

8. IMR REPORT

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SMITH ZANDER

Date: 24 March 2025

The Board of Directors

Hock Soon Capital Berhad
Batu 4, Jalan Sungkai
35500 Bidor
Perak

Dear Sirs/ Madams,

Independent Market Research (“IMR”) Report on the Layer Poultry 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 Hock Soon Capital Berhad on the Main Market of Bursa Malaysia Securities Berhad.

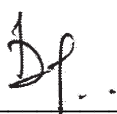
The objective of this IMR Report is to provide an independent view of the industry and market(s) in which Hock Soon Capital Berhad and its subsidiaries (“**Hock Soon Group**”) operates and to offer a clear understanding of the industry and market dynamics. As Hock Soon Group is involved in poultry farming to rear layer chickens for the production of table eggs, the scope of work for this IMR Report will thus address the following areas:

- (i) The layer poultry industry in Malaysia, which is the industry in which Hock Soon Group operates;
- (ii) Key demand drivers, risks and challenges; and
- (iii) Competitive landscape.

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 and industry experts. 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, amongst 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 as mentioned in this report.

For and on behalf of SMITH ZANDER:



DENNIS TAN TZE WEN
MANAGING PARTNER

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The research for this IMR Report was completed on 21 March 2025.

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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 27 years of experience in market research and strategy consulting, including over 22 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.

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1 THE LAYER POULTRY INDUSTRY IN MALAYSIA**1.1 Introduction**

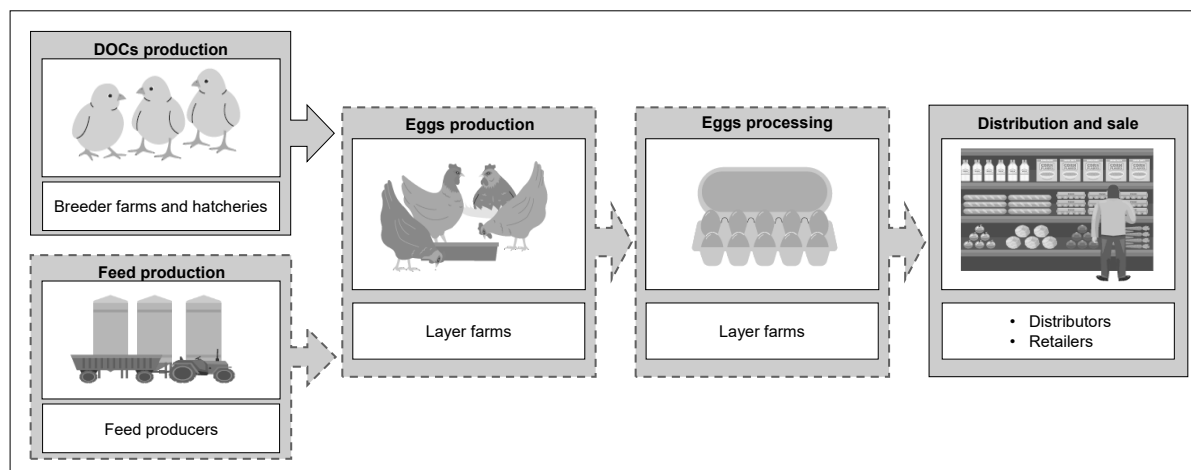
The poultry industry refers to the breeding and rearing of birds, including chickens, ducks, turkeys and geese, amongst others, for commercial meat, eggs and/or feather production. The poultry industry in Malaysia mainly consists of farming of chickens and ducks, and is primarily based on farming of chickens due to the wide acceptance of chicken meat and eggs amongst the Malaysian population. In 2023, the production of chicken meat and eggs attributed to over 90.00% of the total poultry meat and eggs production in Malaysia.¹

The poultry industry in Malaysia is mainly categorised into the following:

- Breeder poultry farming: Rearing of grandparent and/or parent stocks chickens for the purpose of systematic breeding to produce day-old-chicks (“**DOCs**”) for supply to broiler and layer farms.
- Broiler poultry farming: Rearing of broiler chickens for the commercial production of meat.
- Layer poultry farming: Rearing of layer chickens for the commercial production of eggs.

As Hock Soon Group is principally involved in layer poultry farming, whereby they rear layer chickens for the production of table eggs, this IMR Report will focus on the layer poultry farming segment of the poultry industry in Malaysia.

The value chain of the layer poultry industry, in which Hock Soon Group is involved in, is as follows:



Note:

- denotes the segments of the layer poultry industry value chain in which Hock Soon Group is involved in.

Source: SMITH ZANDER

The value chain of the layer poultry industry consists of the following stages:

- DOCs production and feed production** – DOCs production is carried out by breeder farms and hatcheries. Breeder farms are farms where parent stock layer chickens are bred to produce offsprings (i.e. eggs), which will then be hatched in hatcheries into layers DOCs. Feed production is generally carried out by poultry feed producers. Some breeder poultry farms and hatcheries, or layer poultry farms may have in-house feed production to produce poultry feed for their own consumption or for onward supply to other poultry farms. This vertical integration strategy is adopted by many poultry farmers for cost control and consistent supply of poultry feed.

¹ Sources: Department of Veterinary Services (“DVS”), Ministry of Agriculture and Food Security (“KPKM”)

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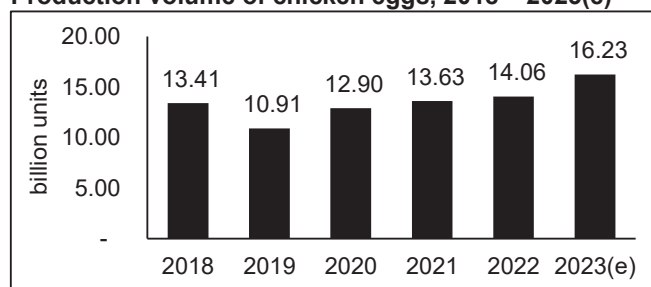
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- ii. **Egg production** – Layers DOCs are then supplied to layer poultry farms where they are reared for commercial egg production.
- iii. **Egg processing** – Eggs laid by the layer chickens are collected for processing, including, amongst others, sorting, grading, packaging, and/or pasteurising to become table eggs or other egg products such as liquid egg and powdered egg.
- iv. **Distribution and sale** – The table eggs and egg products are then supplied by layer poultry farmers to distributors and retailers for onward sale to end consumers such as retail end-users for at-home consumption, food service operators for food preparation and food manufacturers for commercial food production.

1.2 Industry size, performance and growth

As Hock Soon Group is involved in poultry farming to rear layer chickens for production of table eggs, the production volume, production value as well as per capita consumption of chicken eggs in Malaysia are presented below.

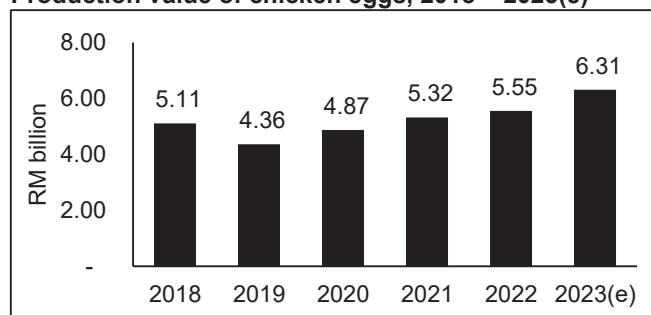
The production volume of chicken eggs in Malaysia decreased by 18.64% from 13.41 billion units in 2018 to 10.91 billion units in 2019 due to the outbreak of avian influenza. Egg production then recovered and grew from 12.90 billion units in 2020 to an estimated 16.23 billion units in 2023, recording a compound annual growth rate (“CAGR”) of 7.96%. Production volume of chicken eggs recorded growth amidst the COVID-19 pandemic despite negative economic impact during the period.

Production volume of chicken eggs, 2018 – 2023(e)

Note: (e) – estimate.

Sources: KPKM, SMITH ZANDER

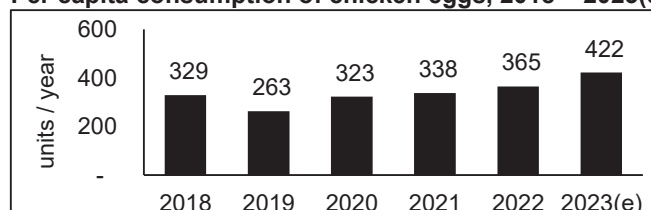
The production value of the layer poultry industry in Malaysia is measured by the total ex-farm value of chicken eggs, which refers to the value of chicken eggs at the point of sale from layer poultry farms, excluding transportation and/or distribution costs. Demonstrating similar trend to production volume, the production value of chicken eggs in Malaysia registered a decline of 14.68% from RM5.11 billion in 2018 to RM4.36 billion in 2019, and subsequently grew by a CAGR of 9.02% from RM4.87 billion in 2020 to an estimated RM6.31 billion in 2023.

Production value of chicken eggs, 2018 – 2023(e)

Note: (e) – estimate.

Sources: KPKM, SMITH ZANDER

Similarly, per capita consumption of chicken eggs in Malaysia declined 20.06% from approximately 329 units in 2018 to approximately 263 units in 2019, and increased at a CAGR of 9.32% from approximately 323 units in 2020 to an estimated 422 units in 2023. On average, Malaysians consumed approximately 340 eggs per person per year over the period 2018 to 2023.

Per capita consumption of chicken eggs, 2018 – 2023(e)

Note: (e) – estimate.

Sources: DVS, SMITH ZANDER

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Malaysia recorded an import dependency ratio (i.e. dependence on imported supply to meet domestic consumption) of less than 0.03% for poultry eggs (which comprise chicken eggs and duck eggs) from 2018 to 2023², which signifies that the consumption of poultry eggs in Malaysia is supported by local poultry eggs production and is not dependent on imported poultry eggs.

2 KEY DEMAND DRIVERS, RISKS AND CHALLENGES

2.1 Key demand drivers

► Consistent supply of eggs contributes to food security

Food security refers to the accessibility, availability and affordability of sufficient, safe and nutritious food to meet basic dietary needs and achieve physical wellbeing. Eggs, being a relatively affordable source of various macronutrients (e.g. protein and lipid) and micronutrients (e.g. vitamins and minerals), as well as a versatile food ingredient, are widely used in food preparation as well as food processing and manufacturing. Hence, a stable supply is essential in meeting the consistent demand for eggs, in order to maintain and/or strengthen food security in Malaysia.

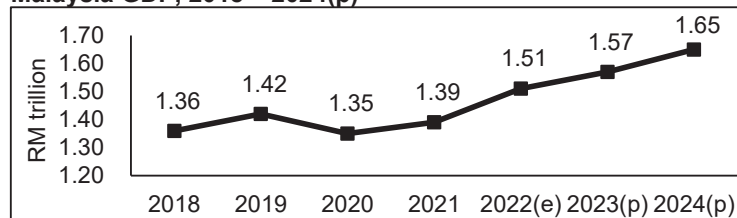
Further, a healthy population plays a crucial role in the economic development of a country. A secure supply of staple food, including eggs, ensures accessibility to sufficient nutrition, fostering a healthier population. This could in turn improve labour force participation and enhance the national productivity in the long run, leading to growth in national economic performance and standard of living of the population.

As food security remains one of the top priorities of the society and the government, it serves as one of the major catalysts for the growth of the layer poultry industry, as it is expected to continue driving the demand for eggs.

► Growing population and economic affluence signify increased demand for food, including eggs

Malaysia, supported by its continued economic growth and development, is en route to becoming a more resilient and sustainable nation. The gross domestic product ("GDP") in Malaysia increased at a CAGR of 3.27% from RM1.36 trillion in 2018 to RM1.65 trillion in 2024.³

Malaysia GDP, 2018 – 2024(p)



Source: DOSM

Further, the population in Malaysia grew from 32.38 million in 2018 to 34.06 million in 2024 at a CAGR of 0.85%.³ A growing population signifies a growing demand for food, especially staple food, including eggs. Improving economic condition of the country, as represented by the GDP, paired with the growing population, are expected to continue to drive the demand for eggs.

The increasing living standards in Malaysia, which is represented by the growth in per capita income, increased from RM41,232.24 in 2018 to an estimated RM47,454.49 in 2024.³ This indicates the growing spending power of the Malaysian population, which is expected to drive the continuous demand for necessity goods (e.g. food products, clothing and housing). This can be evidenced by the growth in per capita consumption of chicken eggs over the same period from approximately 329 units per year in 2018 to approximately 422 units per year

² Sources: KPKM, SMITH ZANDER

³ Source: DOSM

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in 2023.⁴ The growth in spending power is also expected to boost the demand for food and beverages ("F&B") services as well as processed F&B products, thus increasing the demand for eggs for commercial food preparation, processing and manufacturing.

According to the Ministry of Finance, the national GDP is forecast to grow at approximately 4.80% to 5.30% in 2024, and 4.50% to 5.50% in 2025, driven by resilient domestic demand, exports, consumer spending and labour market conditions.⁵

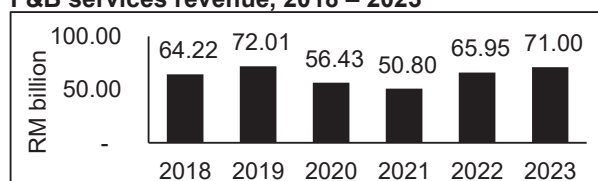
► **Growth in end user industries (i.e. F&B services industry as well as food manufacturing industry) drive the demand for eggs**

Apart from being a staple for at-home food preparation, eggs are also widely used by food service operators and food manufacturers for commercial food preparation, processing and manufacturing. The versatility of eggs has led to their use in the preparation of a wide variety of dishes across different cuisines, as well as in the processing and manufacturing of various food products, such as baked goods, noodles and snack products. Eggs serve multiple purposes in food preparation, processing and manufacturing, these include flavour and appearance enhancing, binding, thickening, moisture retaining and stabilising.

Therefore, the growth in the F&B services industry as well as food manufacturing industry are expected to drive the demand for eggs.

In 2020 and 2021, F&B services in Malaysia was adversely impacted due to the outbreak of the COVID-19 pandemic, which resulted in the decline of F&B services revenue. The F&B services industry then recovered and grew from RM50.80 billion in 2021 to RM71.00 billion in 2023, registering a CAGR of 18.22% over the period.

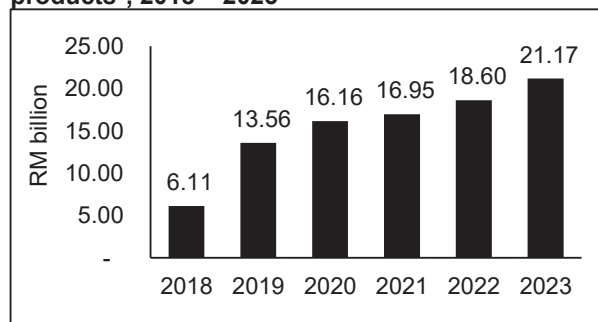
F&B services revenue, 2018 – 2023



Source: DOSM

The manufacturing sales value of biscuits and cookies, snack products, bread, cakes and other bakery products is used as an indicator to illustrate the growing demand for eggs in the food manufacturing industry, as eggs are commonly used as ingredients in the manufacturing of these food products. The manufacturing sales value of the aforementioned food products grew at a CAGR of 28.21% from RM6.11 billion in 2018 to RM21.17 billion in 2023.

Manufacturing sales value of selected food products*, 2018 – 2023



Note: * – Includes manufacturing sales value of biscuits and cookies, snack products, bread, cakes and other bakery products.

Source: DOSM

Moving forward, the F&B services and F&B processing and manufacturing industries are expected to continue to be supported by overall economic expansion in Malaysia, in turn driving the demand for eggs.

⁴ Sources: DVS, SMITH ZANDER

⁵ Source: Economic Outlook 2025

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2.2 Key industry risks and challenges**► Exposure to price fluctuations of chicken eggs and unfavourable changes in government initiatives**

Retail prices of eggs in Malaysia are controlled by the Government to manage the cost of living of Malaysians as a measure to combat food security issues in the country. Effective 17 June 2024, the retail ceiling prices of Grade A, B and C eggs across the country were reduced by 3 sen per egg, whereby retail ceiling prices of Grade A, B and C eggs were reduced to 42 sen, 40 sen and 38 sen respectively in Peninsular Malaysia.⁶ Retail ceiling prices of eggs are adjusted by the Government periodically, depending on the overall economic performance of the country, national inflation, and the cost of living to ensure the affordability of eggs. This is because eggs form part of many Malaysians' diets due to their nutritional values and versatile culinary uses. Average retail price of chicken eggs from 2018 to 2023 in Malaysia are as follows:

Average retail price of chicken eggs in Malaysia, 2018 – 2023						
	2018	2019	2020	2021	2022	2023
Grade A (sen/egg)	39	41	39	41	45	48
Grade B (sen/egg)	37	40	37	39	43	45
Grade C (sen/egg)	36	38	35	36	41	43

Source: DVS

In order to ensure consistent supply of eggs, in 2022 the Government introduced the provision of subsidies for every ordinary eggs sold by layer poultry farmers ("**Egg Subsidies**"). On 30 April 2025, the KPKM announced the reduction of Egg Subsidies from 10 sen per egg to 5 sen per egg, as well as the removal of retail ceiling prices for Grade A, B and C eggs, which took effect on 1 May 2025. Further, the KPKM has also announced that the Egg Subsidies will be fully removed effective 1 August 2025. Consequently, the retail prices of Grade A, B and C eggs are expected to fluctuate according to market supply and demand conditions. As such, should industry players fail to adjust their prices to remain competitive, the cessation of such subsidies will adversely affect the profitability of layer poultry farmers, in turn hindering the growth of their business.

► Subject to price fluctuations of ingredients used in poultry feed

Poultry feed is typically made of ingredients such as maize, wheat, oats, oilseed meals and legumes to provide the energy and nutrition required by layer chickens to ensure they are in good health to produce high quality eggs. A balanced and nutritious poultry feed is essential to achieve optimal egg production. As such, industry players are exposed to price fluctuations of poultry feed ingredients, for instance maize, which is one of the key commodities. Prices of maize are subject to fluctuations due to global supply and demand conditions, geopolitical tensions, as well as crop yields. As Hock Soon Group uses maize as the key ingredient in the production of poultry feed, maize prices are used to demonstrate price fluctuations of ingredients used in poultry feed.

In 2018 and 2019, maize prices (i.e. 6-month average price) ranged between USD160.34 (RM647.02)⁷ per metric tonne ("**MT**") to USD171.69 (RM711.26)⁶ per MT. Pursuant to the outbreak of the COVID-19 pandemic, business operations and supply chain disruptions adversely impacted the maize commodity market, leading to price hikes from USD173.98 (RM730.99)⁶ per MT in the second half of 2020 to USD265.16 (RM1,099.19)⁶ per MT in the first half of 2021, before easing in the second half of the year. Maize prices continued to increase

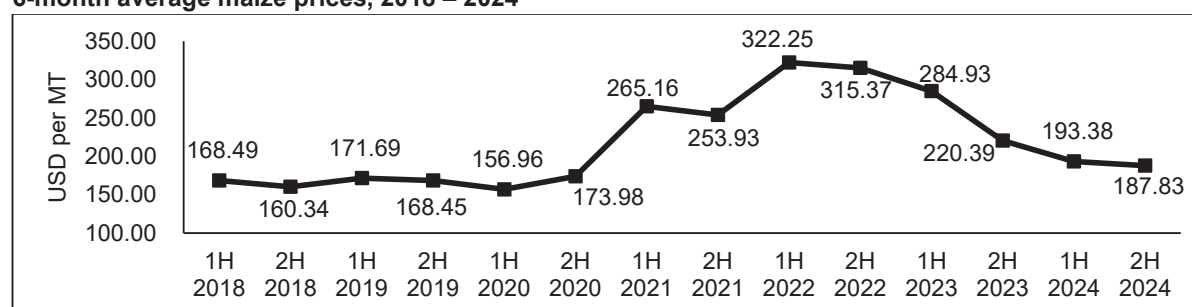
⁶ Source: Grade A, B and C egg prices drop by three sen each starting today: PM Anwar, Bernama, 17 June 2024

⁷ Exchange rate from USD to RM was converted based on average annual exchange rates of the respective years, extracted from published information from Bank Negara Malaysia.

Year	2018	2019	2020	2021	2022	2023	2024
USD1 = RM	4.0353	4.1427	4.2016	4.1454	4.4005	4.5653	4.5718

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and peaked in the first half of 2022 at USD322.25 (RM1,418.06)⁶ per MT, and remained elevated up to the end of 2022. This was mainly due to the geopolitical tensions between Ukraine (i.e. one of the top 10 maize producers in the world⁸) and Russia (i.e. one of the world's largest fertiliser producers⁷). Subsequently, maize prices began to decrease from USD284.93 (RM1,300.79)⁶ per MT in first half of 2023 to USD187.83 (RM858.72)⁶ per MT in the second half of 2024 as market conditions normalised.

6-month average maize prices, 2018 – 2024

Sources: World Bank, SMITH ZANDER

Any unfavourable price fluctuations in poultry feed ingredients (e.g. maize) will lead to increase in costs for industry players, thus negatively affecting their financial performances and profitability, as industry players may not be able to pass on the increase in costs to their customers due to the price control on eggs.

► Exposure to infectious animal diseases

Livestock, including poultry, are prone to diseases caused by harmful viruses, bacteria, parasites and fungi. Examples of diseases amongst poultry include Avian Influenza, Newcastle disease and salmonellosis, which can be spread amongst poultry through various means, such as direct contact, aerosols, fomites, feed and water, as well as vertical transmission. These diseases can cause severe harmful impact to the health of chickens, with some being potentially fatal. Consequently, outbreaks of diseases amongst poultry can adversely impact the business operations of layer poultry farmers due to unhealthy or reduced chicken population, hindering the production of eggs.

In the event of outbreaks of infectious diseases amongst poultry, layer poultry farmers may be required to provide veterinary treatments to infected chickens, or even dispose and replace them with healthy chickens. This leads to increase in costs, thus affecting the financial performance of layer poultry farmers.

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⁸ Source: Foreign Agricultural Service, U.S. Department of Agriculture

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3 COMPETITIVE LANDSCAPE**3.1 Overview**

Layer poultry industry players generally compete in terms of production capacity. As such, layer poultry farmers with larger production capacities benefit from greater economies of scale. Further, layer poultry farmers who have strong industry knowledge and expertise on farm management such as biosecurity, feed and water management and waste management are more competitive as these aspects are crucial for optimising farm efficiency and maximising egg production.

The layer poultry industry is competitive, with players ranging from fully integrated poultry producers (i.e. industry players who are involved in the entire poultry farming supply chain, including parent stock breeding, DOC production, feed production, broiler production and egg production) and specialised layer poultry farmers (i.e. industry players who are primarily involved in certain segments of the layer poultry farming supply chain, such as DOC production, feed production or egg production), to local small-scale layer poultry farmers (i.e. industry players who generally serve traditional retail markets such as wet markets and sundry shops). Further, the layer poultry industry has high barriers to entry due to its capital-intensive nature as establishing such operations requires large investments in land, facility (e.g. coops, feed storage, processing facility, automated feeding, egg collection or waste management systems) and layer stocks. As at June 2025, there are 69 Malaysian Good Agricultural Practices (“myGAP”)-certified layer poultry farms. The myGAP certification is awarded to farms that have fulfilled the requirements of the DVS according to the Good Animal Husbandry Practices, and is commonly held by industry players as a recognition of the quality standards of their farms.

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3.2 Key industry players

As Hock Soon Group is principally involved in the layer poultry industry, the basis for selection of the key industry players in the layer poultry industry in Malaysia is as follows:

- Companies involved in layer poultry farming (i.e. rearing of layer chickens for the production of eggs); and
- Companies which recorded more than RM40.00 million revenue based on their respective latest available financial years.

Company	Brand	Latest available financial year	Revenue ⁽¹⁾ (RM million)	Segmental revenue (RM million)	Gross profit margin ⁽²⁾ (%)	Profit after tax margin (%)	Price-to-earnings ratio (times)
QL Resources Berhad ⁽³⁾	QL	31 March 2024	6,652.10	3,510.74	22.97	7.12	36.57
Huat Lai Resources Berhad ⁽⁴⁾	N/A	31 December 2023	3,799.78	3,689.29	10.89	9.54	N/A
Charoen Pokphand Holdings (Malaysia) Sdn Bhd ⁽⁵⁾	N/A	31 December 2023	1,663.76	N/A	9.40	3.53	N/A
Lay Hong Berhad ⁽⁶⁾	NutriPlus	31 March 2024	1,042.79	294.80	25.24	8.64	2.47
Teo Seng Capital Berhad ⁽⁷⁾	Happy Egg	31 December 2023	760.98	660.01	N/A	20.47	3.36
PWF Corporation Berhad ⁽⁸⁾	N/A	31 December 2023	556.54	554.01	13.79	9.05	8.63
TPC Plus Berhad ⁽⁹⁾	N/A	31 December 2023	452.63	452.00	2.04	9.59	4.89
LTKM Berhad ⁽¹⁰⁾	LTK Omega Plus	31 March 2024	257.69	248.34	17.22	22.73	3.22
FFM Farms Sdn Bhd ⁽¹¹⁾	Seri Mumi	31 December 2023	187.75	186.85	20.33	16.43	N/A
Hock Soon Capital Berhad ⁽¹²⁾	QPlus	30 September 2024	151.38	143.80	38.86	26.91	[●] ⁽¹³⁾
Henritex (M) Sdn Bhd	Eggspert	30 June 2024	124.53	N/A	N/A	13.30	N/A
Ladang Ternakan Prudence Sdn Bhd	LTP	31 October 2023	44.76	44.20	25.69	18.63	N/A
Liang Kee Farming Sdn Bhd	LK Fresh	31 December 2023	40.74	37.59	29.90	27.54	N/A

Notes:

- Latest available as at the date of research completion.
- N/A – Not available / not applicable.

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- The identified 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 do not have 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 identified is exhaustive.
- (1) Revenue of industry players may include revenue derived from other business activities (i.e. business activities other than the rearing of layer chickens for production of eggs) and/or revenue derived from countries outside Malaysia.
- (2) The gross profit margins of the identified industry players range from 2.04% to 38.86%. This is due to the involvement of industry players in business activities other than egg production as well as varying accounting treatments for Egg Subsidies received from the Government, which can lead to varying gross profit margins.
- (3) QL Resources Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad. QL Resources Berhad and its group of companies are principally involved in integrated livestock farming, marine products manufacturing, operation of convenience store chain, oil palm plantation as well as provision of clean energy solutions. The segmental revenue disclosed above refers to revenue generated from its integrated livestock farming segment in its latest financial year.
- (4) Huat Lai Resources Berhad was listed on the Main Market of Bursa Malaysia Securities Berhad, and was subsequently delisted in 2017 through a take-over exercise. Huat Lai Resources Berhad and its group of companies are principally involved in integrated livestock farming, fertiliser production, egg trays production and oil palm plantation. The segmental revenue disclosed above refers to revenue generated from its sale of integrated livestock farming products segment in its latest financial year.
- (5) The ultimate holding company of Charoen Pokphand Holdings (Malaysia) Sdn Bhd is Charoen Pokphand Foods Public Co. Ltd., which is listed on The Stock Exchange of Thailand.
- (6) Lay Hong Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad. Lay Hong Berhad and its group of companies are principally involved in integrated livestock farming, food manufacturing as well as the operation of retail stores. The segmental revenue disclosed above refers to revenue generated from its layer operation segment in its latest financial year.
- (7) Teo Seng Capital Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad. Teo Seng Capital Berhad and its group of companies are principally involved in poultry farming, marketing of chicken eggs, manufacturing and marketing of animal feeds, egg trays and organic fermented fertiliser, as well as distribution of pet food and animal health products. The segmental revenue disclosed above refers to revenue generated from its poultry farming segment in its latest financial year. The holding company of Teo Seng Capital Berhad is Leong Hup International Berhad, which is also listed on the Main Market of Bursa Malaysia Securities Berhad.
- (8) PWF Corporation Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad. PWF Corporation Berhad and its group of companies are principally involved in integrated poultry farming. Segmental revenue disclosed above refers to revenue generated from its sale of livestock and other poultry related products segment in its latest financial year.
- (9) TPC Plus Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad. TPC Plus Berhad and its group of companies are principally involved in poultry farming, manufacturing and distribution of poultry feed as well as oil palm plantation. Segmental revenue disclosed above refers to revenue generated from its sale of poultry farming products segment in its latest financial year. TPC Plus Berhad is majority-owned by Huat Lai Resources Berhad.
- (10) LTKM Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad. LTKM Berhad and its group of companies are principally involved in poultry farming, trading of livestock feeds and other materials, manufacturing and sale of organic fertilisers, as well as extraction and sale of sand. Segmental revenue disclosed above refers to revenue generated from its sale of produce inventories, feeds and livestock segment in its latest financial year.
- (11) FFM Farms Sdn Bhd is a wholly owned subsidiary of FFM Berhad, which was listed on the Main Board of Bursa Malaysia, and was subsequently delisted in 2004 through a privatisation exercise. Segmental revenue disclosed above refers to revenue generated from its sale of livestock and related products segment in its latest financial year.
- (12) Segmental revenue disclosed above refers to revenue generated from the sale of table eggs in its latest financial year.
- (13) Calculated based on Hock Soon Group's profit after tax attributable to owners of RM40.74 million for the financial year ended 2024 and market capitalisation of RM[●] million upon its listing on the Main Market of Bursa Malaysia Securities Berhad.

Sources: Hock Soon Group, various company websites, Companies Commission of Malaysia, Bloomberg, SMITH ZANDER

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3.3 Market share

In 2023, Hock Soon Group captured a market share of 2.33% in terms of production volume, computed based on its production volume of 378.87 million units of chicken eggs in 2023 against the production volume of 16.23 billion units of chicken eggs in 2023 in Malaysia. Details of market shares captured by Hock Soon Group and selected industry players in 2023 are as follows:

Market share of selected industry players in terms of production volume, 2023		
Company	Annual production volume (million units)	Market share (%)⁽¹⁾
Teo Seng Capital Berhad	1,460.00 ⁽²⁾	9.00
Lay Hong Berhad	1,171.65 ⁽³⁾	7.22
Hock Soon Capital Berhad	378.87	2.33
PWF Corporation Berhad	365.00 ⁽⁴⁾	2.25
TPC Plus Berhad	452.00	2.78

Notes:

- Latest available as at the date of research completion, based on publicly available information.
- (1) Calculated based on industry players' annual production volume against the estimated production volume of 16.23 billion units of chicken eggs in Malaysia in 2023.
- (2) Estimated based on production volume of approximately 4.00 million unit of eggs per day for 365 days, as disclosed in Teo Seng Capital Berhad's 2023 Annual Report.
- (3) Estimated based on production volume of approximately 3.21 million unit of eggs per day for 365 days, as disclosed in Lay Hong Berhad's 2023 Annual Report.
- (4) Estimated based on production volume of approximately 1.00 million unit of eggs per day for 365 days, as disclosed in PWF Corporation Berhad's 2023 Annual Report.

Sources: Hock Soon Group, various company websites, SMITH ZANDER

In terms of production value, Hock Soon Group captured a market share of 2.21% in 2023, computed based on its revenue of approximately RM139.23 million generated from the sale of table eggs in financial year ended 2023 against the estimated production value of approximately RM6.31 billion in 2023 in Malaysia. Details of market shares captured by Hock Soon Group and selected industry players in 2023 are as follows:

Market share of selected industry players in terms of production value, 2023		
Company	Revenue (RM mil)	Market share (%)⁽¹⁾
Lay Hong Berhad	294.80	4.67
Hock Soon Capital Berhad	139.23	2.21
Ladang Ternakan Prudence Sdn Bhd	44.20	0.70
Liang Kee Farming Sdn Bhd	37.59	0.60

Notes:

- Latest available as at the date of research completion, based on publicly available information.
- (1) Calculated based on industry players' revenue generated from the sale of chicken eggs against the estimated production value of chicken eggs of RM6.31 billion in Malaysia in 2023.

Sources: Hock Soon Group, various company websites, SMITH ZANDER

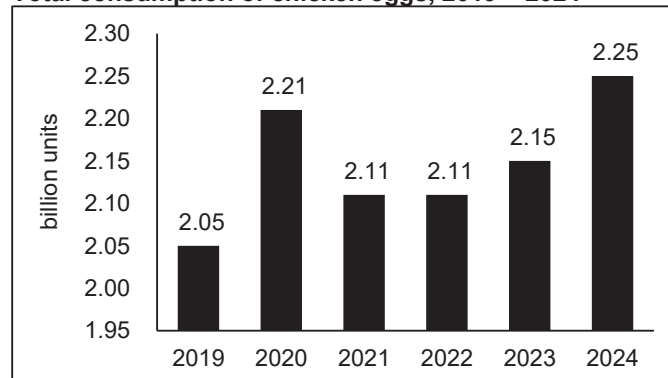
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8. IMR REPORT (Cont'd)

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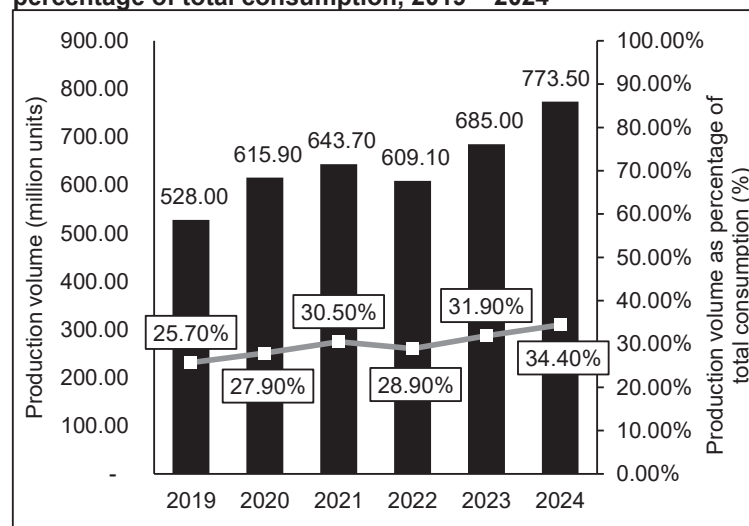
4 THE LAYER POULTRY INDUSTRY IN SINGAPORE

Similar to Malaysia, chicken eggs are widely accepted and consumed by the Singapore population due to the similarities in both nations' food culture. This is evidenced by the growing demand for chicken eggs in Singapore, as represented by the increasing total consumption of chicken eggs in the country. From 2019 to 2024, total consumption of chicken eggs increased from 2.05 billion units to 2.25 billion units, registering a CAGR of 1.88%. On average, Singaporeans consumed approximately 374 eggs per person per year over the period 2019 to 2024.

Total consumption of chicken eggs, 2019 – 2024

Sources: Singapore Food Agency ("SFA"), SMITH ZANDER

The layer poultry industry in Singapore recorded an upward trend overall in terms of production volume of chicken eggs, registering a CAGR of 7.94% from 528.00 million units in 2019 to 773.50 million units in 2024, despite a year-on-year ("YOY") decrease of 5.38% in 2022 due to a Newcastle disease outbreak at a local farm. Despite the overall growth in the local layer production, local production of chicken eggs only met approximately 25.70% to 34.40% of total consumption during the same period. As such, Singapore relies on imports for the majority of its supply of chicken eggs to meet local demand. Its major sources include Malaysia, Thailand and Poland, amongst others.⁹

Production volume of chicken eggs, production volume as percentage of total consumption, 2019 – 2024

Source: SFA

Egg prices in Singapore fluctuate according to supply and demand conditions in the market. Average retail price of chicken eggs from 2019 to 2024 in Singapore are as follows:

Average retail price of chicken eggs in Singapore, 2019 – 2024						
	2019	2020	2021	2022	2023	2024
SGD per 10 units	2.32	2.34	2.42	2.96	3.34	3.31
RM per 10 units ¹⁰	7.05	7.13	7.46	9.45	11.35	11.32

Source: Singapore Department of Statistics

⁹ Source: SFA¹⁰ Exchange rate from SGD to RM was converted based on average annual exchange rates of the respective years, extracted from published information from Bank Negara Malaysia.

Year	2019	2020	2021	2022	2023	2024
SGD1 = RM	3.0372	3.0463	3.0838	3.1912	3.3981	3.4212

8. IMR REPORT (Cont'd)**SMITH ZANDER**

Moving forward, the demand for chicken eggs in Singapore is expected to continue to be driven by the following factors:

► **Consistent supply of eggs contributes to food security**

Singapore imports more than 90% of its food supply, this includes poultry products (e.g. chicken eggs and meat), vegetables and seafood.¹¹ As such, the country places strong emphasis in strengthening its network of food sources in order to ensure food security. The continuous effort in maintaining food security is expected to continue driving the demand for production as well as import of chicken eggs in Singapore to meet local consumption of the nation.

► **Growing population and economic affluence**

The Singaporean population grew at a CAGR of 1.17% from 5.70 million people in 2019 to 6.04 million people in 2024¹², signifying growing demand for food, including chicken eggs which are a staple in many Singaporeans' diets. Further, disposable income in Singapore recorded a CAGR of 6.42% from SGD255.02 billion (RM774.55 billion¹³) in 2019 to SGD348.10 billion (RM1.19 trillion¹³) in 2024.¹² This signifies improving living standards in the country, which is expected to drive the continuous demand for F&B products.

► **Growth in F&B services industry**

The F&B services industry in Singapore slowed down in 2020 and 2021 due to lockdowns amidst the COVID-19 pandemic, with total operating revenue recorded at SGD8.18 billion (RM24.92 billion¹³) in 2020 and SGD8.51 billion (RM26.24 billion¹³) in 2021. Subsequently in 2022, the F&B services industry recovered and recorded total operating revenue of SGD10.12 billion (RM32.29 billion¹³), exceeding pre-pandemic level of SGD10.05 billion (RM30.52 billion¹³) in 2019. In 2023, the F&B service industry in Singapore grew 7.31% YOY to SGD10.86 billion (RM36.90 billion¹³). Moving forward, the demand for chicken eggs in Singapore is expected to continue to be driven by the growing demand for F&B services, as supported by overall economic expansion in the country.

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¹¹ Source: SFA

¹² Source: Singapore Department of Statistics

¹³ Exchange rate from SGD to RM was converted based on average annual exchange rates of the respective years, extracted from published information from Bank Negara Malaysia.

Year	2019	2020	2021	2022	2023	2024
SGD1 = RM	3.0372	3.0463	3.0838	3.1912	3.3981	3.4212