah (6.00%), BBN Network Sdn Bhd (34.00%), Oon Boon Khong (51.00%) and Aromi (9.00%).

On 9 July 2020, new Ordinary B shares of ACS were allotted to Leong Yeok Wah and BBN Network Sdn Bhd for a total cash consideration of RM20,000 or RM1.00 per share. The voting rights for Ordinary B shares of ACS was 25.5 votes per share. On even date, new Ordinary A shares of ACS were allotted to Oon Boon Khong and Aromi for a total cash consideration of RM30,000 or RM1 per share. The voting rights for Ordinary A shares of ACS is similar to the voting rights attached to a share, being 1 vote per share. For avoidance of doubt, the issuance of Ordinary B shares was to give Leong Yeok Wah the equivalent number of voting rights as Aromi, and BBN Network Sdn Bhd the equivalent number of voting rights as Oon Boon Khong.

Thereafter, effective from 29 November 2021, the voting rights of Ordinary B shares of ACS were varied to 58 votes per share.

On 30 November 2021, 3,250,000 new shares of ACS were allotted to Leong Yeok Wah, BBN Network Sdn Bhd, Oon Boon Khong and Aromi for a consideration of RM3,250,000 or RM1.00 per share, by capitalising an amount owing by ACS to them. Such amount was novated to them pursuant to the novation and debt settlement agreement dated 24 September 2021. Please refer to Section 6.5(b) for further details of the said agreement.

On 15 September 2022, Leong Yeok Wah and BBN Network Sdn Bhd entered into an agreement to dispose all of their equity interests in ACS to Frazel (40.00%) at a total cash consideration of RM15.50 million or approximately RM6.80 per share, and concurrently ceased to be shareholders. On 15 September 2022, Oon Boon Khong also entered into a share sale agreement to dispose 11.00% of his equity interest in ACS to Datuk Keh Chuan Seng (10.00%), Lim Swee Chuan (0.90%) and Datin Cheong Kai Meng (0.10%) respectively at a total cash consideration of approximately RM4.26 million or approximately RM6.80 per share. Thereafter, the shareholdings in ACS changed to Oon Boon Khong (40.00%), Aromi (9.00%), Frazel (40.00%), Datuk Keh Chuan Seng (10.00%), Datin Cheong Kai Meng (0.10%) and Lim Swee Chuan (0.90%).

On 20 December 2022, while the shareholdings of the parties remained the same, the voting rights of Ordinary A shares and Ordinary B shares of ACS were varied to 1 vote per share whereupon the shares became a single class of ordinary shares.

On 30 December 2022, new shares in ACS were allotted for a cash consideration of RM4.30 million or RM1.00 per share, and the shareholdings in ACS changed to Oon Boon Khong (40.00%), Aromi (9.00%), Frazel (44.34%), Datuk Keh Chuan Seng (5.70%), Datin Cheong Kai Meng (0.06%) and Lim Swee Chuan (0.90%).

Oon Boon Khong and Lim Swee Chuan are our Group's Managing Director and Chief Financial Officer respectively whereas Frazel, Datuk Keh Chuan Seng (our Group's Non-Independent Non-Executive Deputy Chairman) and Datin Cheong Kai Meng are strategic investors of our Group.

Aromi's shareholders includes the key senior management of ACS, namely Wong Kam Tong (our Group's Chief Operating Officer), Tan Hong Sheng (our Group's Product Manager) and Cheng Boon Kai (our Group's Procurement Manager). Our Group's employees, namely Ng Wen Ying, Tan Cheah Haw and Yong Chew Yuong who are our Human Resources Manager, Product

7. BUSINESS OVERVIEW (Cont'd)

Manager for ACS and Account Manager respectively, are also shareholders of Aromi. On the other hand, Wong Pak Zen and Voon Kooi Wong, substantial shareholders of Aromi are passive investors of our Group and they do not hold any roles in our Group.

Bapas

Bapas was incorporated on 30 December 2014 by 3 founding shareholders, namely Wong Kam Tong, Ooi Su Heng and Leung Hak Kong. Bapas was incorporated to undertake the production and sale of fried shallots, and subsequently the production and sale of food additives in 2021.

On 2 January 2015, new shares were allotted at cash consideration of RM97.00 or RM1.00 per share and the shareholdings of Bapas changed to Wong Kam Tong (5.00%), Ooi Su Heng (5.00%), Leung Hak Kong (5.00%), Simon Thoo Ching Hau (5.00%), Cheng Boon Kai (5.00%) and ACS (75.00%). The investment by such parties in Bapas took place as a strategic decision to diversify into production of fried shallots in 2015, which brings an extensive supply chain network with the retailers as well as to capitalise on our Group's expertise in the food ingredients industry.

On 22 June 2015, by way of issuance of new shares of Bapas to ACS, Wong Kam Tong, Ooi Su Heng, Simon Thoo Ching Hau, Leung Hak Kong and Cheng Boon Kai for a total cash consideration of RM199,900.00 or RM1.00 per share, their equity interest held in Bapas maintained at Wong Kam Tong (5.00%), Ooi Su Heng (5.00%), Leung Hak Kong (5.00%), Simon Thoo Ching Hau (5.00%), Cheng Boon Kai (5.00%) and ACS (75.00%).

On 11 May 2016, Simon Thoo Ching Hau disposed all of his equity interest in Bapas to Wong Kam Tong (2.50%) and Ooi Su Heng (2.50%) for a cash consideration of RM10,000.00 or RM1.00 per share. The shareholdings in Bapas changed to Wong Kam Tong (7.50%), Ooi Su Heng (7.50%), Leung Hak Kong (5.00%), Cheng Boon Kai (5.00%) and ACS (75.00%).

On 28 October 2020, Wong Kam Tong, Ooi Su Heng, Leung Hak Kong and Cheng Boon Kai disposed all of their equity interest in Bapas to ACS for a total cash consideration of approximately RM83,777.00 or approximately RM1.68 per share, resulting in Bapas becoming a wholly-owned subsidiary of ACS.

On 24 December 2020, new shares of Bapas were allotted to ACS for a cash consideration of RM0.30 million at RM1.00 per share. On 30 November 2021, new shares of Bapas were allotted to ACS for a cash consideration of RM1.90 million at RM1.00 per share. On 8 December 2022, new shares of Bapas were allotted to ACS for a non-cash consideration of RM0.60 million at RM1.00 per share, being the capitalisation of amount owing by Bapas to ACS. As at LPD, Bapas remains a wholly-owned subsidiary of ACS.

7.2 KEY ACHIEVEMENTS AND MILESTONES

(a) Expansion of our product offerings

We commenced our business in 2009 in the sourcing and distribution of plant-based agricultural food ingredients including starch products, beans and pulses and grain products under our house brands '*POKOK AGRICORE*' and '*SunRise*' as well as third party brands. In 2015, we expanded our product offerings to include fried shallots under our third house brand '*CAP POKOK*'.

As we saw the growing demand for food additives amongst our customers through the distribution of modified starches, which were amongst the starch products we were selling, we commenced our R&D activities with 1 R&D Executive in 2020 by developing

7. BUSINESS OVERVIEW (Cont'd)

formulations for food additives in preparation to venture into the production of food additives.

In 2021, we expanded our R&D team to 2 R&D Executives. In the same year, we successfully developed 18 food additive formulations, of which 3 food additive formulations were developed through R&D activities and 15 food additive formulations were developed based on formulations that are commonly used in the industry. We began selling these food additives under our house brand 'BAPAS', which further expanded our product portfolio. In 2022, we developed a total of 3 food additive formulations for sale. As at LPD, we have commercialised 29 out of our 49 food additive formulations. Out of the 29 commercialised food additive formulations, 11 were developed through R&D activities and 18 were developed based on formulations that are commonly used in the industry. Please refer to Section 7.15 for the 11 developed and commercialised food additive formulations.

(b) Expansion of our sourcing network

In 2009, we started to source beans and pulses such as black matpe and green mung beans from Myanmar. In 2010, we expanded our sourcing network and started to source green mung beans from Australia. In 2011, we started to source soybeans from Canada and USA, and corn starch from South Korea. In 2012, we further expanded our sourcing network by sourcing such as glutinous rice flour from Thailand, and potato starch from Germany and corn starch from China. In 2013, we expanded our sourcing network further and started sourcing plant-based agricultural food ingredients from Denmark, Turkey and Ukraine. From 2015 to 2020, we continued to expand our sourcing network by sourcing various plant-based agricultural food ingredients from Vietnam, Poland and Indonesia. As at LPD, our plant-based agricultural food ingredients are sourced from 18 countries including Malaysia.

(c) Expansion of our storage and production facilities

We commenced our business operations in 2009 by renting a combined space of 5,000 sq ft as office and storage located within a third party factory premises in Kawasan Perindustrian Bukit Minyak, Pulau Pinang. In 2010, we relocated to a rented industrial lot measuring approximately 5,400 sq ft at Kawasan Perusahaan Bukit Tengah, Pulau Pinang. In 2011, as our business expanded, we acquired our Bukit Minyak Premises, a land measuring 115,852 sq ft to construct Phase 1 of our office and storage building measuring approximately 18,590 sq ft. We commenced the operations of our Bukit Minyak Premises in 2014 upon completion of the construction.

In 2015, as we expanded our business into the production of fried shallots, we rented a factory measuring 2,820 sq ft in Sungai Jawi, Pulau Pinang to carry out the production activities of fried shallots with 1 production line.

In 2018, we completed the construction of Phase 2 of our Bukit Minyak Premises. We expanded our Bukit Minyak Premises by 39,316 sq ft, which comprised a dry storage space, 2 cold rooms and an ante-room, as well as a double-storey office building.

In 2022, we completed the construction of Phase 3 expansion of our Bukit Minyak Premises. Through the Phase 3 expansion, we expanded our Bukit Minyak Premises by 19,608 sq ft, which comprised an additional dry storage space, a third cold room, a docking space and a R&D laboratory and approximately 5,420 sq ft of the production site for our food additives. Our production of food additives started with 1 mixing machine in 2021 and subsequently expanded to 3 mixing machines in 2022.

In 2023, with the expansion of our fried shallot business, we relocated the production of fried shallots to a larger rented factory, measuring 6,240 sq ft, being our Simpang Empat Factory. Concurrently, we also expanded our capacity from 1 production line to 2 production lines.

7. BUSINESS OVERVIEW (Cont'd)

(d) Expansion of our customer base and markets

We recorded our first export sale in 2013 when we secured our first sale to a customer in Indonesia. We further expanded our global reach when we secured a customer in Singapore in the same year. By the fifth year of our business in 2014, we achieved a customer base of 511 customers, defined by the number of customers who transacted with our Group during the year.

Subsequently, from 2015 to 2020, our customer base further expanded to 796 customers. In 2019, we widened our export market by securing our first customers in Australia and Hong Kong. In 2021, we further expanded our export market when we secured our first customer in China. From FYE 2020 to 2022, our customer base increased from 796 customers to 1,004 customers, which comprised business end users (i.e. food manufacturers, commercial farmers, and F&B businesses), wholesalers and retailers, from the local market as well as 5 export markets. Please refer to Section 7.3.3 for more details on our customers.

7.3 DESCRIPTION OF OUR BUSINESS

7.3.1 Principal activities

We are principally involved in the sourcing, distribution and production of food ingredients. Our core business activities are segmented as follows:

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

The details of our principal activities are as follows:

(a) Sourcing and distribution of plant-based agricultural food ingredients

We source and distribute plant-based agricultural food ingredients, namely starch products, beans and pulses, grain products and other related products. These are staple food ingredients that are used as input in the manufacturing or preparation of food such as noodles, pastries, meat products as well as snacks. From a nutritional standpoint, these ingredients are a source of proteins and carbohydrates, which end products are widely consumed on a daily basis. This makes such ingredients a key part of the food ingredients industry value chain, and contributes to food security.

Our starch products, beans and pulses, grain products and other related products are used by food manufacturers for applications such as being raw materials for manufacturing of food products and food additives; as well as by F&B businesses and households for food preparation such as soups, sauces and gravies, noodles, pastries and desserts. Some of our beans and pulses are also used by commercial farmers for crop growing.

7. BUSINESS OVERVIEW (Cont'd)

Our sourcing activities comprise the following:

(i) Sourcing and storage of products

- We identify, source and store products based on our understanding of our customers' sourcing demand and preferences. These activities are carried out regularly as we monitor our inventory level and seasonality of the products' harvest, as well as observe our customers' purchasing pattern and past orders over the years of our operations. For avoidance of doubt, our Group does not source products on-demand for our customers (i.e. we do not accept orders from our customers for products that we do not carry and immediately source for these products). However, in the event that we receive orders from our customers for new products which we do not carry, we may evaluate if these products are viable in terms of demand and source for these products if they are viable. Please refer to Section 7.4.1(b) for further details on our business processes when products are not available in our inventory.
- Leveraging on our industry knowledge and experience, we also provide sourcing recommendations to our customers, where we recommend suitable products to them based on the types, volumes and grades of the products required according to their intended applications to meet their requirements in food manufacturing, in terms of desired results of the end-products and budget considerations.
- We store the products purchased from our suppliers as inventory in our Bukit Minyak Premises, and deliver to our customers once we receive orders.
- We source certain products in bulk during their respective harvest seasons, in particular certain types of soybeans and wheat starch. Thereafter, we store them in our cold rooms in order to extend their shelf lives, preserve their nutrients as well as maintain the texture and quality of the products.

(ii) Sourcing from new suppliers

- We continuously identify potential suppliers to expand our network of suppliers.
- We also identify potential suppliers for new products requested by customers which are viable for us to carry.
- We identify potential suppliers based on the origins of the products and assess the potential suppliers by evaluating their product quality, production capacity, market reputation, timeliness of delivery and price competitiveness, amongst others.

(iii) Quality assurance

As a common practice in the food ingredients industry, we ensure a Certificate of Analysis is obtained from our suppliers prior to product shipment to ensure the products are in accordance with our specifications and quality standards. Our Group also requests for third-party laboratory test reports from our newly engaged suppliers prior to product shipment in order to ensure the quality of these products meet our specifications and quality standards. Upon customers' request, our Group may also engage third-party laboratories to conduct testing on our products to verify the specifications and quality of our products.

7. BUSINESS OVERVIEW (Cont'd)

Our distribution activities comprise the following:

(i) Sale of products

- We sell our products in various packing sizes ranging from 0.4 kg to 900.0 kg, catering to the packing requirements of our broad range of customers comprising wholesalers, retailers, food manufacturers, commercial farmers and F&B businesses.
- We utilise a mobile application that connects to our inventory system to keep track of the movement of our inventory, which provides our sales personnel with real-time data of our inventory level to assist them in closing sales with our customers.

(ii) Quality inspection and assurance

We conduct quality inspections at various stages of our business processes to ensure our products adhere to internal as well as international standards such as Halal, HACCP System or ISO 9001:2015 Quality Management System to provide confidence to our customers on the safety and quality of our products.

(iii) Logistics management

We plan, arrange and control the movement of our products from the receipt of products from suppliers, storage of products in our facility, to delivery of products to our customers according to their delivery instructions.

We mainly sell our starch products, beans and pulses, grain products and other related products under our house brands '*POKOK AGRICORE*', '*SunRise*' and '*CAP POKOK*'. These products are primarily readily packed by our suppliers in our packaging which carries our house brands, whereby we engage the suppliers for the supply of products as well as for their packing services. Upon customers' request, we provide repacking services whereby our products are repacked in-house by our Group into smaller packing sizes.

We also distribute food ingredients with third party brands including starch products and other related products. Please refer to Section 7.3.2(a) for further details on our plant-based agricultural food ingredients.

(b) Production and sale of food additives and fried shallots

(i) Food additives

We carry out production of our food additives in-house for sale to food manufacturers under our house brand '*BAPAS*'. Food additives are functional food ingredients that are used in the manufacturing of food to serve certain functions such as to modify or enhance the texture, taste, appearance and preservative properties, amongst others, of food products, and are also generally known as thickening agents, anti-caking agents, binding agents, moisture retention agents, stabilisers and emulsifiers. Our food additives are supplied to food manufacturers to be used in their food manufacturing processes.






7. BUSINESS OVERVIEW (Cont'd)

All of our food additives are manufactured based on our in-house developed formulations. Our in-house R&D team is equipped with food technology capabilities to develop the formulation of our food additives according to the intended use of our customers, which allows us to help our customers achieve the desired texture, flavour, appearance and preservative properties of their food products. Some of our food additive formulations are developed through R&D activities carried out by our in-house R&D team, whereas some food additive formulations are developed by our in-house R&D team based on formulations that are commonly used in the industry. Please refer to Section 7.15 for further details on our R&D activities and projects. The raw materials for our food additives are mainly the starch products and phosphate which we source from our suppliers. Our food additives can be used in the manufacturing of different food products, such as processed and frozen food, sauces and gravies, noodles, bakery products, confectioneries, meat replacement (i.e. vegetarian) products, and beverages. Please refer to Section 7.3.2(b) for further details on the application of our food additives.

(ii) Fried shallots

Our Group produces and sells fried shallots under our house brand 'CAP POKOK'. We produce our fried shallots in-house using various types of shallots and onions as well as recipes to achieve different flavour, profiles and textures. Fried shallots are used as input ingredients in food preparation. Our fried shallots are sold to wholesalers and retailers for onward sale to end consumers. We are also engaged by third party brand owners as a contract manufacturer to produce fried shallots which are packaged and distributed under these customers' brand names.

Our business model can be summarised as below:

Principal activities	Sourcing and distribution of plant-based agricultural food ingredients	Production and sale of food additives and fried shallots
Products	<ul style="list-style-type: none"> • Starch products • Beans and pulses • Grain products • Other related products 	<ul style="list-style-type: none"> • Food additives • Fried shallots
House brands	  	 
Customers	<ul style="list-style-type: none"> • Business end-users <ul style="list-style-type: none"> - Food manufacturers - Commercial farmers - F&B businesses • Wholesalers • Retailers 	<ul style="list-style-type: none"> • Business end-users <ul style="list-style-type: none"> - Food manufacturers • Wholesalers • Retailers
Locations	<u>Headquarters, storage facility and production sites</u> <ul style="list-style-type: none"> • Bukit Minyak, Pulau Pinang • Simpang Empat, Pulau Pinang 	

7. BUSINESS OVERVIEW (Cont'd)

7.3.2 Our products

(a) Sourcing and distribution of plant-based agricultural food ingredients

We mainly distribute our plant-based agricultural food ingredients under our house brands, namely 'POKOK AGRICORE', 'SunRise' and 'CAP POKOK'. As at the LPD, we have 67 SKUs of plant-based agricultural food ingredients comprising starch products, beans and pulses, grain products and other related products.



Our products can be categorised into 4 categories, as follows:

Category and description	Products	House brands	Packing sizes	Applications	Functions / end products
(i) Starch products Starch is a carbohydrate that is naturally found in certain grains, tubers and pulses, amongst others. Starch can be extracted from the above to form a powdered form food ingredient. Starch products generally have similar functions, however, the use of different starch products will produce different viscosity, colour or texture of food products, due to the differences in granule sizes.	Corn starch	POKOK AGRICORE	400g, 10kg, 25kg, 850kg	Food manufacturing and food preparation	Thickening agent (e.g. tapioca starch is used to thicken sauces), binding agent (e.g. sago starch is used to make noodles and desserts to achieve a chewy texture), stabiliser (e.g. corn starch is used to maintain a uniform dispersion between components in sauces)
	Tapioca starch ⁽¹⁾		500g, 1kg, 10kg, 25kg, 500kg, 850kg		
	Wheat starch		25kg, 900kg		
	Sago starch		25kg, 900kg		
	Potato starch ⁽²⁾	N/A	25kg		
	Soy protein	SunRise	20kg	Food manufacturing and food preparation	Emulsifier, meat products texture enhancer

7. BUSINESS OVERVIEW (Cont'd)

Category and description	Products	House brands	Packing sizes	Applications	Functions / end products
<p>(ii) Beans and pulses</p> <p>Beans and pulses are edible seeds of leguminous plants, which are plants that produce edible seeds such as soybeans, peas and lentils. Beans and pulses are rich in protein hence are commonly consumed as part of a diet.</p>	Soybeans	<i>POKOK AGRICORE, SunRise</i>	30kg	Food manufacturing and food preparation	Bean curd, soybean drinks, soy sauce
	Lentils		15kg	Crop growing	Bean sprout farming
	Black matpe		25kg	Crop growing	Bean sprout farming
	Green mung beans	<i>POKOK AGRICORE</i>	1.8kg, 3.8kg, 4kg, 4,8kg, 10kg, 25kg	Food manufacturing and food preparation	Mung bean desserts, pastry fillings
	Red beans		10kg, 25kg	Crop growing	Bean sprout farming
	Red kidney beans		15kg, 25kg	Food manufacturing and food preparation	Desserts, pastry fillings
	Red bamboo beans		20kg, 25kg		
	Black eyed beans		10kg, 15kg, 25kg		
	Yellow bamboo beans		20kg, 25kg		
	Dun peas		25kg		
	Marrowfat peas		25kg	Crop growing	Bean sprout farming
				Food manufacturing and food preparation	Snack foods
Yellow split peas	<i>POKOK AGRICORE, SunRise</i>		10kg, 15kg, 20kg, 25kg	Food manufacturing and food preparation	Pastry fillings

7. BUSINESS OVERVIEW (Cont'd)

Category and description	Products	House brands	Packing sizes	Applications	Functions / end products
(iii) Grain products Grain products include grains, the seeds that are harvested from crops such as rice, wheat, corn, oat and rye; as well as grain milled products, which are the flour or meal that are produced through the milling of grains.	Glutinous rice flour	<i>POKOK AGRICORE</i>	400g, 500g, 10kg, 25kg	Food manufacturing and food preparation	Rice cakes, pastries
	Barley		5kg, 10kg		Barley beverages
	Rice	<i>CAP POKOK</i>	5kg, 10kg		Rice
(iv) Other related products	Nutrient solutions	<i>POKOK AGRICORE</i>	1L, 5L	Crops growing	Bean sprout farming
	Brown sugar ⁽³⁾		3.8kg, 3.9kg, 4kg, 8kg	Food manufacturing and food preparation	Desserts, pastry fillings, beverages
	Sesame seeds		10kg, 15kg, 30kg		Desserts, pastry fillings
	Sago pearls		15kg		Desserts
	Groundnuts ⁽⁴⁾	N/A	1.8kg, 2kg, 25kg	Food manufacturing and food preparation	Desserts, pastry fillings
	Antifoam solutions	<i>CAP POKOK</i>	1L, 25L		Anti-foaming agent
Coagulant ⁽⁴⁾	N/A	30L	Food manufacturing	Coagulation of soy milk into curds	

Notes:

- (1) Distributed under house brand '*POKOK AGRICORE*' as well as under third party brand '*RED ELEPHANT*' in 25kg packing size.
- (2) Distributed under third party brand namely '*DE TULPENT*'. Potato starch is not distributed under our house brands due to relatively low demand for this product amongst our customers, compared to other products.
- (3) Distributed under house brand '*POKOK AGRICORE*' as well as under plain packaging for customers.
- (4) Distributed under plain packaging for customers.

7. BUSINESS OVERVIEW (Cont'd)

Examples of our products which we source and distribute are as follows:

Starch products



Corn starch



Tapioca starch



Wheat starch

Beans and pulses



Soybeans



Black matpe



Green mung beans

Grain products



Glutinous rice flour



Rice



Barley

Other related products



Brown sugar



Sesame seeds



Antifoam solutions

7. BUSINESS OVERVIEW (Cont'd)

(b) Production and sale of food additives and fried shallots

(i) Food additives

We produce and sell our food additives under our house brand 'BAPAS'.



As at LPD, we have 49 SKUs of food additives. Our food additives are as follows:

Products	Function	Applications / end products
Anti-oxidants	To delay the development of rancidity or other deterioration in food products due to oxidation	Processed meats, sauces and gravies, beverages
Preservatives	To prolong the shelf life of food products by preventing deterioration caused by microbial growth	Processed meats
Thickening agents	To improve texture, increase viscosity and improve yield by retaining moisture of food products	Processed meats, meat replacement (vegetarian) products, bakery products, beverages
Stabilisers	To improve texture, binding properties, moisture retention and freeze-thaw stability of food products, as well as to maintain a uniform dispersion of two or more components of food ingredients within food products	Processed meats, meat replacement (vegetarian) products, noodles, bakery products
Acid regulators	To control the acidity or alkalinity of food products to prevent the development of undesirable micro-organisms	Processed meats, processed seafoods
Firming agents	To coagulate food products	Beancurds
Emulsifiers	To form or maintain stable emulsion of immiscible food ingredients (e.g. oil and water) in food products	Processed meats, processed seafoods, meat replacement (vegetarian) products, beancurds
Sequestrants	To control availability of cation in food and retain moisture, as well as to improve texture and yield of food products	Processed meats, processed seafoods

7. BUSINESS OVERVIEW (Cont'd)

(ii) Fried shallots

Our fried shallots are sold to wholesalers and retailers for onward sale to end-consumers in retail packaging of 80g, 90g, 100g, 150g, 200g, 250g, 400g, 450g, 500g, 800g, 900g, and 1kg. Our fried shallots are packaged under our house brand 'CAP POKOK'.



The fried shallots that we produce as a contract manufacturer for third party brand owners are packed in packaging provided by our customers.

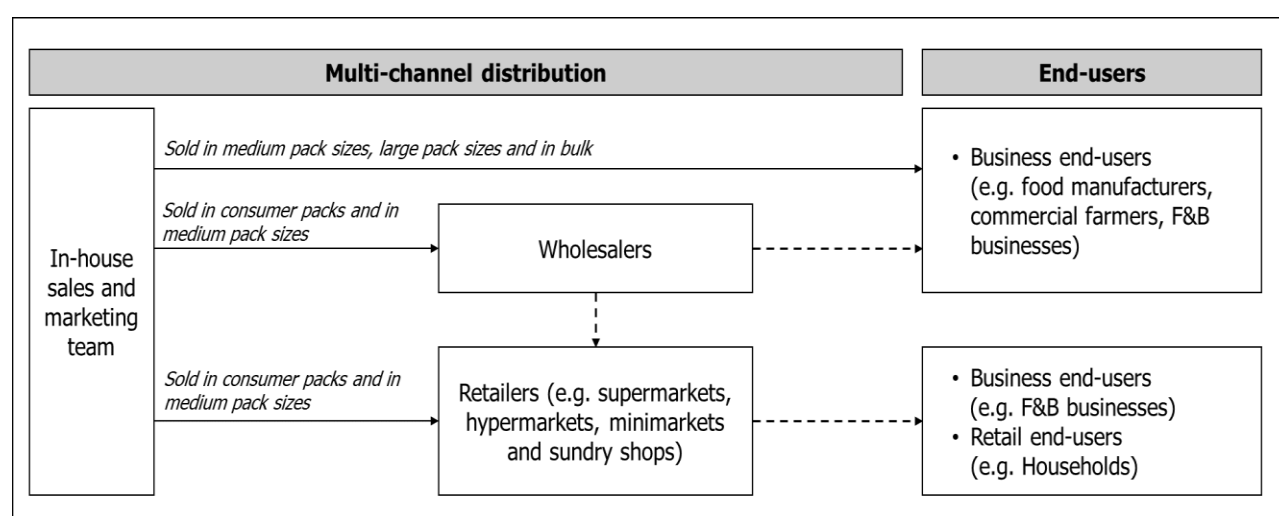
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7. BUSINESS OVERVIEW (Cont'd)

7.3.3 Our distribution channels and customers

Our Group adopts a multi-channel distribution strategy comprising our in-house sales and marketing team, wholesalers and retailers, allowing us to have a wide network of distribution and a diverse customer base. Our customers comprise business end-users such as food manufacturers, commercial farmers, F&B businesses, wholesalers, and retailers such as supermarkets, hypermarkets, minimarkets and sundry shops.

Our products are sold in medium pack sizes, large pack sizes and in bulk (i.e. from 10kg to 900kg) to business end-users such as food manufacturers who use our products in mass food manufacturing and commercial farmers who use our products in crop growing. Our products are also sold in consumer packs as well as medium pack sizes (i.e. from 80g to 30kg) to wholesalers who supply our products to business end-users such as F&B businesses, and to retailers such as supermarkets, hypermarkets, minimarkets and sundry shops for onward sales to both business end-users and retail end-users. We also sell directly to retailers in the same packaging for onward sale to both business end-users and retail end-users.



Notes:

- ▶ denotes direct sale to our customers.
- ▶ denotes indirect sales.

Further breakdown on our customer base and their respective revenue contribution to our Group are shown in the table below:

Customer base	⁽¹⁾ No. of customers as at FYE 2022	Revenue contribution	
		RM'000	%
Business end-users			
Food manufacturers	572	90,387	73.7
Commercial farmers	62	8,286	6.8
F&B businesses	8	15	<0.1
Wholesalers	297	20,922	17.0
Retailers	65	3,075	2.5
Total	1,004	122,685	100.0

Note:

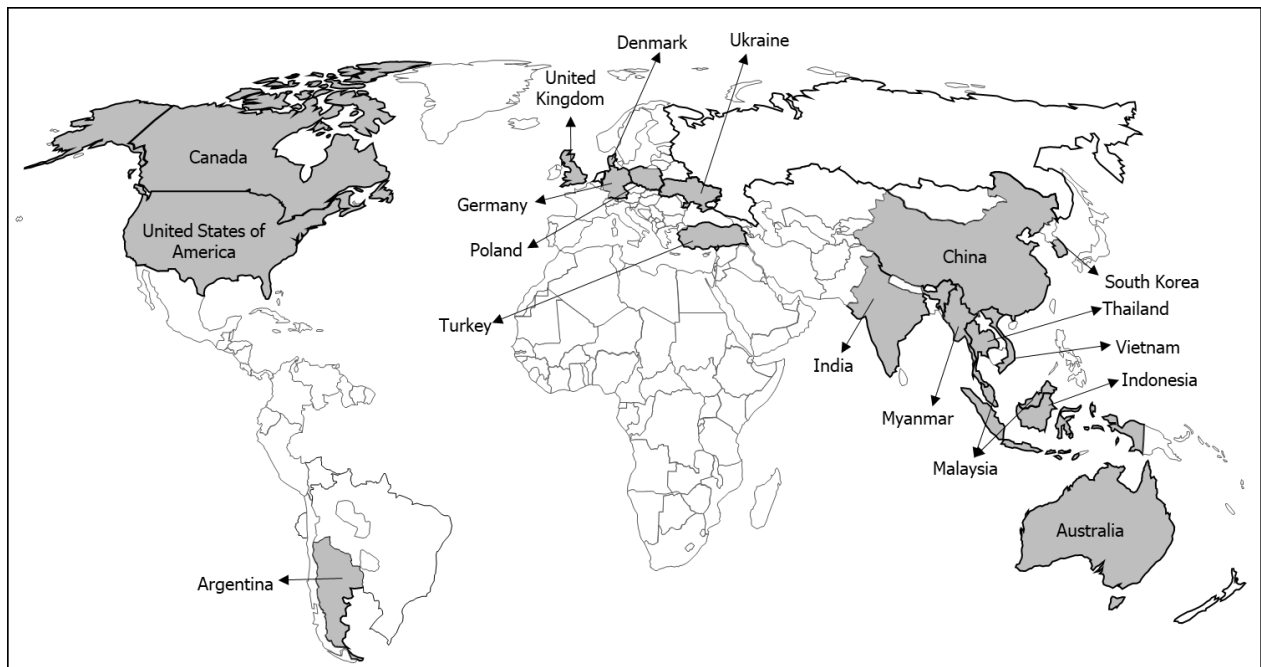
⁽¹⁾ Refers to number of customers with at least one transaction with our Group in FYE 2022.

7. BUSINESS OVERVIEW (Cont'd)

7.3.4 Our sourcing network

We have established an extensive sourcing network of 58 suppliers from 13 countries as at LPD, particularly for our sourcing and distribution business segment. We source similar products from various suppliers based on different grades and attributes such as, amongst others, viscosity, flavour, appearance, germination ability, nutritional content. This allows us to have a wide product portfolio, which enables us to meet different sourcing needs of our customers. Further, with an extensive sourcing network, we are also able to minimise supply disruptions which in turn reduces our exposure to supply chain challenges.

As at LPD, our plant-based agricultural food ingredients sourced from the 58 suppliers are from 18 countries including Malaysia. Our plant-based agricultural food ingredients can be sourced from suppliers based in the product's country of origin, as well as suppliers based outside of the product's country of origin. An overview of our sourcing network based on product's country of origin as at LPD is as follows:



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7. BUSINESS OVERVIEW (Cont'd)

Region	Country	Products sourced
Americas	Argentina	Beans and pulses
	Canada	Beans and pulses
	United States	Beans and pulses
Europe	Denmark	Starch products
	Germany	Starch products
	Poland	Starch products
	Turkey	Beans and pulses
	Ukraine	Beans and pulses
	United Kingdom	Beans and pulses
Asia	China	Starch products, beans and pulses, and other related products
	India	Starch products, beans and pulses and other related products
	Indonesia	Starch products
	Malaysia	Starch products, beans and pulses and other related products
	Myanmar	Beans and pulses
	South Korea	Starch products
	Thailand	Starch products, beans and pulses, and grain products
	Vietnam	Starch products
Oceania	Australia	Starch products, and beans and pulses

7.3.5 Our locations

Our business operations are based in Malaysia at the following locations:

Facilities	Location	Function
Bukit Minyak Premises	1173, Jalan Perindustrian Bukit Minyak 2, Kawasan Perindustrian Bukit Minyak, 14100 Bukit Mertajam, Pulau Pinang	Headquarters, storage facility, production facility for food additives, and R&D laboratory
Simpang Empat Factory	46, Lengkok IKS Simpang Empat 1, Taman IKS Simpang Empat, 14100 Simpang Empat, Pulau Pinang	Production facility for fried shallots

7.3.6 Warranty

We do not provide warranty for our plant-based agricultural products. However, in the event that defects such as changes in texture and appearance, contamination and improper sealing are reported by our customers, we will conduct investigation on the causes and may conduct product recalls from our customers and/or from the market for the affected batch of products. We will also provide our customers with replacement products or refunds for the defect products. In the event of delivery of products in wrong specifications, we will also provide our customers with replacement products or refunds.

7. BUSINESS OVERVIEW (Cont'd)

As for our in-house manufactured food additives, samples of each batch of products are kept and retained for 2 years in our Bukit Minyak Premises. We do not provide warranty for our food additives. However, in the event that defects are reported by our customers, we will conduct testing on the relevant batches of samples. If the sample batches are found to be defective, the defect products will be replaced or refunded.

We do not provide warranty for our fried shallots. In the event that defects are reported by our customers, we will provide our customers with replacement products or refunds for the defect products.

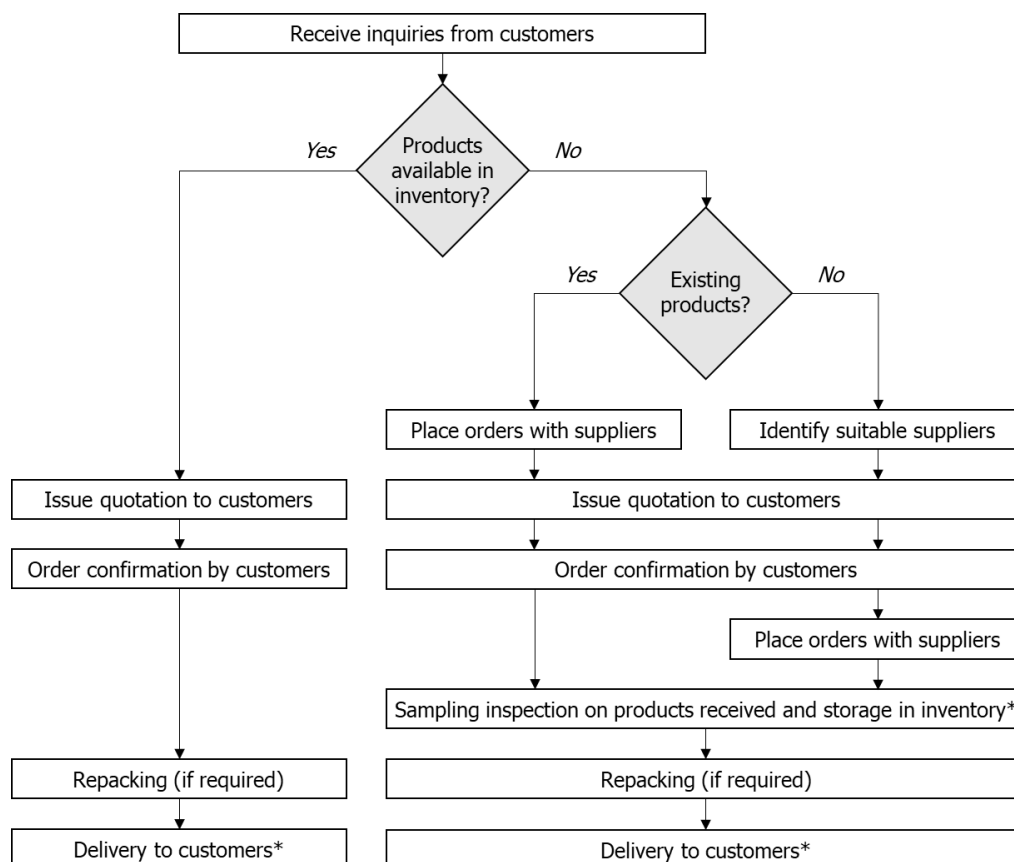
Our practice of not providing warranty for all of our products (i.e. plant-based agricultural products, food additives and fried shallots) is a common practice within the food ingredients industry. For FYE 2020 to 2022, we recorded product return rates of 0.8%, 0.6% and 0.5% respectively of our revenue for our plant-based agricultural products as well as in-house manufactured food additives and fried shallots. There have not been any product recalls from the market for FYE 2020 to 2022.

Our plant-based agricultural food ingredients have shelf lives ranging from 3 months to 5 years, whereas our food additives and fried shallots have shelf lives up to 2 years and 1.5 years respectively.

7.4 BUSINESS PROCESSES

The process flow for our Group's business is separated into 2 segments as depicted below:

7.4.1 Sourcing and distribution of plant-based agricultural products



Note:

* indicates processes that will undergo QC procedure.

7. BUSINESS OVERVIEW (Cont'd)

Upon receiving inquiries from customer, we will assess our inventory to determine the availability of the requested products.

(a) Product is available in our inventory

If our inventory is sufficient to fulfil the customer's order, we will prepare a quotation for the customer based on type of products, volume required and delivery instructions.

Once the quotation is agreed by the customer, the customer will issue a purchase order or verbally confirm the purchase. Upon customer's request, we may provide repacking services where our products are filtered and repacked into smaller packing sizes requested by our customer.

Thereafter, a delivery order will be issued and the products will be prepared for delivery. Prior to the delivery, we will conduct a round of inspection as part of our QC procedure on the volume, quality as well as packaging of our products. Upon completion of the quality inspection, our products will be loaded and delivered to our customer by our in-house logistics team or third party logistics providers, depending on the availability of capacity within our in-house logistics team and the delivery location.

For FYE 2020 to 2022, our Group's inventory turnover ranged from 32 days to 35 days, whereby all products are typically stored in our inventory for an average period of around 1 month before they are sold and delivered to customers, except for products which we purchase in large bulk to obtain better pricing, as well as products that have certain harvest seasons such as certain types of soybeans and wheat starch. We only purchase seasonal products during their respective harvest seasons and store them in our Bukit Minyak Premises for a longer period to cater to our customer demand for these products for the entire year.

(b) Product is unavailable in our inventory

If our inventory is insufficient to fulfil the customer's order for existing products that our Group sources and distributes, we will request for quotation of the products from our supplier. Once the quotation is agreed by us, we will place a purchase order to the supplier to confirm our order.

If we receive an order from our customer for new products which our Group has not sourced and distributed, we will evaluate if these products are viable in terms of demand. If viable we will evaluate our list of suppliers based on the type and volume of products requested by our customer. If new suppliers are required to fulfil our customer's requests, we will identify and evaluate new suppliers based on amongst others, the supplier's product quality, production capacity, market reputation, timeliness of delivery and price competitiveness. Once the suitable suppliers have been identified, we will request product samples, sample of Certification of Analysis for the products requested and quotation from the suppliers based on the product type and volume requested by our customers. Following which, we will prepare a quotation to our customer based on the product type, product volume and delivery instructions requested. Once the quotation is agreed, our customer will issue a purchase order to confirm the purchase. Following which, we will issue a purchase order to the supplier to confirm our purchase. We will then obtain a Certificate of Analysis of the products purchased from the supplier prior to the shipment of products.

Upon the receipt of products from our suppliers, we will conduct sampling inspection as part of our QC procedure on the product type, volume and visual appearance as well as the packing condition of the products. In the event that the products received do not meet the standard of our inspections, we may reject and return the products to the supplier or

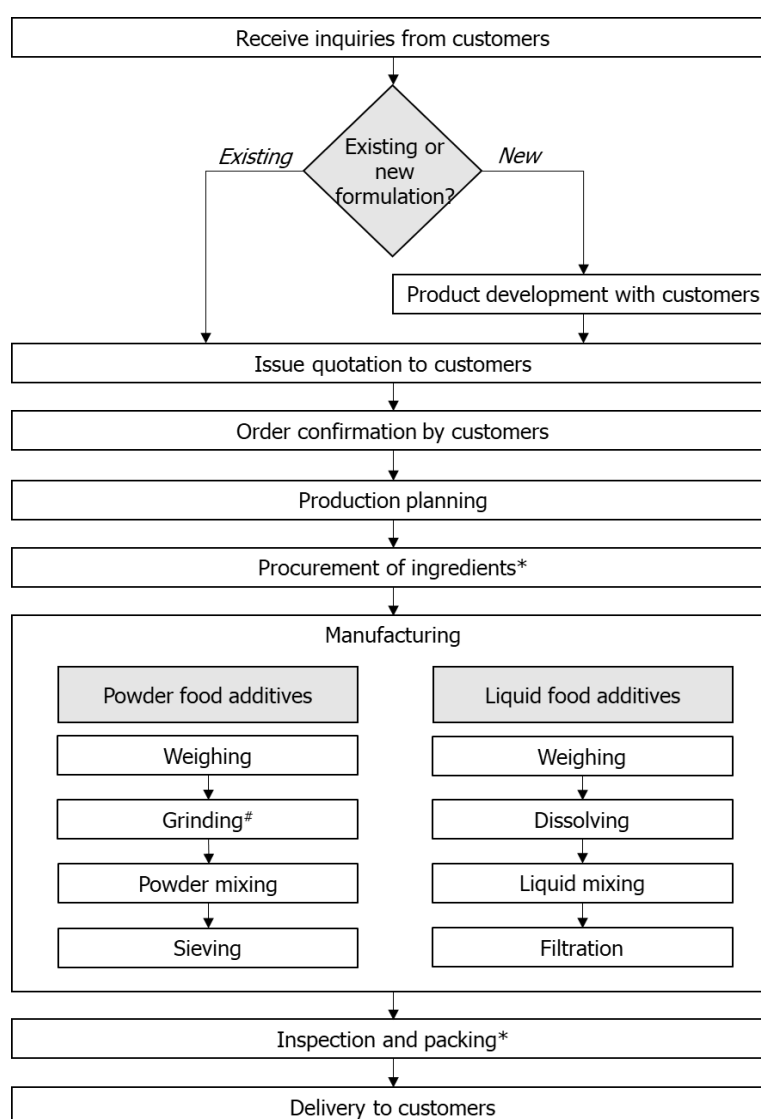
7. BUSINESS OVERVIEW (Cont'd)

retain the products where we will seek for compensation from the supplier. Products that meet our inspection standards will be stored in our storage facility.

Upon customer's request, we may provide repacking services where our products are filtered and repacked into packing sizes requested by our customer. Thereafter, a delivery order will be issued and the products will be prepared for delivery. Prior to the delivery, we will conduct a round of inspection as part of our QC procedure on the volume, quality as well as packaging of our products. Upon completion of the quality inspection, our products will be loaded and delivered to our customer by our in-house logistics team or third party logistics providers, depending on the availability and capacity within our in-house logistics team and the delivery location.

7.4.2 Production of food additives and fried shallots

(a) Production of food additives



Notes:

* indicates processes that will undergo QC procedure.

7. BUSINESS OVERVIEW (Cont'd)

indicates process that is carried out for certain food additives only.

Upon receiving inquiries from customer for food additives with existing formulations, we will prepare and issue a quotation to the customer based on product formulation, volume required and delivery instructions.

Upon receiving inquiries from customer for food additives with new formulations, we will carry out product development to develop new formulations together with our customers which typically take 3 months to 1 year. The product development stage encompasses the following processes:

- (i) Development of formulation – After understanding customer’s requirements, we will conduct research such as literature review and market study on the required food additive. Following which, we will develop the formulation of the food additives based on the customer’s requirements and specifications on the desired texture, flavour, appearance or preservation properties of their food products.
- (ii) Production of sample products – Upon the completion of development of formulation, we will source the raw materials required and produce samples of food additives based on the formulation developed for testing with our customers.
- (iii) Product testing – Prior to the product testing stage, the performance and stability of the samples of food additives produced are evaluated based on our internal standards on the viscosity, pH value, salt content and density, which are benchmarked against similar food additives products in the market. Following which, the qualified food additives samples will be tested together with, or by, our customers at our premise or our customers’ premises, by blending with other ingredients to produce food products. The outcomes of each testing are examined and evaluated to determine the suitability of the newly formulated food additives to achieve the desired outcome according to our customer’s specifications. Based on our customers’ feedback during the product testing stage, we will make improvements or enhancements to the formulation of our food additives, until the desired outcome is achieved.

Upon acceptance of the newly formulated food additives by our customer, we will prepare and issue a quotation based on the product formulation, volume required and delivery instructions. Once the quotation is agreed, our customer will issue a purchase order to confirm the purchase.

Upon receipt of purchase order, we will prepare a production plan which outlines production details including ingredients required, formulations, production volume and production schedule. Thereafter, we will source the required ingredients from our suppliers if there are insufficient ingredients in our inventory. Ingredients received will be inspected to ensure quality standards are met, and are stored in our facility thereafter. Ingredients that do not meet our quality standards may be rejected and returned to the supplier.

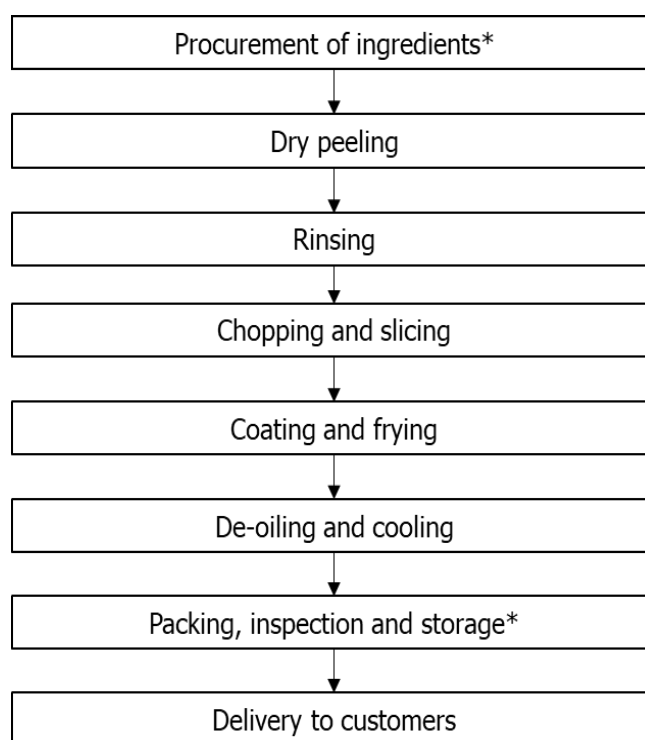
The production of powder food additives starts with the weighing of ingredients (e.g. starches, phosphate, carbonate and soy fibre) according to the formulation. We may also grind soybeans to be used as ingredients in some of our food additives production. The weighed and ground ingredients will be channeled into a mixer and mixed thoroughly. The mixture is then sieved through a sieving machine to break any lumps formed in the mixing process as well as to remove unwanted particles such as clumped raw materials and foreign particles. Following which, the samples of sieved mixture are sent for quality inspections on the visual appearance, acidity or alkaline (pH) value, viscosity and microbial contamination. Food additive mixture that meets our quality standards are then fed into a powder packing machine for packing.

7. BUSINESS OVERVIEW (Cont'd)

The production processes for liquid food additives are similar to the production processes of powder food additives, with different ingredients used in the mixing process. Ingredients used in the production of liquid food additives include solid mineral salt, sodium chloride and purified water. After the weighing of ingredients, the ingredients are dissolved and blended thoroughly. Thereafter, the liquid mixture is filtered to remove any solid particles. Similarly, samples of the filtered mixture are sent for quality inspections on visual appearance, odour, pH value, viscosity and microbial contamination. Food additive mixture that meets our quality standards are fed into a filling machine for packing.

The packed food additives will be sent through a metal detector to be scanned for any traces of metallic materials. Following which, the food additives are stored in our facility prior to delivering to our customers.

(b) Production of fried shallots



Note:

* indicates processes that will undergo QC procedure.

Prior to the production of fried shallots, ingredients such as shallots, onions, cooking oil and corn starch are sourced from our suppliers. Ingredients are inspected upon receipt to ensure quality standards are met, and are thereafter stored in our facility. Ingredients that do not meet our quality standards may be rejected and returned to the supplier.

The production of fried shallots begins with the peeling of shallots/onions by a dry peeling machine to remove their skin. The peeled shallots/onions are then rinsed and fed into a slicing machine to be chopped and sliced. They are then coated with corn starch in a mixer prior to be fed into a deep fryer machine to be deep fried in cooking oil. The fried shallots are then strained to remove excessive oil and left to be cooled on a cooling rack.

7. BUSINESS OVERVIEW (Cont'd)

Once the fried shallots are cooled to room temperature, the fried shallots are packaged into individual packets by a packing machine. The individual packets of fried shallots will then be sent through a metal detector to be scanned for any traces of metallic materials. Following which, the fried shallots are stored in our facility prior to delivering to our customers.

7.5 PRINCIPAL MARKETS AND SEGMENTS

For FYE 2020 to 2022, the sales of our plant-based agricultural products were the largest revenue contributor as they contributed 97.3%, 96.3% and 90.9% to our Group's revenue respectively.

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

Business activity	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Sourcing and distribution of plant-based agricultural products ⁽¹⁾	86,607	97.3	97,107	96.3	111,503	90.9
Production of food additives and fried shallots	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

Business activity	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 ⁽²⁾	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

Notes:

(1) Includes revenue generated from sale of food ingredients after provision of processing services such as filtering, cleaning and sieving for soybeans provided to a customer, which amounted to approximately RM12.9 million, RM11.0 million and RM5.9 million for FYE 2020 to 2022 respectively. Our Group started to provide such processing services to the customer since August 2015, and has ceased the provision of such processing services since July 2022 as the customer had since been able to carry out these processes in-house.

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

7. BUSINESS OVERVIEW (Cont'd)

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.

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

7.6 BUSINESS DEVELOPMENT AND MARKETING STRATEGIES

Our Group's sales and marketing team is primarily responsible for planning and executing sales and marketing activities, serving existing customers by providing value added services (i.e. providing sourcing advices and recommendations to our customers according to their requirements and intended applications of food ingredients), attending enquiries from potential customers and collecting payments. As at LPD, we have 7 sales representatives led by our Managing Director, Oon Boon Khong, and our Product Manager, Tan Hong Sheng. Our Group's mode of marketing and sales are as follows:

(i) Direct approach

We secure new customers by directly approaching potential customers to promote our products as well as to showcase our industry knowledge and food technology capabilities to potential customers. Our sales and marketing team also follows up closely with our existing customers to remain up-to-date with their new product launches or business expansions to identify new opportunities to secure more sales.

(ii) Referrals from business associates

We secure new customers through referrals from our business associates, including our customers and suppliers. Our ability in providing value added services to our customers and maintaining the quality of our products, coupled with our wide product offerings attributed to our extensive supplier network have brought in referrals through recommendations by our business associates, whom we dedicate to maintaining good relationships with.

7. BUSINESS OVERVIEW (Cont'd)

(iii) Real time update of inventory through a mobile application

We utilise a mobile application that connects to our inventory system to keep track of the movement of our inventory, which provides our sales personnel with real-time data of our inventory level to assist them in closing sales with our customers. This enhances the efficiency of our operations as information on our inventory level can be accessed by our sales personnel anytime and anywhere.

(iv) Participation in trade fairs and exhibitions

We participate in trade fairs and exhibitions to promote our products. We leverage on these events to showcase our product offerings to new markets and potential customers, build customers relationships and establish direct contact with end-consumers who purchase our products from retail channels, while promoting our brand presence.

As at LPD, we have participated in the following trade fairs and exhibitions:

Year	Events	Organiser	Location
2018	Halfest Giant 2018	GCH (Malaysia) Sdn Bhd and Shapers Malaysia Sdn Bhd	Kuala Lumpur, Malaysia
2023	Minggu Perusahaan Mikro, Kecil & Sederhana (PMKS) Zon Utara 2023	Ministry of Entrepreneur and Cooperatives Development and SME Corporation Malaysia	Pulau Pinang, Malaysia
2023	Malaysia International Halal Showcase	Malaysia External Trade Development Corporation	Kuala Lumpur, Malaysia

We also visit trade mission to keep abreast of market trends and build rapport in the industry. As at LPD, we have participated in the following trade missions:

Year	Events	Organiser	Location
2020	Gulfood	Dubai World Trade Centre	Dubai, United Arab Emirates
2023	Taipei Smart City Trade Mission 2023	Business Media International and Small and Medium Enterprises Association (SAMENTA)	Taipei, Taiwan

(v) Digital marketing and media advertising

We conduct online marketing activities through our social media accounts on Facebook, namely 'Agricore CS Sdn Bhd' and 'Bapas Food Product Sdn Bhd', as well as on Instagram namely 'agricorecs_malaysia'. We regularly update these social media accounts with our product offerings, promotional videos featuring our products, as well as recipes with our products. Further, we also collaborated with a social media content creator in 2021 to promote our products through cooking tutorial videos.

Moving forward, we will continue to explore and engage in different digital marketing and advertising mediums to elevate our brand presence and product awareness.

7. BUSINESS OVERVIEW (Cont'd)

(vi) Brand ambassador

We appoint brand ambassador to enhance the recognition and awareness of our brands and products. On 8 August 2022, we appointed a Malaysian singer, actor and celebrity chef, to be our brand ambassador to promote our products under our house brands through commercials and photographic materials. The tenure of the ambassadorship is from September 2022 to April 2024.

(vii) Corporate website

We have established our corporate website at *www.agricore.com.my* as a platform to introduce and broadcast our business to potential customers as well as to provide immediate searchable information on our Group.

The current widespread use of the internet as a source of information enables us to cross geographical boundaries and facilitates access from any part of the world, enhancing our potential market reach and exposure.

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7. BUSINESS OVERVIEW (Cont'd)

7.7 MAJOR CUSTOMERS

Our top 5 major customers according to their revenue contribution for FYE 2020 to 2022 are as follows:

FYE 2020

No.	Major customers	Country	Principal activities	Main products sold	Revenue contribution		Length of relationship as at end of FYE
					RM'000	%	Years
1.	Everbest Group of Companies ⁽¹⁾	Malaysia	Manufacturing of soy-based products, vegetarian food and other related food products	Soybeans and antifoam solutions	12,880	14.5	7
2.	Kim Wang Food Industry Sdn Bhd	Malaysia	Manufacturing and trading of food products	Soybeans and coagulant	3,351	3.8	7
3.	Sin Chuan Bean Sprout Sdn Bhd	Malaysia	Trading of bean sprouts	Black matpe, sprouting soybeans and sprouting nutrient solutions	2,241	2.5	11
4.	Yi Li Food Based Industries Sdn Bhd	Malaysia	Production and trading of frozen products	Starch products	1,165	1.3	3
5.	UD Tujuh Inti Mulia	Indonesia	Agent for trading of bean sprouts	Black matpe and sprouting nutrient solutions	1,144	1.3	7
					20,781	23.4	

7. BUSINESS OVERVIEW (Cont'd)

FYE 2021

No.	Major customers	Country	Principal activities	Main products sold	Revenue contribution		Length of relationship as at end of FYE
					RM'000	%	Years
1.	Everbest Group of Companies ⁽¹⁾	Malaysia	Manufacturing of soy-based products, vegetarian food and other related food products	Soybeans and antifoam solutions	10,950	10.9	8
2.	Kim Wang Food Industry Sdn Bhd	Malaysia	Manufacturing and trading of food products	Soybeans and coagulant, antifoam solutions and modified starches	4,637	4.6	8
3.	Sin Chuan Bean Sprout Sdn Bhd	Malaysia	Trading of bean sprouts	Black matpe, sprouting soybeans and sprouting nutrient solutions	2,282	2.3	12
4.	Mr Tauge (M) Sdn Bhd	Malaysia	Cultivating and trading of bean sprouts	Black matpe, sprouting soybeans and sprouting nutrient solutions	1,508	1.5	8
5.	Hicomi Sdn Bhd	Malaysia	Manufacturing and distribution of noodles and other food products including rice, grains, flours and sugar	Starch products	1,446	1.4	8
					20,823	20.7	

7. BUSINESS OVERVIEW (Cont'd)**FYE 2022**

No.	Major customers	Country	Principal activities	Main products sold	Revenue contribution		Length of relationship as at end of FYE
					RM'000	%	
1.	Kim Wang Food Industry Sdn Bhd	Malaysia	Manufacturing and trading of food products	Soybeans, coagulant and modified starches	6,782	5.5	9
2.	Everbest Group of Companies ⁽¹⁾	Malaysia	Manufacturing of soy-based products, vegetarian food and other related products	Soybeans, antifoam solutions and starch products	5,868	4.8	9
3.	Sin Chuan Bean Sprout Sdn Bhd	Malaysia	Trading of bean sprouts	Black matpe, sprouting soybeans and sprouting nutrient solutions	3,580	2.9	13
4.	Mr Tauge (M) Sdn Bhd	Malaysia	Cultivating and trading of bean sprouts	Black matpe, sprouting soybeans and sprouting nutrient solutions	2,312	1.9	9
5.	Hicomi Sdn Bhd	Malaysia	Manufacturing and distribution of noodles and other food products including rice, grains, flours and sugar	Starch products	2,106	1.7	9
					20,648	16.8	

Note:

⁽¹⁾ Comprises Everbest Soya Bean Products Sdn Bhd, Hoshay Food Sdn Bhd (formerly known as Everbest Vege Sdn Bhd) and EB Frozen Food Sdn Bhd. Sales to Everbest Group of Companies include sale of soybeans after provision of processing services such as filtering, cleaning and sieving, which amounted to approximately RM12.9 million, RM11.0 million and RM5.9 million for FYE 2020 to 2022 respectively. Our Group started to provide such processing services to Everbest Group of Companies since August 2015, and has ceased the provision of such processing services since July 2022. To the best of our Group's knowledge, Everbest Group of Companies is carrying out the filtering, cleaning and sieving processes in-house.

Our top 5 major customers contributed 23.4%, 20.7% and 16.8% to our Group's total revenue for FYE 2020 to 2022 respectively. Save for Everbest Group of Companies who contributed 14.5% and 10.9% to our Group's revenue in FYE 2020 and 2021, there is no other major customers who contributed more than 10.0% to our Group's revenue for FYE 2020 to 2022. As such, we are not dependent on any of our major customers. Moving forward, we expect our major customers to continue contributing to our revenue.

7. BUSINESS OVERVIEW (Cont'd)**7.8 TYPES, SOURCES AND AVAILABILITY OF SUPPLIES**

The breakdown of our Group's purchases for supplies for FYE 2020 to 2022 is as follows:

Supplies	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Beans and pulses	40,685	54.4	41,034	50.5	44,714	44.0
Starch products	23,455	31.3	29,442	36.2	43,949	43.2
Grain products	7,123	9.5	7,144	8.8	8,449	8.3
Others ⁽¹⁾	3,582	4.8	3,622	4.5	4,554	4.5
Total purchases	74,845	100.0	81,242	100.0	101,666	100.0

Note:

⁽¹⁾ Comprise, amongst others, groundnuts, brown sugar, shallots, onions, cooking oil, packing materials and raw materials for the production of food additives.

For FYE 2020 to 2022, the primary supplies purchased by our Group were beans and pulses which accounted for 54.4%, 50.5% and 44.0% of our Group's total purchases respectively. This was followed by purchases of starch products and grain products.

Our Group has not encountered any major disruptions in the purchase of supplies for FYE 2020 to 2022. Our supplies are also generally readily available and can be easily sourced from local and overseas suppliers. Further, to ensure sufficient supply of seasonal products (e.g. certain types of soybeans and wheat starch) from our suppliers, we enter into contracts (less than 1 year term) with our suppliers to secure the supply of these products.

The prices of our supplies are subject to fluctuations according to the global commodity prices. As such, our financial performance may be adversely impacted if we are unable to pass on any increase in cost to our customers. For FYE 2020 to 2022, we have been able to pass on the increase in cost of supplies caused by commodity price fluctuation to our customers.

7. BUSINESS OVERVIEW (Cont'd)

7.9 MAJOR SUPPLIERS

Our top 5 major suppliers according to their total purchases for FYE 2020 to 2022 are as follows:

FYE 2020

No.	Major suppliers	Country	Principal activities	Main products sourced	Value of purchases		Length of relationship as at end of FYE
					RM'000	%	Years
1.	Everbest Group of Companies ⁽¹⁾	Malaysia	Manufacturing of soy-based products, vegetarian food and other related food products	Soybeans	12,388	16.6	7
2.	Bourne Commercial Ltd	Singapore	Trading of plant-based agricultural products	Beans and pulses, starch products	8,192	10.9	7
3.	Chaodee Trading Co Ltd	Thailand	Manufacturing of tapioca starch	Tapioca starch	8,064	10.8	8
4.	Jilin Cofco Bio-Chem and Bio-Energy Marketing Co Ltd	China	Manufacturing and sale of corn starch and other related products	Corn starch	5,484	7.3	1
5.	Western Freight Solution Ltd	Canada	Provision of supply chain solutions	Soybeans	5,323	7.1	9
					39,451	52.7	

7. BUSINESS OVERVIEW (Cont'd)

FYE 2021

No.	Major suppliers	Country	Principal activities	Main products sourced	Value of purchases		Length of relationship as at end of FYE
					RM'000	%	
1.	Chaodee Trading Co Ltd	Thailand	Manufacturing of tapioca starch	Tapioca starch	11,987	14.8	9
2.	Everbest Group of Companies ⁽¹⁾	Malaysia	Manufacturing of soy-based products, vegetarian food and other related food products	Soybeans	10,268	12.6	8
3.	Western Freight Solution Ltd	Canada	Provision of supply chain solutions	Soybeans	8,765	10.8	10
4.	All States International Co Ltd	Myanmar	Trading of plant-based agricultural products	Beans and pulses	5,324	6.6	7
5.	Superior Ag LLC	USA	Supply of plant-based agricultural products, animal feeds, fertilisers, agricultural chemicals and other related products	Soybeans	4,940	6.1	10
					41,284	50.9	

7. BUSINESS OVERVIEW (Cont'd)**FYE 2022**

No.	Major suppliers	Country	Principal activities	Main products sourced	Value of purchases		Length of relationship as at end of FYE
					RM'000	%	Years
1.	Chaodee Group of Companies ⁽²⁾	Thailand	Manufacturing of tapioca starch	Tapioca starch	19,515	19.2	10
2.	Western Freight Solution Ltd	Canada	Provision of supply chain solutions	Soybeans	9,547	9.4	11
3.	Superior Ag LLC	USA	Supply of plant-based agricultural products, animal feeds, fertilisers, agricultural chemicals and other related products	Soybeans	7,197	7.1	11
4.	All States International Co Ltd	Myanmar	Trading of plant-based agricultural products	Beans and pulses	5,553	5.5	8
5.	Sanstar Bio-polymers Ltd	India	Manufacturing of plant-based agricultural products	Corn starch	5,109	5.0	2
					46,921	46.2	

Notes:

(1) Comprises Everbest Soya Bean Products Sdn Bhd and Hoshay Food Sdn Bhd (formerly known as Everbest Vege Sdn Bhd). For FYE 2020 to 2022, Everbest Group of Companies was our Group's supplier and customer. Our Group purchased soybeans from Everbest Group of Companies and carried out activities such as filtering, cleaning and sieving, and subsequently resold the processed soybeans to Everbest Group of Companies. Such purchases from Everbest Group of Companies amounted to approximately RM12.4 million, RM10.3 million and RM4.8 million for FYE 2020 to 2022 respectively. Our Group started to provide such processing services to Everbest Group of Companies in August 2015, and has ceased this business arrangement with Everbest Group of Companies since July 2022. To the best of our Group's knowledge, Everbest Group of Companies is carrying out the filtering, cleaning and sieving processes in-house. As at LPD, Everbest Group of Companies is no longer our Group's supplier, but remains as our Group's customer for the sale of antifoam solutions and starch products.

(2) Comprises Chaodee Starch (2004) Co., Ltd and Chaodee Trading Co., Ltd.

7. BUSINESS OVERVIEW (Cont'd)

Our Group's top 5 suppliers contributed 52.7%, 50.9% and 46.2% of our purchases for FYE 2020 to 2022 respectively. For FYE 2020 to 2022, we have 1 supplier that continuously contributed more than 10.0% of our total purchases, namely Chaodee Group of Companies. We mainly source tapioca starch from Chaodee Group of Companies. Nevertheless, we are not dependent on Chaodee Group of Companies for the supply of tapioca starch, as tapioca starch is readily available and can be easily sourced from other suppliers in the market.

Our Group is not dependent on any single supplier as we are able to source our products from other suppliers. Purchases from our suppliers are conducted on a purchase order basis. Notwithstanding that we do not have any long term agreements or arrangement with our top 5 suppliers (except for suppliers who supply us with seasonal products whom we enter into contracts of less than 1 year to secure the supply of these products), we have not experienced difficulty in sourcing products for FYE 2020 to 2022 and up to LPD.

7.10 TECHNOLOGY USED OR TO BE USED

Due to the nature of our business, save for the equipment used for R&D activities as set out in Section 7.15, we do not directly utilise relevant technology in our operations.

7.11 INTERRUPTIONS TO BUSINESS

Our Group had not experienced any material interruptions which has significantly affected our business during the past 12 months preceding LPD.

While the outbreak of the COVID-19 pandemic in Malaysia since 2020 had led to minor interruptions to our business operations as we experienced slight delays in order delivery due to movement restrictions imposed by the Government during the first MCO (i.e. 18 March 2020 to 3 May 2020), there was no material disruptions on our delivery schedule during the COVID-19 pandemic that caused material adverse impact on our sales activities. The outbreak of COVID-19 pandemic had also led to an increase in logistics prices in 2021 and 2022 due to the global supply chain disruptions, however, there was no material impact to our financial performance as we were able to pass on the increased cost to our customers. Further, our financial performance was not impacted as we managed to record growth in revenue and PAT for FYE 2020 to 2022 amidst the pandemic.

Following the transition into the 'Endemic Phase' effective April 2022, there has been no adverse impact to our business operations, cash flows, liquidity, financial position and financial performance.

7. BUSINESS OVERVIEW (Cont'd)

7.12 SEASONALITY

Due to the nature of our business, our sales are not affected by seasonal and cyclical effects as our products are purchased by our customers and consumed throughout the year. Notwithstanding that, some of our supplies may be affected during non-harvest seasons for certain products, in particular certain types of soybeans and wheat starch, therefore we source these products in bulk during their respective harvest seasons.

7.13 OPERATING CAPACITIES AND OUTPUT

Our Group's annual capacity, outputs and utilisation rates are measured based on the storage capacity in our facility and the production capacity of our food additives as well as fried shallots.

(a) Storage capacity

Our Group's annual available capacity, actual utilised capacity and utilisation rates of our storage space for our sourcing and distribution business segment in our Bukit Minyak Premises for FYE 2020 to 2022 are computed as follows:

<u>Year</u>	<u>Annual available capacity (MT)⁽¹⁾</u>	<u>Actual utilised capacity (MT)</u>	<u>Utilisation rate (%)</u>
FYE 2020	46,440	35,600	76.7
FYE 2021	46,440	46,440	100.0 ⁽²⁾
FYE 2022	46,440	40,700	87.6

Notes:

- (1) The available capacity is calculated based on the total number of pallets that can be stored in the warehouse in each month-end from January to December of each financial years.
- (2) In FYE 2021, the storage space in our Bukit Minyak Premises was fully utilised. Due to insufficient storage in our Bukit Minyak Premises, we stored some of our products in a third party warehouse located in Seberang Perai in certain months on a need-to basis. Effectively, this resulted in a total utilised capacity of 48,400 MT. In the event of insufficient storage in our Bukit Minyak Premises in the future, we will temporarily store our products in third party warehouses under similar arrangements.

(b) Production capacity

Our Group's annual capacity, actual outputs and utilisation rates for our food additives production for FYE 2020 to 2022 are computed as follows:

<u>Year</u>	<u>Annual capacity (MT)</u>	<u>Actual output (MT)</u>	<u>Utilisation rate (%)</u>
FYE 2020 ⁽¹⁾	N/A	N/A	N/A
FYE 2021	1,248 ⁽²⁾	250	20.0
FYE 2022	3,276 ⁽³⁾	2,080	63.5

Notes:

- (1) Not applicable as the production of food additives commenced in January 2021.

7. BUSINESS OVERVIEW (Cont'd)

- (2) The total annual capacity for FYE 2021 is calculated based on 1 mixing machine that produced a total of 4 MT of food additives per day, 26 working days per month and 12 months per year.
- (3) The total annual capacity for FYE 2022 is calculated based on 3 mixing machines that produced a total of 10.5 MT of food additives per day, 26 working days per month and 12 months per year.

Our Group's annual capacity, actual outputs and utilisation rates for our fried shallots production for FYE 2020 to 2022 are computed as follows:

Year	Annual capacity (MT)⁽¹⁾	Actual output (MT)	Utilisation rate (%)
FYE 2020	374.4	301.3	80.5
FYE 2021	374.4	304.2	81.3
FYE 2022	374.4	331.2	88.5

Note:

- (1) The total annual capacity is calculated based on 1 production line that produced a total of 1.2 MT of fried shallots per day, 26 working days per month and 12 months per year. In April 2023, we relocated our production of fried shallots to our Simpang Empat Factory with a production capacity of 2.4 MT of fried shallots per day.

7.14 QA&QC PROCEDURES AND CERTIFICATIONS

Our Group places strong emphasis on the quality and safety of our products. We adopt stringent internal quality assurance policy in our operations to ensure our products are in compliance with both our internal and international standards. We have an in-house QA&QC team which is responsible for outlining and maintaining our QA&QC procedures and monitoring the implementation of our QA&QC procedures at various stages of our operations to uphold the quality of our products. Please refer to Section 7.4 for our QA&QC procedures as part of our business processes.

As a testament to our product quality and compliance as well as the production standards of our products, we have obtained the following certifications through our subsidiaries as at LPD:

Awarded subsidiary	Standard	Certification body	Date first awarded	Current validity period	Scope of certification
ACS	ISO 9001:2015 Quality Management System	National Quality Assurance Certification Limited	18 October 2019	27 October 2022 – 18 October 2025	Trading and repacking of starches, beans, sprouting and food additives
ACS	ISO 9001:2015 Quality Management System	MY CO2 Certification Sdn Bhd	4 December 2019	28 October 2022 – 3 December 2025	Trading and repacking of starches, beans, sprouting and food additives
ACS	Halal	JAKIM	1 September 2018	16 September 2022 – 15 September 2024	Broken rice and Beras Super Special Tempatan 5%

7. BUSINESS OVERVIEW (Cont'd)

Awarded subsidiary	Standard	Certification body	Date first awarded	Current validity period	Scope of certification
ACS	Halal	JAKIM	1 September 2018	1 December 2022 – 30 November 2024	Barley, black bean with green kernel, black eyed bean, black matpe, brown bean, chick peas, dun peas, green mung bean, green peas and groundnut
ACS	Halal	JAKIM	1 September 2018	16 July 2023 – 15 July 2025	Antifoam, corn starch, glutinous rice flour, modified tapioca starch, potato starch, sago starch, tapioca starch and wheat starch
ACS	MeSTI	MOH	5 December 2018	8 December 2021 – 7 December 2024	Fulfilment of terms and conditions for certification of MeSTI for Bukit Minyak Premises
Bapas	MeSTI	MOH	10 June 2022	10 June 2022 – 9 June 2025	Fulfilment of terms and conditions for certification of MeSTI for Bukit Minyak Premises
Bapas	MS 1480:2019 HACCP System	SIRIM QAS International Sdn Bhd	20 March 2023	20 March 2023 – 19 March 2026	Mixing, packing and repacking of food additives and food conditioners from receipt of raw materials until transferred to the external warehouse

7. BUSINESS OVERVIEW (Cont'd)

Awarded subsidiary	Standard	Certification body	Date first awarded	Current validity period	Scope of certification
Bapas	HACCP	MOH	29 March 2023	29 March 2023 – 19 March 2026	Fulfilment of terms and conditions for implementation of HACCP system for food additives, food conditioner, antioxidant and preservative
Bapas	GMP	MOH	29 March 2023	29 March 2023 – 19 March 2026	Fulfilment of terms and conditions for implementation of GMP system for Bukit Minyak Premises.
Bapas	Halal	JAKIM	1 March 2017	1 October 2022 – 30 September 2024	Various food additives products
Bapas	Halal	JAKIM	1 March 2017	1 June 2023 – 31 May 2025	Fried shallots
Bapas	MeSTI	MOH	10 May 2023	10 May 2023 – 9 May 2026	Fulfilment of terms and conditions for certification of MeSTI for Simpang Empat Factory

7.15 R&D

We have an in-house R&D team that possesses food technology knowledge and experience which primarily focuses on R&D activities for food additives, i.e. the development of formulations of food additives to be used by our customers as functional food ingredients in the manufacturing processes of their food products. As at LPD, our R&D team comprise 4 personnel. The areas of expertise of our R&D team are as follows:

- (a) Food chemistry – Our R&D team is equipped with in-depth food chemistry knowledge which allows them to understand the chemical composition of food additives and the effects of food additives on different food products;
- (b) Formulation development – Our R&D team has the expertise to develop new food additive formulations as well as to modify existing food additive formulations;
- (c) Analytical skills – Our R&D team is proficient in conducting analysis on the performance and stability of food additives;

7. BUSINESS OVERVIEW (Cont'd)

- (d) Food safety – Our R&D team possesses understanding of regulatory standards and requirements in relation to food additives, which allows them to develop food additive formulations that are in accordance with these standards and requirements; and
- (e) Sensory evaluation – Our R&D team conducts sensory analysis to assess the taste, texture and appearance of the food products during the product development process to ensure that they meet our customers' requirements.

Our R&D team works with our customers in their product development process, which includes development of food additives formulations based on our customers' intended applications and requirements in different aspects such as texture, taste, appearance and preservative properties of the end-products. Our in-house developed food additives formulations are different across customers to best suit their intended applications and requirements on different food products. The process of the formulation of food additives entails continuous experiment to test the suitability of different formulations of our food additives in blending with other ingredients in developing new food products by our customers. The outcomes of each experiment are examined and evaluated until the final outcome with desirable texture, taste, appearance and preservative properties is achieved. Our R&D team also carries out R&D activities to continuously improve our existing formulations as well as to develop new formulations to expand our food additives offerings.

Once a new formulation is obtained, the formulation will be added into our database to be used as reference for future proposals with our customers. Our Group has implemented practices to safeguard our food additives formulations, whereby the formulations are only accessible to certain senior R&D personnel and Oon Boon Khong, our Managing Director, as well as Wong Kam Tong, our Chief Operating Officer. Our R&D activities for food additives are part of our continuous effort to remain competitive in the market, and they assist our customers in their product development activities, which is achieved by understanding their requirements, as well as developing food additive formulations that satisfy their intended applications.

Our Group's equipment used for R&D activities include the following:



Electronic precision balance used for measuring ingredients in precise weight



Digital pocket salt meter used for measuring the concentration of salt content in food products

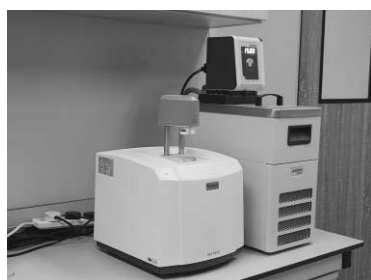
7. BUSINESS OVERVIEW (Cont'd)



Robot coupe cutter mixer used for cutting and blending food ingredients to form consistent food ingredients mixture



Viscometer used for measuring the viscosity of liquids



Rapid Visco Analyser used for analysing the pasting and gelatinisation of properties of starches and food additives

Our past R&D achievements, on-going and future R&D projects in the formulation of food additives are as follows:

Food additive	Description	Commencement year	Completion year
Past R&D achievements (Developed and commercialised products)⁽¹⁾			
Modified starch for chicken balls and patties	Achieved properties such as elasticity, swell prevention, retrogradation prevention, freeze-thaw stability as well as the desired texture of chicken balls and patties	January 2021	August 2021
Modified starch for tapioca pearls	Achieved properties such as elasticity, swell prevention, retrogradation prevention, freeze-thaw stability as well as the desired texture of tapioca pearls	October 2022	October 2022
Tofu coagulant ⁽²⁾	Achieved properties such as optimised solidification and smoothness of tofu	September 2022	January 2023
Modified starch for sauce	Achieved the required rheological properties of sauces	January 2023	February 2023
Development of jam stabiliser	To achieve properties such as texture, binding properties, moisture retention, freeze-thaw stability and component separation of jams	January 2023	February 2023

7. BUSINESS OVERVIEW (Cont'd)

Food additive	Description	Commencement year	Completion year
Development of modified starch for kuey teow	To achieve properties such as elasticity and texture of kuey teow	January 2023	March 2023
Development of modified starch for surimi balls	To achieve properties such as elasticity and texture of surimi balls	January 2023	March 2023
Development of modified starch for dessert or jelly	To prevent syneresis and to enhance texture of desserts or jelly	January 2023	March 2023
Development of modified starch for fried shallots	To achieve properties such as crunchiness, appearance and preservative properties of fried shallots	February 2023	July 2023
Development of modified starch for mochi	To achieve enhanced freeze-thaw stability of mochi	April 2023	September 2023
On-going R&D projects (Products under development)			
Development of modified starch for beef balls and patties	To achieve properties such as elasticity, swell prevention, retrogradation prevention, freeze-thaw stability as well as the desired texture of beef balls and patties	July 2023	⁽³⁾ In progress
Development of modified starch with low dusting properties	To achieve properties such as texture, moisture content, freeze-thaw stability and mouthfeel of processed meat products, as well as to increase the density of starch molecules to minimise generation of dust during handling	August 2023	⁽³⁾ In progress
Development of modified starch for frankfurters / processed meats	To achieve properties such as elasticity, swell prevention, retrogradation prevention, freeze-thaw stability as well as the desired texture of frankfurters / processed meats	July 2023	⁽³⁾ In progress
Future R&D projects (Products to be developed)			
Food grade defoamer	To achieve elimination or minimisation of foam creation during food processing	⁽⁴⁾ January 2024	⁽⁵⁾ N/A
Development of leavening agent	To achieve optimised expansion of doughs and batters in the production of bakery products	⁽⁴⁾ January 2024	⁽⁵⁾ N/A

7. BUSINESS OVERVIEW (Cont'd)

Notes:

- (1) Past R&D achievements presented only include developed and commercialised food additive formulations. As at LPD, our Group has completed 10 R&D projects which has resulted in 11 commercialised food additive formulations. As at LPD, our Group has developed 49 food additive formulations, and has commercialised 29 out of the 49 developed food additive formulations. Out of the 29 commercialised food additive formulations, 11 were developed through R&D activities (presented in the table above) and 18 were developed based on formulations that are commonly used in the industry (which were not part of our R&D projects).
- (2) The R&D project for tofu coagulant has resulted in the development of 2 food additive formulations.
- (3) The target completion dates for the on-going R&D projects are subject to the progress of the R&D projects.
- (4) Target commencement dates for future R&D projects.
- (5) The target completion dates for future R&D projects are currently not available and are subject to the commencement of the R&D projects.

For FYE 2020 to 2022, our Group has incurred R&D expenses amounting to RM14,736, RM79,330 and RM130,025 respectively, mainly for staff costs and materials.

7.16 COMPETITIVE STRENGTHS

7.16.1 We source and distribute a wide variety of products as we have a wide network of suppliers and customers

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. Please refer to Section 7.3.4 for further details on our supplier network. 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. Amongst our major suppliers for FYE 2020 to 2022, 6 of our major suppliers have at least 5 years of business relationship with our Group, of which 3 major suppliers have at least 10 years of business relationship with our Group. Please refer to Section 7.9 for further details on our major suppliers. Our long-standing relationships with our suppliers enable us to ensure consistent quality and volume of supplies on top of our wide variety of product offerings. This has in turn allowed us to build a track record with our customers by continuously maintaining consistent quality and delivery of our products.

Additionally, with a wide range of product offerings sourced from an extensive network of suppliers, we have secured a wide range of customers comprising wholesalers, retailers, food manufacturers, F&B businesses and commercial farmers. Our ability to secure a wide range of customers is also a testament to our product quality and our ability to source relevant products to meet our customers' needs, all of which will continue to be our foundation and credentials to continue expanding our business in the future.

7. BUSINESS OVERVIEW (Cont'd)

7.16.2 Our in-depth knowledge and experience in the food ingredients industry and food technology enable us to meet our customers' requirements

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. We work closely with our customers by developing and providing formulation samples to assist our customers in their product development. Our food technology capabilities enable us to cater to the needs of a broad customer base in the manufacturing of various types of food, such as processed and frozen food, sauces and gravies, noodles, bakery products, confectioneries, meat replacement (i.e. vegetarian) products and beverages.

In addition, our R&D team continuously carries out R&D to improve our existing food additive formulations, as well as to develop new formulations to expand our offerings. Further, our R&D team also conducts research and analysis on our existing starch products to enhance our sales personnel's understanding of our starch products, allowing them to be better equipped in providing sourcing recommendations to our existing as well as potential customers.

We leverage on our knowledge and experience in the food ingredients industry and food technology expertise to create additional value to our customers in addition to our wide range of product offerings. We believe that we will be able to continue to satisfy the various needs of our customers by providing advice and recommendations, as well as formulation of food additives according to customers' requirements, as well as to attract new customers for the future growth of our business.

7.16.3 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

Food security refers to people's consistent physical and economic accessibility to sufficient, safe and nutritious food that meets their dietary needs and food preferences to achieve active and healthy lives. As part of the food ingredients industry value chain, our Group contributes to food security as we are involved in the sourcing, distribution and manufacturing of food ingredients.

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. For example, starch products such as corn starch, tapioca starch and potato starch are widely used as thickening agents, anti-caking agents and/or gluten free substitutes in many food products such as processed foods, frozen foods, snacks and/or dried noodles. Further, beans and pulses such as soybeans are used in various applications including manufacturing of soy sauce and soybean drinks which are commonly used/consumed. In addition, our beans and pulses such as green mung beans and black matpe beans are also used for crop growing, i.e. bean sprouts.

As our products are widely used in many applications as detailed in Section 7.3.2, our business is resilient to economic downturns as food ingredients are necessary to food manufacturing and food preparation which is a necessity in consumers' daily lives.

7. BUSINESS OVERVIEW (Cont'd)

As the population and economic conditions in Malaysia continue to grow, the demand for food ingredients is expected to grow in tandem as food ingredients are essential in food manufacturing and food preparation. Our Group's revenue increased from approximately RM89.0 million in FYE 2020 to approximately RM122.7 million in FYE 2022, registering a CAGR of 17.4%. As such, our business demonstrates sustainability and we are well-positioned for future growth leveraging on the continuous demand for food and the need to strengthen food security in the country.

7.16.4 We are accredited with various certifications as a testament to our compliance with internationally recognised food quality and safety standards

Over the years of our business operations, we have received several certifications which attest to the product quality and compliance as well as the production standards of our products.

Our Group is in compliance with the ISO 9001:2015 Quality Management System for the scope of trading and repacking of starches, beans, sprouting and food additives. Further, our Group has also been awarded with MeSTI. Our products as well as production facilities and processes have also been inspected and certified compliant with the Halal standards, which allow us to manufacture and distribute Halal-certified products to cater to the Halal market.

Additionally, our production facilities and processes for food additives in our Bukit Minyak Premises have also been certified compliant with the internationally recognised HACCP System and GMP System. Please refer to Section 7.14 for further details on the certifications and accreditations received by our Group.

Due to the nature of our business, our Group places strong emphasis on the quality and safety of our products. 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.

7.16.5 We have an experienced key senior management team, with strong industry knowledge and functional expertise

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.

Oon Boon Khong is supported by a team of key senior management comprising:

Name	Designation	Years of relevant working experience
Lim Swee Chuan	Chief Financial Officer	32
Wong Kam Tong	Chief Operating Officer	22
Tan Hong Sheng	Product Manager	6
Cheng Boon Kai	Procurement Manager	12

Each of our key senior management personnel takes an active, hands-on role in spearheading their respective departments to support the growth of our Group. Their hands-on involvement in our Group demonstrates their strong commitment to our growth as we continue to expand.

7. BUSINESS OVERVIEW (Cont'd)

7.17 BUSINESS STRATEGIES AND PROSPECTS**7.17.1 We intend to increase our storage capacity by setting up a new regional storage facility in Klang, Selangor**

As at LPD, all our plant-based agricultural products are stored in our Bukit Minyak Premises prior to delivery to our customers. The utilisation rates of the storage space at our Bukit Minyak Premises were recorded at an average of 88.1% for FYE 2020 to 2022. As at LPD, we do not have any storage facility in the central region of Peninsular Malaysia due to limited financial and human resources. 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 an 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. With a regional storage facility in Klang, Selangor, we will be able to improve our business operations by providing quicker delivery lead times to our customers in the central and southern regions of Peninsular Malaysia. For FYE 2020 to 2022, revenue from our sourcing and distribution business from the central region (i.e. Selangor, Kuala Lumpur and Negeri Sembilan) and southern region (i.e. Melaka and Johor) of Peninsular Malaysia collectively amounted to RM33.4 million, RM42.1 million and RM55.2 million respectively, which accounted for 38.6%, 43.4% and 49.5% respectively of our revenue generated from our sourcing and distribution business segment.

As at LPD, majority of our Group's imported plant-based agricultural products are shipped through international vessels to Port Klang and thereby transferred to domestic vessels for shipment to Penang Port. International vessels generally call at Port Klang for loading and unloading of cargo as Port Klang is the largest port in Malaysia, and any cargo destined to other ports in Malaysia will be transferred for onward shipment by domestic vessels. However, there are also international vessels that call at Penang Port. The destination port of international vessels are determined by the international vessel operators. As such, majority of our Group's imported products are shipped to Port Klang and transferred to domestic vessels for onward shipment to Penang Port. However, some of our Group's imported products from Thailand and Myanmar can be shipped directly to Penang Port, as international vessels carrying these products call at Penang Port. From January 2023 up to LPD, 55.6% of our plant-based agricultural products were shipped to Port Klang (comprising 54.3% of imported products and 1.3% of products sourced from East Malaysia) and thereafter transferred to domestic vessels for shipment to Penang Port, 41.3% of our imported products were shipped directly to Penang Port, and the remaining 3.1% of our products sourced from Peninsular Malaysia were delivered to Penang through land freight. By having a regional storage facility in Klang, Selangor, we will be able to offload some of our products in Port Klang for storage at our regional storage facility. This will help us save on logistics cost and subsequently transportation cost when the products are delivered directly from our new regional storage facility to our customers in the central and southern regions of Peninsular Malaysia. Our new regional storage facility is expected to save approximately RM0.7 million logistics cost and transportation cost per year.

We expect to set up the new regional storage facility and commence operations in August 2024. Upon the commencement of operations of the new regional storage facility, we will begin sourcing and storing products in the new regional storage facility, and products sold to customers based in the central and southern regions of Peninsular Malaysia will be delivered from the new regional storage facility, if available. For products that are not available in the new regional storage facility, including products that are stored in the cold room facilities in our Bukit Minyak Premises, these products will be delivered to our customers from our Bukit Minyak Premises. As at LPD, our Group has no immediate plan to set up cold room facilities in our new regional storage facility. For avoidance of doubt, our new regional storage facility will not be used to carry out other business activities apart from storing our products.

7. BUSINESS OVERVIEW (Cont'd)

By setting up the new regional storage facility, we will also be able to provide better service and timely delivery to our customers located in the central and southern regions of Peninsular Malaysia. We will also be able to further expand our customer base within the central and southern regions of Peninsular Malaysia due to closer proximity to our potential customers. In order to expand our customer base within the central and southern regions of Peninsular Malaysia, 2 out of 3 Sales Executives who are to be recruited by our Group will also be responsible for the sales activities in the central and southern regions of Peninsular Malaysia. Please refer to Section 7.17.3 for further details on the expansion of our team to support our business growth. Additionally, having the new regional storage facility will free up the storage space of our Bukit Minyak Premises, which will in turn allow us to increase the inventory levels of our Bukit Minyak Premises to serve more customers as part of our continuous effort to grow our business.

The total cost for this initiative, including rental and renovation, hiring of additional staff as well as acquisition of racking systems and lorries, is estimated to be RM[•] million, which will be fully funded via proceeds from our Public Issue. In addition, we have also allocated RM[•] million from the proceeds of our Public Issue to purchase inventories for our new regional storage facility. As at LPD, we are in the midst of identifying a suitable premise in Klang. Please refer to Section 4.9 for further details on the breakdown of the total estimated costs and indicative timeline for the setup of the new regional storage facility and the certificate of registration of food premises and business/ storage license required for the operations of the new regional storage facility.

7.17.2 We plan to continue expanding our sourcing and distribution business by increasing our inventory levels

From FYE 2020 to 2022, revenue generated from our sourcing and distribution business segment recorded CAGR of 13.5% from RM86.6 million to RM111.5 million. Our Group intends 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. By having higher inventory level on hand, 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. In addition, as some of our supplies may be affected during non-harvest seasons, in particular certain types of soybeans and wheat starch, having higher inventory level for these products will enable us to continue to fulfil customers' orders during non-harvest seasons. Moreover, having higher inventory level during favourable market conditions allows our Group to gain competitive advantage from unexpected price fluctuations by offering better pricing to our customers in the event of any increase in market prices.

7. BUSINESS OVERVIEW (Cont'd)

The total estimated cost for the expansion of our sourcing and distribution business through increasing our inventory levels is RM[•] million, of which RM[•] million will be utilised to purchase inventory for our Bukit Minyak Premises and the remaining RM[•] million will be utilised to purchase inventory for the new regional storage facility, all of these will be fully funded via proceeds from our Public Issue. The details of proposed allocation for the purchase of inventory are as follows:

	Allocation	
	RM'000	%
<u>Bukit Minyak Premises</u>		
Starch products	[•]	[•]
Beans and pulses	[•]	[•]
Grain products	[•]	[•]
Total allocation	[•]	100.0
<u>New regional storage facility</u>		
Starch products	[•]	[•]
Beans and pulses	[•]	[•]
Grain products	[•]	[•]
Total allocation	[•]	100.0

7.17.3 We intend to expand our team to support our business growth

As our business continues to expand, 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 future business growth. As at LPD, our Group employs a total of 99 employees. We intend to expand our team in Bukit Minyak Premises by recruiting 8 additional employees, which comprise:

- (a) 1 Business Development Manager – To identify business opportunities such as new markets and industries, as well as to develop and execute strategic plans for the future growth of our Group.
- (b) 1 Group Accountant – To handle our Group's finance-related matters, including but not limited to, preparing account and financial reports, monitoring our cash flow as well as working capital and budgeting.
- (c) 1 R&D Executive - To enhance our in-house R&D activities, which primarily focus on developing new food additives formulations to expand our food additives offerings, as well as continuously improving our existing food additives formulations.
- (d) 1 QA&QC Executive – To maintain our QA&QC procedures and monitor the implementation of our QA&QC procedures at various stages of our operations to uphold the quality of our products.
- (e) 3 Sales Executives – To expand our sales team and continue securing new customers as well as to provide services to our existing customers such as providing prompt responses to sales enquiries and sales orders, as well as building and maintaining customer relationships.
- (f) 1 Logistics Executive – To plan and arrange product delivery to customers as well as tracking product shipments to ensure successful product delivery.

Recruitment of the abovementioned employees is necessary to support our business operations as we continue to expand. The total estimated cost for the recruitment of employees is approximately RM[•] million, which will be fully funded via proceeds from our Public Issue.

Please refer to Section 4.9 for further details on the breakdown of the total estimated costs of recruitment.

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.

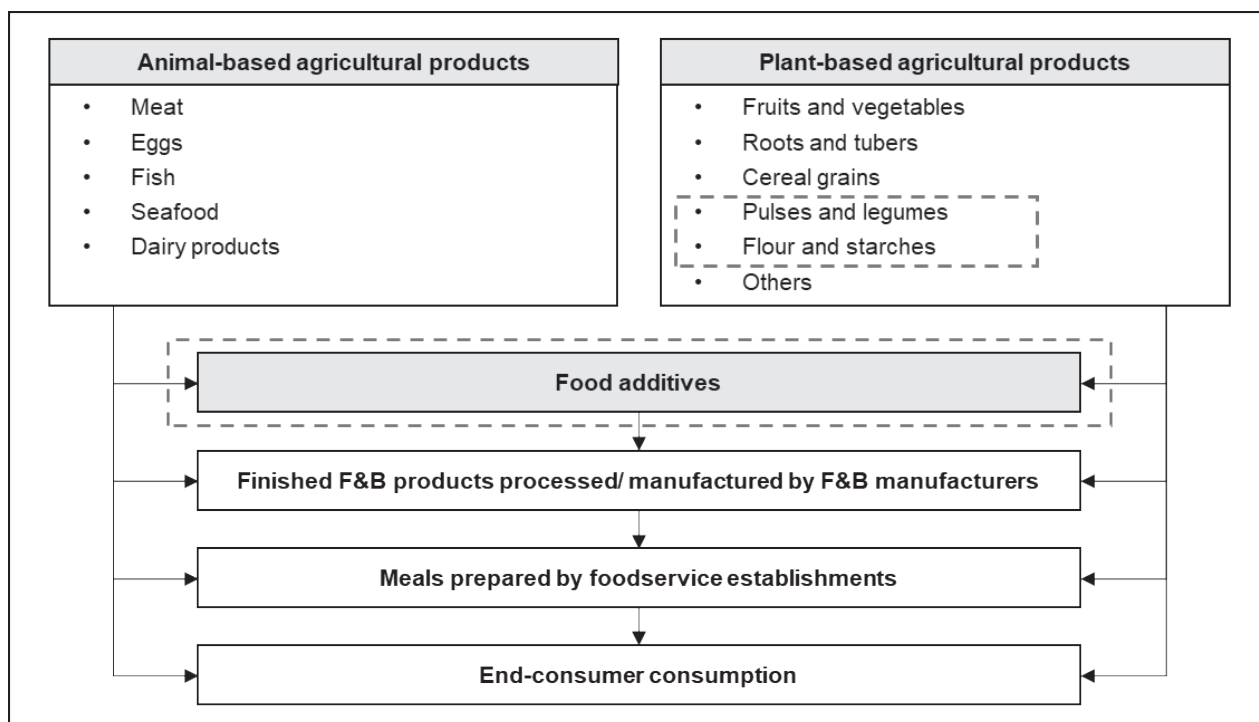
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SMITH ZANDER

- 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

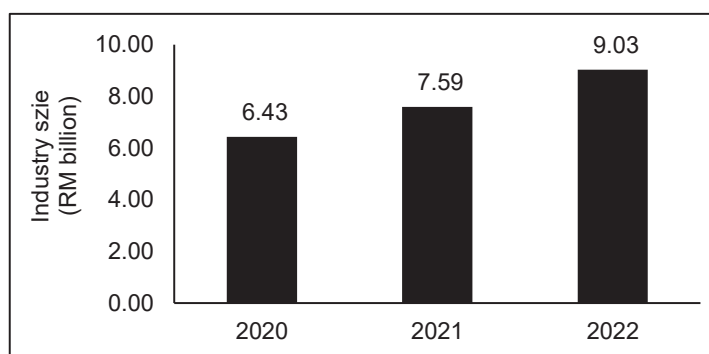
As Agricore CS Group primarily sources and distributes plant-based agricultural food ingredients that are categorised under the pulses and legumes as well as the flour and starches segments, in this IMR Report, the food ingredients industry in Malaysia is represented by the industry size under the aforementioned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

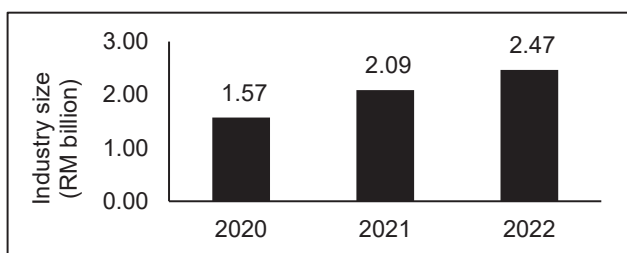
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legumes industry in Malaysia to have declined by 4.86% from RM2.47 billion in 2022 to RM2.35 billion in 2023 which may be due to lower import of soybeans. Nonetheless, SMITH ZANDER forecasts the pulses and legumes industry in Malaysia to recover and 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.

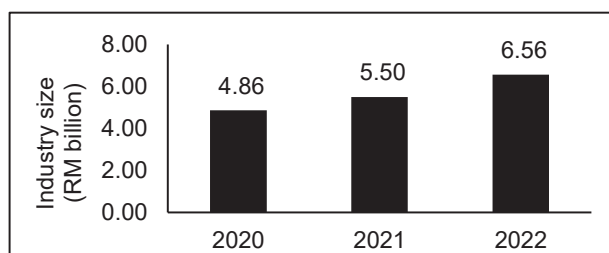
Additionally, the flour and starches industry in Malaysia grew from RM4.86 billion in 2020 to RM6.56 billion in 2022, recording a CAGR of 16.18%. SMITH ZANDER estimates the flour and starches industry in Malaysia to grow from RM6.56 billion in 2022 to RM6.98 billion in 2023 and RM7.88 billion in 2024,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

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



Sources: DOSM, SMITH ZANDER

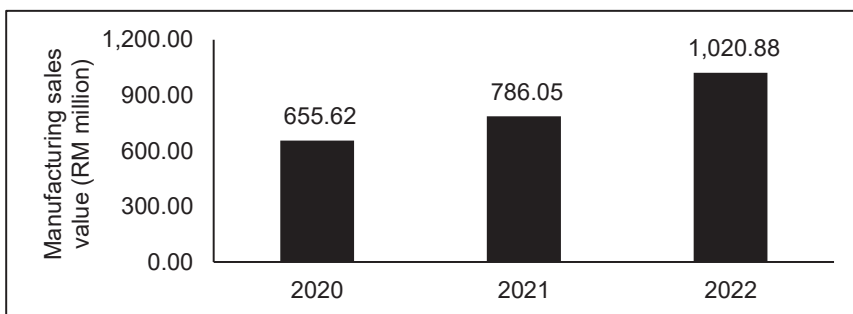
Flour and starches industry size (Malaysia), 2020-2022



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.

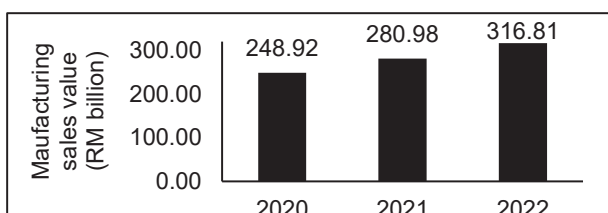
The F&B manufacturing and processing industry in Malaysia is represented by the manufacturing sales value of F&B products which increased from RM248.92 billion in 2020 to RM316.81 billion in 2022 at a CAGR of 12.82%. On the other hand, the foodservice industry in Malaysia, represented by the revenue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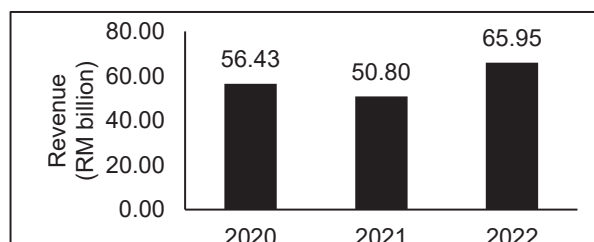
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F&B manufacturing and processing industry (Malaysia), 2020-2022



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.

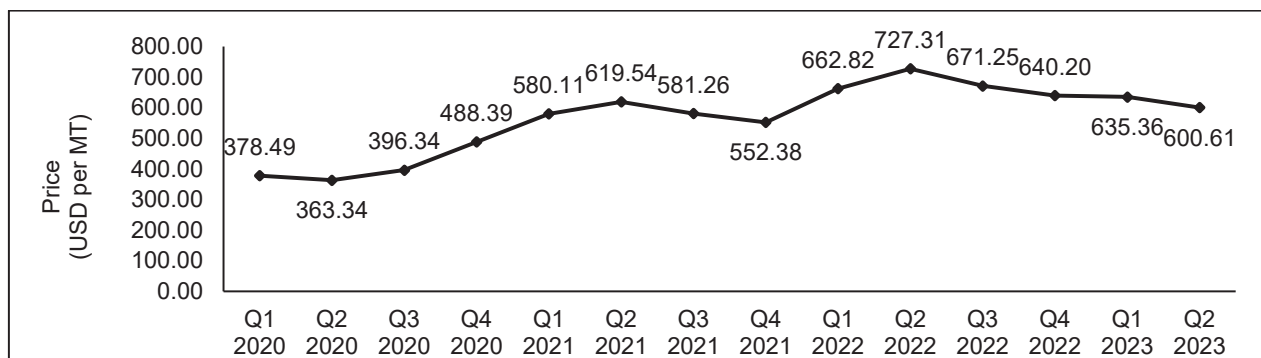
³ Exchange rate from USD to RM in 2021 was converted based on average annual exchange rates in 2021 extracted from published information from Bank Negara Malaysia at USD1 = RM4.1454.

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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.

8. IMR REPORT (Cont'd)**SMITH ZANDER**

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

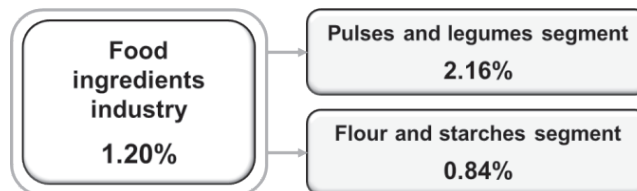
Apart from the companies listed in the table above, there are also exempt private companies that are deemed as key industry players of the food ingredients industry in Malaysia which fulfil the first 2 basis of selection of key industry players. As these companies are exempt private companies filed under 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.

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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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9. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO ALL OTHER RELEVANT INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE MAKING AN APPLICATION FOR OUR IPO SHARES.

9.1 RISKS RELATING TO OUR BUSINESS AND OUR OPERATIONS

9.1.1 We are exposed to foreign exchange fluctuation risks which may impact the profitability of our Group

Our supplies including beans and pulses, starch products, grain products, shallots, onions, cooking oil and packing materials are sourced from local and/or overseas suppliers. Our foreign purchases from overseas suppliers are denominated in USD. As at LPD, our supplies of plant-based agricultural food ingredients for our sourcing and distribution business segment are sourced from 58 suppliers, comprising 29 local suppliers and 29 overseas suppliers. On the other hand, our supplies of ingredients and raw materials for the production of food additives and fried shallots are sourced from 28 suppliers, comprising 24 local suppliers and 4 overseas suppliers. Amongst the 58 suppliers for our sourcing and distribution segment and the 28 suppliers for our production segment, there are 13 common suppliers whereby supplies that we source from these 13 common suppliers are food ingredients that are used in both business segments.

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. In such circumstances, we will attempt to pass the additional costs arising from the depreciation of RM against the USD to our customers. Our financial performance may be adversely affected should we fail to pass on the increase in costs to our customers effectively in a timely manner.

Further, we do not have a formal policy with respect to our foreign exchange transactions and have not undertaken any hedging activities as at LPD. As such, we are affected by the fluctuations in any foreign currencies that we transact with. 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. Please refer to Section 12.11 for further details on our gains and losses from foreign exchange fluctuation for FYE 2020 to 2022. 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.

9. RISK FACTORS (Cont'd)

9.1.2 We are dependent on our Managing Director and key senior management for continued success and growth of our business

The future growth and continuing success of our Group largely depend on the continuous contribution and involvement of our Managing Director and key senior management. We are dependent on the leadership of our Managing Director, Oon Boon Khong, who has 27 years of experience in the food ingredients industry, to spearhead the strategic direction and business development of our Group. In addition, we are dependent on our key senior management, namely Lim Swee Chuan, Wong Kam Tong, Tan Hong Sheng and Cheng Boon Kai for their expertise in their respective roles which are essential to support the business operations and growth of our Group. With their experience in the food ingredients industry and/or their respective fields as well as in managing our business, they play a pivotal role in developing and implementing business strategies and policies to drive the growth of our Group. Please refer to Sections 5.1.2 and 5.3.3 for the profiles of our Managing Director and key senior management.

We recognise that the continuing success and growth of our Group depend significantly on the capabilities and efforts of our Managing Director and key senior management. Therefore, 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. If we are unable to attract suitable talents to replace the loss of any of our Managing Director and key senior management personnel in a timely manner, our business operations, financial performance and prospects may be adversely affected.

9.1.3 We may be affected by negative perception and publicity on our brand names and reputation

As at LPD, we have 10 plant-based agricultural food ingredients SKUs that are packaged and sold in consumer packs labelled with our house brands, of which 8 SKUs have indication that the products are packed by ACS and 2 SKUs have indication that ACS is the distributor. Further, save for fried shallots that we produced as a contract manufacturer for third party brand owners where the products are packed in packaging provided by our customers that indicates Bapas as the manufacturer but without the brand logo of 'CAP POKOK', all 12 SKUs of our fried shallots are sold and labelled with our house brand with indication of Bapas as the manufacturer and ACS as the distributor. As these 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. We may become the target of malicious sabotage or rumours intended to damage our reputation. In this respect, as an example, we may experience harmful substances being maliciously introduced into our products, or may be subject to market rumours based on unfounded claims of harm resulting from consuming our products. These incidences of sabotage or rumours may have an adverse impact on our brand name, reputation and public perception, leading to loss of consumer trust. Such adverse events may also lead to reduced purchases from food manufacturers, commercial farmers and F&B businesses which use our products in food manufacturing and preparation as well as crop growing, all of which could in turn adversely affect our sales and financial performance.

For the past 10 years and up to LPD, we have not experienced any incidents of malicious sabotage or rumours which led to an adverse impact on our brand names and reputation. Moving forward, notwithstanding our long-standing market reputation and our compliance to food safety standards, there can be no assurance that any negative perception or publicity on our brand names and reputation would not have a material adverse impact on our business and financial performance.

9. RISK FACTORS (Cont'd)

9.1.4 We may be affected by the presence of counterfeit products or product imitation that are sold under our brands

We may be affected by counterfeit products that are sold under our brands, where such counterfeit products may have similar packaging design as our products but not produced or supplied by us. These counterfeit products may be sold at lower prices than our products which are sold at competitive prices to other similar products in the market, which may affect our sales or even create market confusion amongst consumers. Further, 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.

Further, we are exposed to the risk of product imitation arising from the leakage of our in-house developed food additives formulations. Notwithstanding the implementation of practices to safeguard our food additives formulations, there can be no assurance that our food additives formulations will not be leaked to unauthorised parties. In the occurrence of such event, these unauthorised parties may use our food additives formulations to produce and sell food additives under their own brand names, which could, in turn, affect our sales.

While our Group has not been affected by adverse impacts arising from counterfeit products or product imitation for the past 10 years and up to LPD, there can be no assurance that we will not be affected by any counterfeit products or product imitation in the future.

9.1.5 We may not be able to secure funding, especially on terms acceptable to us, to meet our working capital requirement

Our ability to obtain external financing is subject to various uncertainties, including our future results of operations, financial condition and cash flows, the performance of the Malaysian economies, the cost of financing and the condition of financial markets, and the continuing willingness of banks to provide new loans. There is no assurance that any required financing, either on a short-term or long-term basis, will be made available to us on terms satisfactory to us or at all.

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.

The following table sets out the maturity profile of our borrowings and interest coverage ratio for FYE 2020 to 2022:

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
Bank borrowings			
Within the next 12 months	15,221	29,129	18,076
After the next 12 months	4,944	4,739	6,092
Total	20,165	24,868	24,168
Interest coverage ratio	5.9	7.3	9.2

Based on the table above, a substantial portion of our bank borrowings are due within the next 12 months in each financial year. As such, there is a risk of simultaneous demand for immediate repayment on our outstanding short term credit facilities, and tightening of loan facilities due to deteriorating market conditions arising from economic, financial, political and

9. RISK FACTORS (Cont'd)

other reasons. A large and simultaneous repayment of short term facilities would have a material adverse effect on our cash flows, working capital and in turn, will have a material effect on our financial performance. Our Board has, as set out in Section 12.3.1, taken the view that our working capital will be sufficient for our existing and foreseeable requirements for a period of 12 months from the date of this Prospectus. Notwithstanding its view, there can be no assurance that we will be able to secure any further required funding in the future when needed, and on terms satisfactory to us.

9.1.6 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. This segment is dependent on our in-house R&D team comprising 4 personnel as at LPD. Our R&D team is mainly involved in carrying out R&D activities for the formulation of our food additives. Their expertise in food technology and in-depth industry knowledge allow us to add values to our services, which is one of the key factors driving our business growth. We strive to continuously improve our existing food additive formulations and to develop new food additive formulations to expand our product offerings. Further, our in-house R&D team also conducts research and analysis on our existing starch products whereby the findings would allow our sales personnel to gain better understanding on our starch products, in turn assisting them to provide sourcing recommendations to our customers.

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. Although we have not encountered any shortage of R&D personnel that caused major disruptions to our operations for FYE 2020 to 2022 and up to LPD, there can be no assurance that we will be able to recruit, develop and retain adequate number of qualified R&D personnel to support the future growth and expansion of our Group.

9.1.7 We may face liabilities arising from product misstatement or mislabelling

Due to the nature of our business, we take due care and consideration in the labelling of content and ingredients of our products to provide correct and accurate information to our customers and consumers. Notwithstanding this, there is a risk of product mislabelling which may result in the consumption of ingredients that consumers are allergic to, or which are against their religions and/or other beliefs. This would adversely impact our brand name as well as reputation and public perception of our Group. We may also be forced to recall the products, be subject to administrative actions and/or penalties or fines by the relevant authorities, be forced to compensate affected consumers, and/or be subject to legal actions resulting from product liability claims. Any of these actions may have an adverse effect on the financial performance and prospects of our Group.

While we have not encountered such events for the past 10 years and up to LPD, there can be no assurance that there will be no occurrence of misstatement or mislabelling, and that misstatement or mislabelling will not have a material adverse impact on our brand name, reputation, or ultimately, our business and financial performance in the future.

9. RISK FACTORS (Cont'd)

9.1.8 Our business is exposed to unexpected interruptions or delays caused by fire, natural disasters, equipment failures, force majeure events and outbreak of infectious diseases, which may be beyond our control and may lead to interruptions to our operations

Our Group relies on our business premises to store our inventory which support our sourcing and distribution business segment. Hence, the occurrence of fires or natural disasters such as floods or storms at our business premises may cause damage to our inventory and our business premises, which may lead to delays in fulfilling customer orders and additional costs incurred to refurbish our business premises. Further, we also rely on machinery and equipment to carry out the production of food additives and fried shallots. These machinery and equipment may, on occasion, be out of service due to unanticipated failures or damages sustained during operations. In the event of the abovementioned unexpected interruptions, our day-to-day businesses as well as our financial performance may be adversely impacted.

In addition, any occurrence of force majeure events such as war, strikes and riots may cause disruptions to our sourcing and distribution activities. The occurrence of these unexpected events may affect our ability to meet the agreed delivery schedule with our customers.

For the past 10 years and up to LPD, we have not experienced any major interruptions to our business activities caused by fires, natural disasters, unexpected equipment failures, and force majeure events that have adversely affected our business activities and/or financial performance. Notwithstanding that, there is no assurance that we will not encounter such events and our business activities and/or financial performance will not be adversely affected should such events occur in the future.

Moreover, any large-scale outbreak of infectious diseases such as COVID-19 may cause disruptions to our sourcing activities due to global supply chain disruptions as a result of interruptions/halt of business and economic activities across many countries. Further, our distribution activities may also be affected due to possible imposition of movement restrictions by the Government as a containment measure to curb the spread of the virus. This may result in adverse impact on our financial performance, as our business activities may be temporarily suspended.

In the event that we have to temporarily halt our business activities due to the abovementioned incidences, we will still be required to incur operating expenses such as labour costs and utility costs. Our Group's operations and financial performance may be adversely affected should the interruptions occur for a prolonged period of time. As such, there is no assurance that we will be able to record profits and have sufficient funds for our operations to recover from the damages caused by such events.

9.1.9 The absence of long-term contracts with our customers and suppliers may result in fluctuations of our Group's financial performance

We have not entered into any long-term contracts with our customers as our sales are derived based on purchase orders whereby our customers purchase our products on as-needed basis. The absence of long-term contracts may result in fluctuations of our Group's sales and result in uncertainties over our overall financial performance. It poses risks to our Group as any business decision made by our customers that results in reduction or cessation of purchases from our Group may affect our financial performance. Should we fail to retain our existing customers and are unable to secure new customers in a timely manner to replace customers who reduce purchases or cease to purchase from our Group, our financial performance and growth may be adversely impacted. Further, our Group intends to utilise proceeds from our Public Issue to set up a new regional storage facility in Klang, Selangor, as well as to increase our inventory levels. As we do not enter into any long-term contracts with our customers, our future plans and business strategies of setting up a new regional storage facility and increasing our inventory levels may not yield expected results should we fail to increase our sales volume to match with our increased inventory levels by securing additional sales from existing customers and securing sales from new customers.

9. RISK FACTORS (Cont'd)

In addition, we have also not entered into any long-term contracts with our suppliers to secure long-term supplies from them. As such, there can be no assurance that we will be able to consistently source supplies at the volume required and at competitive prices from the same suppliers. In the event we are unable to source certain supplies from our existing suppliers, there is no assurance that we are able to replace them with other suppliers who offer the same supplies that meet our quality and quantity requirements in favourable terms and in a timely manner. Should we fail to do so, our financial performance and growth may be adversely affected.

9.1.10 We may not be able to successfully implement our future plans and strategies

We plan to expand our Group's business through our future plans and business strategies as follows:

- (a) increase our storage capacity by setting up a new regional storage facility in Klang, Selangor;
- (b) continue expanding our sourcing and distribution business by increasing our inventory levels; and
- (c) expand our team to support our business growth.

Please refer to Section 7.17 for further details of our business strategies.

The implementation of our business strategies is subject to additional expenditures including operational expenditures and other working capital requirements, which will increase our Group's overall operational cost, including overhead costs and cost of sales. This may result in an adverse impact to our profit margin if we are unable to gain sufficient revenue following the execution of our business strategies.

Thus, while our Managing Director and key senior management have years of experience in our business operations, there can be no assurance that the effort and expenditures spent on the execution of our business strategies will yield expected results in expanding our business. We are also not able to guarantee the successful implementation of our business strategies, nor can we assure that we will be able to anticipate the business and operational risks arising from our business strategies. Such failure may lead to adverse effect on our business operations and financial performance.

9.1.11 Our insurance coverage may not be adequate to cover all losses or liabilities that may arise in connection with our operations

We maintain insurance at levels that are customary in our industry to protect against various losses and liabilities. As at LPD, our Group has taken up several insurance policies which include fire, burglary, product liability, marine, goods in transit, public liability, employers' liability, money, fidelity guarantee, plate glass and group personal accident.

However, in the event of claims, our insurance may not be adequate to cover all losses or liabilities that might incur in our operations. If we were to incur a significant liability for which we were not fully insured, it may result in incurrence of additional cost that may adversely affect our business operations and financial performance. While we have not encountered such events for FYE 2020 to 2022 and up to LPD, there can be no assurance that any losses and liabilities arising from unfavourable events in the future would be fully insured by our insurance policies and would not lead to a material adverse impact on our financial performance in the future. Moreover, we will be subject to the risk that, in the future, we may not be able to maintain or obtain insurance of the type and amount desired at reasonable rates.

9. RISK FACTORS (Cont'd)**9.1.12 We are exposed to credit risk and default payment by customers**

We generally grant our customers a credit period of 7 to 120 days from the date of invoice. In the event of not receiving payment within the credit period or default in payment by our customers, our operating cash flows or financial results of operations may be adversely affected. Further, it may also lead to impairment losses on trade receivables or writing-off of trade receivables as bad debts, which may adversely affect our financial performance.

Our impairment losses on trade receivables for FYE 2020 to 2022 were as follows:

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
Impairment loss on trade receivables	-	67	10

Please refer to Section 12.8.1 for further details on our trade receivables and impairment losses on trade receivables.

9.1.13 We may not be able to maintain our PAT margin and profitability

In FYE 2020 to 2022, our PAT margin was recorded at 3.4%, 4.2% and 5.8% respectively. Notwithstanding that our PAT margin was at an upward trend from FYE 2020 to 2022, there can be no assurance that we will be able to maintain such trend in the future, nor maintain our PAT margin within the similar range.

Our ability to maintain our profitability is primarily dependent on various factors, including fluctuations in foreign exchange rates and purchase prices of our supplies that may affect our cost of sales (as detailed in Sections 9.1.1 and 9.2.1 respectively), as well as our ability to continuously secure sales from customers in view of the absence of long-term contracts with our customers (as detailed in Section 9.1.9). Failures in mitigating the risks arising from the fluctuations in foreign exchange rates and purchase prices of our supplies, and/or in continuously securing sales from customers, are expected to negatively impact our profitability.

9.2 RISKS RELATING TO OUR INDUSTRY**9.2.1 We may be subject to price fluctuations for the purchases of supplies**

Our Group's purchases primarily comprise beans and pulses, starch products and grain products. For FYE 2020 to 2022, beans and pulses, starch products and grain products contributed 95.2%, 95.5% and 95.5% collectively to our Group's total purchases respectively. Please refer to Section 7.8 for further details on our Group's purchases.

The prices of our supplies are subject to price fluctuations due to various factors such as global supply and demand conditions, global and regional economic conditions, as well as uncertainties arising from geopolitical conflicts. As such, should we fail to pass on the increase in costs to our customers, any material increase in the prices of our supplies may result in substantial increase in our cost of sales, thus affecting our financial performance.

For FYE 2020 to 2022 and up to LPD, while we have encountered fluctuations in the prices of our supplies, we were able to pass on such fluctuations to our customers. However, there is no assurance that we will be able to pass on future increases in cost to our customers.

9. RISK FACTORS (Cont'd)

9.2.2 We are exposed to risk arising from food contamination

We are exposed to the risk of food contamination due to numerous processes involved in the production of food additives and fried shallots. The food ingredients used in our production include starches, phosphate, carbonate, salt, shallots, cooking oil, amongst others. These ingredients may be contaminated if not properly handled, stored and packed.

Further, our plant-based agricultural products are stored in our Bukit Minyak Premises prior to delivery to customers. Upon customers' requests, we may also carry out repacking of our plant-based agricultural products. As such, any improper storing or mishandling of these products may expose our Group to food contamination.

In addition, our operations require manual labour in several processes such as repacking and palletising of our plant-based agricultural products, production of food additives including weighing and handling/transfer of ingredients and mixtures between machines, as well as production of fried shallots including rinsing and frying of shallots/onions and handling/transfer of shallots/onions between machines. Therefore, our exposure to the risk of food contamination is subject to our employees' awareness of good hygiene and strict adoption of our food safety management system. Whilst we emphasise and educate our employees on our food safety standards, there is no assurance that we will be able to guarantee the highest level of food safety standards are practised at all times and that we will not be exposed to the risks of food contamination in the future.

Any contamination in our products may result in it being unsafe for consumption and will have an adverse impact on our reputation. This may also result in authorities inspecting our premises, monetary fine and/or temporary closure of our operations for cleaning and/or sanitation, any of which may lead to interruptions to our business operations, which may materially and adversely affect our results of operations and financial performance. While we have been accredited as compliant with various food safety standards such as ISO 9001:2015 Quality Management System, MeSTI, MS 1480:2019 HACCP System, and GMP and have not encountered any food contamination issues for the past 10 years and up to LPD, there is no assurance that there will not be occurrence of food contamination in our products moving forward.

9.2.3 We are dependent on consistent and sufficient crop yield

The food ingredients industry, particularly the 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, climate 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 of food ingredients. Subsequently, this may pose further challenges for food ingredients industry players especially farmers in meeting the demand and maintaining price stability for their products which will impact the growth of the food ingredients industry.

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

For FYE 2020 to 2022 and up to LPD, while we have not encountered any inconsistency in crop supplies, there is no assurance that we will not encounter any unfavourable effects arising from the crop yield in the industry.

9. RISK FACTORS (Cont'd)

9.2.4 We are subject to licences, permits and requirements governing the F&B industry

Our business operations are subject to the licences, permits and requirements governing the F&B industry, which relate to, amongst others, food safety, handling and storage, hygiene standards, labelling of packaging and other requirements imposed by authorities in Malaysia. In this regard, we have obtained relevant MeSTI certifications issued by MOH and manufacturing licences issued by MITI. In addition to these requisite licences and certifications, we have also obtained the ISO 9001:2015 Quality Management System, MS 1480:2019 HACCP System, and GMP as testament to our quality assurance standards.

As the Halal market is one of our targeted consumer groups, we are also required to obtain and maintain a number of Halal certifications issued by JAKIM. As at LPD, we have registered our products with JAKIM to ensure they are certified Halal, save for products that are distributed under plain packaging and our house brand products that are used for crop growing (i.e. nutrient solutions and sprouting soybeans). Please refer to Section 6.7 for further details on our licences, permits and certifications.

If we are unable to continuously comply with all regulations or conditions of our licences, permits and certifications, such licences, permits and certifications may be suspended or revoked and this will negatively affect our business operations. There is also no assurance that the introduction of new laws or any changes to legislations or other future regulatory developments will not have a material adverse effect on our business.

9.2.5 We are exposed to risks relating to political, legal, regulatory and economic conditions in the countries in which we source our supplies from

Our plant-based agricultural food ingredients are sourced from 18 countries of origins, including amongst others, Canada, China, Thailand and USA. Our supplies of plant-based agricultural food ingredients may be affected by any adverse developments or uncertainties in political, legal, regulatory or economic conditions that are beyond our control in the countries where we source our supplies from. These risks include unfavourable changes in political conditions, economic conditions, interest rates, government policies and regulations, export restrictions, duties and tariffs, civil unrest, methods of taxation, inflation and foreign exchange controls.

Any changes in political situations and government policies as well as widespread and/or prolonged economic slowdowns in the countries we source from, may cause a decline in the supply of our Group's supplies, which may lead to delays in fulfilling our customers' orders if we are unable to source from alternative suppliers in other countries. This may in turn have a material adverse effect on our business and financial performance.

9.2.6 We face competition from other industry players

According to the IMR Report, the food ingredients industry in Malaysia is competitive and fragmented due to the large number of industry players including large private companies as well as small and medium enterprises that compete in the sourcing, distribution, production and/or manufacturing of various types of food ingredients. Further, the barriers to entry of the sourcing and distribution of food ingredients, which our Group is involved in, are generally low due to low capital expenditure required if new industry players start with sourcing and distributing a minimal range of food ingredients. Additionally, industry players are not required to set up any production or manufacturing lines, but just a storage space to store food ingredients, hence minimising the capital expenditure required to enter the industry.

9. RISK FACTORS (Cont'd)

Food ingredients industry players generally compete in terms of product range, pricing, quality of products and services, delivery timing, amongst others. Please refer to Section 8 for further details on the competitive landscape of the food ingredients industry in Malaysia.

Failure to remain competitive may adversely impact our Group's ability to sustain the sales secured from our customers at current or increased levels in the future, as well as to attract new customers. This may in turn cause adverse impact on our Group's financial performance.

9.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES

9.3.1 There is no prior market for our Shares

Prior to our Listing, there was no public trading for our Shares. The listing of our Shares on the ACE Market does not guarantee that an active market for our Shares will develop.

There is also no assurance that our IPO Price will correspond to the price at which our Shares will be traded on the ACE Market.

9.3.2 Our Listing is exposed to the risk that it may be aborted or delayed

Our Listing may be aborted or delayed should any of the following occurs:

- (a) The selected investors fail to subscribe for their portion of our IPO Shares;
- (b) Our Underwriter exercising its rights under the Underwriting Agreement to discharge itself from its obligations therein; and
- (c) We are unable to meet the public shareholding spread requirement set by Bursa Securities, whereby at least 25.0% of our total number of Shares for which listing is sought must be held by a minimum number of 200 public shareholders each holding not less than 100 Shares upon the completion of our IPO and at the point of our Listing.

If any of these events occur, investors will not receive any Shares and we will return in full without interest, all monies paid in respect of the Application within 14 days, failing which the provisions of Section 243(2) of the CMSA will apply.

If our Listing is aborted and/or terminated, and our Shares have been allotted to the investors, a return of monies to the investors could only be achieved by way of cancellation of share capital as provided under Sections 116 or 117 of the Act and its related rules.

Such cancellation requires the approval of shareholders by special resolution in a general meeting, with sanction of High Court of Malaya or with notice to be sent to the Director General of the Inland Revenue Board and ROC within 7 days of the date of the special resolution and us meeting the solvency requirements under Section 117(3) of the Act.

There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

9. RISK FACTORS (Cont'd)

9.3.3 The trading price and trading volume of our Shares following our Listing may be volatile

The trading price and volume of our Shares may fluctuate due to various factors, some of which are not within our control and may be unrelated or disproportionate to our financial performance. These factors may include variations in our financial performance, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

The performance of Bursa Securities is also affected by external factors such as the performance of the regional and world bourses, inflow or outflow of foreign funds, economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our Shares.

9.4 OTHER RISKS

9.4.1 Our Promoters will be able to exert significant influence over our Company

Our Promoters will collectively hold approximately 67.1% of our enlarged share capital upon Listing. As a result, our Promoters will be able to effectively control the business direction and management of our Group and as such there can be no assurance that the interests of our Promoters will be aligned with those of our other shareholders. The interests of our Promoters may differ from the interests of our other shareholders and they may be able to exercise significant influence over the vote of our Shares. Our Promoters could also have significant influence in determining the outcome of any corporate transactions or other matters submitted to our shareholders for approval. This includes the election of Directors, approval of business ventures and having substantial voting control over our Group. As such, our Promoters will have a deciding vote on the outcome of any ordinary resolution (which requires a simple majority of 50% plus 1 voting share) to be tabled at general meeting, unless they are required to abstain from voting by law, relevant guidelines or regulations.

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10. RELATED PARTY TRANSACTIONS

10.1 RELATED PARTY TRANSACTIONS

Save for the Acquisition and as disclosed below, there were no transactions, existing and/or potential, entered or to be entered into by our Group which involve the interests, direct or indirect, of our related parties which are material to our Group during FYE 2020 to 2022 and up to LPD:

No.	Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value							
						FYE 2020		FYE 2021		FYE 2022		⁽¹⁾ 1 January 2023 up to LPD	
						RM'000	%	RM'000	%	RM'000	%	RM'000	%
(a)	BBN Network Sdn Bhd	ACS	BBN Network Sdn Bhd	BBN Network Sdn Bhd was a major shareholder of ACS	Provision of management consultancy services to ACS ⁽⁸⁾	184	⁽²⁾ 5.2	-	-	-	-	-	-
(b)	Victoria Credit Sdn Bhd	ACS	BBN Network Sdn Bhd	Victoria Credit Sdn Bhd is a subsidiary of BBN Network Sdn Bhd. BBN Network Sdn Bhd was a major shareholder of ACS	Provision of hire purchase facility to ACS for purchase of lorry ⁽⁹⁾	-	-	70	⁽³⁾ 0.2	-	-	-	-
(c)	Victoria Credit Sdn Bhd	ACS	BBN Network Sdn Bhd	Victoria Credit Sdn Bhd is a subsidiary of BBN Network Sdn Bhd. BBN Network Sdn Bhd was a major shareholder of ACS	Interest expenses charged by Victoria Credit Sdn Bhd for the loan and hire purchase facilities provided to ACS for purchasing of solar system, mixer machine and packing machine and lorry respectively during 2019 to 2021 ⁽⁹⁾	23	⁽⁴⁾ 2.7	28	⁽⁴⁾ 3.0	19	⁽⁴⁾ 1.6	-	-

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value							
						FYE 2020		FYE 2021		FYE 2022		⁽¹⁾ 1 January 2023 up to LPD	
						RM'000	%	RM'000	%	RM'000	%	RM'000	%
(d)	Ng Pei Jin	ACS	Oon Boon Khong	Ng Pei Jin is the spouse of Oon Boon Khong. Oon Boon Khong is our Managing Director, Promoter and substantial shareholder	Rental expenses paid to Ng Pei Jin for the tenancy of the Group's dormitory ⁽¹⁰⁾	9	⁽²⁾ 0.3	28	⁽²⁾ 0.6	28	⁽²⁾ 0.5	5	⁽¹⁾ -
(e)	Sinar Jaya Transport	ACS and Bapas	Oon Boon Khong	Oon Boon Kean, brother of Oon Boon Khong, is a sole proprietor of Sinar Jaya Transport. Oon Boon Khong is our Managing Director, Promoter and substantial shareholder	Provision of transportation services by Sinar Jaya Transport to ACS and Bapas ⁽¹¹⁾	713	⁽⁵⁾ 28.2	772	⁽⁵⁾ 28.2	729	⁽⁵⁾ 21.8	122	⁽¹⁾ -
					Lorry parking charges and container office rental ⁽¹²⁾ charged by ACS to Sinar Jaya Transport	7	⁽⁷⁾ -	6	⁽⁷⁾ -	3	⁽⁷⁾ -	1	⁽¹⁾ -
					Purchase of used steel pallets from Sinar Jaya by ACS ⁽¹³⁾	-	-	-	-	49	⁽⁶⁾ 0.1	-	-
(f)	Hal Transport	ACS	Oon Boon Khong	Oon Boon Kean, brother of Oon Boon Khong, was the owner of Hal Transport ⁽¹⁴⁾ . Oon Boon Khong is our Managing Director, Promoter and substantial shareholder	Provision of transportation services by Hal Transport to ACS	189	⁽⁵⁾ 7.5	241	⁽⁵⁾ 8.8	417	⁽⁵⁾ 12.4	137	⁽¹⁾ -

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value							
						FYE 2020		FYE 2021		FYE 2022		⁽¹⁾ 1 January 2023 up to LPD	
						RM'000	%	RM'000	%	RM'000	%	RM'000	%
(g)	Oon Boon Khong	Bapas	Oon Boon Khong	Oon Boon Khong is our Managing Director, Promoter and substantial shareholder	Advances made by Oon Boon Khong to Bapas, which was used for the construction of Bukit Minyak Premises ⁽¹⁵⁾	-	-	400	⁽³⁾ 1.0	-	-	-	-
					Interest expenses charged by Oon Boon Khong to Bapas arising from the advances made by Oon Boon Khong to Bapas ⁽¹⁵⁾	-	-	11	⁽⁴⁾ 1.2	-	-	-	-
(h)	Aromi, BBN Network Sdn Bhd, Oon Boon Khong and Leong Yeok Wah	ACS	Aromi, BBN Network Sdn Bhd, Oon Boon Khong and Leong Yeok Wah	Aromi is our substantial shareholder BBN Network was a major shareholder of ACS Oon Boon Khong is our Managing Director, Promoter and substantial shareholder Leong Yeok Wah was our substantial shareholder	Novation of rights, liabilities and obligations in, to and towards part of a debt by ACS to the said interested persons (please refer to Section 6.5(b) for further details of the novation and debt settlement agreement) ⁽¹⁶⁾	-	-	3,250	⁽³⁾ 8.4	-	-	-	-

10. RELATED PARTY TRANSACTIONS (Cont'd)

Notes:

- (1) The percentage of the related party transaction is not calculated as the financial statements up to LPD is not prepared.
- (2) Computed based on our Group's administrative and general expenses for each of the respective financial years.
- (3) Computed based on our Group's total liabilities for each of the respective financial years.
- (4) Computed based on our Group's finance costs for each of the respective financial years.
- (5) Computed based on our Group's selling and distribution expenses for each of the respective financial years.
- (6) Computed based on our Group's total assets for each of the respective financial years.
- (7) Less than 0.1%.
- (8) The scope of the management consultancy services provided by BBN Network Sdn Bhd were mainly in relation to the oversee of internal control systems and ISO standards of ACS. The consultancy fee was based on the salary offered to a similar position pursuant to a survey conducted by a professional human resources company namely PERSOLKELLY. The management consultancy services had been terminated on 31 December 2020.
- (9) The hire purchase facility was provided by Victoria Credit Sdn Bhd to ACS for the purchase of a lorry at an interest rate of 4.5% per annum. The hire purchase facility had been fully settled in December 2022.
- (10) ACS has rented a property located at 25, Lorong Santuari 14, Taman Santuari, 14000 Bukit Mertajam, Pulau Pinang for use by its local employees. The tenancy was for a period of 2 years commencing from 1 September 2022 to 31 August 2024 at a monthly rental of RM2,200. The rental rate is based on the prevailing market rental rates as advertised on iProperty's website. The tenancy agreement was terminated effective 1 March 2023 as our Group no longer provides accommodation to its local employees.
- (11) The amount of the transportation charges is within the comparable quotes provided by third party suppliers. The arrangements have ceased since April 2023.
- (12) The rental of the container office was not conducted at arm's length basis as our Group is unable to procure comparative information to ascertain the market rate for rental of container office. Such arrangement has ceased since August 2021.

10. RELATED PARTY TRANSACTIONS (Cont'd)

- (13) ACS purchased the used steel pallets from Sinar Jaya Transport for a purchase price of RM492 per unit. This was a one-off transaction.
- (14) The amount of the transportation charges is within the comparable quotes provided by third party suppliers. Oon Boon Kean has ceased to be the owner of Hal Transport in March 2023.
- (15) The advances made by Oon Boon Khong to Bapas was used to finance the construction costs for the Bukit Minyak Premises at an interest rate of 5.0% per annum whilst pending the bank's approval on the drawdown of the term loan. The advances have been fully repaid in December 2021.
- (16) The novated debt has been fully capitalised into 3,250,000 new shares of ACS at RM1.00 each on 30 November 2021.

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10. RELATED PARTY TRANSACTIONS (Cont'd)

Save for the items (c), (g), (h) and Notes (12) and (13) above, our Directors are of the view that all our related party transactions were conducted on an arm's length basis and on competitive commercial terms not more favourable to the related parties than those generally available to the public and were not detrimental to our Group.

Although the transactions were not at arm's length, the interest expenses paid in relation to items (c) and (g) above were not detrimental to the Group as they were below the then prevailing interest rates. In addition, the transaction in Note (12) is not material and represented less than 0.1% of our Group's selling and distribution expenses for each financial year and the transaction in Note (13) is a one-off transaction.

In relation to the transactions in items (g) and (h) above relating to advances received by our Group and novation of our debt to related parties, these were one-off transactions which will not recur after our Listing.

Moving forward, in order to ensure that related party transactions are undertaken on arm's length basis and on normal commercial terms, we have established the following procedures:

(a) Recurrent related party transactions

- (i) at least 2 other contemporaneous transactions with third parties for similar products and/or quantities will be used as comparison, wherever possible, to determine if the price and terms offered by related parties are fair and reasonable and comparable to those offered by other third parties for the same or substantially similar type of products/services and/or quantities; or
- (ii) if quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on those offered by other third parties for substantially similar type of transaction to ensure that the recurrent related party transactions are not detrimental to us.

Our Board shall seek mandate from shareholders to enter into any recurrent related party transactions at a general meeting. Due to its time-sensitive nature, the shareholders' mandate will enable us to enter into such recurrent transactions which are transacted in our ordinary course of business without having to convene numerous general meetings to approve such recurrent transactions as and when they are entered into.

(b) Other related party transactions

- (i) whether the terms of the related party transaction are fair and on arm's length basis to our Group and would apply on the same basis if the transaction did not involve a related party;
- (ii) the rationale for our Group to enter into the related party transaction and the nature of alternative transactions, if any; and
- (iii) whether the related party transaction would present a conflict of interest between our Group and the related parties, taking into account the size of the transaction and the nature of the related parties' interest in the transaction.

10. RELATED PARTY TRANSACTIONS (Cont'd)

Where required under the Listing Requirements, a related party transaction may require prior approval of shareholders at a general meeting to be convened. An independent adviser may be appointed to comment as to whether the related party transaction is fair and reasonable so far as the shareholders are concerned; and whether the transaction is to the detriment of minority shareholders. In such instances, the independent adviser shall also advise minority shareholders on whether they should vote in favour of the transaction.

For related party transactions that require shareholders' approval, our Directors, major shareholders and/or persons connected with such Director or major shareholder, which have any interest, direct or indirect, in the proposed related party transaction will abstain from voting in respect of their direct and/or indirect shareholdings. Where a person connected with a Director or major shareholder has interest, direct or indirect, in any proposed related party transactions, the Director or major shareholder concerned will also abstain from voting in respect of his direct and/or indirect shareholdings. Such interested Directors and/or major shareholders will also undertake that he shall ensure that the persons connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting. The relevant directors who are deemed interested or conflicted in such transactions shall also abstain from our Board deliberations and voting on the Board resolutions relating to these transactions.

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit and Risk Management Committee will, amongst others, supervise and monitor any related party transaction and the terms thereof and report to our Board for further action. If a member of our Audit and Risk Management Committee has an interest in any related party transaction, he is to abstain from participating in the review and approval process in relation to that transaction. Where necessary, our Board would make appropriate disclosures in our annual report with regard to any related party transaction entered into by us.

10.2 OTHER TRANSACTIONS**10.2.1 Transactions entered into that are unusual in their nature or conditions**

There were no transactions that were unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party for FYE 2020 to 2022, and up to LPD.

10.2.2 Outstanding loans (including guarantees of any kind)**(a) Outstanding loans and/or balances**

As at LPD, there are no outstanding loans made by our Group to/for the benefit of a related party or granted by the related parties for the benefit of our Group.

10. RELATED PARTY TRANSACTIONS (Cont'd)**(b) Guarantees**

- (i) Our Managing Director, Promoter and substantial shareholder, namely Oon Boon Khong has provided personal guarantees for the banking and hire purchase facilities extended by the following financial institutions ("Financiers"):

Financiers	Type of facilities	Outstanding balance as at		Guarantor
		LPD	Facility limit	
		RM'000	RM'000	
Alliance Bank Malaysia Berhad	• 3 term loans	7,333	9,200	Oon Boon Khong
	• 2 overdraft facilities	-	3,200	
	• 3 trade facilities	11,065	12,400	
	• 2 forward foreign exchange contract facilities	-	1,200	
CIMB Bank Berhad	• 1 overdraft facility	-	500	Oon Boon Khong
	• 1 trade facility	1,158	1,500	
Malayan Banking Berhad	• 1 overdraft facility	-	500	Oon Boon Khong
	• 1 term loan	501	1,000	
	• 3 trade facilities	8,462	10,500	
	• 1 forward foreign exchange contract facility	-	2,000	
RHB Bank Berhad	• 1 overdraft facility	-	400	Oon Boon Khong
	• 1 trade facility	2,488	2,600	
	• 1 foreign exchange contract facility	-	100	
PAC Lease Berhad	• 1 term loan	263	485	Oon Boon Khong
Public Bank Berhad	• 7 hire purchase facilities	359	483	Oon Boon Khong
		31,629	46,068	

In conjunction with our Listing, we have applied to the Financiers to obtain a conditional consent for the release and/or discharge of the personal guarantees by substituting the same with a corporate guarantee from our Company and/or other securities from our Group acceptable to the Financiers. Until such release and/or discharge are obtained from the respective Financiers, our Promoter, substantial shareholder and Managing Director, Oon Boon Khong will continue to guarantee the banking and hire purchase facilities extended to our Group.

As at LPD, we have received conditional approvals from the Financiers, namely CIMB Bank Berhad, Malayan Banking Berhad and Public Bank Berhad (subject to, among others, our Listing) to discharge the above guarantees by substituting the same with a corporate guarantee from our Company and/or other securities from our Group acceptable to the financial institutions.

10. RELATED PARTY TRANSACTIONS (Cont'd)

As for Alliance Bank Malaysia Berhad, RHB Bank Berhad and PAC Lease Berhad, we expect the approvals to be obtained prior to our Listing and for the substitution of the said personal guarantees with corporate guarantees from our Company to be completed as soon as practicable after our Listing.

(c) Financial assistance provided for the benefit of a related party

As at LPD, there is no financial assistance provided by us for the benefit of any related party.

10.2.3 Transactions entered into with M&A Securities

Save as disclosed below, we have not entered into any transactions with M&A Securities who is the Adviser, Sponsor, Underwriter and Placement Agent for our Listing:

- (a) Agreement dated 27 January 2023 between ACS and M&A Securities for the appointment of M&A Securities as Adviser, Placement Agent and Sponsor for our Listing; and
- (b) Underwriting Agreement dated [•] entered into between our Company and M&A Securities for the underwriting of 20,280,000 Issue Shares.

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11. CONFLICT OF INTEREST

11.1 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CUSTOMERS AND SUPPLIERS

Save as disclosed below, as at LPD, none of our Directors and substantial shareholders has any interest, direct or indirect, in other businesses and corporations which are carrying on a similar trade as our Group, or have interest in the business of our customers and/or suppliers:

Company	Principal activity	Nature of interest
Starch Trade Sdn Bhd ("Starch Trade")	Supply of all kinds of starch, beans and pulse and other related food products	Wong Pak Zen is our Group's indirect substantial shareholder through his interest in Aromi. He is also a director and shareholder of Starch Trade.

Our Board is of the view that the interests of Wong Pak Zen in Starch Trade does not give rise to a conflict of interest situation as Wong Pak Zen is merely a passive shareholder of our Company through his interest in Aromi and is not involved in any procurement decisions made by our Group. During FYE 2020 to 2022, the total purchases from Starch Trade amounted to RM3.1 million, RM3.9 million and RM4.2 million respectively, all of which were transacted at arm's length, and accounted for 4.0%, 4.6% and 3.9% of our Group's total purchases in each respective financial year.

It is our Board's fiduciary duty to avoid conflict, and they are required to attend courses which provide them guidelines on their fiduciary duties. In order to mitigate any possible conflict of interest situation in the future, our Directors will declare to our Nominating Committee and our Board their interests in other companies at the onset and as and when there are changes in their respective interests in companies outside our Group. Our Nominating Committee will then first evaluate if such Director's involvement gives rise to an actual or potential conflict of interest with our Group's business after the disclosure provided by such Director. After a determination has been made on whether there is an actual or potential conflict of interest of a Director, our Nominating Committee will then:

- (a) immediately inform our Audit and Risk Management Committee and Board of the conflict of interest situation;
- (b) after deliberation with our Audit and Risk Management Committee, to make recommendations to our Board to direct the conflicted Director to:
 - (i) withdraw from all his executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director is an Executive Director); and
 - (ii) abstain from all Board deliberation and voting in the matter that has given rise to the conflict of interest.

In relation to (b)(ii) above, the conflicted Director and persons connected to him (if applicable) shall be absent from any Board discussion relating to the recommendation of our Nominating Committee and the conflicted Director and persons connected to him (if applicable) shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director, may, however at the request of the Chairman of our Board, be present at our Board meeting to answer any questions.

11. CONFLICT OF INTEREST (Cont'd)

In circumstances where a Director is determined to have a significant, ongoing and irreconcilable conflict of interest with our Group, and where such conflict of interest significantly impedes the Director's ability to carry out his fiduciary responsibility to our Group, our Nominating Committee may determine that a resignation of the conflicted Director from our Board is appropriate and necessary.

Where there are related party transactions between our Group with our Directors (or person connected to them) or companies in which our Directors (or person connected to them) have an interest, our Audit and Risk Management Committee will, amongst others, supervise and monitor such related party transaction and the terms thereof and report to our Board for further action. Please refer to Section 10.1 for the procedures to be taken to ensure that related party transactions (if any) are undertaken on arm's length basis.

11.2 DECLARATIONS OF CONFLICT OF INTEREST BY OUR ADVISERS

- (a) M&A Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Adviser, Sponsor, Placement Agent and Underwriter for our Listing;
- (b) Rosli Dahlan Saravana Partnership has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Solicitors for our Listing;
- (c) Crowe Malaysia PLT has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Auditors and Reporting Accountants for our Listing; and
- (d) SMITH ZANDER has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as IMR for our Listing.

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12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

Our Company was incorporated in Malaysia under the Act on 16 May 2023 as a private limited company. Our Company was incorporated as a special purpose vehicle to facilitate the Listing. As such, the historical financial information of our Group for FYE 2020 to 2022 is prepared based on the historical combined audited financial statements of our Group. Our historical financial information for FYE 2020 to 2022 were prepared in accordance with MFRS and IFRS. The selected financial information included in this Prospectus is not intended to predict our Group's financial position, results and cash flows.

Our historical financial information presented in this section should be read in conjunction with the Management's Discussion and Analysis of Results of Operations and Financial Condition and the Accountants' Report set out in Sections 12.2 and 13, respectively.

12.1.1 Combined statements of profit or loss and other comprehensive income

The following table sets out a summary of our combined statements of profit or loss and other comprehensive income for FYE 2020 to 2022, which have been extracted from the Accountants' Report.

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
Revenue	88,995	100,832	122,685
Cost of goods sold	(78,195)	(86,651)	(103,294)
GP	10,800	14,181	19,391
Interest income	85	35	76
Other income	285	135	167
Administrative and general expenses	(3,555)	(4,811)	(5,333)
Impairment losses on financial assets	-	(67)	(10)
Loss on derecognition on financial assets measured at amortised cost	(51)	(7)	(27)
Selling and distribution expenses	(2,532)	(2,736)	(3,350)
Profit from operations	5,032	6,730	10,914
Finance costs	(841)	(923)	(1,179)
PBT	4,191	5,807	9,735
Tax expense	(1,200)	(1,525)	(2,618)
PAT	2,991	4,282	7,117
Other comprehensive income	-	-	-
Total comprehensive income for the financial year	2,991	4,282	7,117
PAT attributable to:			
- Owners of our Company	2,980	4,282	7,117
- Non-controlling interest	11	-	-
	2,991	4,282	7,117
Total comprehensive income attributable to:			
- Owners of our Company	2,980	4,282	7,117
- Non-controlling interest	11	-	-
	2,991	4,282	7,117
EBIT (RM'000) ⁽¹⁾	4,947	6,695	10,838
EBITDA (RM'000) ⁽¹⁾	5,715	7,554	11,920
GP margin (%) ⁽²⁾	12.1	14.1	15.8
PBT margin (%) ⁽³⁾	4.7	5.8	7.9
PAT margin (%) ⁽⁴⁾	3.4	4.2	5.8
Basic EPS (sen) ⁽⁵⁾	2.0	2.8	4.7
Diluted EPS (sen) ⁽⁶⁾	1.5	2.1	3.5

12. FINANCIAL INFORMATION (Cont'd)**Notes:**

- (1) EBIT and EBITDA are calculated as follows:

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
PAT	2,991	4,282	7,117
Less:			
Interest income	85	35	76
Add:			
Finance costs	841	923	1,179
Tax expense	1,200	1,525	2,618
EBIT	4,947	6,695	10,838
Add:			
Depreciation	768	859	1,082
EBITDA	5,715	7,554	11,920

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

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12. FINANCIAL INFORMATION (Cont'd)**12.1.2 Combined statements of financial position**

The following table sets out the combined statements of financial position of our Group as at 31 December 2020, 2021 and 2022 which have been extracted from the Accountants' Report. It should be read with the "Management's Discussion and Analysis of Results of Operations and Financial Condition" and Accountant's Report set out in Sections 12.2 and 13 respectively.

	Audited		
	As at 31 December		
	2020	2021	2022
	RM'000	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	9,100	10,128	11,899
Right-of-use assets	2,554	2,646	3,292
Total non-current assets	11,654	12,774	15,191
Current assets			
Inventories	14,956	15,380	26,047
Receivables ⁽¹⁾	9,908	13,906	15,245
Prepayments	716	579	312
Current tax assets	-	1	-
Cash and cash equivalents	4,515	9,474	12,068
Total current assets	30,095	39,340	53,672
TOTAL ASSETS	41,749	52,114	68,863
EQUITY AND LIABILITIES			
Equity attributable to owners of our Company			
Share capital	2,450	5,700	10,000
Retained earnings	4,257	7,659	14,776
TOTAL EQUITY	6,707	13,359	24,776
Non-current liabilities			
Loans and borrowings	4,944	4,739	6,092
Lease liabilities	141	327	770
Deferred tax liabilities	220	269	438
Total non-current liabilities	5,305	5,335	7,300
Current liabilities			
Payables ⁽²⁾	13,547	12,507	17,547
Loans and borrowings	15,221	20,129	18,076
Lease liabilities	152	220	338
Contract liabilities	-	-	28
Current tax liabilities	817	564	798
Total current liabilities	29,737	33,420	36,787
TOTAL LIABILITIES	35,042	38,755	44,087
TOTAL EQUITY AND LIABILITIES	41,749	52,114	68,863

12. FINANCIAL INFORMATION (Cont'd)**Notes:**

- (1) The breakdown of the receivables are as follows:

	Audited		
	As at 31 December		
	2020	2021	2022
	RM'000	RM'000	RM'000
Trade receivables	9,809	13,824	15,133
- Loss allowance	-	(67)	(12)
	9,809	13,757	15,121
Other receivables			
- Related party ^(a)	7	7	-
- Unrelated parties ^(b)	92	142	124
	99	149	124
	9,908	13,906	15,245

Notes:

- (a) Being company in which a director's close family members have substantial financial interests. Comprise mainly lorry parking charges and container office rental expenses.
- (b) Comprise mainly utilities deposits, rental deposits, fixed deposit interest receivables and loan to employees.

- (2) The breakdown of the payables are as follows:

	Audited		
	As at 31 December		
	2020	2021	2022
	RM'000	RM'000	RM'000
Trade payables	11,362	8,385	15,435
Other payables			
- Related parties ^(a)	51	86	63
- Unrelated parties ^(b)	1,399	3,523	2,049
	1,450	3,609	2,112
Dividend payable	735	513	-
	13,547	12,507	17,547

Notes:

- (a) Being companies in which a director's close family members have substantial financial interests. Comprise mainly transportation charges.
- (b) Comprise mainly accruals of staff related expenses, payables of construction costs of Phase 3 of our Bukit Minyak Premises, amount owing to Bourne Commercial Ltd due to the classification from trade payables to other payables upon the execution of the novation and debt settlement agreement dated 24 September 2021 (as detailed in Section 6.5(b)) as well as payables of forwarding and transportation charges.

12. FINANCIAL INFORMATION (Cont'd)
12.1.3 Combined statements of cash flows

The following table sets out the combined statements of cash flows of our Group for FYE 2020 to 2022 which has been extracted from the Accountants' Report. It should be read with the "Management's Discussion and Analysis Results of Operations and Financial Conditions" and Accountant's Report set out in Sections 12.2 and 13 respectively.

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
Cash flows from operating activities			
PBT	4,191	5,807	9,735
Adjustments for:			
Depreciation	768	859	1,082
Gain on disposal of property, plant and equipment	-	(29)	(81)
Impairment losses on financial assets	-	67	10
Interest expenses	841	923	1,179
Interest income	(85)	(35)	(76)
Loss on derecognition of financial assets measured at amortised cost	51	7	27
Operating profit before changes in working capital	5,766	7,599	11,876
Change in inventories	(5,704)	(424)	(10,667)
Change in receivables	1,850	(4,072)	(1,376)
Change in prepayments	(615)	137	267
Change in payables	20	2,674	5,553
Change in contract liabilities	-	-	28
Cash generated from operations	1,317	5,914	5,681
Tax paid	(456)	(1,730)	(2,214)
Net cash from operating activities	861	4,184	3,467
Cash flows from investing activities			
Acquisition of property, plant and equipment	(771)	(1,664)	(2,671)
Acquisition of right-of-use assets	-	(61)	(196)
Interest received	85	35	76
Proceeds from disposal of property, plant and equipment	-	29	429
Net cash used in investing activities	(686)	(1,661)	(2,362)
Cash flows from financing activities			
Acquisition of shares from non-controlling interests	(2)(84)	-	-
Changes in term deposits pledged as security	(680)	(182)	(121)
Dividends paid	(264)	(1,102)	(513)
Drawdown of term loans	1,000	1,000	2,271
Interest paid	(841)	(923)	(1,179)
Issue of shares	50	-	4,300
Net (decrease)/increase in short-term loans and borrowings	(372)	5,491	(1,367)
Repayment of lease liabilities	(157)	(242)	(419)
Repayment of term loans	(105)	(404)	(1,583)
Net cash (used in)/ from financing activities	(1,453)	3,638	1,389

12. FINANCIAL INFORMATION (Cont'd)

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
Net (decrease)/increase in cash and cash equivalents	(1,278)	6,161	2,494
Cash and cash equivalents at beginning of the financial year	732	(546)	5,615
Cash and cash equivalents at end of the financial year ⁽¹⁾	(546)	5,615	8,109

Notes:

- (1) Cash and cash equivalents included in the statements of cash flows comprise the following:

	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
Term deposits	3,656	3,838	3,960
Cash and bank balances	859	5,636	8,108
Bank overdrafts	(1,405)	(21)	-
Term deposits pledged as security	(3,656)	(3,838)	(3,959)
Total cash and cash equivalents	(546)	5,615	8,109

- (2) Being the acquisition of the remaining shares in Bapas from Wong Kam Tong, Ooi Su Heng, Leung Hak Kong and Cheng Boon Kai on 28 October 2020.

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12. FINANCIAL INFORMATION (Cont'd)

12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following discussion and segmental analysis of our combined financial information for FYE 2020 to 2022 should be read with the Accountants' Report included in Section 13.

12.2.1 Overview of our operations

(a) Principal activities

Our Group is principally involved in the sourcing, distribution and production of food ingredients which core business activities are segmented as follows:

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

Please refer to Section 7 for our Group's detailed business overview.

(b) Revenue

Our Group's revenue for FYE 2020 to 2022 was derived from sourcing and distribution of plant-based agricultural products and production and sale of food additives and fried shallots.

Our revenue is recognised at a point in time when the goods are delivered and accepted by the customers.

(c) Cost of goods sold

Our cost of goods sold comprises plant-based agricultural products costs, raw material costs, direct labour costs and overheads:

(i) Plant-based agricultural products

Our Group's plant-based agricultural food ingredients comprise starch products, beans and pulses, grain products and other related products.

(ii) Raw materials

Our Group's raw materials for production of food additives mainly comprise starch products and phosphates. For production of fried shallots, our raw materials mainly comprise fresh shallots and/or onions, and starch.

(iii) Direct labour

Our direct labour comprises salaries, wages and allowances for production and warehouse workers.

(iv) Overheads

Overheads mainly includes depreciation, forwarding charges, packing materials, warehouse rental and laboratory test fees.

12. FINANCIAL INFORMATION (Cont'd)

(d) Other income

Other income mainly comprises gain on disposal of property, plant and equipment, interest income from cash and cash equivalents placed with licensed banks, government grant, rental income and net realised gain on foreign exchange.

(e) Administrative and general expenses

Administrative and general expenses are expenses not directly attributable to the generation of revenue. It mainly comprise costs incurred to maintain our operations such as staff related expenses, directors' remuneration, depreciation, professional fees, rental of buildings and office equipment, road tax and insurance, upkeep expenses and utilities expenses.

(f) Selling and distribution expenses

Selling and distribution expenses are costs related to the marketing and distribution of our products which mainly comprise transportation fee, travelling expenses, advertisement and promotion expenses, sales commission and upkeep of motor vehicles.

(g) Finance costs

Finance costs comprise interest expense on our loans and borrowings and lease liabilities.

(h) Recent developments

Save for the Acquisition and declaration of final dividend in respect of FYE 2022, there were no other significant events subsequent to our audited combined financial statements for FYE 2020 to 2022.

(i) Exceptional and extraordinary items and audit qualifications

There were no exceptional or extraordinary items during FYE 2020 to 2022. In addition, our audited combined financial statements for the financial years under review were not subject to any audit qualifications.

12.2.2 Significant factors affecting our revenue

Please refer to Section 9 for the details of risk factors relating to our business and the industry in which we operate in. Some of these risk factors have an impact on our Group's revenue and financial performance. The main factors which affect our revenue and profit include but not limited to the following:

(a) We are exposed to foreign exchange fluctuation risks which may impact the profitability of our Group

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. In such circumstances, we will attempt to pass the additional costs arising from the depreciation of RM against the USD to our customers. Our financial performance may be adversely affected should we fail to pass on the increase in costs to our customers effectively in a timely manner.

Please refer to Section 9.1.1 for further details.

12. FINANCIAL INFORMATION (Cont'd)

(b) We may be affected by negative perception and publicity on our brand names and reputation

As some of our products are packaged in our house brands 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 our brand name and reputation, which are sensitive to public perception. We may become the target of malicious sabotage or rumours intended to damage our reputation. In this respect, as an example, we may experience harmful substances being maliciously introduced into our products, or may be subject to market rumours based on unfounded claims of harm resulting from consuming our products. These incidences of sabotage or rumours may have an adverse impact on our brand name, reputation and public perception, leading to loss of consumer trust. Such adverse events may also lead to reduced purchases from food manufacturers, commercial farmers and F&B businesses which use our products in food manufacturing and preparation as well as crop growing, all of which could in turn adversely affect our sales and financial performance.

Please refer to Section 9.1.3 for further details.

(c) We may be affected by the presence of counterfeit products or product imitation that are sold under our brands

We may be affected by counterfeit products that are sold under our brands, where such counterfeit products may have similar packaging design as our products but not produced or supplied by us. These counterfeit products may be sold at much lower prices, which may affect our sales or even create market confusion amongst consumers. Further, the manufacturing process of these counterfeit products may not be compliant 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.

Please refer to Section 9.1.4 for further details.

(d) The absence of long-term contracts with our customers and suppliers may result in fluctuations of our Group's financial performance

The absence of long-term contracts may result in fluctuations of our Group's sales and result in uncertainties over our overall financial performance. It poses risks to our Group as any business decision made by our customers that results in reduction or cessation of purchases from our Group may affect our financial performance. Should we fail to retain our existing customers and are unable to secure new customers in a timely manner to replace customers who reduce purchases or cease to purchase from our Group, our financial performance and growth may be adversely impacted.

Please refer to Section 9.1.9 for further details.

12. FINANCIAL INFORMATION (Cont'd)**12.2.3 Review of our results of operations****(a) Revenue****Analysis of revenue by product segments**

Business activity	FYE 2020		Audited 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 revenue for FYE 2020 to 2022 was mainly derived from the sourcing and distribution of plant-based agricultural products, which accounted for more than 90.0% of our total revenue.

12. FINANCIAL INFORMATION (Cont'd)

Analysis of revenue by brands

Business activity	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Sourcing and distribution of plant-based agricultural products						
House brands	82,632	92.8	92,093	91.3	105,749	86.2
Third party brands	3,975	4.5	5,014	5.0	5,754	4.7
	86,607	97.3	97,107	96.3	111,503	90.9
Production of food additives and fried shallots						
House brands	-	-	1,186	1.2	8,012	6.5
Third party brands	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

Analysis of revenue by geographical markets

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

12. FINANCIAL INFORMATION (Cont'd)

Comparison between FYE 2020 and FYE 2021

Our Group's total revenue increased by RM11.8 million or 13.3% to RM100.8 million in FYE 2021 (FYE 2020: RM89.0 million). This was mainly due to the following:

- (i) revenue from sourcing and distribution of plant-based agricultural products segment increased by RM10.5 million or 12.1% to RM97.1 million in FYE 2021 (FYE 2020: RM86.6 million), mainly due to the increase in sales by RM15.2 million of starch, soybeans and soy protein as a result of higher demand from major customers, especially customers from the bean curd, noodles, surimi and processed meat industry. Sales of starch, soybeans and soy protein increased by RM6.6 million (25.8%), RM5.7 million (20.9%) and RM2.9 million (810.0%) respectively in FYE 2021. However, such increase was partially offset with the decrease in sales of glutinous rice flour, black matpe and other beans products by RM5.2 million in total due to lower sales volume as a result of overall slower demand from customers.
- (ii) revenue from production of food additives and fried shallots products increased by RM1.3 million or 54.2% to RM3.7 million in FYE 2021 (FYE 2020: RM2.4 million), which was mainly due to our business expansion into the manufacturing of food additives in March 2021. The sales of food additives reached RM1.2 million during our first year of operations due to the effort of our sales team in promoting and penetrating new customer base for our food additive products. Besides, there was also an overall increase in sales of RM0.2 million or 6.3% for fried shallots from FYE 2020 to 2021.
- (iii) revenue from Malaysia increased by RM12.7 million or 14.6% to RM99.4 million in FYE 2021 (FYE 2020: RM86.7 million) mainly due to the increase in the demand of major customers for our major products, specifically starch, soybeans and soy protein as discussed in the segmental analysis above.
- (iv) revenue from overseas decreased by RM0.8 million or 34.8% to RM1.5 million in FYE 2021 (FYE 2020: RM2.3 million), as our Group kept focus on the Malaysian market as most of our customers are from Malaysia.

12. FINANCIAL INFORMATION (Cont'd)

Comparison between FYE 2021 and FYE 2022

Our Group's total revenue increased by RM21.9 million or 21.7% to RM122.7 million in FYE 2022 (FYE 2021: RM100.8 million). This was mainly due to the following:

- (i) revenue from sourcing and distribution of plant-based agricultural products increased by RM14.4 million or 14.8% to RM111.5 million in FYE 2022 (FYE 2021: RM97.1 million), which was mainly due to the increase in the demand from our major customers and new customers, especially customers from flour based noodle and snacks industry (starch segment), bean sprout farming (beans and pulses segment) and confectionery and dessert industry (grain segment). The sales of starch, black matpe and glutinous rice flour increased by RM14.8 million from FYE 2021 to FYE 2022. However, the increase of sales from the aforementioned segments was partially offset with the decrease in sales of soy protein of RM1.8 million from FYE 2021 to FYE 2022 as the company put less attention on this low margin product.
- (ii) revenue from production of food additives and fried shallots products increased by RM7.5 million or 202.7% to RM11.2 million in FYE 2022 (FYE 2021: RM3.7 million), largely in relation to sales of food additives. Our Group focused on business expansion for our food additives segment where we developed and commercialised more new food additives products based on our R&D on the market's needs and feedback from our existing customers. Our Group's new food additives such as modified starch obtained good feedback and support from our customers due to improvements in their end product's texture and taste.
- (iii) revenue from Malaysia increased by RM21.4 million or 21.5% to RM120.8 million in FYE 2022 (FYE 2021: RM99.4 million), which was in line with our overall increase in revenue as explained above, as most of our customers are from Malaysia.
- (iv) revenue from overseas increased by RM0.3 million or 20.0% to RM1.8 million in FYE 2022 (FYE 2021: RM1.5 million), which was due to additional export of food additives products to China and beans to Singapore.

12. FINANCIAL INFORMATION (Cont'd)

(b) Cost of goods sold, GP and GP margin

Our Group's cost of goods sold mainly comprises plant-based agricultural products costs, raw materials costs, direct labour cost and overheads. Our plant-based agricultural products costs is our main cost component, representing 97.2%, 96.1% and 90.9% of our Group's cost of goods sold for FYE 2020, 2021 and 2022 respectively. This cost component are the costs of purchase from suppliers for starch products, beans and pulses, grain products and other related products.

Please refer to Section 7.9 for further information on our Group's major suppliers.

Analysis of cost of goods sold

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Sourcing and distribution of plant-based agricultural products	76,037	97.2	83,277	96.1	93,860	90.9
Production of food additives and fried shallots	2,158	2.8	3,374	3.9	9,434	9.1
	78,195	100.0	86,651	100.0	103,294	100.0

Analysis of GP and GP margin

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	GP RM'000	GP margin %	GP RM'000	GP margin %	GP RM'000	GP margin %
Sourcing and distribution of plant-based agricultural products	10,570	12.2	13,830	14.2	17,643	15.8
Production of food additives and fried shallots	230	9.6	351	9.4	1,748	15.6
	10,800	12.1	14,181	14.1	19,391	15.8

12. FINANCIAL INFORMATION (Cont'd)

Our Group does not record GP and GP margin information by house brands and third party brands as well as geographical location. Accordingly, such information is not available. Our Group monitors our performance and profitability based on our overall and by product segment GP and GP margin. The increase in GP and GP margins over the financial years under review were mainly attributable to the increase in demand of our products and better sales mix.

Comparison between FYE 2020 and FYE 2021

Our Group's total cost of goods sold increased by RM8.5 million or 10.9% to RM86.7 million in FYE 2021 (FYE 2020: RM78.2 million), which was in line with the increase in revenue by 13.3% as more purchases are required to meet the increase in demand from our customers. As a result, our GP increased by RM3.4 million or 31.5% to RM14.2 million in FYE 2021 (FYE 2020: RM10.8 million) in a similar trend with the increase in our revenue. Meanwhile, our GP margin increased from 12.1% in FYE 2020 to 14.1% in FYE 2021, mainly due to better sales mix of starch and soybeans products, which yield a better product margin. As compared to FYE 2020, the average selling price of starch and soybeans increased by 2.4% and 8.5% respectively. The supply shortage of starch has caused the selling price of starch to increase. For soybeans, the surge in selling price was in tandem with the increase in commodities price as a result of the increase in crude palm oil price as soybean oil is a replacement source for crude palm oil.

The increase in cost of goods sold, GP and GP margin by business activity is as analysed as follows:

- (i) increase in cost of goods sold for the sourcing and distribution of plant-based agricultural products segment by RM7.3 million or 9.6% to RM83.3 million (FYE 2020: RM76.0 million), which was lower than the 12.1% increase in our revenue for this segment, resulting in the increase in our GP from RM10.6 million to RM13.8 million, and the improvement in GP margin for this segment from 12.2% to 14.2%. The improvement in GP margin was mainly due to the better sales mix of starch and soybeans products which yield a better product margin as explained above;
- (ii) increase in cost of goods sold for the production of food additives and fried shallots segment by RM1.2 million or 54.5% to RM3.4 million in FYE 2021 (FYE 2020: RM2.2 million), mainly due to the labour costs incurred for the production of food additives, a new segment for our Group in FYE 2021, which took time to increase its production capacity during its first year of operation. Correspondingly, the segment's GP margin decreased marginally from 9.6% in FYE 2020 to 9.4% in FYE 2021.

12. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2021 and FYE 2022**

Our Group's total cost of goods sold increased by RM16.6 million or 19.1% to RM103.3 million in FYE 2022 (FYE 2021: RM86.7 million). The increase in cost of goods sold was in line with the increase in revenue by RM21.9 million or 21.7%. In addition, production of food additives and fried shallots recorded increment by several times, achieving additional RM7.5 million revenue mainly contributed by food additives segment which increased by RM6.8 million. As a result, our GP increased by RM5.2 million or 36.6% to RM19.4 million in FYE 2022 (FYE 2021: RM14.2 million). Meanwhile, our GP margin increased from 14.1% in FYE 2021 to 15.8% in FYE 2022 due to a better sales mix of starch, black matpe and glutinous rice flour products which yield a better product margin. As compared to FYE 2021, the average selling price of starch and black matpe increased by 1.0% and 8.8% respectively, whilst the average cost for glutinous rice flour reduced by 4.5%. The selling price for black matpe increased substantially due to supply shortage in market. The reduction in the average cost of glutinous rice flour was largely due to high crop harvest from our suppliers where we managed to sustain the selling price despite of cost reduction.

The increase in cost of goods sold, GP and GP margin by business activity is as analysed as follows:

- (i) increase in cost of goods sold for the sourcing and distribution of plant-based agricultural products segment by RM10.6 million or 12.7% to RM93.9 million in FYE 2022 (FYE 2021: RM83.3 million), which was slightly lower than the 14.8% increase in our revenue for this segment, and resulted in the GP increasing from RM13.8 million to RM17.6 million, and GP margin improving from 14.2% to 15.8%. The improvement in GP margin was mainly due to the better sales mix of starch, black matpe and glutinous rice flour products which yield a better product margin as explained above;
- (ii) increase in cost of goods sold for the production of food additives and fried shallots segment by RM6.0 million or 176.5% to RM9.4 million in FYE 2022 (FYE 2021: RM3.4 million), mainly due to higher production of food additives which was in tandem with the growth of our revenue by RM6.8 million. With this growth, our GP increased from RM0.4 million to RM1.7 million, and we enjoyed economies of scale from the production of food additives, resulting in the segment's GP margin increasing from 9.4% in FYE 2021 to 15.6% in FYE 2022.

(c) Interest income

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Interest income	85	100.0	35	100.0	76	100.0

The changes in our interest income from FYE 2020 to 2022 were mainly due to the revisions of interest rates by Bank Negara Malaysia (i.e. overall decreasing during FYE 2021, and increasing in FYE 2022).

12. FINANCIAL INFORMATION (Cont'd)**(d) Other income**

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Bad debts recovered	-	-	-	-	1	0.6
Gain on disposal of property, plant and equipment	-	-	29	21.5	81	48.5
Government grants under Wage Subsidy Programme	235	82.5	11	8.1	-	-
Realised gain on forex exchange	7	2.4	-	-	24	14.4
Rental income	10	3.5	8	5.9	5	3.0
Insurance claim ⁽¹⁾	30	10.5	26	19.3	-	-
Solar income ⁽²⁾	2	0.7	48	35.6	44	26.3
Others ⁽³⁾	1	0.4	13	9.6	12	7.2
	285	100.0	135	100.0	167	100.0

Notes:

- (1) Represents insurance compensation received from damage of forklift due to a fire incident and inventories due to a marine cargo damage claim.
- (2) Being the solar photovoltaic energy sold to Tenaga Nasional Berhad from the excess electricity generated from our own solar photovoltaic system after offsetting the actual consumption of electricity.
- (3) Being the scrap sales and compensation of operation cost and labour charges by a supplier due to defects.

Comparison between FYE 2020 and FYE 2021

Our other income decreased by RM0.2 million or 66.7% to RM0.1 million in FYE 2021 (FYE 2020: RM0.3 million). The decrease was mainly due to a one-off gain in government grants under Wage Subsidy Programme of RM0.2 million received in FYE 2020 due to the COVID-19 pandemic.

Comparison between FYE 2021 and FYE 2022

Our other income increased by RM0.1 million or 100.0% to RM0.2 million in FYE 2022 (FYE 2021: RM0.1 million). The increase was mainly due to increase in gain on disposal of property, plant and equipment of RM0.1 million, in relation to 3 motor vehicles, 1 forklift and 1 lorry.

12. FINANCIAL INFORMATION (Cont'd)

(e) Administrative and general expenses

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Auditors' remuneration	18	0.5	37	0.8	57	1.1
Bank charges	58	1.6	71	1.5	83	1.6
Depreciation	287	8.1	340	7.1	372	7.0
Office expenses	52	1.5	54	1.1	58	1.1
Printing, stationery and postage	54	1.5	64	1.3	67	1.3
Professional fee	223	6.3	73	1.5	107	2.0
Realised loss on foreign exchange	-	-	1	<0.1	-	-
Rental expenses	25	0.7	45	0.9	49	0.9
Road tax and insurance	69	1.9	101	2.1	108	2.0
Staff related expenses	2,286	64.3	3,582	74.5	3,821	71.6
Subscription fee	32	0.9	44	0.9	61	1.1
Upkeep expenses	83	2.3	35	0.7	96	1.8
Utilities	187	5.3	152	3.2	169	3.2
Others ⁽¹⁾	181	5.1	212	4.4	285	5.3
	3,555	100.0	4,811	100.0	5,333	100.0

Note:

⁽¹⁾ Comprising mainly certification fee, donation and gift, laboratory test expenses, license fee, guarantee fee, security charges, small value assets, stamp duty and tools and equipment.

12. FINANCIAL INFORMATION *(Cont'd)*

Comparison between FYE 2020 and FYE 2021

Our administrative and general expenses increased by RM1.2 million or 33.3% to RM4.8 million in FYE 2021 (FYE 2020: RM3.6 million), mainly attributable to:

- (i) increase in staff related expenses by RM1.3 million, mainly due to the addition of 4 management personnel in the R&D department and Sales & Marketing department for our food additives segment in FYE 2021 who joined us at the end of year 2020, and 2 additional management personnel in the Finance Department who joined in FYE 2021, as well as annual increment of the staff salaries; and
- (ii) increase in depreciation by RM0.1 million arising from the addition of solar photovoltaic energy system, 1 unit of lorry and 1 motor vehicle.

However, the increase was partially offset by decrease in the professional fee of RM0.2 million due to cessation of consultation fee charged by BBN Network Sdn Bhd, our previous shareholder, during FYE 2021 after our recruitment of an inhouse manager to oversee, amongst others, the internal control system and ISO standards of ACS.

Comparison between FYE 2021 and FYE 2022

Our administrative and general expenses increased by RM0.5 million or 10.4% to RM5.3 million in FYE 2022 (FYE 2021: RM4.8 million), mainly attributable to:

- (i) increase in staff related expenses by RM0.2 million, mainly due to the annual increment of the staff salaries and recruitment of a senior personnel in our R&D department in line with the expansion of our food additives segment;
- (ii) increase in depreciation by RM0.1 million arising from the addition of 3 units of forklift, 2 units of lorry, 3 units of motor vehicles, and plant and machinery for expansion of our production line, and depreciation of the Bukit Minyak Premises which Phase 3 was completed in FYE 2022; and
- (iii) increase in upkeep expenses by RM0.1 million arising from the upkeep of property, plant and equipment such as furniture, fittings and equipment, plant and machinery and motor vehicles, in line with our expansion.

12. FINANCIAL INFORMATION (Cont'd)

(f) Impairment losses on financial assets

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Impairment losses on financial assets	-	-	67	100.0	10	100.0

(g) Loss on derecognition of financial assets measured at amortised cost

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Loss on derecognition of financial assets measured at amortised cost	51	100.0	7	100.0	27	100.0

The impairment losses on financial assets and loss on derecognition of financial assets measured at amortised cost from FYE 2020 to 2022 were mainly in relation to trade receivables which were individually assessed every financial year.

(h) Selling and distribution expenses

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Advertisement and promotion	192	7.6	254	9.3	256	7.7
Commission	277	10.9	185	6.8	143	4.3
Entertainment	17	0.7	9	0.3	27	0.8
Insurance	24	0.9	26	0.9	34	1.0
Transportation fee	1,690	66.8	1,860	68.0	2,450	73.1
Travelling expenses	34	1.3	37	1.4	74	2.2
Petrol, toll and parking	164	6.5	229	8.4	225	6.7
Upkeep of vehicle	134	5.3	136	4.9	141	4.2
	2,532	100.0	2,736	100.00	3,350	100.00

12. FINANCIAL INFORMATION (Cont'd)

Comparison between FYE 2020 and FYE 2021

Our selling and distribution expenses increased by RM0.2 million or 8.0% to RM2.7 million in FYE 2021 (FYE 2020: RM2.5 million), mainly attributable to:

- (i) increase in transportation fee by RM0.2 million mainly due to higher revenue recorded in FYE 2021 and increase in number of customers from 796 customers in FYE 2020 to 946 customers in FYE 2021; and
- (ii) increase in advertisement and promotion by RM0.1 million mainly due to appointment of a social media content creator for promotion of our products on social media and participation in branding and promotional activities to build up our brand recognition.

However, the increase was partially offset by the decrease in commission by RM0.01 million due to less commission paid to external agents as most of our sales for FYE 2021 were generated by our sales and marketing personnel.

Comparison between FYE 2021 and FYE 2022

Our selling and distribution expenses increased by RM0.7 million or 25.9% to RM3.4 million in FYE 2022 (FYE 2021: RM2.7 million), mainly attributable to the increase in transportation fee by RM0.6 million resulting from the increase in distribution activities of plant-based agricultural products in the central and southern regions of Malaysia, which was in tandem with the increase in our sales.

12. FINANCIAL INFORMATION (Cont'd)**(i) Finance costs**

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Bank overdrafts	86	10.2	34	3.7	17	1.4
Bankers' acceptance	509	60.5	529	57.3	824	69.9
Lease liabilities	20	2.4	32	3.5	39	3.3
Term loan	226	26.9	312	33.8	299	25.4
Trust receipt	-	-	16	1.7	-	-
	841	100.0	923	100.0	1,179	100.0

Comparison between FYE 2020 and FYE 2021

Finance costs increased by RM0.1 million or 12.5% to RM0.9 million in FYE 2021 (FYE 2020: RM0.8 million), which was mainly due to:

- (i) increase in bankers' acceptance interest as we utilised more trade facilities during the year to support our business growth in the sourcing and distribution of plant-based agricultural products segment; and
- (ii) increase in the use of bank credit facilities and new term loan for working capital purposes.

Comparison between FYE 2021 and FYE 2022

Finance costs increased by RM0.3 million or 33.3% to RM1.2 million in FYE 2022 (FYE 2021: RM0.9 million), largely in relation to the bankers' acceptance interest which increased by RM0.3 million as we utilised more trade facilities during the year in line with our business growth. However, such increase was partially offset by the decrease in bank overdrafts and term loan interest due to the repayment of these banking facilities.

12. FINANCIAL INFORMATION (Cont'd)**(j) PBT and PAT margins**

	Audited		
	FYE 2020	FYE 2021	FYE 2022
PBT (RM'000)	4,191	5,807	9,735
PBT margin (%)	4.7	5.8	7.9
PAT (RM'000)	2,991	4,282	7,117
PAT margin (%)	3.4	4.2	5.8

Comparison between FYE 2020 and FYE 2021

We recorded an increase in PBT of RM1.6 million or 38.1% to RM5.8 million in FYE 2021 (FYE 2020: RM4.2 million). Such increase was in line with the increase of revenue and GP due to higher demand from customers as well as the commencement of the production of food additives in FYE 2021. Our PBT margin increased from 4.7% in FYE 2020 to 5.8% in FYE 2021, mainly attributable to the increase in GP margin from 12.1% in FYE 2020 to 14.0% in FYE 2021 as a result of a better sales mix, as explained in Section 12.2.3(b) above.

Correspondingly, our PAT margin increased from 3.4% in FYE 2020 to 4.2% in FYE 2021, while our PAT increased by RM1.3 million or 43.3% to RM4.3 million in FYE 2021 (FYE 2020: RM3.0 million).

Comparison between FYE 2021 and FYE 2022

We recorded an increase in PBT of RM3.9 million or 67.2% to RM9.7 million in FYE 2022 (FYE 2021: RM5.8 million). Such increase was mainly due to the increase in our revenue and GP, which were driven by growth in demand for both sourcing and distribution of plant-based agricultural products and production of food additives and fried shallot segments in FYE 2022. These were offset by the increase in RM0.5 million in administrative and general expenses, RM0.7 million in selling and distribution expenses and RM0.3 million in finance costs as explained in Sections 12.2.3(h) and 12.2.3(i) above respectively. Our PBT margin increased from 5.8% in FYE 2021 to 7.9% in FYE 2022, mainly attributable to the increase in GP margin from 14.0% in FYE 2021 to 15.8% in FYE 2022 as a result of a better sales mix, as explained in Section 12.2.3(b) above.

Correspondingly, our PAT margin increased from 4.2% in FYE 2021 to 5.8% in FYE 2022, while our PAT increased by RM2.8 million or 67.4% to RM7.2 million in FYE 2022 (FYE 2021: RM4.3 million).

12. FINANCIAL INFORMATION (Cont'd)**(k) Tax expense**

	Audited		
	FYE 2020	FYE 2021	FYE 2022
Tax expense (RM'000)	1,200	1,525	2,618
Statutory tax rate (%)	24.0	24.0	24.0
Effective tax rate (%) ⁽¹⁾	27.9	26.2	26.2

Note:

(1) Calculated based on tax expense over PBT for each financial year.

Our effective tax rate for FYE 2020 to 2022 were higher than the statutory tax rate of 24.0% mainly due to certain non-deductible expenses for income tax purpose and depreciation for non-qualifying assets such as leasehold land and building.

12.2.4 Review of cash flows

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
Net cash from operating activities	861	4,184	3,467
Net cash used in investing activities	(686)	(1,661)	(2,362)
Net cash (used in)/ from financing activities	(1,453)	3,638	1,389
Net (decrease)/ increase in cash and cash equivalents	(1,278)	6,161	2,494
Cash and cash equivalents at the beginning of financial year	732	(546)	5,615
Cash and cash equivalents at end of financial year	(546)	5,615	8,109
Cash and cash equivalents at the end of the financial year comprise:			
Cash and cash equivalents	4,515	9,474	12,068
Less: Bank overdrafts	(1,405)	(21)	-
Less: Term deposits pledged as security	(3,656)	(3,838)	(3,959)
	(546)	5,615	8,109

FYE 2020**Net cash for operating activities**

For FYE 2020, we recorded net cash from operating activities of RM0.9 million. Operating profit before changes in working capital changes of RM5.8 million was adjusted for negative changes in working capital of RM4.5 million comprising mainly the following:

- (a) increase in inventories of RM5.7 million, mainly due to higher purchase of materials towards end of the year which was in line with our revenue growth;
- (b) decrease in receivables of RM1.9 million, mainly due to better collection from customers; and

12. FINANCIAL INFORMATION (Cont'd)

- (c) increase in prepayments of RM0.6 million, mainly due to higher advanced payments to suppliers for purchase of materials without credit terms. Such purchases are termed as "Payment Against Documents", where suppliers will only release the original cargo title documents once they received payments from us so that we may thereafter receive the materials purchased from these suppliers. Advanced payment under "Payment Against Documents" terms is common for international commodities, unless there is a credit term granted by the supplier.

Net cash for investing activities

For FYE 2020, we recorded a net cash outflow of RM0.7 million from our investing activities mainly due to the purchase of 1 unit of packing machine, 3 units of forklifts, 1 unit of moisture analyser, 1 unit of motor vehicle for sales personnel, 59 units of steel pallets and 1 container cabin for warehouse amounting to RM0.8 million. However, the decrease was offset with the interest income of RM0.1 million which was received from fixed deposits with licensed banks.

Net cash for financing activities

For FYE 2020, we recorded a net cash outflow of RM1.5 million from our financing activities, mainly due to the following:

- (a) dividend paid of RM0.3 million in respect of FYE 2020;
- (b) additional fixed deposits pledged as security of RM0.7 million;
- (c) interest paid of RM0.8 million mainly for bank overdrafts, bankers' acceptances, hire purchase and term loans;
- (d) repayment of lease liabilities pursuant to the hire purchase facilities of RM0.2 million for motor vehicles and plant and machinery;
- (e) repayment of short-term borrowings of RM0.4 million; and
- (f) net drawdown of term loans of RM0.9 million to finance our working capital requirements.

FYE 2021

Net cash for operating activities

For FYE 2021, we recorded net cash from operating activities of RM4.2 million. Operating profit before changes in working capital changes of RM7.6 million was adjusted for negative changes in working capital of RM1.7 million which mainly comprised the following:

- (a) increase in inventories of RM0.4 million, mainly due to higher purchase of materials towards end of the year, in line with our revenue growth;
- (b) increase in receivables of RM4.1 million, which is in line with our revenue growth;
- (c) decrease in prepayments of RM0.1 million, mainly due to less advanced payments to suppliers for purchase of materials; and
- (d) increase in payables of RM2.7 million, mainly due to longer credit term granted to us by supplier for RM2.1 million.

12. FINANCIAL INFORMATION (Cont'd)**Net cash for investing activities**

For FYE 2021, we recorded net cash used in investing activities of RM1.7 million mainly due to the construction of Phase 3 of our Bukit Minyak Premises of RM1.4 million and purchase of other plant and machinery, furniture, fittings and equipment and motor vehicles amounting to RM0.2 million for business expansion.

Net cash for financing activities

For FYE 2021, we recorded net cash from financing activities of RM3.6 million mainly due to the following:

- (a) dividend paid of RM1.1 million in respect of FYE 2020 and FYE 2021;
- (b) net drawdown of term loans of RM0.6 million and short-term borrowings of RM5.5 million for our working capital requirements;
- (c) repayment of lease liabilities, being hire purchase facilities of RM0.2 million for motor vehicles and plant and machinery;
- (d) interest paid of RM0.9 million in relation to bank overdrafts, bankers' acceptances, hire purchase and term loans; and
- (e) additional fixed deposits pledged as security of RM0.2 million for trade facilities secured.

FYE 2022**Net cash for operating activities**

For FYE 2022, we recorded net cash from operating activities of RM3.5 million. Operating profit before changes in working capital changes of RM11.9 million was adjusted for negative changes in working capital of RM6.2 million which mainly comprised the following:

- (a) increase in inventories of RM10.7 million, mainly due to higher purchase of materials towards end of the year, in line with our revenue growth;
- (b) increase in receivables of RM1.4 million, which is in line with our revenue growth;
- (c) decrease in prepayments of RM0.3 million, mainly due to less advanced payments to suppliers for purchase of materials; and
- (d) increase in payables of RM5.6 million, mainly due to increase in purchases of materials towards end of the year, in line with our revenue growth.

12. FINANCIAL INFORMATION (Cont'd)**Net cash for investing activities**

For FYE 2022, we recorded net cash used in investing activities of RM2.4 million mainly due to the following:

- (a) construction of Phase 3 of our Bukit Minyak Premises of RM0.9 million;
- (b) purchase of other plant and machinery, furniture, fittings and equipment and motor vehicles amounting to RM1.8 million of which RM1.3 million was for business expansion of our food additives segment; and
- (c) acquisition of right-of-use assets of RM0.2 million for purchase of motor vehicles and machinery through hire purchase facilities.

However, it was partially offset with the interest income of RM0.1 million received from fixed deposits with licensed banks and proceeds from the disposal of motor vehicles of RM0.4 million.

Net cash for financing activities

For FYE 2022, net cash from financing activities of RM1.4 million were mainly due to the following:

- (a) proceeds of RM4.3 million received from the issuance of shares, being a capital injection from our shareholders;
- (b) drawdown of term loans of RM2.3 million for the construction of Phase 3 of our Bukit Minyak Premises;
- (c) additional fixed deposits pledged as security of RM0.1 million for trade facilities secured;
- (d) dividend paid of RM0.5 million in respect of FYE 2021;
- (e) interest paid of RM1.2 million in relation to bank overdrafts, bankers' acceptances, hire purchase facilities and term loans;
- (f) net repayment of short-term borrowings of RM1.4 million;
- (g) repayment of lease liabilities of RM0.4 million, being hire purchase facilities for motor vehicles and plant and machinery; and
- (h) net repayment of term loans of RM1.6 million for our working capital requirements.

12. FINANCIAL INFORMATION (Cont'd)

12.3 LIQUIDITY AND CAPITAL RESOURCES

12.3.1 Working capital

We finance our operations with cash generated from operations, supplier's credit, various credit facilities extended by financial institutions as well as existing cash and bank balances. Our credit facilities from financial institutions comprise bankers' acceptance, term loans, bank overdrafts and finance lease liabilities.

The decision to utilise either internally generated funds or borrowings for our business operations depends on, amongst others, our cash and bank balances, expected cash inflows, future working capital requirements, future capital expenditure requirements and interest rates on borrowings. We carefully consider our cash position and ability to obtain further financing before making significant capital commitments.

Our Board is confident that our working capital will be sufficient for our existing and foreseeable requirements for a period of 12 months from the date of this Prospectus, taking into consideration the following:

- (a) our cash and cash equivalents of approximately RM10.0 million as at LPD;
- (b) our expected future cash flows from operations after servicing of bank borrowings;
- (c) our total banking facilities limit as at LPD of RM34.9 million (excluding hire purchase facilities and term loans used for capital expenditure and lease liabilities for rental of building), of which RM23.2 million have been utilised; and
- (d) our pro forma gearing level of [•] times, based on our pro forma statements of financial position as at 31 December 2022 after the Acquisition, Public Issue and utilisation of proceeds.

At this juncture, we do not foresee any circumstances which may materially affect our liquidity. Our Group has not encountered any major disputes with our debtors. Our finance and accounting team work closely with our sales and marketing team for the collection of outstanding balances on a monthly basis. This measure has proven to be effective while maintaining a cordial relationship with our customers.

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12. FINANCIAL INFORMATION (Cont'd)

12.4 BORROWINGS AND INDEBTEDNESS

As at 31 December 2022, our Group's total outstanding borrowings and indebtedness stood at RM24.8 million (excluding lease liabilities of rental of building of approximately RM0.5 million), details of which are set out below:

	<u>Purpose</u>	<u>Tenure of facility</u>	<u>Security</u>	<u>Effective interest rate</u> %	<u>As at 31 December 2022</u> RM'000
Current					
Banker acceptances	To finance purchases of goods related to business from local and overseas suppliers	90 to 120 days	(i) Personal guarantee by our Promoter, substantial shareholder and Managing Director, Oon Boon Khong; (ii) Government guarantee provided by Syarikat Jaminan Pembiayaan Perniagaan Berhad ("SJPP"); (iii) Legal charge over Bukit Minyak Premises; and (iv) Memorandum of charge over fixed deposit.	4.0 - 4.9	17,345
Term loans	To part finance the purchase of a solar photovoltaic system construction of factory, cold room and electrical installation with fire protection system at Bukit Minyak Premises and purchase of new/used machinery/equipment together with accessories, working capital requirements	5 to 15 years	(i) Personal guarantee by our Promoter, substantial shareholder and Managing Director, Oon Boon Khong; (ii) Government guarantee provided by SJPP; (iii) Legal charge over Bukit Minyak Premises; (iv) Specific debenture over all machinery/equipment to be financed; and (v) Corporate guarantee by ACS.	3.5 - 7.0	731
Hire purchases	Finance the purchase of motor vehicles and machinery	3 to 5 years	Personal guarantee by our Promoter, substantial shareholder and Managing Director, Oon Boon Khong	4.0 - 8.5	205
					18,281

12. FINANCIAL INFORMATION (Cont'd)

	Purpose	Tenure of facility	Security	Effective interest rate %	As at 31 December 2022 RM'000
Non-current					
Term loans	To part finance the purchase of a solar photovoltaic system construction of factory, cold room and electrical installation with fire protection system at Bukit Minyak Premises and purchase of new/used machinery/equipment together with accessories, working capital requirements	5 to 15 years	(i) Personal guarantee by our Promoter, substantial shareholder and Managing Director, Oon Boon Khong; (ii) Government guarantee provided by SJPP; (iii) Legal charge over Bukit Minyak Premises; (iv) Specific debenture over all machinery/equipment to be financed; and (v) Corporate guarantee by ACS.	3.5 - 7.0	6,092
Hire purchases	Finance the purchase of motor vehicles and machinery	3 to 5 years	Personal guarantee by our Promoter, substantial shareholder and Managing Director, Oon Boon Khong	4.0 - 8.5	421
					6,513
Total borrowings					24,794
Gearing (times)					
After Acquisition but before Public Issue and utilisation of proceeds ⁽¹⁾					1.1
After Public Issue and utilisation of proceeds ⁽²⁾					[•]

Notes:

- (1) Computed based on our pro forma total equity of RM23.4 million after the Acquisition but before Public Issue and utilisation of proceeds.
- (2) Computed based on our pro forma total equity of RM[•] million after Public Issue and utilisation of proceeds.

12. FINANCIAL INFORMATION (Cont'd)

The maturity profile of our total outstanding borrowings and indebtedness (excluding lease liabilities for rental of building) as at 31 December 2022 is as follows:

	RM'000
Within 1 year	18,281
1 to 5 years	2,900
More than 5 years	3,613
Total	24,794

Separately, we have also recognised the following lease liabilities:

	Purpose	Tenure	As at 31 December 2022 RM'000
Lease liabilities payable within 1 year	Rental of factory	(Initial lease of 2 to 3 years with option to renew for another 2 years)	133
Lease liabilities payable after 1 year	Rental of factory	(Initial lease of 2 to 3 years with option to renew for another 2 years)	349
			482

As at LPD, all of our borrowings are interest bearing and denominated in RM.

We have not defaulted on payments of principal sums and/or interests in respect of any borrowings throughout FYE 2020 to 2022 and up to LPD.

As at LPD, our Group is not in breach of any terms, conditions or covenants associated with credit arrangements or bank loans, which can materially affect our financial position and results or business operations or the investments by holders of our securities. During FYE 2020 to 2022, we did not experience any claw back or reduction in the facilities limit granted to us by our lenders.

In conjunction with our Listing, we have applied to the Financiers to obtain a conditional consent for the release and/or discharge of the personal guarantees by substituting the same with a corporate guarantee from our Company and/or other securities from our Group acceptable to the Financiers. Until such release and/or discharge are obtained from the respective Financiers, our Promoter, substantial shareholder and Managing Director, Oon Boon Khong will continue to guarantee the banking and hire purchase facilities extended to our Group.

12. FINANCIAL INFORMATION (Cont'd)**12.5 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES**

Save as disclosed in Section 12.4, we do not utilise any other financial instruments. We receive proceeds in USD in respect of our foreign sales and pay for purchases denominated in USD from our foreign currency accounts.

We finance our operations mainly through cash generated from our operations, credit extended by trade payables as well as external sources of funds which mainly comprise borrowings. Our Group's lease liabilities and part of the loan and borrowings which carry fixed interest rates, while some of other borrowings bear variable interest rates based on the bank's cost of funds plus a rate which varies depending on the different types of bank facilities.

12.6 MATERIAL CAPITAL COMMITMENTS

As at LPD, save for the planned capital expenditures as disclosed in Section 4.9 which has been approved but not contracted for, we do not have any other material capital commitments.

12.7 MATERIAL LITIGATION AND CONTINGENT LIABILITIES**(a) Material litigation**

As at LPD, we are not engaged in any material litigation, claims and/or arbitration, either as plaintiff or defendant, which has a material effect on our financial position, and there are no proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect our financial position or business.

(b) Contingent liabilities

As at LPD, there are no material contingent liabilities incurred by our Group, which upon becoming enforceable, may have a material effect on our Group's business, financial results and financial position.

12.8 KEY FINANCIAL RATIOS

The key financial ratios of our Group for FYE 2020 to 2022 are as follows:

	FYE 2020	FYE 2021	FYE 2022
Trade receivables turnover (days) ⁽¹⁾	42	43	43
Trade payables turnover (days) ⁽²⁾	51	44	40
Inventory turnover (days) ⁽³⁾	35	32	35
Current ratio (times) ⁽⁴⁾	1.0	1.2	1.5
Gearing ratio (times) ⁽⁵⁾	3.0	1.9	1.0

Notes:

- (1) Computed based on average trade receivables as at financial year-end over revenue for the respective financial years, multiplied by 365 days for each financial year.
- (2) Computed based on average trade payables as at financial year-end over total purchases for the respective financial years multiplied by 365 days for each financial year.

12. FINANCIAL INFORMATION (Cont'd)

- (3) Computed based on average inventories as at financial year-end over cost of goods sold (excluding goods-in-transit as stated in Section 12.8.3) for the respective financial years, multiplied by 365 days for each financial year.
- (4) Computed based on current assets over current liabilities as at the end of the respective financial years.
- (5) Computed based on interest-bearing borrowings and lease liabilities (excluding rental of building) over total equity as at the end of the respective financial years.

12.8.1 Trade receivables turnover

The normal credit terms granted by our Group to our customers range from 7 to 120 days from the date of invoice. Our credit terms to customers are assessed and approved on a case-by-case basis taking into consideration various factors such as relationship with customers, customers' payment history, credit worthiness and quantum of amount owing. We use ageing analysis to monitor the credit quality of our trade receivables.

Our trade receivable turnover days for FYE 2020 to 2022 were within our credit terms granted to our customers and remained relatively consistent at around 42 to 43 days.

The ageing analysis of our trade receivables as at 31 December 2022 is as follows:

	Trade receivables as at 31 December 2022		Collection from 1 January 2023 up to LPD	Balance as at LPD
	RM'000	Percentage of trade receivables (a)/total of (a)	RM'000	RM'000
	(a)	(a)	(b)	(c) = (a)-(b)
Neither past due nor impaired	10,377	68.6	10,377	-
Past due but not impaired:				
- less than 30 days	3,533	23.4	3,533	-
- 31 to 60 days	797	5.3	797	-
- 61 to 90 days	315	2.1	315	-
- over 90 days	111	0.7	35	76
	4,756	31.4	4,680	76
Total	15,133	100.0	15,057	76

As at LPD, we have collected 99.5% of our total outstanding trade receivables as at 31 December 2022. The outstanding past due receivable of RM0.1 million are on instalment payment arrangement by certain customers.

Our Group has in place a credit procedure to monitor and minimise the exposure of default. Receivables are monitored on a regular and ongoing basis. Credit evaluations are performed on all customers requiring credit. We use suppliers' reference and external information services to evaluate our customers' credit standing and financial health. Based on these evaluations, approvals are sought from designated authorised management personnel, depending on the credit limit. For existing customers, we also review their payment record and current credit standing with us before accepting any new orders, where we will evaluate the projects that are being undertaken as well as any peculiar circumstances that affects these customers, such as restrictions by pandemic, if any.

12. FINANCIAL INFORMATION (Cont'd)

All our outstanding debts are closely monitored by our management personnel and reported to authorised management personnel on a periodic basis. We also conduct periodic credit control meetings with our sales team to monitor collections and recoverability of our debts.

12.8.2 Trade payables turnover

The normal credit terms granted to us by our suppliers range from 30 to 60 days from the date of invoice. Our trade payables turnover days for FYE 2020 to 2022 were within the normal credit period granted by our suppliers and within the range of 30 to 60 days. As we have been in continuous communication with our suppliers and have not defaulted in payment throughout our relationship with them, our suppliers provide us higher credit limits for their purchases and did not stop supplying us with our inventories.

In FYE 2021, our trade payables turnover days decreased from 51 days in FYE 2020 to 44 days in FYE 2021 mainly due to speedier repayment to suppliers especially for the purchase of plant-based agricultural products.

In FYE 2022, our trade payables turnover days decreased from 44 days in FYE 2021 to 40 days in FYE 2022, mainly due to certain purchases, for which advanced payments were made to the suppliers in FYE 2021, and the remaining being paid in full in FYE 2022.

The ageing analysis of our trade payables as at 31 December 2022 is as follows:

	Trade payables as at 31 December 2022		Payment from 1 January 2023 up to LPD	Balance as at LPD
	RM'000	Percentage of trade payables (a)/total of (a)	RM'000	RM'000
	(a)		(b)	(c) = (a)- (b)
Within credit period	10,287	66.6	10,287	-
Exceeding credit period:				
- 1 to 30 days	3,883	25.2	3,883	-
- 31 to 60 days	1,263	8.2	970	293
- More than 90 days	2	<0.1	2	-
	5,148	33.4	4,855	293
Total	15,435	100.0	15,142	293

As at LPD, we have paid RM15.1 million or 98.1% of our total outstanding trade payables as at 31 December 2022. The balances as at LPD were mainly due to withholding of payment owed to a trade creditor who is under bankruptcy proceedings. As at LPD, there are no outstanding disputes in respect of our trade payables and there is no legal action initiated by our suppliers to demand for payment from us.

12. FINANCIAL INFORMATION (Cont'd)**12.8.3 Inventory turnover**

Our Group's inventories mainly comprise materials, work-in-progress and finished goods. Our plant-based agricultural products including those in transits accounted for 99.5%, 96.6% and 94.7% of our total inventories for FYE 2020 to 2022 respectively.

The breakdown of our inventories by product segments for FYE 2020 to 2022 are as follows:

	Audited		
	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000
Raw materials	23	188	929
Work-in-progress	38	3	23
Finished goods	13	69	213
Plant-based agricultural products	7,894	7,002	11,425
	7,968	7,262	12,590
Goods-in-transit	6,988	8,118	13,457
	14,956	15,380	26,047
Inventories turnover period (days)	35	32	35

Our inventories have a lifespan ranging from 6 months up to 24 months depending on the type of products and storage condition, which can be prolonged up to 24 months if stored under cold room condition.

Our inventory turnover days has been relatively consistent at 32 to 35 days for FYE 2020 to 2022.

We review our slow moving/obsolete inventories of more than 12 months by adopting a specific identification approach which requires our management to consider the frequency of demand of our inventories and ensure that there is no over-stocking or over-production. As our management judgement and estimates are required, possible changes in these estimates could result in impairment to the inventories.

As at 31 December 2022, the inventory ageing analysis is as follows:

	1-30	31-60	61-90	More than 90 days but less than 1 year	More than 1 year⁽¹⁾	Total
	days	days	days			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Raw materials	653	93	8	366	16	1,136
Work-in-progress	23	-	-	-	-	23
Finished goods	135	27	38	11	2	213
Plant-based agricultural products	18,296	2,414	2,149	1,707	109	24,675
	19,107	2,534	2,195	2,084	127	26,047

Note:

- (1) Consists of raw materials which have long lifespan such as monosodium phosphate, packaging materials, common finished goods and plant-based agricultural products such as modified starch, etc.

12. FINANCIAL INFORMATION (Cont'd)

Based on the above, 73.4% of our inventories fall within 1 to 30 days. We are of the opinion that there is no material slow moving or obsolete inventories, premised on the following:

- (a) our plant-based agricultural products, work-in-progress and finished goods comprising fried shallots and food additives were purchased according to anticipated market demand or produced according to purchase orders; and
- (b) there were no instances of damage to our inventories.

The Board confirms that there are no obsolete inventories as at LPD. The slow moving inventories currently held by our Group mainly consists of beans and starch products that are still useable and sellable as at LPD.

12.8.4 Current ratio

Our current ratio throughout FYE 2020 to 2022 is as follows:

	As at 31 December		
	2020	2021	2022
	RM'000	RM'000	RM'000
Current assets	30,095	39,340	53,672
Current liabilities	29,737	33,420	36,787
Net current assets	358	5,920	16,885
Current ratio (times)	1.0	1.2	1.5

Our current ratios range between 1.0 time to 1.5 times for FYE 2020 to 2022. This indicates that our Group is capable of meeting short-term obligations as our current assets, such as trade receivables and inventories, which can be readily converted to cash, together with our cash and cash equivalents, are enough to meet our current liabilities.

The increase in current ratio for FYE 2020 to 2022 was mainly due to:

- (a) increase in trade receivables which was in tandem with higher sales towards the end of the year;
- (b) increase in inventories to maintain sufficient stock to support the demand of our products; and
- (c) increase in cash and cash equivalents, mainly generated from our operating activities and financing activities.

12.8.5 Gearing ratio

Our gearing ratio throughout FYE 2020 to 2022 is as follows:

	As at 31 December		
	2020	2021	2022
	RM'000	RM'000	RM'000
Total borrowings ⁽¹⁾	20,458	25,415	25,276
Total equity	6,707	13,359	24,776
Gearing ratio (times)	3.0	1.9	1.0

12. FINANCIAL INFORMATION (Cont'd)**Note:**

- (1) Based on total interest bearing borrowings and lease liabilities (excluding rental of building) as at 31 December 2020, 31 December 2021 and 31 December 2022.

Our gearing ratio decreased from 3.0 times in FYE 2020 to 1.9 times in FYE 2021, mainly due to increase in total equity as a result of additional capitalisation by RM3.2 million from the issuance of 3.2 million new shares at RM1.00 each and our profits generated in FYE 2021. However, the decrease was partially offset with an increase in loans and borrowings for working capital purposes.

We recorded a lower gearing ratio of 1.0 times in FYE 2022, mainly due to increase in total equity as a result of further RM4.3 million capital raised from the issuance of 4.3 million new shares at RM1.00 each, as well as our profits generated in FYE 2022.

12.9 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES

Save for policies in relation to COVID-19 pandemic, there were no government, economic, fiscal or monetary policies or factors which have materially affected our financial performance during FYE 2020 to 2022. There is no assurance that our financial performance will not be adversely affected by the impact of further changes in government, economic, fiscal or monetary policies or factors moving forward.

Risks relating to government, economic, fiscal or monetary policies or factors which may adversely and materially affect our operations are set out in Section 9.

12.10 IMPACT OF INFLATION

During FYE 2020 to 2022, our financial performance was not materially affected by the impact of inflation. However, there is no assurance that our financial performance will not be adversely affected by the impact of inflation moving forward. Any significant increase in our costs of sales in the future may adversely affect our operations and performance if we are unable to pass on the higher costs to our customers through an increase in selling prices.

12.11 IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND/OR COMMODITY PRICES ON OUR GROUP'S OPERATIONS**(a) Impact of foreign exchange rates**

We have minimal exposure to foreign currency in terms of our sales as 97.4%, 98.6% and 98.5% of our total revenue were denominated in RM for FYE 2020 to 2022 respectively.

However, our purchases denominated in USD made up 61.2%, 74.5% and 82.0% of our total purchases for FYE 2020 to 2022 respectively. As such, any significant change in foreign exchange rates may affect our financial performance if we are unable to pass on the higher costs to our customers.

12. FINANCIAL INFORMATION (Cont'd)

Our Group's gain or loss from foreign exchange fluctuations for FYE 2020 to FYE 2022 are as follows:

	<u>FYE 2020</u>	<u>FYE 2021</u>	<u>FYE 2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Gain in foreign exchange	7	-	25
Loss in foreign exchange	-	1	-
Net gain/(loss)	<u>7</u>	<u>(1)</u>	<u>25</u>

Based on the table above, our Group has not been materially impacted by the foreign exchange fluctuations.

(b) Impact of interest rates

Our exposure to changes in interest rate risk relates primarily to our loans and borrowings.

A sensitivity analysis performed on our Group based on the outstanding floating rate of our loans and borrowings as at 31 December 2022 indicates that our PBT for FYE 2022 would increase or decrease by approximately RM0.02 million, as a result of increase or decrease in interest rates by 40 basis points on these borrowings.

Our financial results for FYE 2020 to 2022 were not materially affected by fluctuations in interest rates.

(c) Impact of commodity prices

Our products' material mainly consists of plant based agricultural products and fresh onions. Our financial performance was not materially affected by fluctuations in commodity prices for FYE 2020 to 2022. Any adverse changes in such commodity prices will raise our cost of goods sold and may have adverse effect on us. However, any such price increase will affect the entire food industry. We will generally pass on such price increase to our customers, wherever possible, to minimise the impact on our financial performance.

12.12 ORDER BOOK

There is no order book as our sales are mainly based on purchase orders received from customers with specifications and quantity required on an on-going basis.

12.13 DIRECTORS' STATEMENT ON OUR GROUP'S FINANCIAL PERFORMANCE

Our Board is of the opinion that:

- (a) our revenue will remain sustainable with an upward growth trend, in line with positive outlook of the food ingredients industry as set out in the IMR Report in Section 8;
- (b) our liquidity will improve subsequent to the Public Issue, given the additional funds to be raised for our Group to carry out our future plans business strategies as stated in Section 7.17; and
- (c) our capital resources will strengthen, considering the proceeds to be raised from the Public Issue as well as internally generated funds. We may consider debt funding for our business expansion should the need arise.

12. FINANCIAL INFORMATION (Cont'd)

In addition to the above, our Board confirms that there are no circumstances which would result in a significant decline in our revenue and GP margins or know of any factors that are likely to have a material impact on our liquidity, revenue or profitability.

12.14 TREND INFORMATION

As at LPD, after all reasonable enquiries, our Board confirms that our operations have not been and are not expected to be affected by any of the following:

- (a) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations other than those discussed in Sections 7.12, 12.9, 12.10 and 12.11;
- (b) material commitments for capital expenditure as disclosed in Section 12.6;
- (c) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as discussed in Sections 7.12 and 9;
- (d) known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our Group's revenue save for those that had been discussed in Sections 12.2 and 12.11; and
- (e) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical combined financial statements not necessarily indicative of the future financial performance and position other than those discussed in Sections 12.2, 12.9 and 12.11.

Based on the above, our Board is optimistic about the future prospects of our Group given the long term positive outlook of the food ingredients industry in Malaysia as set out in the IMR Report in Section 8, our Group's competitive strengths set out in Section 7.16 and our Group's intention to implement the business strategies as set out in Section 7.17.

12.15 DIVIDEND POLICY

Our Group presently does not have any formal dividend policy and the declaration of dividends and other distribution are subject to the discretion of our Board. It is our Board's policy to recommend dividends to allow our shareholders to participate in the profits of our Group. However, our ability to pay dividends or make other distributions to our shareholders in the future years is subject to various factors such as having profits and excess funds, which are not required to be retained to fund our business.

As our Company is an investment holding company, our income and therefore our ability to pay dividends is dependent upon the dividends we receive from our subsidiaries, present or future. Our subsidiaries will require its financiers' consent as set out in the respective facility agreements to pay dividends to our Company. Save for compliance with the solvency requirement under the Act, which is applicable to all Malaysian companies, there are no legal, financial, or economic restrictions on the ability of our existing subsidiaries to transfer funds in the form of cash dividends, loans or advances to us. Moving forward, the payment of dividends or other distributions by our subsidiaries will depend on their distributable profits, operating results, financial condition, capital expenditure plans, business expansion plans and other factors that their respective boards of directors deem relevant.

12. FINANCIAL INFORMATION (Cont'd)

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
Dividend 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.

Any dividend declared will be at the discretion of our Board and any final dividends declared will be subject to approval of our shareholders at our AGM.

You should take note that this dividend policy merely describes our current intention and shall not constitute legally binding statements in respect of our future dividends that are subject to our Board's discretion.

When recommending the actual dividends for approval by shareholders or when declaring any interim dividends, our Board will consider, amongst others:

- (a) our anticipated future operating conditions as well as future expansion, capital expenditures and investment plans;
- (b) our operating cash flow requirements and financing commitments;
- (c) our expected financial performance including return on equity and retained earnings;
- (d) any restrictive covenants contained in our current and future financing arrangements;
- (e) the availability of adequate reserves and cash flows; and
- (f) any material impact of tax laws and regulatory requirements.

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12. FINANCIAL INFORMATION (Cont'd)

12.16 CAPITALISATION AND INDEBTEDNESS

The table below summarises our capitalisation and indebtedness:

- (a) Based on latest unaudited combined financial information of our Group as at 31 July 2023; and
- (b) After adjusting for the effects of Acquisition, the Public Issue and utilisation of proceeds.

	<u>Unaudited</u>	<u>I</u>	<u>II</u>	<u>III</u>
	<u>As at 31 July 2023</u>	<u>After Acquisition</u>	<u>After I and Public Issue</u>	<u>After II and use of proceeds</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Capitalisation				
Share capital	^	23,358	[•]	[•]
Total capitalisation	^	23,358	[•]	[•]
Indebtedness				
Current				
<i>Secured</i>				
Term loans	-	658	658	658
Bankers' acceptances	-	21,789	21,789	21,789
Lease liabilities	-	135	135	135
<i>Unsecured</i>				
Bankers' acceptances	-	554	554	554
Non-current				
<i>Secured</i>				
Term loans	-	6,860	6,860	6,860
Lease liabilities	-	237	237	237
Total indebtedness:	-	30,233	30,233	30,233
Total capitalisation and indebtedness	-	53,591	[•]	[•]
Debt-to-capital ratio (times) ⁽¹⁾	-	1.3	[•]	[•]

Notes:

^ Represents RM2.

(1) Calculated based on total indebtedness divided by total capitalisation.

13. ACCOUNTANTS' REPORT



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20 SEP 2023

The Board of Directors
Agricore CS Holdings Berhad
57-G, Persiaran Bayan Indah,
Bayan Bay, Sungai Nibong
11900, Bayan Lepas
Penang, Malaysia

Dear Sirs,

REPORTING ACCOUNTANTS' OPINION ON THE FINANCIAL INFORMATION CONTAINED IN THE ACCOUNTANTS' REPORT OF AGRICORE CS HOLDINGS BERHAD ("AGRICORE CS HOLDINGS" OR THE "COMPANY")

Opinion

We have audited the financial information of Agricore CS Holdings and its subsidiaries ("the Group"), which comprise the combined statements of financial position as at 31 December 2020, 31 December 2021 and 31 December 2022 and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for each of the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022, and notes to the financial information, including a summary of significant accounting policies, as set out on pages 4 to 36.

This historical financial statement has been prepared for inclusion in the prospectus of Agricore CS Holdings in connection with the listing of and quotation for the entire issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("the Prospectus"). This report is required by the Prospectus Guidelines issued by the Securities Commission Malaysia ("the Guidelines") and is given for the purpose of complying with Chapter 10 of the Guidelines and for no other purpose.

In our opinion, the financial information give a true and fair view of the financial position of the Group as at 31 December 2020, 31 December 2021 and 31 December 2022 and of their financial performance and their cash flows for each of the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 in accordance with the Malaysian Financial Reporting Standards and the International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Reporting Accountants' Responsibilities for the Audit of the financial information section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

13. ACCOUNTANTS' REPORT (Cont'd)*Independence and other ethical responsibilities*

We are independent of the Group in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Directors' Responsibility for the Financial Information

The directors of Agricore CS Holdings are responsible for the preparation of the financial information of the Group that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial information of the Group that are free from material misstatement, whether due to fraud or error.

In preparing the financial information of the Group, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Reporting Accountants' Responsibility for the Audit of Financial Information

Our objectives are to obtain reasonable assurance about whether the financial information of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial information.

As a part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial information of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

13. ACCOUNTANTS' REPORT (Cont'd)



Reporting Accountants' Responsibility for the Audit of Financial Information (Cont'd)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial information of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial information of the Group, including the disclosures, and whether the financial information of the Group represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial information of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

Pursuant to Chapter 10 of the Prospectus Guidelines, we have nothing to report on subsequent events between the date of the most recent audited financial statements and the date of this report.

Restriction on Distribution and Use

This report is made solely to the Group for inclusion in the prospectus of Agricore CS Holdings in connection with the listing of and quotation for the entire issued share capital of Agricore CS Holdings on the ACE Market of Bursa Malaysia Securities Berhad and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Date: 20 SEP 2023

Penang

Eddy Chan Wai Hun
02182/10/2023 J
Chartered Accountant

13. ACCOUNTANTS' REPORT (Cont'd)**AGRICORE CS HOLDINGS BERHAD****COMBINED STATEMENTS OF FINANCIAL POSITION**

	Note	31 December 2020 RM'000	31 December 2021 RM'000	31 December 2022 RM'000
Non-current assets				
Property, plant and equipment	5	9,100	10,128	11,899
Right-of-use assets	6	2,554	2,646	3,292
		<u>11,654</u>	<u>12,774</u>	<u>15,191</u>
Current assets				
Inventories	7	14,956	15,380	26,047
Receivables	8	9,908	13,906	15,245
Prepayments		716	579	312
Current tax assets		-	1	-
Cash and cash equivalents	9	4,515	9,474	12,068
		<u>30,095</u>	<u>39,340</u>	<u>53,672</u>
Current liabilities				
Payables	10	13,547	12,507	17,547
Loans and borrowings	11	15,221	20,129	18,076
Lease liabilities	12	152	220	338
Contract liabilities	13	-	-	28
Current tax liabilities		817	564	798
		<u>29,737</u>	<u>33,420</u>	<u>36,787</u>
Net current assets		358	5,920	16,885
Non-current liabilities				
Loans and borrowings	11	4,944	4,739	6,092
Lease liabilities	12	141	327	770
Deferred tax liabilities	14	220	269	438
		<u>5,305</u>	<u>5,335</u>	<u>7,300</u>
Net assets		<u>6,707</u>	<u>13,359</u>	<u>24,776</u>
Equity				
Invested capital	15	2,450	5,700	10,000
Retained profits		4,257	7,659	14,776
Total equity		<u>6,707</u>	<u>13,359</u>	<u>24,776</u>

13. ACCOUNTANTS' REPORT (Cont'd)**AGRICORE CS HOLDINGS BERHAD****COMBINED STATEMENTS OF COMPREHENSIVE INCOME**

	Note	Year ended 31 December 2020 RM'000	Year ended 31 December 2021 RM'000	Year ended 31 December 2022 RM'000
Revenue	16	88,995	100,832	122,685
Cost of goods sold		(78,195)	(86,651)	(103,294)
Gross profit		<u>10,800</u>	<u>14,181</u>	<u>19,391</u>
Interest income		85	35	76
Other income		285	135	167
Administrative and general expenses		(3,555)	(4,811)	(5,333)
Selling and distribution expenses		(2,532)	(2,736)	(3,350)
Finance costs		(841)	(923)	(1,179)
Impairment losses on financial assets	17	-	(67)	(10)
Loss on derecognition of financial assets measured at amortised cost		(51)	(7)	(27)
Profit before tax	18	<u>4,191</u>	<u>5,807</u>	<u>9,735</u>
Tax expense	20	(1,200)	(1,525)	(2,618)
Profit for the financial year		<u>2,991</u>	<u>4,282</u>	<u>7,117</u>
Other comprehensive income for the financial year		-	-	-
Comprehensive income for the financial year		<u>2,991</u>	<u>4,282</u>	<u>7,117</u>
Profit for the year attributable to:-				
- Owners of the Company		2,980	4,282	7,117
- Non-controlling interests		11	-	-
		<u>2,991</u>	<u>4,282</u>	<u>7,117</u>
Comprehensive income for the financial year attributable to:-				
- Owners of the Company		2,980	4,282	7,117
- Non-controlling interests		11	-	-
		<u>2,991</u>	<u>4,282</u>	<u>7,117</u>
Basic earnings per share (sen)	21	<u>123</u>	<u>143</u>	<u>117</u>

13. ACCOUNTANTS' REPORT (Cont'd)**AGRICORE CS HOLDINGS BERHAD****COMBINED STATEMENTS OF CHANGES IN EQUITY**

	Note	Invested capital RM'000	Retained profits RM'000	Equity attributables to owners of the Company RM'000	Non- controlling interests RM'000	Total RM'000
Balance at 1 January 2020		2,400	2,335	4,735	14	4,749
Profit (representing comprehensive income) for the financial year		-	2,980	2,980	11	2,991
Issue of shares		50	-	50	-	50
Dividends	22	-	(999)	(999)	-	(999)
Contributions by/(Distributions to) owners		50	(999)	(949)	-	(949)
Change in ownership interest in subsidiary		-	(59)	(59)	(25)	(84)
Total transactions with owners		50	(1,058)	(1,008)	(25)	(1,033)
Balance at 31 December 2020		2,450	4,257	6,707	-	6,707
Profit (representing comprehensive income) for the financial year		-	4,282	4,282	-	4,282
Issue of shares		3,250	0	3,250	-	3,250
Dividends	22	-	(880)	(880)	-	(880)
Total transactions with owners		3,250	(880)	2,370	-	2,370
Balance at 31 December 2021		5,700	7,659	13,359	-	13,359
Profit (representing comprehensive income) for the financial year		-	7,117	7,117	-	7,117
Issue of shares (representing total transactions with owners)		4,300	-	4,300	-	4,300
Balance at 31 December 2022		10,000	14,776	24,776	-	24,776

13. ACCOUNTANTS' REPORT (Cont'd)**AGRICORE CS HOLDINGS BERHAD****COMBINED STATEMENTS OF CASH FLOWS**

	Note	Year ended 31 December 2020 RM'000	Year ended 31 December 2021 RM'000	Year ended 31 December 2022 RM'000
Cash flows from operating activities				
Profit before tax		4,191	5,807	9,735
Adjustments for:-				
Depreciation		768	859	1,082
Gain on disposal of property, plant and equipment		-	(29)	(81)
Impairment losses on financial assets		-	67	10
Interest expense		841	923	1,179
Interest income		(85)	(35)	(76)
Loss on derecognition of financial assets measured at amortised cost		51	7	27
Operating profit before working capital changes		5,766	7,599	11,876
Changes in:-				
Inventories		(5,704)	(424)	(10,667)
Receivables		1,850	(4,072)	(1,376)
Prepayments		(615)	137	267
Payables		20	2,674	5,553
Contract liabilities		-	-	28
Cash generated from operations		1,317	5,914	5,681
Tax paid		(456)	(1,730)	(2,214)
Net cash from operating activities		861	4,184	3,467
Cash flows from investing activities				
Acquisition of property, plant and equipment		(771)	(1,664)	(2,671)
Acquisition of right-of-use assets	23	-	(61)	(196)
Interest received		85	35	76
Proceeds from disposal of property, plant and equipment		-	29	429
Net cash used in investing activities		(686)	(1,661)	(2,362)
Cash flows from financing activities				
Acquisition of shares from non-controlling interests		(84)	-	-
Changes in term deposits pledged as security		(680)	(182)	(121)
Dividend paid		(264)	(1,102)	(513)
Drawdown of term loans	23	1,000	1,000	2,271
Interest paid		(841)	(923)	(1,179)
Issue of shares		50	-	4,300
Net (decrease)/increase in short-term loans and borrowings	23	(372)	5,491	(1,367)
Payment of lease liabilities	23	(157)	(242)	(419)
Repayment of term loans	23	(105)	(404)	(1,583)
Net cash (used in)/from financing activities		(1,453)	3,638	1,389
Net (decrease)/increase in cash and cash equivalents		(1,278)	6,161	2,494
Cash and cash equivalents brought forward		732	(546)	5,615
Cash and cash equivalents carried forward	9	(546)	5,615	8,109

13. ACCOUNTANTS' REPORT (Cont'd)

AGRICORE CS HOLDINGS BERHAD

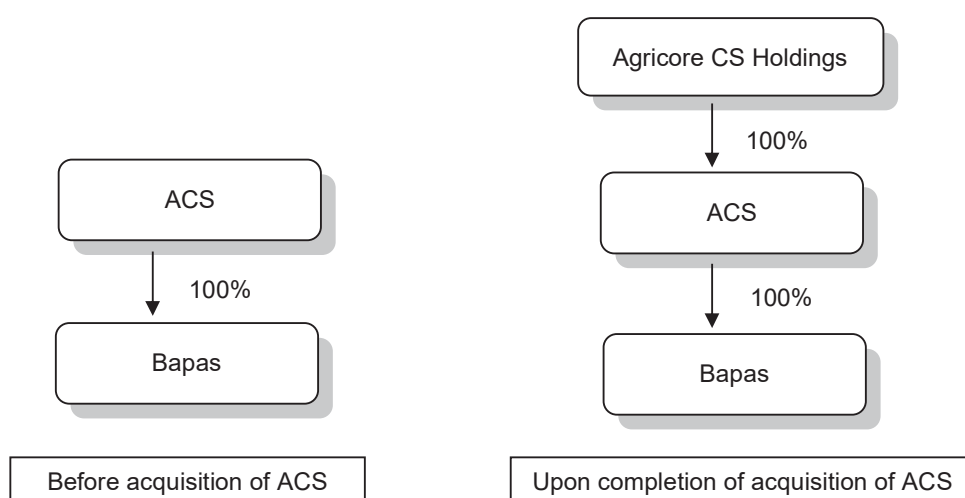
NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. General information

Agricore CS Holdings Berhad ("Agricore CS Holdings") was incorporated in Malaysia as a private limited liability company on 16 May 2023 under the Companies Act 2016.

On 11 September 2023, Agricore CS Holdings was converted from a private company to public company limited by shares and assumed its present name of Agricore CS Holdings Berhad.

As an integral part of listing of Agricore CS Holdings on the ACE Market of Bursa Malaysia Securities Berhad, Agricore CS Holdings entered into a conditional share sale agreement to acquire the entire equity interest in ACS ("the Acquisitions"). Upon completion of the above share swap, ACS becomes a wholly owned subsidiary of Agricore CS Holdings with Bapas becomes an indirect wholly owned subsidiary of Agricore CS Holdings.



Agricore CS Holdings Berhad, Agricore CS Sdn Bhd and Bapas Food Products Sdn Bhd (collectively known as the "Group") are incorporated in Malaysia.

The principal activities, registered office and principal place of business of the companies are as follows:-

Name of company	Principal Activities	Registered office	Principal place of business
Agricore CS Holdings Berhad ("Agricore CS Holdings")	Investment holding	57-G, Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Bayan Lepas, Pulau Pinang	1173, Jalan Perindustrian Bukit Minyak 2, Kawasan Perindustrian Bukit Minyak, 14100 Bukit Mertajam, Pulau Pinang
Agricore CS Sdn Bhd ("ACS")	Sourcing and distribution of plant-based agricultural food ingredients	1173, Jalan Perindustrian Bukit Minyak 2, Kawasan Perindustrian Bukit Minyak, 14100 Bukit Mertajam, Pulau Pinang	1173, Jalan Perindustrian Bukit Minyak 2, Kawasan Perindustrian Bukit Minyak, 14100 Bukit Mertajam, Pulau Pinang

13. ACCOUNTANTS' REPORT (Cont'd)**AGRICORE CS HOLDINGS BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****1. General information (cont'd)**

Name of company	Principal Activities	Registered office	Principal place of business
Bapas Food Products Sdn Bhd ("Bapas")	Production and sale of food additives and fried shallots	57-G, Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Bayan Lepas, Pulau Pinang	1173, Jalan Perindustrian Bukit Minyak 2, Kawasan Perindustrian Bukit Minyak, MK13, 14100 Bukit Mertajam, Pulau Pinang 46, Lengkok IKS Simpang Empat 1, Taman IKS Simpang Empat, 14100 Simpang Ampat, Pulau Pinang

2. Basis of preparation

As the Acquisitions were only executed on 8 August 2023, there are no consolidated financial statements of Agricore CS Holdings for financial years ended 31 December 2020, 2021, and 2022.

For the purpose of inclusion in the prospectus of Agricore CS Holdings in connection with the listing of and quotation for its entire enlarged number of issued ordinary shares on the ACE Market of Bursa Malaysia Securities Berhad in accordance with the Chapter 10, Part II, Division I: Equity of Prospectus Guidelines-Equity issued by Securities Commission Malaysia ("Prospectus Guidelines"), the combined financial statements of Agricore CS Holdings, which are the combination or aggregation of the financial statements of the following combining entities, have been prepared based on the separate financial statements for the relevant reporting periods as follows:-

Combining Entity	Relevant Reporting Periods	Accounting Standards Applied	Auditors
ACS	FYE 31 December 2022 FYE 31 December 2021 FYE 31 December 2020	MFRSs MFRSs MFRSs	Crowe Malaysia PLT Crowe Malaysia PLT Crowe Malaysia PLT
Bapas	FYE 31 December 2022 FYE 31 December 2021 FYE 31 December 2020	MFRSs MFRSs MFRSs	Crowe Malaysia PLT Crowe Malaysia PLT Crowe Malaysia PLT

Notes:

FYE = Financial year ended

MFRSs = Malaysian Financial Reporting Standards

The combined financial statements of the Group for the relevant period were prepared in a manner similar to the "pooling-of-interest" method, as if entities within the Group were operating as a single economic enterprise from the beginning of the earliest comparative period covered by the relevant period or the dates of incorporation of entities within the Group, if later. Such manner of presentation reflects the economic substance of the combining entities, which were under common control throughout the relevant period.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory.

13. ACCOUNTANTS' REPORT (Cont'd)**AGRICORE CS HOLDINGS BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****2. Basis of preparation (cont'd)**

The financial statements of common controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases. The identified assets and liabilities of all commonly controlled entities are accounted for at their historical costs. The accounting policies of common controlled entities have been changed where necessary to align them with the policies by the Group.

The acquisition of ACS from its shareholders in exchange for the shares issued by Agricore CS Holdings was accounted for using the "pooling-of-interest" method of consolidation. Any excess or deficiency of the nominal value of the shares acquired is taken to the shareholders' equity as a merger reserve or deficit.

All material intra-group transactions and balances have been eliminated on combination.

The combined financial statements of the Group have been prepared under the historical cost convention, modified to include other bases of measurement as disclosed in other sections of the significant accounting policies, and in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs").

The audited financial statements used to prepare the financial statements are not subject to any audit qualifications, modifications or disclaimers.

The Group has not applied the following MFRSs which have been issued as at the end of the reporting period but are not yet effective for the financial year ended 31 December 2022:-

MFRS (issued as at the end of the reporting period)	Effective for annual periods beginning on or after
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendment to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

Management foresees that the initial application of the above MFRSs will not have any significant impacts on the combined financial statements.

2.1 Statement of Compliance

The financial statements have been prepared in accordance with MFRS and IFRS.

2.2 Functional and Presentation Currency

The presentation currency of the financial statements is Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") unless otherwise indicated.

13. ACCOUNTANTS' REPORT (Cont'd)

AGRICORE CS HOLDINGS BERHAD**NOTES TO THE COMBINED FINANCIAL STATEMENTS****2. Basis of preparation (cont'd)****2.3 Basis of Measurement**

The financial statements have been prepared on the basis stated in the notes described below using the audited financial statements under the historical cost convention, modified to include other bases of measurement as disclosed in other sections of the significant accounting policies.

3. Significant accounting policies**3.1 Business combinations**

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. If the assets acquired are not a business, the transaction or other event is accounted for as an asset acquisition.

Acquisition method

Business combinations are accounted for using the acquisition method, except for those involving entities under common control. Under the acquisition method, the consideration transferred, the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values. The components of non-controlling interests that are present ownership interests are measured at the present ownership instruments' proportionate share in the recognised amounts of the identifiable net assets acquired. All other components of non-controlling interests are measured at their acquisition-date fair values. In a business combination achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss. All acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss as incurred.

Goodwill at the acquisition date is measured as the excess of (a) over (b) below:-

- (a) the aggregate of:-
 - (i) the acquisition-date fair value of the consideration transferred;
 - (ii) the amount of any non-controlling interests; and
 - (iii) in a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree.
- (b) the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed.

Goodwill is recognised as an asset at the aforementioned amount less accumulated impairment losses, if any. The impairment policy is disclosed in Note 3.5. When the above (b) exceeds (a), the excess represents a bargain purchase gain and, after reassessment, is recognised in profit or loss.

13. ACCOUNTANTS' REPORT (Cont'd)**AGRICORE CS HOLDINGS BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****3. Significant accounting policies (cont'd)****3.1 Business combinations (cont'd)****Merger method**

The merger method is used for business combination involving entities under common control which is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. Under the merger method, the results of the combining entities are presented as if the entities had been combined throughout the reporting period. The cost of merger is cancelled against the value of shares acquired and any difference arising from the cancellation is taken to equity.

3.2 Basis of consolidation

A subsidiary is an entity that is controlled by another entity. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

A subsidiary is consolidated from the acquisition date, being the date on which control is obtained, and continues to be consolidated until the date when control is lost. Intragroup balances, transactions, income and expenses are eliminated in full on consolidation. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Upon loss of control of a subsidiary, the assets (including any goodwill) and liabilities of, and any non-controlling interests in the subsidiary are derecognised. All amounts recognised in other comprehensive income in relation to the subsidiary are accounted for on the same basis as would be required if the related assets or liabilities had been directly disposed of. Any consideration received and any investment retained in the former subsidiary are recognised at their fair values. The resulting difference is then recognised as a gain or loss in profit or loss.

3.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 3.5.

Capital work-in-progress is not depreciated. Other property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets using the following annual rates:-

Buildings	2% - 2.5%
Cold room	10%
Furniture, fittings and equipment	10% - 30%
Motor vehicles	10%
Plant and machinery	10% - 20%

The residual value, useful life and depreciation method of an asset are reviewed at least at the end of each reporting period and any changes in expectations from previous estimates are accounted for prospectively as changes in accounting estimates.

13. ACCOUNTANTS' REPORT (Cont'd)

AGRICORE CS HOLDINGS BERHAD**NOTES TO THE COMBINED FINANCIAL STATEMENTS****3. Significant accounting policies (cont'd)****3.4 Leases**

A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

Lessor accounting

When the Group acts as a lessor, it classifies each lease as either an operating lease or a finance lease. A finance lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, whereas an operating lease does not.

Lease payments from operating leases are recognised as income on a straight-line basis over the lease term. The Group have not entered into any finance lease.

Initial recognition and measurement

When the Group acts as a lessee, it recognises a right-of-use asset (representing its right to use the underlying leased asset) and a lease liability (representing its obligation to make lease payments) at the commencement date. The Group has elected not to apply such recognition principle to short-term leases (which have a lease term of 12 months or less) and leases of low-value assets. The lease payments associated with those leases are recognised as an expense on a straight-line basis over the lease term.

A right-of-use asset is initially recognised at cost, which comprises the initial amount of lease liability, any lease payments made at or before the commencement date (less any lease incentives), any initial direct costs and any estimated dismantling, removing and restoring costs.

A lease liability is initially recognised at the present value of the unpaid lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. The unpaid lease payments included in the measurement of lease liability comprise fixed payments (less any lease incentives), variable lease payments linked to an index or a rate, expected amounts payable under residual value guarantees, the exercise price of a purchase option reasonably certain to be exercised and the penalties of a termination option reasonably certain to be exercised.

Subsequent measurement

A right-of-use asset is subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any remeasurement of lease liability. The impairment policy is disclosed in Note 3.5.

If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that a purchase option will be exercised, the right-of-use asset is depreciated on a straight-line basis from the commencement date to the end of its useful life. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of its useful life or the end of the lease term.

A lease liability is subsequently measured at amortised cost, and remeasured to reflect any reassessment (arising from changes to the lease payments) or lease modifications.

13. ACCOUNTANTS' REPORT (Cont'd)

AGRICORE CS HOLDINGS BERHAD**NOTES TO THE COMBINED FINANCIAL STATEMENTS****3. Significant accounting policies (cont'd)****3.5 Impairment of non-financial assets**

At the end of each reporting period, the Group assess whether there is any indication that a non-financial asset, other than inventories, may be impaired. If any such indication exists, the recoverable amount of the asset, being the higher of its fair value less costs of disposal and its value in use, is estimated. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually. Any excess of the carrying amount of the asset over its recoverable amount represents an impairment loss and is recognised in profit or loss.

An impairment loss on an asset, other than goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised. The reversal is recognised in profit or loss. An impairment loss on goodwill is not reversed.

3.6 Inventories

Inventories are valued at the lower of cost (determined principally on the first-in, first-out basis) and net realisable value. Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

3.7 Contract assets and contract liabilities

A contract is presented in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment. A contract asset is an entity's right to consideration in exchange for goods or services transferred to a customer when that right is conditioned on something other than the passage of time. The asset is subject to impairment assessment on the same basis as trade receivables as disclosed in Note 3.8. A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

3.8 Financial assets

Financial assets of the Group consist of receivables and cash and cash equivalents.

Initial recognition and measurement

A financial asset is recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Trade receivables that do not contain a significant financing component are initially recognised at their transaction price (as defined in Note 3.12). Other financial assets are initially recognised at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent measurement

Financial assets are subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss in accordance with their classification on the basis of both the business model within which they are held and their contractual cash flow characteristics.

13. ACCOUNTANTS' REPORT (Cont'd)**AGRICORE CS HOLDINGS BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****3. Significant accounting policies (cont'd)****3.8 Financial assets (cont'd)****Subsequent measurement (cont'd)**

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. All receivables and cash and cash equivalents are classified under this category. Any gain or loss is recognised in profit or loss when the financial asset is derecognised, reclassified, through the amortisation process or in order to recognise impairment gains or losses.

Impairment

At each reporting date, the Group recognises a loss allowance for expected credit losses on a financial asset measured at amortised cost. The loss allowance is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the loss allowance is measured at an amount equal to 12-month expected credit losses. Any adjustment to the loss allowance is recognised in profit or loss as an impairment gain or loss.

Irrespective of whether there is any significant increase in credit risk since initial recognition, the loss allowance for trade receivables is always measured at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9 *Financial Instruments*. Such lifetime expected credit losses are calculated using a provision matrix based on historical credit loss experience and adjusted for reasonable and supportable forward-looking information that is available without undue cost or effort.

The expected credit losses for a credit-impaired financial asset are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The gross carrying amount of a credit-impaired financial asset is directly written off when there is no reasonable expectation of recovery.

Derecognition

A financial asset is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or all the risks and rewards of ownership are substantially transferred. A direct write-off of gross carrying amount when there is no reasonable expectation of recovering a financial asset constitutes a derecognition event.

Fair value measurement

The carrying amounts of receivables and cash and cash equivalents which are short-term in nature or repayable on demand are reasonable approximations of fair values.

3.9 Financial liabilities

Financial liabilities of the Group consist of payables, loans and borrowings.

Initial recognition and measurement

A financial liability is recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. A financial liability is initially recognised at fair value minus transaction costs.

13. ACCOUNTANTS' REPORT (Cont'd)

AGRICORE CS HOLDINGS BERHAD**NOTES TO THE COMBINED FINANCIAL STATEMENTS****3. Significant accounting policies (cont'd)****3.9 Financial liabilities (cont'd)****Subsequent measurement**

All payables and loans and borrowings are subsequently measured at amortised cost. Any gain or loss is recognised in profit or loss when the financial liability is derecognised and through the amortisation process.

Financial guarantee contracts are subsequently measured at the higher of the amount of loss allowance and the amount initially recognised less any cumulative income recognised.

Derecognition

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires.

Fair value measurement

The carrying amounts of payables and loans and borrowings which are short-term in nature or repayable on demand are reasonable approximations of fair values. The fair values of long-term loans and borrowings are measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities.

3.10 Foreign currency transactions and translation

The consolidated financial statements of the Group are presented in Ringgit Malaysia, which is also the Group's functional currency, being the currency of the primary economic environment in which the entity operates. Items included in the financial statements of each individual entity within the Group are measured using the individual entity's own functional currency.

A foreign currency transaction is recorded in the functional currency using the exchange rate at transaction date. At the end of the reporting period, foreign currency monetary items are translated into the functional currency using the closing rate. Foreign currency non-monetary items measured at cost are translated using the exchange rate at transaction date, whereas those measured at fair value are translated using the exchange rate at valuation date. Exchange differences arising from the settlement or translation of monetary items are recognised in profit or loss. Any exchange component of the gain or loss on a non-monetary item is recognised on the same basis as that of the gain or loss, i.e. in profit or loss or in other comprehensive income.

3.11 Share capital

Ordinary shares are classified as equity. Transaction costs that relate to the issue of new shares are accounted for as a deduction from equity.

Dividends on shares declared and unpaid at the end of the reporting period are recognised as a liability, whereas dividends proposed or declared after the reporting period are disclosed in the notes to the interim financial statements.

13. ACCOUNTANTS' REPORT (Cont'd)**AGRICORE CS HOLDINGS BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****3. Significant accounting policies (cont'd)****3.12 Revenue from contracts with customers**

The Group recognises revenue (by applying the following steps) to depict the transfer of promised goods or services to customers at the transaction price.

- (i) Step 1: Identify contract - A contract is an agreement between two or more parties that creates enforceable rights and obligations.
- (ii) Step 2: Identify performance obligations - Each promise to transfer distinct goods or services is identified as a performance obligation and accounted for separately.
- (iii) Step 3: Determine transaction price - The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. It is adjusted for the effects of variable consideration (e.g. discounts, rebates, incentives or penalties), significant financing component, non-cash consideration and consideration payable to customer.
- (iv) Step 4: Allocate transaction price to performance obligations - The transaction price is allocated to each performance obligation on the basis of the relative (estimated) stand-alone selling prices of each distinct good or service promised in the contract.
- (v) Step 5: Recognise revenue - Revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). Revenue is recognised either over time or at a point in time depending on the timing of transfer of control.

The Group determines that the transfer of control of promised goods generally coincides with the transfer of risks and rewards of ownership. Accordingly, revenue from the sale of goods is recognised at a point in time when the significant risks and rewards of ownership have been transferred to the customer upon delivery.

3.13 Other income

Interest income is recognised in profit or loss using the effective interest method.

Operating lease income is recognised in profit or loss on a straight-line basis over the lease term.

3.14 Government grants

Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to the grants and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Grants related to assets are presented in the statement of financial position as deferred income which is amortised on a straight-line basis over the estimated useful lives of the assets. Grants related to income are presented under "other income" in the statement of comprehensive income.

13. ACCOUNTANTS' REPORT (Cont'd)

AGRICORE CS HOLDINGS BERHAD**NOTES TO THE COMBINED FINANCIAL STATEMENTS****3. Significant accounting policies (cont'd)****3.15 Employee benefits****Short-term employee benefits**

Short-term employee benefits such as wages, salaries, bonuses and social security contributions are recognised in profit or loss or included in the cost of an asset, where appropriate, in the period in which the associated services are rendered by the employee.

Defined contribution plans

As required by law, employers in Malaysia make contributions to the statutory pension scheme, Employees Provident Fund ("EPF"). Contributions to defined contribution plans are recognised in profit or loss or included in the cost of an asset, where appropriate, in the period in which the associated services are rendered by the employee.

3.16 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the asset, until such time as the asset is substantially ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.17 Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax represents the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided for under the liability method in respect of all temporary differences between the carrying amount of an asset or liability and its tax base except for those temporary differences associated with goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting nor taxable results at the time of the transaction.

A deferred tax liability is recognised for all taxable temporary differences, whereas a deferred tax asset is recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.18 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, term deposits that are withdrawable on demand and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

13. ACCOUNTANTS' REPORT (Cont'd)

AGRICORE CS HOLDINGS BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

4. Judgements and estimation uncertainty

Judgements made in applying accounting policies

In the process of applying the accounting policies of the Group, management is not aware of any judgements, apart from those involving estimations, that can significantly affect the amounts recognised in the interim financial statements.

Sources of estimation uncertainty

The key assumptions about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

Valuation of inventories

Reviews are made periodically by management on inventories for excess inventories, obsolescence and decline in net realisable value below cost. These reviews involve judgements and estimation uncertainty in forming expectations about future sales and demands. Any changes in these accounting estimates will result in revisions to the valuation of inventories (Note 7).

Impairment of receivables

The Group recognises loss allowance for expected credit losses on receivables based on an assessment of credit risk. Such assessment involves judgements and estimation uncertainty in analysing information about past events, current conditions and forecasts of future economic conditions. Any changes in these accounting estimates will affect the carrying amounts of receivables (Note 8).

13. ACCOUNTANTS' REPORT (Cont'd)
AGRICORE CS HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS
5. Property, plant and equipment

	Buildings RM'000	Cold room RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Capital work-in- progress RM'000	Total RM'000
Cost							
Balance at 1 January 2020	6,642	745	918	1,026	1,764	20	11,115
Additions	-	-	43	155	522	51	771
Balance at 31 December 2020	6,642	745	961	1,181	2,286	71	11,886
Additions	-	-	61	97	71	1,435	1,664
Disposals/Write-offs	-	-	-	(273)	-	-	(273)
Transfer from right-of-use assets	-	-	-	101	-	-	101
Balance at 31 December 2021	6,642	745	1,022	1,106	2,357	1,506	13,378
Additions	-	-	295	279	790	1,307	2,671
Disposals/Write-offs	-	-	-	(570)	(5)	-	(575)
Reclassifications	2,121	-	5	-	664	(2,790)	-
Transfer from right-of-use assets	-	-	-	240	188	-	428
Balance at 31 December 2022	8,763	745	1,322	1,055	3,994	23	15,902
Accumulated depreciation							
Balance at 1 January 2020	458	149	391	604	565	-	2,167
Depreciation	118	75	133	102	191	-	619
Balance at 31 December 2020	576	224	524	706	756	-	2,786
Depreciation	118	75	118	88	277	-	676
Disposals/Write-offs	-	-	-	(273)	-	-	(273)
Transfer from right-of-use assets	-	-	-	61	-	-	61
Balance at 31 December 2021	694	299	642	582	1,033	-	3,250
Depreciation	145	74	132	110	396	-	857
Disposals/Write-offs	-	-	-	(222)	(5)	-	(227)
Transfer from right-of-use assets	-	-	-	29	94	-	123
Balance at 31 December 2022	839	373	774	499	1,518	-	4,003

13. ACCOUNTANTS' REPORT (Cont'd)

AGRICORE CS HOLDINGS BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

5. Property, plant and equipment (cont'd)

	Buildings RM'000	Cold room RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Capital work-in- progress RM'000	Total RM'000
Carrying amount							
Balance at 1 January 2020	6,184	596	527	422	1,199	20	8,948
Balance at 31 December 2020	6,066	521	437	475	1,530	71	9,100
Balance at 31 December 2021	5,948	446	380	524	1,324	1,506	10,128
Balance at 31 December 2022	7,924	372	548	556	2,476	23	11,899

The carrying amounts of property, plant and equipment pledged as security for credit facilities granted to the Group are as follows:-

	2020 RM'000	2021 RM'000	2022 RM'000
Buildings	6,066	5,948	7,924
Cold room	521	446	372
Plant and machinery	690	994	458
	<u>7,277</u>	<u>7,388</u>	<u>8,754</u>

13. ACCOUNTANTS' REPORT (Cont'd)**AGRICORE CS HOLDINGS BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****6. Right-of-use assets**

	Leasehold land RM'000	Building RM'000	Motor vehicles RM'000	Plant and Machinery RM'000	Total RM'000
Balance at 1 January 2020	1,855	39	426	141	2,461
Additions	-	-	-	242	242
Depreciation	(36)	(29)	(63)	(21)	(149)
Balance at 31 December 2020	1,819	10	363	362	2,554
Additions	-	-	192	27	219
Remeasurement of lease liabilities	-	96	-	-	96
Depreciation	(37)	(29)	(73)	(44)	(183)
Transfer to property, plant and equipment	-	-	(40)	-	(40)
Balance at 31 December 2021	1,782	77	442	345	2,646
Additions	-	443	733	-	1,176
Depreciation	(36)	(50)	(103)	(36)	(225)
Transfer to property, plant and equipment equipment	-	-	(211)	(94)	(305)
Balance at 31 December 2022	1,746	470	861	215	3,292

The Group acquired the right to use the leasehold land as their principal place of business for 60 years. The Group also leases the buildings from third parties as food processing plant for 3 years. The rights to use the motor vehicles and plant and machinery were acquired under hire purchase financing whereby ownership will be transferred by the end of the lease term of 5 years.

The leasehold land has been pledged as security for credit facilities granted to the Group.

7. Inventories

	2020 RM'000	2021 RM'000	2022 RM'000
Raw materials	23	188	929
Work-in-progress	38	3	23
Finished goods	13	69	213
Trading goods	7,894	7,002	11,425
Goods-in-transit	6,988	8,118	13,457
	<u>14,956</u>	<u>15,380</u>	<u>26,047</u>

8. Receivables

	2020 RM'000	2021 RM'000	2022 RM'000
Trade receivables	9,809	13,824	15,133
- Loss allowance	-	(67)	(12)
	<u>9,809</u>	<u>13,757</u>	<u>15,121</u>
Other receivables:-			
- Related party*	7	7	-
- Unrelated parties	92	142	124
	<u>99</u>	<u>149</u>	<u>124</u>
	<u>9,908</u>	<u>13,906</u>	<u>15,245</u>

13. ACCOUNTANTS' REPORT (Cont'd)**AGRICORE CS HOLDINGS BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****8. Receivables (cont'd)**

* Being a company in which a director's close family members have substantial financial interests

Trade Receivables

The Group and the Company determine credit risk concentration in terms of counterparties. As at 31 December 2020, 31 December 2021 and 31 December 2022, the Group did not have any major credit risk concentration relating to any individual customer or counterparty.

The credit terms of trade receivables range from 7 to 120 days. The Group use past due information to assess the credit risk of trade receivables. The analysis by past due status is as follows:-

	2020 RM'000	2021 RM'000	2022 RM'000
Not past due	6,469	9,959	10,377
1 to 30 days past due	2,103	2,977	3,533
31 to 60 days past due	755	555	797
61 to 90 days past due	208	23	315
More than 90 days past due	274	310	111
	<u>9,809</u>	<u>13,824</u>	<u>15,133</u>

The Group determine that a trade receivable is credit-impaired when the customer is experiencing significant financial difficulty and has defaulted in payments. Unless otherwise demonstrated, the Group generally consider a default to have occurred when the trade receivable is more than 90 days past due. The gross carrying amount of a credit-impaired trade receivable is directly written off when there is no reasonable expectation of recovery. This normally occurs when there is reasonable proof of customer insolvency.

The Group measure the loss allowance for trade receivables at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9. The changes in the loss allowance are as follows:-

	2020 RM'000	2021 RM'000	2022 RM'000
Balance at 1 January	-	-	67
Impairment losses	-	67	10
Write-offs	-	-	(65)
Balance at 31 December	<u>-</u>	<u>67</u>	<u>12</u>

The above loss allowance is in respect of individually assessed credit-impaired trade receivables. Based on the low historical observed default rates (adjusted for forward-looking estimates), the expected credit losses on trade receivables that are not credit-impaired are not considered to be material and hence, have not been recognised.

9. Cash and cash equivalents

	2020 RM'000	2021 RM'000	2022 RM'000
Term deposits	3,656	3,838	3,960
Cash and bank balances	859	5,636	8,108
	<u>4,515</u>	<u>9,474</u>	<u>12,068</u>

13. ACCOUNTANTS' REPORT (Cont'd)**AGRICORE CS HOLDINGS BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****9. Cash and cash equivalents (cont'd)**

Cash and cash equivalents are placed with reputable financial institutions with low credit risk. Accordingly, their expected credit losses are not considered to be material and hence, have not been recognised.

Certain term deposits have been pledged as security for credit facilities granted to the Group and not freely available for use are as follows:-

	2020 RM'000	2021 RM'000	2022 RM'000
Term deposits	<u>3,656</u>	<u>3,838</u>	<u>3,959</u>

The effective interest rates of term deposits as at the end of the reporting period are as follows:-

	2020 %	2021 %	2022 %
Effective interest rates (per annum)	<u>1.50 – 1.85</u>	<u>1.50 – 1.85</u>	<u>1.85 – 2.85</u>

For the purpose of statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits as follows:-

	2020 RM'000	2021 RM'000	2022 RM'000
Cash and cash equivalents	4,515	9,474	12,068
Bank overdrafts	(1,405)	(21)	-
Term deposits pledged as security	<u>(3,656)</u>	<u>(3,838)</u>	<u>(3,959)</u>
	<u>(546)</u>	<u>5,615</u>	<u>8,109</u>

10. Payables

	2020 RM'000	2021 RM'000	2022 RM'000
Trade payables	11,362	8,385	15,435
Other payables:-			
- Related parties*	<u>51</u>	<u>86</u>	<u>63</u>
- Unrelated parties	<u>1,399</u>	<u>3,523</u>	<u>2,049</u>
	1,450	3,609	2,112
Dividend payable	<u>735</u>	<u>513</u>	<u>-</u>
	<u>13,547</u>	<u>12,507</u>	<u>17,547</u>

* *Being companies in which a director's close family members have substantial financial interests*

Payables are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

The credit terms of trade and other payables range from 30 to 180 days.

13. ACCOUNTANTS' REPORT (Cont'd)**AGRICORE CS HOLDINGS BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****11. Loans and borrowings**

	2020 RM'000	2021 RM'000	2022 RM'000
Secured			
Banker acceptances	12,445	18,712	17,152
Bank overdrafts	1,405	21	-
Term loans	5,340	5,235	6,689
Trust receipts	776	-	-
Unsecured			
Banker acceptances	-	-	193
Term loans	199	900	134
	<u>20,165</u>	<u>24,868</u>	<u>24,168</u>
Disclosed as:-			
- Current liabilities	15,221	20,129	18,076
- Non-current liabilities	4,944	4,739	6,092
	<u>20,165</u>	<u>24,868</u>	<u>24,168</u>

Secured loans and borrowings are secured against certain property, plant and equipment (Note 5), right-of-use assets (Note 6) and term deposits (Note 9).

The effective interest rate of the term loans at the end of the reporting period is as follows:

	2020 %	2021 %	2022 %
Effective interest rates (per annum)	<u>2.95 – 6.70</u>	<u>2.95 – 7.00</u>	<u>3.50 – 7.00</u>

Except for term loans, loans and borrowings are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

Term loans are repayable over 1 to 15 years. The repayment analysis is as follows:-

	2020 RM'000	2021 RM'000	2022 RM'000
Gross loan instalments:-			
- Within 1 year	799	1,622	1,027
- 1 to 5 years	2,966	3,054	3,401
- After 5 years	3,057	2,629	4,019
Total contractual undiscounted cash flows	6,822	7,305	8,447
Future finance charges	(1,283)	(1,170)	(1,624)
Present value of term loans	<u>5,539</u>	<u>6,135</u>	<u>6,823</u>

The fair values of term loans were measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities. The fair values measured were considered to be reasonably close to the carrying amounts reported as the observable current market interest rates also approximated to the effective interest rates of term loans.

13. ACCOUNTANTS' REPORT (Cont'd)**AGRICORE CS HOLDINGS BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****12. Lease liabilities**

	2020 RM'000	2021 RM'000	2022 RM'000
Gross lease liabilities:-			
- Within 1 year	164	245	387
- 1 to 5 years	147	351	822
Total contractual undiscounted cash flows	311	596	1,209
Future finance charges	(18)	(49)	(101)
Present value of lease liabilities	<u>293</u>	<u>547</u>	<u>1,108</u>
Disclosed as:-			
- Current liabilities	152	220	338
- Non-current liabilities	141	327	770
	<u>293</u>	<u>547</u>	<u>1,108</u>

The incremental borrowing rates applied to lease liabilities as at the end of the reporting period is as follows:

	2020 %	2021 %	2022 %
Effective interest rates (per annum)	<u>4.00 – 6.72</u>	<u>4.00 – 8.41</u>	<u>4.00 – 8.50</u>

13. Contract liabilities

	2020 RM'000	2021 RM'000	2022 RM'000
Balance at 1 January	-	-	-
Excess of consideration over revenue recognised	-	-	28
Balance at 31 December	<u>-</u>	<u>-</u>	<u>28</u>

As disclosed in Note 3.12, the Group generally satisfies its performance obligations at a point in time upon delivery of goods. Any consideration received or due in advance before a performance obligation is satisfied is presented as contract liability.

14. Deferred tax liabilities

	2020 RM'000	2021 RM'000	2022 RM'000
Balance at 1 January	100	220	269
Deferred tax expense relating to origination and reversal of temporary differences	87	43	155
Deferred tax liabilities underprovided in prior year	33	6	14
Balance at 31 December	<u>220</u>	<u>269</u>	<u>438</u>

13. ACCOUNTANTS' REPORT (Cont'd)**AGRICORE CS HOLDINGS BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****14. Deferred tax liabilities (cont'd)**

	2020 RM'000	2021 RM'000	2022 RM'000
In respect of:-			
- Taxable/(Deductible) temporary differences of:-			
- Property, plant and equipment	326	257	379
- Right-of-use assets	72	106	289
- Financial instruments	-	(16)	(98)
- Lease liabilities	(150)	(77)	(132)
- Unused tax losses	(28)	(1)	-
	<u>220</u>	<u>269</u>	<u>438</u>

15. Invested capital

	No. of ordinary shares with no par value '000	RM'000
Issued and fully paid		
Balance at 1 January 2020 - Ordinary shares	2,400	2,400
Issue of ordinary shares Class A	30	30
Issue of ordinary shares Class B	20	20
Balance at 31 December 2020		
- Ordinary shares	2,400	2,400
- Ordinary shares Class A	30	30
- Ordinary shares Class B	20	20
	2,450	2,450
Issue of ordinary shares*	3,250	3,250
Balance at 31 December 2021		
- Ordinary shares	5,650	5,650
- Ordinary shares Class A	30	30
- Ordinary shares Class B	20	20
	5,700	5,700
Issue of ordinary shares	4,300	4,300
Balance at 31 December 2022 - Ordinary shares	<u>10,000</u>	<u>10,000</u>

Ordinary shares and ordinary shares Class A have 1 vote per share, whereas ordinary shares Class B have 58 votes per share. Pursuant to a special resolution of the members during the financial year 2022, ordinary shares Class A and ordinary shares Class B have been altered to ordinary shares and varied to 1 vote per share.

* The shares were issued through conversion of amount owing to the shareholders of ACS

13. ACCOUNTANTS' REPORT (Cont'd)**AGRICORE CS HOLDINGS BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****16. Revenue**

	2020 RM'000	2021 RM'000	2022 RM'000
Revenue from sale of goods	88,995	100,832	122,685
Disaggregated by geographical areas:-			
- Malaysia	86,688	99,367	120,838
- Overseas	2,307	1,465	1,847
	<u>88,995</u>	<u>100,832</u>	<u>122,685</u>

Information about other disaggregation of revenue has not been disclosed as the Group generate revenue principally from sourcing, distribution and production of food ingredients.

17. Impairment losses on financial assets

	2020 RM'000	2021 RM'000	2022 RM'000
Trade receivables from contracts with customers	-	67	10

18. Profit before tax

	2020 RM'000	2021 RM'000	2022 RM'000
Profit before tax is arrived at after charging:-			
Auditors' remuneration:-			
- Statutory	18	37	32
- Non-statutory	-	-	25
Depreciation of property, plant and equipment	619	676	857
Depreciation of right-of-use assets	149	183	225
Employee benefits expense (Note 19)	3,285	4,736	5,415
Fee expense for financial instruments not measured at fair value through profit or loss	58	71	83
Interest expense for financial liabilities not measured at fair value through profit or loss	821	891	1,140
Interest expense for lease liabilities	20	32	39
Lease expense relating to:-			
- Short-term leases	71	89	191
- Leases of low-value assets (other than short-term leases)	2	2	3
Realised loss on foreign exchange	-	1	-

13. ACCOUNTANTS' REPORT (Cont'd)**AGRICORE CS HOLDINGS BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****18. Profit before tax (cont'd)**

	2020 RM'000	2021 RM'000	2022 RM'000
and crediting:-			
Gain on disposal of property, plant and equipment	-	29	81
Government grants under Wage Subsidy Programme	235	11	-
Interest income for financial assets measured at amortised cost	85	35	76
Operating lease income	10	8	5
Realised gain on foreign exchange	7	-	25

19. Employee benefits expense (including directors' remuneration)

	2020 RM'000	2021 RM'000	2022 RM'000
Directors of the Company:-			
- Short-term employee benefits	224	389	410
- Defined contribution plans	27	46	49
	251	435	459
Director of subsidiary:-			
- Short-term employee benefits	68	157	143
- Defined contribution plans	8	19	13
	76	176	156
Other employees:-			
- Short-term employee benefits	2,731	3,758	4,394
- Defined contribution plans	227	367	406
	2,958	4,125	4,800
	3,285	4,736	5,415

20. Tax expense

	2020 RM'000	2021 RM'000	2022 RM'000
Tax based on results for the year:-			
- Current tax	1,082	1,479	2,395
- Deferred tax	87	43	155
	1,169	1,522	2,550
Tax (over)/ under provided in prior year:-			
- Current tax	(2)	(3)	54
- Deferred tax	33	6	14
	1,200	1,525	2,618

13. ACCOUNTANTS' REPORT (Cont'd)**AGRICORE CS HOLDINGS BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****20. Tax expense (cont'd)**

The numerical reconciliation between the applicable tax rate, which is the statutory income tax rate, and the average effective tax rate on results for the year is as follows:-

	2020 %	2021 %	2022 %
Applicable tax rate	24.00	24.00	24.00
Non-deductible expenses	4.03	2.57	2.31
Non-taxable income	-	(0.36)	(0.12)
Effect of differential tax rates	(0.14)	-	-
Average effective tax rate	<u>27.89</u>	<u>26.21</u>	<u>26.19</u>

21. Earnings per share**Basic**

Basic earnings per share is calculated by dividing the Group's profit for the financial years by the weighted average number of ordinary shares in issue during the financial years as follows:-

	2020	2021	2022
Profit attributable to owner (RM'000)	<u>2,980</u>	<u>4,282</u>	<u>7,117</u>
Weighted average number of share in issue ('000)	<u>2,425</u>	<u>2,993</u>	<u>6,065</u>
Basic earnings per share (sen)	<u>123</u>	<u>143</u>	<u>117</u>

The diluted earnings per share equals the basic earnings per share as there were no dilutive potential ordinary shares during the financial years.

22. Dividends

	2020 RM'000	2021 RM'000	2022 RM'000
Based on 2,400,000 shares of ACS :-			
- First interim single tier dividend of RM0.11 per share in respect of the financial year ended 31 December 2020	264	-	-
Based on 2,450,000 shares in ACS :-			
- Second interim single tier dividend of RM0.30 per share in respect of the financial year ended 31 December 2020	735	-	-
- First interim single tier dividend of RM0.15 per share in respect of the financial year ended 31 December 2021	-	367	-
Based on 5,700,000 shares of ACS :-			
- Second interim single tier dividend of RM0.09 per share in respect of the financial year ended 31 December 2021	-	513	-
	<u>999</u>	<u>880</u>	<u>-</u>

13. ACCOUNTANTS' REPORT (Cont'd)**AGRICORE CS HOLDINGS BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****22. Dividends (cont'd)**

On 30 June 2023, ACS declared a dividend of RM1,423,000 in respect of financial year ended 31 December 2022.

The combined financial statements do not reflect this dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2023.

23. Notes to cash flows**Acquisition of right-of-use assets**

	2020 RM'000	2021 RM'000	2022 RM'000
Cost of right-of-use assets acquired	242	219	1,176
Acquisition by means of leases	(242)	(158)	(980)
Net cash disbursed	<u>-</u>	<u>61</u>	<u>196</u>

Term loans

	2020 RM'000	2021 RM'000	2022 RM'000
Balance at 1 January	4,644	5,539	6,135
Drawdowns	1,000	1,000	2,271
Repayments	(105)	(404)	(1,583)
Balance at 31 December (Note 11)	<u>5,539</u>	<u>6,135</u>	<u>6,823</u>

Short-term loans and borrowings

	2020 RM'000	2021 RM'000	2022 RM'000
Balance at 1 January	13,593	13,221	18,712
Net cash flow changes	(372)	5,491	(1,367)
Balance at 31 December	<u>13,221</u>	<u>18,712</u>	<u>17,345</u>

Lease liabilities

	2020 RM'000	2021 RM'000	2022 RM'000
Balance at 1 January	450	293	547
Acquisition of right-of-use assets	-	400	980
Remeasurement from reassessment	-	96	-
Payments	(157)	(242)	(419)
Balance at 31 December (Note 12)	<u>293</u>	<u>547</u>	<u>1,108</u>

13. ACCOUNTANTS' REPORT (Cont'd)**AGRICORE CS HOLDINGS BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****23. Notes to cash flows (cont'd)****Lease liabilities (cont'd)**

	2020 RM'000	2021 RM'000	2022 RM'000
Operating activities			
Lease expense recognised in profit or loss (Note 18)	73	91	194
Investing activities			
Acquisition of right-of-use assets	-	61	196
Financing activities			
Interest portion of lease liabilities (Note 18)	20	32	39
Principal portion of lease liabilities	157	242	419
	<u>250</u>	<u>426</u>	<u>848</u>

24. Related party disclosures

Transactions with related parties during the relevant period are as follows:-

	2020 RM'000	2021 RM'000	2022 RM'000
Key management personnel compensation:-			
- Short-term employee benefits	438	964	1,015
- Defined contribution plans	74	115	118
	512	1,079	1,133
Acquisition of property, plant and equipment from other related party*	-	-	49
Interest charged by director	-	11	-
Interest charged by subsidiary of shareholder	23	28	19
Receiving of services from other related parties*	902	1,013	1,146
Receiving of services from shareholder	184	-	-
Rental charged by other related party**	9	28	28
Rental charged to other related party*	7	6	3

* Being companies in which a director's close family members have substantial financial interests

** Being a director's close family member

25. Contractual commitments

	2020 RM'000	2021 RM'000	2022 RM'000
Acquisition of property, plant and equipment	<u>2,238</u>	<u>1,955</u>	<u>460</u>

13. ACCOUNTANTS' REPORT (Cont'd)**AGRICORE CS HOLDINGS BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****26. Segment reporting****Operating Segment**

Information about operating segment has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely the sourcing, distribution and production of food ingredient.

Geographical Information

The Group operates principally in Malaysia throughout the financial years and generates revenue from the following geographical locations of customers:-

	2020 RM'000	2021 RM'000	2022 RM'000
Malaysia	86,688	99,367	120,838
Overseas	2,307	1,465	1,847
	<u>88,995</u>	<u>100,832</u>	<u>122,685</u>

Major customers

There was 1 major customer that contributed 10% or more of the Group's total revenue and the total revenue generated from this major customer is as follows:-

	2020 RM'000	2021 RM'000	2022 RM'000
Customer A	<u>12,880</u>	<u>10,950</u>	<u>5,868</u>

27. Financial risk management

The activities of the Group expose it to certain financial risks, including credit risk, liquidity risk, currency risk and interest rate risk. The overall financial risk management objective of the Group is to ensure that adequate financial resources are available for business development whilst minimising the potential adverse impacts of financial risks on its financial position, performance and cash flows.

The aforementioned financial risk management objective and its related policies and processes explained below have remained unchanged from the previous financial year.

Credit risk

The Group's exposure to credit risk arises mainly from receivables and deposits placed with financial institutions. The maximum credit risk exposure of these financial assets is best represented by their respective carrying amounts in the statement of financial position.

The Group manages its credit risk exposure of receivables by assessing counterparties' financial standings on an ongoing basis, setting and monitoring counterparties' limits and credit terms. The quantitative information about such credit risk exposure is disclosed in Note 9. As the Group only deals with reputable financial institutions, the credit risk associated with deposits placed with them is low.

13. ACCOUNTANTS' REPORT (Cont'd)**AGRICORE CS HOLDINGS BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****27. Financial risk management (cont'd)****Liquidity risk**

The Group's exposure to liquidity risk relates to its ability to meet obligations associated with financial liabilities as and when they fall due. The remaining contractual maturities of financial liabilities are disclosed in their respective notes.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.

Currency risk

The Group's exposure to currency risk arises mainly from transactions entered into in currencies other than its functional currency, i.e. Ringgit Malaysia ("RM"). The major foreign currency transacted is US Dollar ("USD") and the gross carrying amounts of foreign currency denominated monetary items at the end of the reporting period are as follows:-

	Denominated in USD		
	2020 RM'000	2021 RM'000	2022 RM'000
Cash and cash equivalents	67	61	447
Payables	<u>(1,449)</u>	<u>(2,417)</u>	<u>(13,899)</u>
	<u>(1,382)</u>	<u>(2,356)</u>	<u>(13,452)</u>

The Group observes the movements in exchange rates and acts accordingly to minimise its exposure to currency risk. Where necessary, the Group enters into derivative contracts to hedge the exposure. The Group also maintains part of its cash and cash equivalents in foreign currency accounts to meet future obligations in foreign currencies.

Based on a symmetric basis which uses the foreign currency as a stable denominator, the following table demonstrates the sensitivity of profit or loss (and equity) to changes in exchange rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	2020 RM'000	2021 RM'000	2022 RM'000
Increase/(Decrease) in profit			
Appreciation of USD against RM by (%) (2020 : 3 ; 2021 : 1 ; 2022: 4)	(32)	(18)	(409)
Depreciation of USD against RM by (%) (2020 : 3 ; 2021 : 1 ; 2022: 4)	<u>32</u>	<u>18</u>	<u>409</u>

Interest rate risk

The Group's exposure to interest rate risk arises mainly from interest-bearing financial instruments, namely term deposits, loans and borrowings and lease liabilities.

13. ACCOUNTANTS' REPORT (Cont'd)**AGRICORE CS HOLDINGS BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****27. Financial risk management (cont'd)****Interest rate risk (cont'd)**

The Group observes the movements in interest rates and always strives to obtain the most favourable rates available for new financing or during repricing. It is also the Group's policy to maintain a mix of fixed and floating rate financial instruments as follows:-

	2020 RM'000	2021 RM'000	2022 RM'000
Fixed rate instruments			
Financial assets	3,656	3,838	3,960
Financial liabilities	15,070	21,663	19,549
Floating rate instruments			
Financial liabilities	<u>5,388</u>	<u>3,752</u>	<u>5,727</u>

As the Group does not account for its fixed rate financial instruments at fair value through profit or loss, any change in interest rates at the end of the reporting period would not affect its profit or loss (and equity). For floating rate financial instruments measured at amortised cost, the following table demonstrates the sensitivity of profit or loss (and equity) to changes in interest rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	2020 RM'000	2021 RM'000	2022 RM'000
Increase/(Decrease) in profit			
Increase in interest rates by (basis points) (2020 : 40 ; 2021 ; 0 ; 2022 : 40)	(16)	-	(17)
Decrease in interest rates by (basis points) (2020 : 40 ; 2021 ; 0 ; 2022 : 40)	<u>16</u>	<u>-</u>	<u>17</u>

28. Capital management

The overall capital management objective of the Group is to safeguard its ability to continue as a going concern so as to provide fair returns to owners and benefits to other stakeholders. In order to meet this objective, the Group always strives to maintain an optimal capital structure to reduce the cost of capital and sustain its business development.

The Group considers its total equity and total interest-bearing debts to be the key components of its capital structure and may, from time to time, adjust the dividend payouts, issue new shares, sell assets, raise or redeem debts, where necessary, to maintain an optimal capital structure. The Group monitors capital using a debt-to-equity ratio, which is calculated as total interest-bearing debts divided by total equity as follows:-

	2020 RM'000	2021 RM'000	2022 RM'000
Loans and borrowings	20,165	24,868	24,168
Lease liabilities	293	547	1,108
Total interest-bearing debts	<u>20,458</u>	<u>25,415</u>	<u>25,276</u>
Total equity	6,707	13,359	24,776
Total capital	<u>27,165</u>	<u>38,774</u>	<u>50,052</u>
Debt-to-equity ratio	<u>3.05</u>	<u>1.90</u>	<u>1.02</u>

13. ACCOUNTANTS' REPORT (Cont'd)

AGRICORE CS HOLDINGS BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

28. Capital management (cont'd)

The aforementioned capital management objective, policies and processes have remained unchanged from the previous financial year.

29. Significant Event After The Reporting Period

- (a) Prior to the listing, the Directors of ACS declared a single tier dividend of RM1,423,000 for the financial year ended 31 December 2022. The dividend was subsequently paid on 31 July 2023.
- (b) On 8 August 2023, Agricore CS Holdings entered into a conditional share sale agreement to acquire the entire issued share capital of ACS comprising 10,000,000 ordinary shares for a purchase consideration of RM23,357,895 via the issuance of 151,085,998 Agricore CS Holdings Shares.
- (c) The purchase consideration was arrived at on a willing-buyer willing-seller basis, after taking into consideration the audited NA position of ACS as at 31 December 2022 and the declaration of a single tier interim dividend of RM1,423,000 in respect of financial year ended 31 December 2022. The Acquisition of ACS was completed on [•] and ACS became a wholly-owned subsidiary of the Company.

13. ACCOUNTANTS' REPORT (Cont'd)

AGRICORE CS HOLDINGS BERHAD

STATEMENT BY DIRECTORS

In the opinion of the directors, the combined financial statements set out on pages 4 to 36 give a true and fair view of the financial position of the Group as at 31 December 2020, 31 December 2021, 31 December 2022 and of their financial performance and cash flows for the financial years then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Prospectus Guidelines issued by the Securities Commission Malaysia.



Datuk Keh Chuan Seng



Oon Boon Khong

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION



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20 SEP 2023

The Board of Directors
Agricore CS Holdings Berhad
57-G, Persiaran Bayan Indah,
Bayan Bay, Sungai Nibong
11900, Bayan Lepas
Penang, Malaysia

Dear Sirs,

**AGRICORE CS HOLDINGS BERHAD (“AGRICORE CS HOLDINGS” or the “COMPANY”)
REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL
POSITION AT 31 DECEMBER 2022**

We have completed our assurance engagement to report on the compilation of pro forma financial position of Agricore CS Holdings and its subsidiaries (collectively known as the “Group”) as at 31 December 2022 (“Pro Forma Combined Statements of Financial Position”) and the related notes (which we have stamped for the purpose of identification). The Pro Forma Combined Statements of Financial Position and related notes have been compiled by the Board of Directors of the Company for inclusion in the prospectus of the Company in connection with the listing of and quotation for the entire issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad.

The applicable criteria on the basis which the Board of Directors of the Company has compiled the Pro Forma Combined Statements of Financial Position are described in the notes thereon to the Pro Forma Combined Statements of Financial Position and are specified in the Prospectus Guidelines issued by the Securities Commission Malaysia (“Prospectus Guidelines”).

The Pro Forma Combined Statement of Financial Position have been prepared by the Board of Directors to illustrate the impact of the events or transactions as set out in the notes thereto the Pro Forma Combined Statements of Financial Position as at 31 December 2022. As part of this process, information about the Group’s financial position has been extracted by the Board of Directors of the Company from the Group’s audited Statements of Financial Position as at 31 December 2022.

THE BOARD OF DIRECTORS’ RESPONSIBILITIES

The Board of Directors of the Company is responsible for compiling Pro Forma Combined Statements of Financial Position on the basis of the basis as described in the notes thereon to the Pro Forma Combined Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)**REPORTING ACCOUNTANTS' INDEPENDENCE AND QUALITY CONTROL**

We have complied with the independence and other ethical requirement of the By-Laws (on Code of Ethics for Professional Accountants) of the Malaysian Institute of Accountants and International Code of Ethics for Professional Accountants issued by International Ethics Standard Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The Firm applies International Standard on Quality Control 1 (ISQC 1), Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the Pro Forma Combined Statements of Financial Position have been compiled, in all material respects, by the Board of Directors of the Company on the basis as described in notes thereon of the Pro Forma Combined Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

We conducted our engagement in accordance with the International Standard on Assurance Engagement (ISAE) 3420, Assurance Engagement to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Board of Directors of the Company has compiled, in all material respects, the Pro Forma Combined Statements of Financial Position on the basis as described in the notes thereon of the Pro Forma Combined Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

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

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

A reasonable assurance engagement to report on whether the Pro Forma Combined Statements of Financial Position have 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 Board of Directors of the Company in the compilation of the Pro Forma Combined Statements of 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 Combined Statements of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)



REPORTING ACCOUNTANTS' RESPONSIBILITIES (CONT'D)

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 Combined Statements of Financial Position have been compiled, and other relevant engagement circumstances.

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

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

OPINION

In our opinion, the Pro Forma Combined Statements of Financial Position of the Group has been compiled, in all material respects, on the basis as described in notes thereon of the Pro Forma Combined Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

OTHER MATTER

Our report on the Pro Forma Combined Statements of Financial Position have been prepared for inclusion in the Prospectus. As such, this report should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

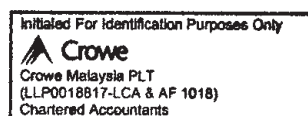
Yours faithfully

A stylized signature in black ink that reads "Crowe".

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants
Penang

A handwritten signature in black ink that reads "Eddy Chan Wai Hun".

Eddy Chan Wai Hun
02182/10/2023 J
Chartered Accountant

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)**AGRICORE CS HOLDINGS BERHAD****APPENDIX A****1. Abbreviation**

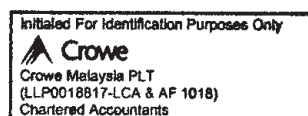
Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report:-

Acquisition of ACS	:	Acquisition by Agricore CS Holdings of the entire issued share capital of ACS comprising 10,000,000 ACS Shares from the Vendors for a total consideration of RM23,357,895 which was fully satisfied by the issuance of 151,085,998 new Agricore CS Holdings Shares at an issue price of RM0.1546 per share
Bursa Securities	:	Bursa Malaysia Securities Berhad (200301033577 (635998-W))
Agricore CS Holdings or Company	:	Agricore CS Holdings Berhad (202301018008 (1511930-P))
ACS	:	Agricore CS Sdn Bhd (200901002764 (845691-H))
Bapas	:	Bapas Food Products Sdn Bhd (201401048709 (1124898-K))
Agricore CS Group or Group	:	Collectively, Agricore CS Holdings and its subsidiaries
Agricore CS Share(s)	:	Ordinary share(s) in Agricore CS Holdings
ACS Share(s)	:	Ordinary share(s) in ACS
IPO	:	Initial public offering comprising the Public Issue
IPO Price	:	The issue price of RM[•] per share pursuant to the IPO
Issue Shares	:	51,714,000 new Agricore CS Holdings Shares to be issued at the IPO price pursuant to the Public Issue
Listing	:	Admission to the Official List of Bursa Securities and the listing of and quotation for the entire enlarged issued share capital of 202,800,000 Agricore CS Holdings Shares on the ACE Market of Bursa Securities
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities, as amended or expanded from time to time
Listing Scheme	:	Comprising the Acquisition of ACS, IPO and Listing, collectively
NA	:	Net assets

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)

APPENDIX A

AGRICORE CS HOLDINGS BERHAD



1. Abbreviation (cont'd)

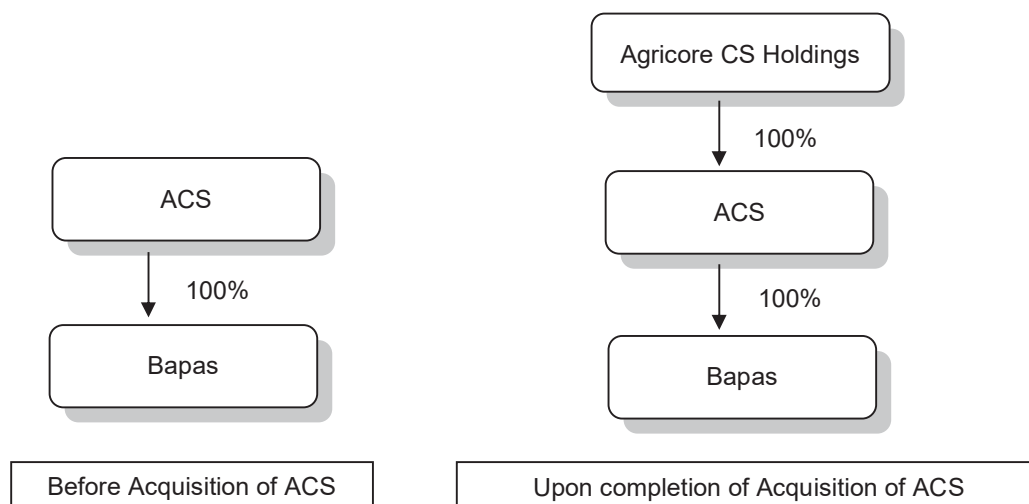
Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report (cont'd):-

- Prospectus : This Prospectus in relation to the IPO
- Public Issue : Public issue of 51,714,000 Agricore CS Holdings Shares, representing 25.50% of the Company's enlarged share capital, at the IPO Price
- Purchase Consideration : Purchase consideration of RM23,357,895 for the Acquisition of ACS
- SSA : Conditional share sale agreement dated 8 August 2023 entered into between Agricore CS Holdings and the Vendors for the Acquisition of ACS
- Vendors : Collectively, Frazel Group Sdn Bhd, Datuk Keh Chuan Seng, Datin Cheong Kai Meng, Oon Boon Khong, Lim Swee Chuan and Aromi Sdn Bhd pursuant to the Acquisition of ACS
- RM and sen : Ringgit Malaysia and sen, respectively

2. Group structure and basis of preparation

2.1 Group structure

The group structure of Agricore CS Holdings is as follows:-

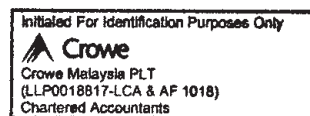


14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)

APPENDIX A

AGRICORE CS HOLDINGS BERHAD

2. Group structure and basis of preparation (cont'd)



2.1 Group structure (cont'd)

The financial positions of Agricore CS Holdings and its subsidiaries are combined using the merger method as the companies are under common control by same parties, both before and after the Acquisition of ACS, and control is not transitory. When the merger method is used, the difference between the cost of investment recorded by Agricore CS Holdings (i.e. the consideration for the Acquisition of ACS) and the share capital of ACS is accounted for as re-organisation reserve in the Pro Forma Combined Statements of Financial Position, as follow:-

	RM'000
New share issued by the Company as consideration for the Acquisition of ACS	23,358
Less: Reversal of issued share capital of ACS as at 31 December 2022	<u>(10,000)</u>
Re-organisation reserve	<u>13,358</u>

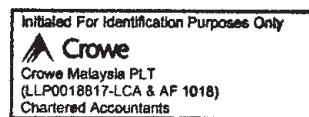
2.2 Applicable Criteria

- (a) The Pro Forma Consolidated Statements of Financial Position have been prepared solely to illustrate the effect in the financial positions of the Group as at 31 December 2022 had the transactions as set out in Note 3.1 herein been undertaken on 31 December 2022.
- (b) The audited combined statement of financial position used in compilation of Pro Forma Consolidated Statements of Financial Position of Agricore CS Holdings have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs") and are not subject to any qualification, modification or disclaimer opinion.
- (c) The Pro Forma Consolidated Statements of Financial Position of Agricore CS Holdings have been compiled in a manner consistent with both the format of the financial statements and accounting policies of the Group.
- (d) Material and appropriate adjustments have been made in the preparation of Pro Forma Consolidated Statements of Financial Position of Agricore CS Holdings.

2.3 Distribution of Dividends

Prior to the listing, the Directors of ACS declared a single tier dividend of RM1,423,000 for the financial year ended 31 December 2022. The dividend was subsequently paid on 31 July 2023.

The payment of interim dividend is illustrated in the Pro Forma Consolidated Statements of Financial Position to show the effect of such dividend payment had it occurred on 31 December 2022.

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)**APPENDIX A****AGRICORE CS HOLDINGS BERHAD****2. Group structure and basis of preparation (cont'd)****2.4 Listing Scheme**

As part of the Listing, Agricore CS Holdings shall undertake the following:-

(i) Acquisition of ACS

On 8 August 2023, Agricore CS Holdings entered into a conditional share sale agreement to acquire the entire issued share capital of ACS comprising 10,000,000 ACS Shares from the Vendors for a purchase consideration of RM23,357,895 via the issuance of 151,085,998 Agricore CS Holdings Shares.

The purchase consideration was arrived at on a willing-buyer willing-seller basis, after taking into consideration the audited NA position of ACS as at 31 December 2022 and the declaration of a single tier interim dividend of RM1,423,000 in respect of financial year ended 31 December 2022. The Acquisition of ACS was completed on [•] and Agricore CS Holdings became a wholly-owned subsidiary of the Company.

(ii) IPO

Public issue of 51,714,000 Issue Shares, representing 25.50% of the enlarged share capital of Agricore CS Holdings, at the IPO Price, to be allocated in the following manner:-

- (a) 10,140,000 Issue Shares, representing 5.00% of the enlarged share capital, are made available for application by the Malaysian Public;
- (b) 10,140,000 Issue Shares, representing 5.00% of the enlarged share capital, are made available for application by the eligible Directors, employees and persons who have contributed to the success of Agricore CS Holdings Group;
- (c) 25,350,000 Issue Shares, representing 12.50% of the enlarged share capital, are made available for application by way of private placement to Bumiputera investors approved by the Ministry of Investment, Trade and Industry; and
- (d) 6,084,000 Issue Shares, representing 3.00% of the enlarged share capital, are made available for application by way of private placement to selected investors.

Upon completion of the Public Issue, the share capital of Agricore CS Holdings shall increase from RM23,357,897 comprising 151,086,000 shares to approximately RM[•] comprising 202,800,000 shares in Agricore CS Holdings.

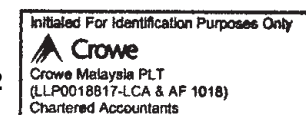
(iii) Listing on Bursa Securities

The admission of Agricore CS Holdings to the Official List of Bursa Securities, and the entire enlarged issued share capital of RM[•] comprising 202,800,000 Agricore CS Holdings Shares shall be listed on the ACE Market of Bursa Securities upon completion of the IPO.

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)

APPENDIX A

AGRICORE CS HOLDINGS BERHAD



3. Pro Forma Combined Statements of Financial Position of Agricore CS Holdings as at 31 December 2022

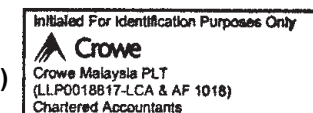
	Note	Date of incorporation RM'000	Acquisition of ACS RM'000	Significant Subsequent Transaction RM'000	Pro Forma I After Acquisition of ACS RM'000	Public Issue RM'000	Pro forma II After Pro Forma I and Public Issue RM'000	Utilisation of Proceeds RM'000	Pro forma III After Pro Forma II and Utilisation of Proceeds RM'000
Non-current assets									
Property, plant and equipment		-	11,899	-	11,899	-	11,899	-	11,899
Right-of-use assets		-	3,292	-	3,292	-	3,292	-	3,292
		-	15,191	-	15,191	-	15,191	-	15,191
Current assets									
Inventories		-	26,047	-	26,047	-	26,047	-	26,047
Receivables		-	15,245	-	15,245	-	15,245	-	15,245
Prepayments		-	312	-	312	-	312	-	312
Cash and cash equivalents	3.2	^	12,068	(1,423)	10,645	[•]	[•]	[•]	[•]
		^	53,672	(1,423)	52,249	[•]	[•]	[•]	[•]
Current liabilities									
Payables		-	17,547	-	17,547	-	17,547	-	17,547
Loans and borrowings		-	18,076	-	18,076	-	18,076	-	18,076
Lease liabilities		-	338	-	338	-	338	-	338
Contract liabilities		-	28	-	28	-	28	-	28
Current tax liabilities		-	798	-	798	-	798	-	798
		-	36,787	-	36,787	-	36,787	-	36,787
Net current assets		^	16,885	(1,423)	15,462	[•]	[•]	[•]	[•]
Non-current liabilities									
Loans and borrowings		-	6,092	-	6,092	-	6,092	-	6,092
Lease liabilities		-	770	-	770	-	770	-	770
Deferred tax liabilities		-	438	-	438	-	438	-	438
		-	7,300	-	7,300	-	7,300	-	7,300
Net assets		^	24,776	(1,423)	23,353	[•]	[•]	[•]	[•]

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)

APPENDIX A

AGRICORE CS HOLDINGS BERHAD

3. Pro Forma Combined Statements of Financial Position of Agricore CS Holdings as at 31 December 2022 (cont'd)



	Note	Date of incorporation RM'000	Acquisition of ACS RM'000	Significant Subsequent Transaction RM'000	Pro Forma I After Acquisition of ACS RM'000	Public Issue RM'000	Pro forma II After Pro Forma I and Public Issue RM'000	Utilisation of Proceeds RM'000	Pro forma III After Pro Forma II and Utilisation of Proceeds RM'000
Equity									
Share capital / Invested capital	3.3	^	23,358	-	23,358	[•]	[•]	[•]	[•]
Reorganisation reserve	3.4	-	(13,358)	-	(13,358)	-	(13,358)	-	(13,358)
Retained profits	3.5	-	14,776	(1,423)	13,353	-	13,353	[•]	[•]
Total equity		^	24,776	(1,423)	23,353	[•]	[•]	[•]	[•]
Number of ordinary shares ('000)		#	151,086		151,086		202,800		202,800
NA (RM'000)		^	24,776		23,353		[•]		[•]
NA (sen)		100	16		15		[•]		[•]
Gearing ratio (times)		-	1.0		1.1		[•]		[•]

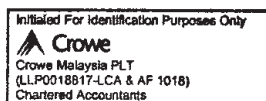
Notes:

* There were no audited financial statements prepared for the year ended 31 December 2022 as ACH was only incorporated on 16 May 2023.

^ Represent RM2

Represent 2 ordinary shares

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)



APPENDIX A

AGRICORE CS HOLDINGS BERHAD

3. Pro Forma Combined Statements of Financial Position of Agricore CS Holdings as at 31 December 2022 (cont'd)

3.1 Notes to Pro Forma Combined Statements of Financial Position

The Pro Forma Combined Statements of Financial Position as at 31 December 2022 have been prepared solely for illustration purposes only to show the effects of the following transactions based on the assumptions that they had been undertaken on 31 December 2022:-

(a) Pro Forma I

Pro Forma I incorporates the effects after the Acquisition of ACS as set out in Section 2.4(i) and after taking into account the significant subsequent transactions as set out in Section 2.3.

(b) Pro Forma II

Pro Forma II incorporates the effects of Pro Forma I and effect of the Public Issue as set out in Section 2.4 (ii) above.

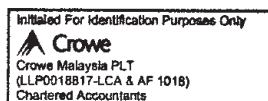
(c) Pro Forma III

Pro Forma III incorporates the effects of Pro Forma I, Pro Forma II and effect of the utilisation of the proceeds from the Public Issue. The proceeds from Public Issue are intended to be used as follows:-

	RM'000
Setup of regional storage facility ⁽¹⁾	[•]
Purchase of inventories ⁽¹⁾	[•]
Recruitment of staff ⁽¹⁾	[•]
Estimated listing expenses ⁽²⁾	[•]
	[•]

Notes:

- (1) These utilisation of proceeds are not adjusted in the Proforma III as they are not supported by any purchase order, sale and purchase agreement or any other contractual binding agreement, and hence, they remained in the cash and bank balances.
- (2) The estimated listing expenses to be borne by the Company is estimated to be RM[•] million comprising professional advisory fees, underwriting commission, brokerage fees and placement fees and miscellaneous expenses. A total of RM[•] million is assumed to be directly attributable to the issuance of new shares and therefore will be set off against share capital. The remaining expenses of RM[•] million are assumed to be attributable to the listing and therefore charged to the statements of profit or loss and other comprehensive income.

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)

APPENDIX A

AGRICORE CS HOLDINGS BERHAD**3. Pro Forma Combined Statements of Financial Position of Agricore CS Holdings as at 31 December 2022 (cont'd)****3.2 Cash and bank balances**

	RM'000
Date of Incorporation	^
Pursuant to Acquisition of ACS	12,068
Distribution of dividends (Note 2.3)	(1,423)
As per Pro Forma I	<u>10,645</u>
Pursuant to Public Issue	[•]
As per Pro Forma II	<u>[•]</u>
Pursuant to utilisation of proceeds from IPO:-	
- Share capital (Note 3.3)	[•]
- Retained profits (Note 3.5)	[•]
As per Pro Forma III	<u>[•]</u>

3.3 Share capital / Invested capital

	Number of Ordinary Shares ('000)	Amount of share capital RM'000
Date of Incorporation	#	^
Pursuant to Acquisition of ACS	151,086	23,358
As per Pro Forma I	151,086	23,358
Pursuant to Public Issue	51,714	[•]
As per Pro Forma II	202,800	[•]
Estimated listing expenses (Note 3.2)	-	[•]
As per Pro Forma III	<u>202,800</u>	<u>[•]</u>

Represent 2 ordinary shares

^ Represent RM2

3.4 Re-organisation reserve

	RM'000
Date of Incorporation	-
Pursuant to Acquisition of ACS	(13,358)
As per Pro Forma I to III	<u>(13,358)</u>

3.5 Retained profits

	RM'000
Date of Incorporation	-
Dividend payment	(1,423)
Pursuant to Acquisition of ACS	14,776
As per Pro Forma I to II	<u>13,353</u>
Estimated listing expenses (Note 3.2)	[•]
As per Pro Forma III	<u>[•]</u>

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)

AGRICORE CS HOLDINGS BERHAD

APPROVAL BY THE BOARD OF DIRECTORS



APPENDIX A

Approved and adopted by the Board of Directors in accordance with a resolution dated **20 SEP 2023**

On behalf of the Board of Directors,

A handwritten signature in black ink, appearing to be "Datuk Keh Chuan Seng".

Datuk Keh Chuan Seng

A handwritten signature in black ink, appearing to be "Oon Boon Khong".

Oon Boon Khong

15. STATUTORY AND OTHER INFORMATION

15.1 SHARE CAPITAL

- (a) As at the date of this Prospectus, we only have one class of shares, namely, ordinary shares, all of which rank equally with one another.
- (b) Save for the Pink Form Allocations as disclosed in Section 4.3.2:
- (i) no Director or employee of our Group has been or is entitled to be given or has exercised any option to subscribe for any share of our Company or our subsidiaries; and
- (ii) there is no scheme involving the employees of our Group in the shares of our Company or our subsidiaries.
- (c) Save for the subscriber Shares, new Shares issued for the Acquisition and to be issued for the Public Issue as disclosed in Sections 6.2 and 4.3.1 respectively, no shares of our Company have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the past 2 years immediately preceding the date of this Prospectus.
- (d) Other than our Public Issue as disclosed in Section 4.3.1, there is no intention on the part of our Directors to further issue any Shares on the basis of this Prospectus.
- (e) As at the date of this Prospectus, our Company does not have any outstanding convertible debt securities.

15.2 SHARE CAPITAL OF OUR SUBSIDIARIES

Details of our Company's share capital are as set out in Section 6.1. Details of the share capital of our subsidiaries are as set out below.

15.2.1 ACS

ACS's issued share capital as at LPD is RM10,000,000 comprising 10,000,000 ordinary shares. The movements in its issued share capital since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/ Type of issue	Cumulative share capital RM
3 February 2009	3 Ordinary	RM3 / Cash	3
24 April 2009	97 Ordinary	RM97 / Cash	100
25 May 2009	99,900 Ordinary	RM99,900 / Cash	100,000
26 May 2010	150,000 Ordinary	RM150,000 / Cash	250,000
29 December 2012	2,150,000 Ordinary	RM2,150,000 / Cash	2,400,000
9 July 2020	⁽¹⁾⁽³⁾ 30,000 Ordinary A	RM30,000 / Cash	2,430,000
9 July 2020	⁽²⁾⁽³⁾ 20,000 Ordinary B	RM20,000 / Cash	2,450,000
30 November 2021	3,250,000 Ordinary	RM3,250,000 / Cash	5,700,000
30 December 2022	4,300,000 Ordinary	RM4,300,000 / Cash	10,000,000

Notes:

- (1) The voting rights for Ordinary A shares of ACS is similar to the voting rights attached to a share, being 1 vote per share.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

- (2) The voting rights for Ordinary B shares of ACS was 25.5 votes per share. Thereafter, effective from 29 November 2021, the voting rights of Ordinary B shares of ACS were varied to 58 votes per share.
- (3) On 20 December 2022, the voting rights of Ordinary A shares and Ordinary B shares of ACS were varied to 1 vote per share whereupon the shares became a single class of ordinary shares.

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in ACS. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

15.2.2 Bapas

Bapas' issued share capital as at LPD is RM3,000,000 comprising 3,000,000 ordinary shares. The movements in its issued share capital since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/ Type of issue	Cumulative share capital RM
30 December 2014	3	RM3 / Cash	3
2 January 2015	97	RM97 / Cash	100
22 June 2015	199,900	RM199,900 / Cash	200,000
24 December 2020	300,000	RM300,000 / Cash	500,000
30 November 2021	1,900,000	RM1,900,000 / Cash	2,400,000
8 December 2022	600,000	RM600,000 / Otherwise than Cash	3,000,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Bapas. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

15.3 CONSTITUTION

The following provisions are extracted from our Constitution. Terms defined in our Constitution shall have the same meanings when used here unless they are otherwise defined here or the context otherwise requires.

15.3.1 Changes in share capital and variation of class rights

The provisions in our Constitution dealing with changes in share capital and variation of class rights, which are no less stringent than those required by law, are as follows:

Paragraph 9 to 11 – Alteration of Share Capital**Paragraph 9**

Subject always to Paragraph 4 of the Constitution[^], the Company shall have the power to increase or reduce the capital, to consolidate or subdivide the shares into shares of larger or smaller amounts and to issue all or any part of the original or any additional capital as fully paid or partly paid shares, and with any special or preferential rights or privileges, or subject to any special terms or conditions and either with or without any special designation, and also from time to time to alter, modify, commute, abrogate or deal with any such privileges, terms, conditions or designations in accordance with this Constitution and the Act.

[^] Paragraph 4 of the Constitution states that the liability of the Members is limited.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

Paragraph 10

The Company may from time to time by special resolution alter its share capital in any one or more of the following ways:

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) subdivide its share capital or any part thereof into shares of smaller amount than is fixed by this Constitution by subdivision of its existing shares or any of them, subject nevertheless to the provisions of the Act and so that as between the resulting shares, one (1) or more of such shares may, by the resolution by which such subdivision is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the others or any other of such shares;
- (c) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled; and
- (d) subject to the provisions of this Constitution and the Act, convert and/or re-classify any class of shares into any other class of shares.

Paragraph 11

The Company may by special resolution, reduce its share capital in any manner permitted or authorised under and in compliance with the Applicable Laws.

Paragraph 12 to 13 – Allotment of Shares

Paragraph 12

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, and subject to the Act, the Central Depositories Act and to the conditions, restrictions and limitations expressed in this Constitution and to the provisions of any resolution of the Company, the Directors may allot, grant options over or otherwise dispose of the unissued share capital of the Company to such persons, at such time and on such terms and conditions, with such preferred or deferred or other special rights as they think proper, PROVIDED ALWAYS THAT:

- (a) no shares shall be issued which shall have the effect of transferring a controlling interest in the Company without the prior approval of the Members in general meeting;
- (b) in the case of shares other than ordinary shares, no special rights shall be attached until the same have been expressed in this Constitution; and
- (c) every issue of shares or options to employees and/or Directors of the Company or its subsidiaries pursuant to a share issuance scheme shall be approved by the Members in general meeting; No director shall participate in a share issuance scheme unless the Members in general meeting have approved the specific allotment to be made to such Director.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

Paragraph 13

Subject to the approval of the shareholders of the Company, this Constitution, the provisions of the Act, the Listing Requirements, the Central Depositories Act and or any other relevant authority, the Company may upon the recommendation of the Directors remunerate any employees and/or Directors of the Company or its subsidiaries by establishing an employee share scheme. The terms and conditions of the employee share scheme shall be determined by the Board.

Paragraph 14 – Rights of preference shareholders

Subject to the Applicable Laws and any other requirements of the Securities Commission, any preference shares may with the sanction of an ordinary resolution be issued on the terms that they are or at the option of the Company are liable to be redeemed and if the Company at any time issues preference capital, it shall indicate at the same time whether it reserves the right to issue further preference capital ranking equally with, or in priority to, preference shares already issued.

Preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and audited financial statements and attending general meetings of the Company. PROVIDED always that preference shareholders shall not have the right to vote at any general meeting of the Company except on each of the following circumstances:

- (a) when the dividend or part of the dividend on the preference share is in arrears for more than six (6) months;
- (b) on a proposal to reduce the company's share capital;
- (c) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
- (d) on a proposal that affects rights attached to the preference shares;
- (e) on a proposal to wind up the Company; and
- (f) during the winding up of the Company.

Paragraph 16 – Share buy-back

Subject to and in accordance with the Act and the Rules and requirements of the Bursa Securities, the Bursa Depository, the Securities Commission and any other relevant authorities, the Company shall have the power to purchase its own shares. Any ordinary shares in the Company so purchased by the Company shall be dealt with as provided by the Act and the Listing Requirements and or requirements of any other relevant authority.

Paragraph 18 – Shares issued for the purpose of raising money for the construction of works or building

Where any shares are issued for the purpose of raising money to defray the expenses of construction of any works or buildings or the provision of any plant which cannot be made profitable for a long period, the Company may pay interest or returns on the amount of such share capital as is for the time being paid up for the period and subject to the conditions and restrictions mentioned in Section 130 of the Act and may charge the same to capital as part of the cost of construction of the works or buildings or the provision of the plant.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

Paragraph 19 to 21 – Variation of rights on shares

Paragraph 19

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of 75% of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting the provisions of this Constitution relating to meetings of Members shall mutatis mutandis apply so that the necessary quorum shall be 2 persons at least holding or representing by proxy at least one-tenth (1/10) of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution the provisions of Section 292 of the Act shall apply with such adaptations as are necessary.

Paragraph 20

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards to participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.

Paragraph 21

The Company may exercise the powers of paying commissions conferred by the Act, provided that the rate or the per centum of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act and the commission shall not exceed the rate of 10% of the price at which the shares in respect whereof the commission is paid are issued or an amount equivalent thereto. Such commission may be satisfied by the payment of cash or the allotment of fully paid up shares or partly paid up shares or by a combination of any of the aforesaid methods of payment. The Company may, on any issue of shares, also pay such brokerage as may be lawful.

15.3.2 Borrowing and voting powers of the directors

The provisions in our Constitution dealing with voting and borrowing powers of our Directors including voting powers in relation to proposals, arrangements or contracts in which they are interested in are as follows:

Paragraph 115

- (a) The Board may exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings, property and uncalled capital, or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or of any related third party. Provided Always that nothing contained in this Constitution shall authorise the Board to borrow any money or mortgage or charge any of the Company's undertaking, property or any uncalled capital or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.
- (b) The Directors shall cause a proper register to be kept in accordance with Section 362 of the Act of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of Section 352 of the Act in regard to the registration of mortgages and charges therein specified and otherwise.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

- (c) If the Directors or any of them, or any other person, shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.

Paragraph 130(2)

A meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the powers, authorities and discretion by or under this Constitution vested in or exercisable by the Directors generally. Subject to this Constitution, questions arising at any meeting of the Directors shall be decided by a majority of votes. In the case of an equality of votes, the Chairman meeting shall have a second or casting vote except in situation where two (2) Directors form a quorum, the Chairman at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question at issue, shall not have a casting vote.

Paragraph 131

Every Director shall declare his interest in the Company and his interest in any contract or proposed contract with the Company as may be required by law. Subject to Section 222 of the Act, a Director shall not participate in any discussion or vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly an interest and if he shall do so his vote shall not be counted. A Director shall, notwithstanding his interest, be counted in the quorum for any meeting where a decision is to be taken upon any contract or proposed contract or arrangement in which he is in any way interested.

Paragraph 132

A Director, notwithstanding his interest may, provided that none of the other Directors present disagree, be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any office or place of profit under the Company or whereat the Board resolves to exercise any of the rights of the Company, (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company or whereat the terms of any such appointment as hereinafter mentioned are considered or where any decision is taken upon any contract or arrangement in which he is in any way interested provided always that he has complied with Section 221 and all other relevant provisions of the Act and of this Constitution.

Paragraph 133

A Director may vote in respect of:

- (a) any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or
- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

Paragraph 134

A Director may be or become director or other officer of or otherwise interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise, or any corporation, which is directly or indirectly interested in the Company as shareholder or otherwise, and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a Director or officer of, or from his interest in, such corporation, unless the Company otherwise directs at the time of his appointment. The Director may exercise the voting power conferred by the shares or other interest in any such other corporation held or owned by the Company, or exercisable by them as Directors of such other corporation in such manner and in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them Directors or other officers of such corporation) and any Director may vote in favour of the exercise of such voting rights in manner aforesaid, notwithstanding that he may be, or is about to be appointed a Director or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in manner aforesaid provided always that he has complied with Section 221 and all other relevant provisions of the Act and of this Constitution.

15.3.3 Remuneration of directors

The provisions in our Constitution dealing with remuneration of Directors are as follows:

Paragraph 108

Subject to Sections 230 of the Act, the fees of the Directors, and any benefits payable to the Directors including any compensation for loss of employment of a Director shall from time to time be determined and approved annually by an ordinary resolution of the Company in general meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree PROVIDED ALWAYS that:-

- (a) fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;
- (b) salaries payable to executive Directors may not include a commission on or percentage of turnover but may include a commission on or percentage of profits;
- (c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting; and
- (d) any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Paragraph 110

- (a) The Directors shall be entitled to be reimbursed for all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

- (b) If by arrangement with the Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a Member of a committee of Directors, the Directors may pay him special remuneration, in addition to his Director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged.

Paragraph 141

The remuneration of the Chief Executive / Managing Director and the Deputy Managing Director may subject to the terms of any agreement entered into in any particular case, be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but such remuneration shall not include a commission on or percentage of turnover but it may be a term of their appointment that they may receive pension, gratuity or other benefits upon their retirement.

15.3.4 Transfer of Shares

The provisions in our Constitution dealing with transfer of Shares are as follows:

Paragraph 47 – 51 Transfer of shares

Paragraph 47

The transfer of any listed security or class of any listed security of the Company, shall be by way of book entry by Bursa Depository in accordance with the Rules and, notwithstanding Sections 105, 106 and 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed securities.

Paragraph 48

- (a) Subject to the Central Depositories Act and the Rules, the Board may in its absolute discretion and without assigning any reason thereof authorise its registrar to cause the Bursa Depository to decline to register any transfer of share upon which the Company has a lien or which are not fully paid-up.
- (b) Subject to the Central Depositories Act and the Rules, the Board may also authorise its registrar to cause the Bursa Depository to decline to register any transfer unless such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer is deposited at such place as the Directors may appoint.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

Paragraph 49

The Register may be closed at such time and for such period as the Company may from time to time determine PROVIDED ALWAYS that they shall not be closed for more than thirty (30) days in any calendar year. Any notice of intention to fix a books closing date and the reason therefor shall be given to the Bursa Securities, such notice shall state the books closing date, which shall be at least ten (10) Market Days (or such other period as may be prescribed by the Bursa Securities) after the date of notification to the Bursa Securities, and the address of the share registrar at which documents will be accepted for registration. In relation to such closure, the Company shall give written notice, in accordance with the Rules to issue the appropriate Record of Depositors.

Paragraph 50

- (a) No shares shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.
- (b) Nothing in this Constitution shall preclude the Board from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.

Paragraph 51

- (a) There shall be paid to the Company in respect of the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title of any shares, such fee as may be permitted by the relevant law and as the Board may from time to time require or prescribe.
- (b) All transfer of securities deposited with a Bursa Depository, including but not limited to he Deposited Security, shall be in compliance with the relevant laws and Rules.

15.4 GENERAL INFORMATION

- (a) Save for the dividends paid to our shareholders in FYE 2020, FYE 2021 and up to LPD, and Directors' remuneration as disclosed in Sections 5.1.5 and 5.2.4 respectively, no other amount or benefit has been paid or given within the past 2 years immediately preceding the date of this Prospectus, nor is it intended to be paid or given, to any of our Promoters, Directors or substantial shareholders.
- (b) None of our Promoters, Directors, substantial shareholders have any interest, direct or indirect, in any contract or arrangement subsisting at the date of this Prospectus and which is significant in relation to the business of our Group.
- (c) The manner in which copies of this Prospectus together with the official application forms and envelopes may be obtained and the details of the summarised procedures for application of our Shares are set out in Section 16.
- (d) There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

15.5 CONSENTS

- (a) The written consents of our Adviser, Sponsor, Underwriter, Placement Agent, Solicitors, Share Registrar, Company Secretaries and Issuing House to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn;
- (b) The written consents of our Auditors and Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report and report relating to the pro forma combined financial information in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn; and
- (c) The written consent of our IMR to the inclusion in this Prospectus of its name and the IMR Report, in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not been subsequently withdrawn.

15.6 DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company during normal business hours for a period of 6 months from the date of this Prospectus:

- (a) Constitution;
- (b) Audited financial statements of ACS and Bapas for FYE 2020 to 2022;
- (c) Accountants' Report as set out in Section 13;
- (d) Reporting Accountants' Report relating to our pro forma combined financial information as set out in Section 14;
- (e) IMR Report as set out in Section 8;
- (f) Material contracts as set out in Section 6.5; and
- (g) Letters of consent as set out in Section 15.5.

15.7 RESPONSIBILITY STATEMENTS

Our Directors and Promoters have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

M&A Securities acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

16.1 OPENING AND CLOSING OF APPLICATION PERIOD

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., [dd/mm/yyyy]

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., [dd/mm/yyyy]

In the event of any changes to the date or time for closing, we will advertise the notice of changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia, and make an announcement on Bursa Securities' website.

Late Applications will not be accepted.

16.2 METHODS OF APPLICATIONS

16.2.1 Retail Offering

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

<u>Types of Application and category of investors</u>	<u>Application Method</u>
Applications by Eligible Persons	Pink Application Form only
Applications by the Malaysian Public:	
(a) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(b) Non-Individuals	White Application Form only

16.2.2 Placement

<u>Types of Application</u>	<u>Application Method</u>
Applications by selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions
Applications by Bumiputera investors approved by MITI	MITI will contact the Bumiputera investors directly. They should follow MITI's instructions

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Selected investors and Bumiputera investors approved by MITI may still apply for our IPO Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

16.3 ELIGIBILITY

16.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities. **The CDS account must be in your own name. Invalid, nominee or third party CDS accounts will not be accepted for the Application.**

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

16.3.2 Application by Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

- (a) You must be one of the following:
 - (i) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or
 - (ii) a corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
 - (iii) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.
- (b) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and
- (c) You must submit Applications by using only one of the following methods:
 - (i) White Application Form; or
 - (ii) Electronic Share Application; or
 - (iii) Internet Share Application.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

16.3.3 Application by Eligible Persons

The Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocation as well as detailed procedures on how to subscribe to the allocated IPO shares. Applicants must follow the notes and instructions in the said document and where relevant, in this Prospectus.

16.4 APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM[•] for each IPO Share.

Payment must be made out in favour of "**TIIH SHARE ISSUE ACCOUNT NO. [•]**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

- (a) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd
(Registration No. 197101000970 (11324-H))
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

- (b) **DELIVER BY HAND AND DEPOSIT** in the drop-in boxes provided at Tricor Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur,

so as to arrive not later than 5.00 p.m. on [•] or by such other time and date specified in any change to the date or time for closing.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

16.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

16.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CGS-CIMB Securities Sdn Bhd, Malayan Banking Berhad and Public Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

16.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board reserves the right to:

- (a) reject Applications which:
 - (i) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
 - (ii) are illegible, incomplete or inaccurate; or
 - (iii) are accompanied by an improperly drawn up or improper form of remittance; or
- (b) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (c) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 16.9 below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

16.8 OVER / UNDER SUBSCRIPTION

In the event of over-subscription, the Issuing House, will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our Issue Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of shares and the balloting results in connection therewith will be furnished by the issuing house to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on the issuing house's website at <https://tiih.online> within 1 market day after the balloting date.

Under the Listing Requirements, at least 25.0% of our enlarged share capital for which listing is sought must be in the hands of a minimum of 200 public shareholders, each holding not less than 100 Shares upon our admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing. If we fail to meet the said requirement, we may not be allowed to proceed with our Listing. In such an event, we will return in full, without interest, all monies paid in respect of all Applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

In the event of an under-subscription of our Issue Shares by the Malaysian Public and/or Eligible Persons, subject to the underwriting arrangements and reallocation as set out in Section 4.3.3 of our Prospectus, any of the abovementioned Issue Shares not applied for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement.

16.9 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application Monies (without interest) will be refunded to you in the following manner.

16.9.1 For applications by way of Application Forms

- (a) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.
- (b) If your Application is rejected because you did not provide a CDS Account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.
- (c) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (a) and (b) above (as the case may be).

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (d) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (b) above (as the case may be).

16.9.2 For applications by way of Electronic Share Application and Internet Share Application

- (a) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from the Issuing House.
- (b) You may check your account on the 5th Market Day from the balloting date.
- (c) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

16.10 SUCCESSFUL APPLICANTS

If you are successful in your application:

- (a) Our IPO Shares allotted to you will be credited into your CDS Account.
- (b) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.
- (c) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued / offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.
- (d) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS Accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

16.11 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services at telephone no. 03-2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House website at <https://tiih.online>, **one Market Day** after the balloting date.

You may also check the status of your Application at the above website, **5 Market Days** after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities.

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