7. BUSINESS OVERVIEW

7.1 OUR HISTORY AND BUSINESS MILESTONES

The history of our Group can be traced back to 27 September 1979 when Hock Soon Poultry Farm was incorporated under the Companies Act 1965 as a private limited company and is deemed registered under the Act, to undertake poultry farming business to rear layer chickens for the production and sale of table eggs. Hock Soon Poultry Farm was incorporated by our late founder, Ong Kim Hock (the father of Ong Boon Leng who is our Managing Director) and Ong Boon Sing (the brother of Ong Boon Leng) who has ceased his shareholding and involvement in our Group since 1994. Prior to the incorporation of Hock Soon Poultry Farm, Ong Kim Hock had been running his poultry farming business as a sole proprietor in Klang, Selangor.

The history and milestones of our Group's business operations since the incorporation of Hock Soon Poultry Farm in 1979 are as follows:

Year	Key events and milestones
1979	• Hock Soon Poultry Farm was incorporated and we commenced our poultry farming business on a plot of land in Bidor, Perak, which remains part of our Bidor Integrated Farm as at LPD. • At this juncture, we adopted an open-house system for rearing of layer chickens that was labour intensive which required poultry feeding, egg collection and manure removal to be carried out manually. • As we commenced our poultry farming business in Bidor, Ong Boon Leng joined our Group as Farm Manager and subsequently emerged as a shareholder of Hock Soon Poultry Farm in 1980 with an equity interest of 16.6%. Please refer to Section 5.1.2(a) for the profile of Ong Boon Leng.
1985	• Our Executive Director, Lim Suk Gen (the wife of Ong Boon Leng) joined our Group as Production Supervisor and subsequently emerged as a shareholder of Hock Soon Poultry Farm in 1990 with an equity interest of 16.7%. Please refer to Section 5.1.2(b) for the profile of Lim Suk Gen.
1997	• We began to transition into a closed-house system via the construction of 3 closed-house chicken coops (i.e. 2 for mature hens and 1 for pullets), with a capacity to accommodate 80,640 mature hens and 41,472 pullets. We operated these closed-house chicken coops concurrently with the then existing open-house chicken coops. This was part of our initiative to increase the scale of our business and be less labour intensive, through the automation of several processes which included feeding, egg collection and manure disposal. The adoption of a closed-house system creates a more controlled environment which minimises the risks of contamination and disease outbreaks. Please refer to Sections 7.2.1 and 7.5.1 for further details of our closed-house chicken coops and QA and QC procedures. • With the 2 closed-house chicken coops for mature hens, we increased our egg production capacity by approximately 69,000 eggs per day. Since then, we had gradually ceased operating open-house chicken coops and focused on increasing the number of our closed-house chicken coops.

7. BUSINESS OVERVIEW *(Cont'd)*

Year	Key events and milestones
1998	• In view of the increased egg production capacity arising from the new closed-house chicken coops, we purchased and installed an automated egg grading and sorting line with an egg grading and sorting capacity of 40,000 eggs per hour to increase the efficiency of our egg grading and sorting process. Prior to this, egg grading and sorting was carried out both manually and by using a semi-automated grading and sorting machine, which had been discontinued since then. The previous semi-automated grading and sorting machine required more human intervention by our workers as the packaging materials had to be manually fitted into the machine prior to the grading and sorting process. Further, there were fewer grading and sorting lanes in the previous semi-automated grading and sorting machine which resulted in lower grading and sorting efficiency and capacity, as compared to the new automated egg grading and sorting line.
1999	• In order to gain better control over the quality of our poultry feed and to be more self-sustainable, we purchased and installed a computerised poultry feed production line with a production capacity of 144 MT per day to automate the production of poultry feed. Prior to this, our poultry feed was produced manually in-house.
2001	• We secured an overseas customer in Hong Kong who continues to be our customer as at LPD. • We purchased and installed another automated egg grading and sorting line with an egg grading and sorting capacity of 40,000 eggs per hour, which resulted in a cumulative egg grading and sorting capacity of 80,000 eggs per hour.
2004	• With continued expansion of our business, we increased the number of our closed-house chicken coops for mature hens and pullets to 10 and 2 respectively, with a capacity to accommodate 495,936 mature hens and 96,768 pullets respectively. • With a total of 10 closed-house chicken coops for mature hens, we increased our egg production capacity to approximately 421,000 eggs per day. • We ceased our open-house chicken coops operations and fully adopted closed-house systems in all our chicken coops.
2007	• We purchased and installed a more efficient automated egg grading and sorting line with an egg grading and sorting capacity of 96,000 eggs per hour. Subsequently, we gradually ceased using the 2 existing egg grading and sorting lines purchased in 1998 and 2001.
2010	• We continued to expand the number of our closed-house chicken coops over the years until 20 and 5 closed-house chicken coops were constructed for mature hens and pullets respectively, with a capacity to accommodate 1,256,640 mature hens and 321,792 pullets respectively. • With a total of 20 closed-house chicken coops for mature hens, we increased our egg production capacity to approximately 1,068,000 eggs per day.

7. BUSINESS OVERVIEW *(Cont'd)*

Year	Key events and milestones
2011	• Our Executive Director, Ong Keat Qian (the son of Ong Boon Leng) joined our Group as General Manager. Please refer to Section 5.1.2(c) for the profile of Ong Keat Qian. • We also purchased a poultry feed mixer that doubled the production capacity of our poultry feed to 288 MT per day.
2012	• We purchased and installed another automated egg grading and sorting line with an egg grading and sorting capacity of 96,000 eggs per hour, which doubled our egg grading and sorting capacity to a total of 192,000 eggs per hour. • We obtained the Halal certification for our table eggs. Please refer to Section 6.7(g) for details of our Halal certification.
2013	• We established our house-brand 'QPlus' and began to sell some of our table eggs under the brand of 'QPlus'. Prior to this, all our table eggs sold are unbranded. • We obtained the MeSTI certificate that certified that we have fulfilled the terms and conditions for MeSTI. Please refer to Section 6.7(i) for details of our MeSTI certification. • We also obtained the Good Animal Husbandry Practices Certification Scheme (currently known as myGAP) that certified that we have fulfilled DVS requirements and have implemented good animal husbandry practices. Please refer to Section 6.7(j) for details of our myGAP certification.
2016	• We obtained the Hazard Analysis Critical Control Points ("**HACCP**") MS1480:2019 and ISO 22000:2018 certifications that certified our compliance with the HACCP standard and ISO 22000:2018 standard for the processing of poultry eggs and egg products. Please refer to Section 7.5.2 for details of our HACCP MS1480:2019 and ISO 22000:2018 certifications.
2021	• Our Executive Director, Ong Keat Hoe (the son of Ong Boon Leng) joined our Group as Sales and Marketing Manager. Please refer to Section 5.1.2(d) for the profile of Ong Keat Hoe. • We obtained the Good Manufacturing Practices ("**GMP**") MS1514:2009 certification that certified our compliance with the GMP MS1514:2009 standard for the processing of poultry eggs and egg products. Please refer to Section 7.5.2 for details of our GMP MS1514:2009 certification.
2022	• We expanded our product offerings through the launching of premium eggs under our house-brand 'QPlus'. Please refer to Section 7.2.2 for the range of premium eggs offered by our Group.

7. BUSINESS OVERVIEW *(Cont'd)*

Year	Key events and milestones
2024	• Throughout the years, we continued to expand the number of closed-house chicken coops, reaching a total of 26 and 7 closed-house chicken coops for mature hens and pullets respectively, with a capacity to accommodate 1,735,232 mature hens and 486,912 pullets respectively. • With a total of 26 closed-house chicken coops for mature hens, we increased our egg production capacity to approximately 1,475,000 eggs per day. • We acquired 3 plots of adjacent land in Teluk Intan, Perak with the intention to establish a new poultry farm in Teluk Intan to expand our egg production capacity. Please refer to Section 7.18 for further details of our Group's business strategies and future plans.
2025	• We upgraded one of our existing closed-house chicken coops for mature hens which increased our capacity to house another additional 5,632 mature hens, resulting in a total capacity of 1,740,864 mature hens. This increased our egg production capacity to approximately 1,480,000 eggs per day.

7.2 DESCRIPTION OF OUR BUSINESS

7.2.1 Principal business activities

Our Group is principally involved in poultry farming, whereby we rear layer chickens for the production and sale of table eggs. Our table eggs can be categorised into ordinary eggs and premium eggs:

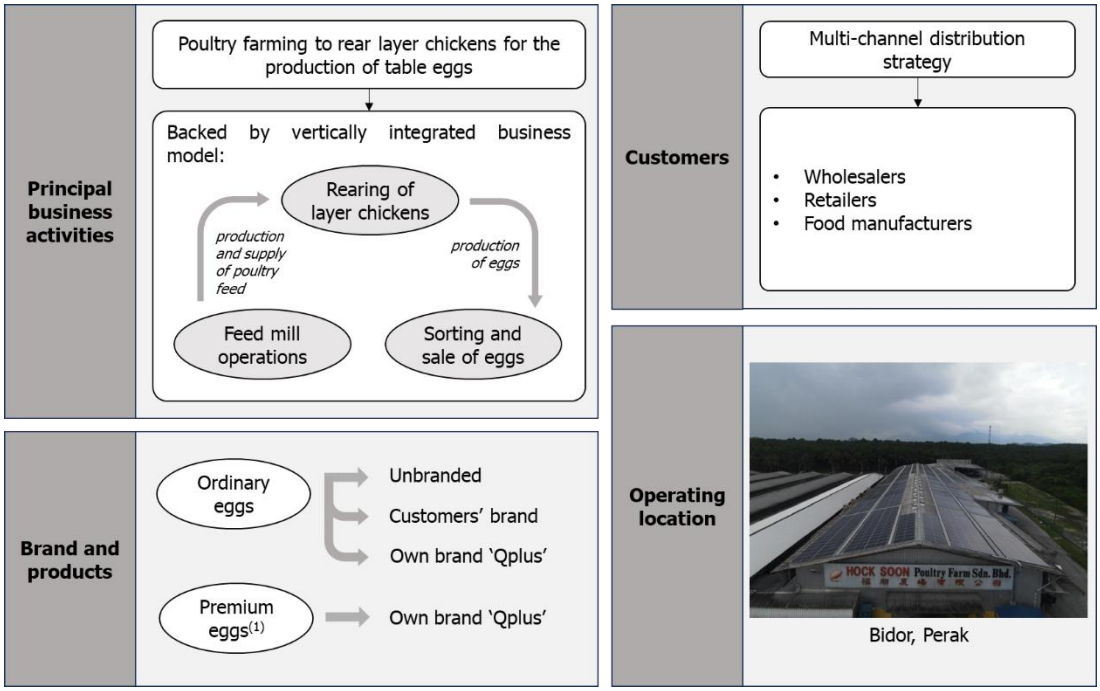
(a) Our **ordinary eggs** are eggs that contain basic nutritional value, which are produced by our layer chickens that are fed with basic poultry feed without enrichments added to them.

(b) Our **premium eggs** are eggs that contain higher nutritional value, such as Vitamin E, Omega DHA and selenium. These eggs are produced by our layer chickens that are fed with enriched poultry feed.

We sell our ordinary eggs unbranded or under our house-brand 'QPlus', and our premium eggs under our house-brand 'QPlus'. Upon request by customers, our Group also supplies table eggs packaged and/ or labelled under our customers' brands.

7. BUSINESS OVERVIEW *(Cont'd)*

A summary of our business model is as shown below:



Note:

(1) Mainly comprises premium eggs labelled under our house-brand 'QPlus'. We also sell premium eggs labelled under a Hong Kong customer's brand.

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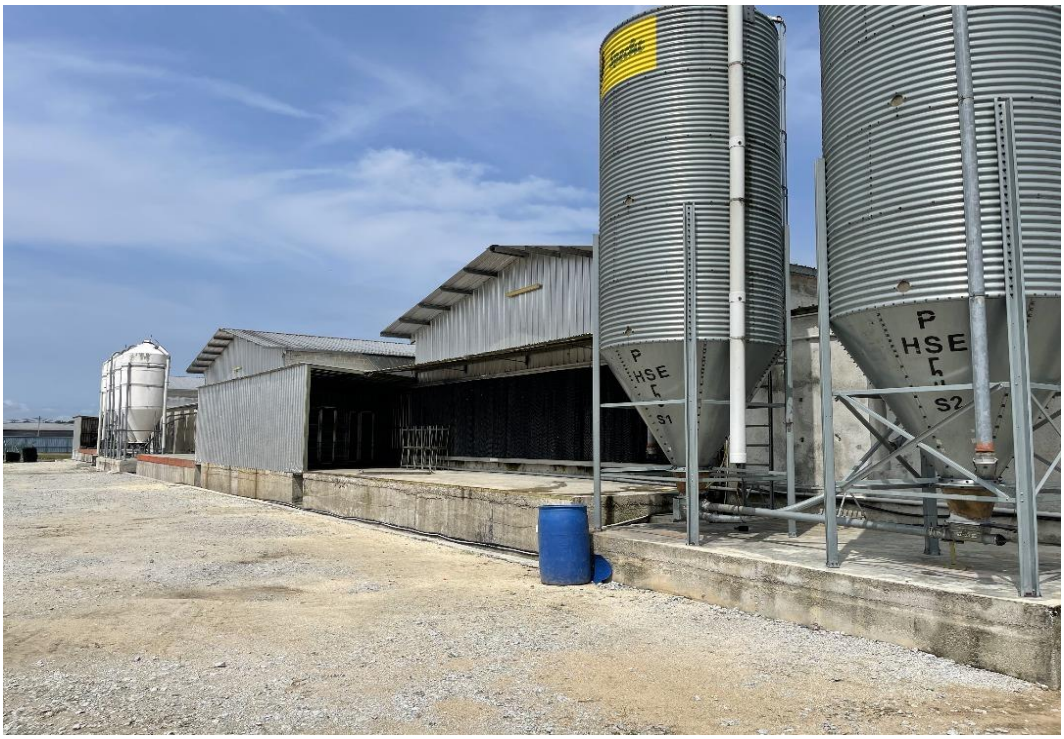
7. BUSINESS OVERVIEW *(Cont'd)*

Our Group's poultry farming operations are located at Bidor, Perak, as shown below:

Overview of the Bidor Integrated Farm (excluding feed mill)



Chicken coops

7. BUSINESS OVERVIEW *(Cont'd)*

Central grading and sorting station

Feed mill

7. BUSINESS OVERVIEW *(Cont'd)*

We operate a vertically integrated business model for our poultry farming, beginning from rearing of layer chickens which is supported by our in-house feed mill operations to produce poultry feed, to sorting and sale of eggs. Our vertically integrated operations are detailed as follows:

(a) Rearing of layer chickens

We rear our layer chickens starting from day-old-chicks which are sourced from a third-party supplier, at our chicken coops located at our Bidor Integrated Farm. As at LPD, we have 7 chicken coops for pullets with a capacity to accommodate a total of 486,912 pullets, where we house our day-old-chicks and pullets throughout the pullet period. Further, we have 26 chicken coops for mature hens as at LPD, with a capacity to accommodate a total of 1,740,864 mature hens and an egg production capacity of approximately 1,480,000 eggs per day.

All our chicken coops use closed-house systems equipped with automation systems as well as monitoring and control systems, with details as follows:

(i) Automation systems:

- Automated feed hoppers and drinking systems to feed our layer chickens;
- Egg collection belts to collect eggs within each of the respective chicken coops, which is then transported onto an automated conveyor belt that connects 16 out of our 26 chicken coops for mature hens, to our central grading and sorting station, whereas eggs from the remaining 10 chicken coops for mature hens, that are not connected to our central grading and sorting station via an automated conveyor belt, are transported using our egg packer machines to pack the eggs into trays before being transported to our central grading and sorting station. Please refer to Section 7.4 for further details of our egg collection process; and
- Manure collection belts that collect and transport the manure from each chicken coop to a designated area for storage before being loaded to trucks and sold to a related party.

By automating the feeding, egg collection and manure disposal processes, it eliminates the need for our workers to carry out these activities manually, and minimises physical contact of our layer chickens with our workers. This reduces the risk of contamination and disease outbreak.

(ii) Monitoring and control systems: our closed-house chicken coops are also equipped with temperature sensors, pad cooling systems, computer-controlled fans and air inlet valves that allow us to remotely monitor and control the ventilation and temperature of our chicken coops. This ensures a suitable condition for the rearing of layer chickens and production of eggs.

7. BUSINESS OVERVIEW *(Cont'd)*

Below is the interior of our closed-house chicken coops:

During FYE 2022 to 2024, our egg production rate ranged from 87.9% to 89.7%, with details as follows:

	FYE 2022	FYE 2023	FYE 2024
Average number of mature hens[(1)]	1,112,564	1,145,658	1,211,903
Total eggs produced[(2)]	356,911,549	369,493,482	397,956,368
Egg production rate per day (%)[(3)]	87.9	88.4	89.7

Notes:

(1) Refers to the average total number of mature hens (excluding pullets) as at the end of each month for the respective FYE. Notwithstanding that our chicken coops for mature hens have a capacity to accommodate a total of 1,740,864 mature hens, there were periods whereby some of these chicken coops were vacant due to the clearance of spent chickens that have passed their prime laying period as well as the gap to await our pullets to reach their laying age to fill our chicken coops for mature hens.

(2) Refers to the total number of eggs produced by our layer chickens in the respective FYE.

(3) Calculated by dividing the total number of eggs produced in the respective FYE against the average total number of mature hens multiplied by the total number of days in the respective FYE (i.e. 365 days for FYE 2022 and FYE 2023, and 366 days for FYE 2024).

7. BUSINESS OVERVIEW *(Cont'd)*

Our layer chickens typically start laying eggs at around 17 to 18 weeks old and will be typically past their prime laying period at around 90 weeks old. Layer chickens that have passed their prime laying period are known as spent chickens, which are sold to amongst others, wholesalers and third party poultry farmers. Manure collected from our poultry farming is sold to a related party, BL Ong & Sons Ventures. The income generated from the sale of spent chickens and chicken manure is part of our revenue stream.

(b) Sorting and sale of eggs

Eggs collected from our chicken coops via the egg collection belts are transported to our central grading and sorting station via a connecting automated conveyor belt or via manual transportation by our workers. Our eggs are then graded and sorted according to their weight through our automated grading and sorting lines, and thereafter packed and stored prior to delivery to our customers. Please refer to Section 7.2.2 for the range of our eggs and Section 7.4 for our grading and sorting processes. As at LPD, our total egg grading and sorting capacity is 192,000 eggs per hour.

Below are our automated grading and sorting lines:

(c) Feed mill operations

We also operate a feed mill to produce poultry feed in-house to support our poultry farming operations. Raw materials and ingredients used in the production of poultry feed include maize, soybean meal, wheat, pollard and sunflower meal, amongst others. Poultry feed produced in our feed mill are fully consumed by our layer chickens, and we do not sell our poultry feed to external parties. As at LPD, our feed mill can produce 288 MT of poultry feed per day.

Having an in-house feed mill enables us to control the quality of the poultry feed fed to our layer chickens as well as the type and quality of eggs produced, as the nutritional value of the poultry feed used determines the health and nutrition of our layer chickens and consequently affects the type and quality of the eggs produced. Further, it also ensures sustainability as we are not dependent on external suppliers for the supply of poultry feed to run our poultry farming business.

Our Group recognises the benefits of having feed formulations that are specifically catered to the breed as well as environmental and living conditions our layer chickens are exposed to. As such, we are also involved in the development of poultry feed formulation. As at LPD, we have formulated 12 varieties of poultry feed, whereby each formulation is used for feeding in certain chicken coops to produce the corresponding types and quality of eggs, as well to cater to different nutritional requirements at differing developmental stages of layer chickens. Apart from the 12 formulations of

7. BUSINESS OVERVIEW *(Cont'd)*

poultry feed that we developed and produced in-house, we also source 2 additional types of poultry feed developed and produced by an external supplier. During FYE 2022 to 2024, such ready made poultry feed constituted less than 2.0% of our total purchases for each financial year.

Our feed mill houses 2 computerised poultry feed production lines that enable us to precisely control and manage the ratios of each raw material and ingredient used in the production of poultry feed. The required ratios of each raw material and ingredient for each formulation are keyed into the computerised system to automate the weighing and loading process of each raw material and ingredient. This eliminates the need for manual weighing and loading process in poultry feed production process for differing formulations. After the weighing and loading of the raw materials and ingredients in our silo tanks, the raw materials and ingredients will be crushed before being loaded into the mixer to commence the mixing process. Please refer to Section 7.4 for further details on our feed mill operations.

Below is our computerised poultry feed production line:

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7. BUSINESS OVERVIEW *(Cont'd)*

7.2.2 Our products

Our table eggs can be broadly segmented into 2 categories, namely ordinary eggs and premium eggs, with details as follows:

Ordinary eggs

Product	Descriptions
QPlus Jumbo (12 pieces) 	Eggs weighing 70 grams and above each
QPlus Large (6 pieces) 	Eggs weighing between 65 grams and to below 70 grams each
QPlus Grade A (30 pieces) 	
QPlus Grade B (30 pieces) 	Eggs weighing between 60 grams to below 65 grams each
QPlus Grade C (30 pieces) 	Eggs weighing between 55 grams to below 60 grams each
QPlus Grade B and C Medium (15 pieces) 	Eggs weighing between 55 grams to below 65 grams each
QPlus Grade D (30 pieces) 	Eggs weighing between 50 grams to below 55 grams each

7. BUSINESS OVERVIEW *(Cont'd)*

Product	Descriptions
QPlus Grade E (30 pieces) QPlus Grade F (30 pieces) 	Less than 50 grams each

Premium eggs

Product	Descriptions
(a) QPlus Vitamin E Enriched Eggs, i.e. premium eggs with higher nutritional value in vitamin E:	
• Large (10 pieces) 	Eggs weighing between 65 grams to below 70 grams each
• Medium (15 pieces) 	Eggs weighing between 55 grams to below 65 grams each
(b) QPlus Omega DHA Enriched Eggs, i.e. premium eggs with higher nutritional value in Omega DHA:	
• Medium (10 pieces and 15 pieces) 	Eggs weighing between 55 grams to below 65 grams
(c) QPlus Selenium Enriched Eggs, i.e. premium eggs with higher nutritional value in selenium:	
• Medium (10 pieces and 15 pieces) 	Eggs weighing between 55 grams to below 65 grams

7. BUSINESS OVERVIEW *(Cont'd)*

- Large (10 pieces and 15 pieces) — Eggs weighing between 65 grams to below 70 grams each

Majority of ordinary eggs sold by our Group are unbranded (i.e. ordinary eggs in cartons that are not labelled with our 'QPlus' house brand). With regards to the premium eggs sold by our Group, most are labelled under our 'QPlus' house brand while the remaining are packaged and/ or labelled under our customers' brands.

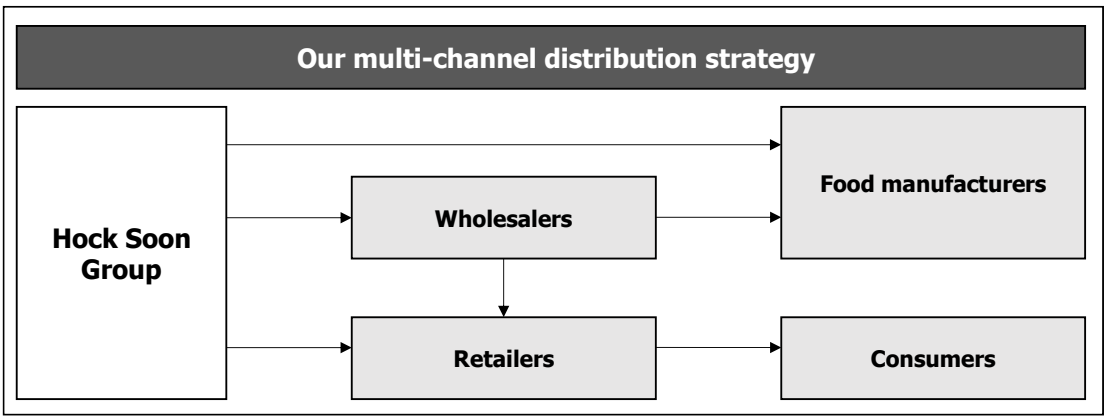
All table eggs sold by our Group are produced internally except in rare instances where there are unexpected surges in customers' orders that exceed our egg production. In such cases, our Group will purchase table eggs from third party egg producers/ suppliers to fulfil customer's orders. Please refer to Section 7.10 for the quantum of table eggs sourced from third party egg producers/ suppliers in FYE 2024.

All ordinary eggs and premium eggs produced by our Group are Halal certified.

7.2.3 Our multi-channel distribution strategy

Our Group adopts a multi-channel distribution strategy whereby our eggs are mainly sold to our network of local wholesalers for onward sales to retailers (e.g. wet markets, mini markets and sundry shops) and food manufacturers; retailers (e.g. supermarkets, hypermarkets and grocery store) for onward sales to consumers; and food manufacturers who use our eggs in their food manufacturing process. Apart from our local customers, we also sell our eggs to an overseas customer (i.e. a wholesaler) in Hong Kong, where we mostly supply our premium eggs that are packaged and/ or labelled under the customer's brand.

An illustration of our Group's multi-channel distribution strategy is as follows:



All orders from our customers are transacted on a purchase order basis.

7. BUSINESS OVERVIEW *(Cont'd)*

The breakdown of our Group's customer base and their respective revenue contribution in FYE 2024 to our Group is shown below:

Customer base	No. of customers	Revenue contribution	
		RM'000	**%**
Wholesalers	**49**	**102,764**	**67.9**
- **Ordinary eggs**		100,493	66.4
- Unbranded[(1)]		95,249	62.9
- Customers' brand		-	-
- Own brand		5,244	3.5
- **Premium eggs**[(2)]		2,271	1.5
Retailers	**7**	**29,947**	**19.8**
- **Ordinary eggs**		25,990	17.2
- Unbranded[(1)]		14,732	9.7
- Customers' brand		10,472	6.9
- Own brand		786	0.5
- **Premium eggs**		3,957	2.6
Food manufacturers	**1**	**8,901**	**5.9**
- **Ordinary eggs**		8,901	5.9
- Unbranded[(1)]		8,896	5.9
- Customers' brand		-	-
- Own brand		5	~[(3)]
- **Premium eggs**		-	-
Other customers[(4)]	**13**	**2,186**	1.4
- **Ordinary eggs**		2,155	1.4
- Unbranded[(1)]		2,134	1.4
- Customers' brand		-	-
- Own brand		21	~[(3)]
- **Premium eggs**		31	~[(3)]
Others[(5)]	**73**	**7,579**	5.0
Total	**143**	**151,377**	**100.0**

Notes:

(1) Includes soiled, spotted, cracked or broken eggs that are sold in the form of liquid eggs in bags.

(2) Comprise premium eggs labelled under our house-brand 'QPlus' and under a Hong Kong customer's brand. Sale of premium eggs under the Hong Kong customer's brand amounted to RM1.0 million in FYE 2024.

(3) Negligible as it is less than 0.1%.

(4) Comprises revenue generated from other customers such as third party poultry farmers who also purchase our spent chickens as well as walk-in customers.

(5) Comprises revenue generated from the sale of spent chickens, chicken manure, raw materials, scrap materials and handling charges. For avoidance of doubt, there is no overlap between the customers disclosed under the "other customers" category and the "others" category.

7. BUSINESS OVERVIEW *(Cont'd)*

7.2.4 Warranty

We do not provide any warranty for eggs sold. With regards to our premium eggs, we label them with a 1-month expiry date from the date of production, grading and sorting. However, we do not label the expiry dates for our ordinary eggs. Nonetheless, our eggs have a shelf life of up to 1 month in dry and cool storage conditions.

Nevertheless, upon receiving claims from customers for any misgraded, mislabelled, rotten, contaminated or large-scale cracked or broken eggs, we will investigate the causes of such claims. If the responsibility falls under us, the customers will return the products to us, and we will provide compensation either in the form of a credit note or replacement table eggs. During FYE 2022 to 2024, we did not receive any claims for any misgraded, mislabelled, rotten, contaminated or large-scale cracked or broken eggs sold by our Group.

Our Group also has a product recall procedure in place for any misgraded, mislabelled, rotten or contaminated table eggs sold by our Group. A product recall exercise will be initiated if we receive any claims from customers in regards of any misgraded, mislabelled, rotten or contaminated eggs, to which upon investigation, implicates other batches of eggs that have been delivered to other customers. Further, a product recall exercise can also be initiated upon identification of such similar incidences during our internal audit processes. During a product recall process, a product recall team will be formed to coordinate the recall exercises, which involve amongst others, informing the affected customers, assisting customers in product retrieval, making logistics arrangements, disposing the affected products, as well as informing any regulatory authorities if required. During FYE 2022 to 2024 and up to LPD, there were no product recall exercises.

7.3 PRICING AND GOVERNMENT SUBSIDIES

In February 2022, the Government announced that a ceiling retail price is set for certain ordinary eggs (i.e. grade A, B and C eggs only). This is aimed to stabilise egg prices and ensure that eggs, being a staple food, remain affordable and accessible to consumers and households in all income groups. Further, the farm selling prices of these eggs in the market are also fixed. The imposition of the ceiling retail prices and farm selling prices of these eggs persist until 31 July 2025, before its full removal effective 1 August 2025.

Details of the ceiling retail prices and farm selling prices of these eggs imposed by the Government for the Peninsular Malaysia market for FYE 2022 to FYE 2024 and up to LPD are as follows:

	Price for each egg (RM)		
	Grade A ordinary	**Grade B ordinary**	**Grade C ordinary**
FYE 2022			
Ceiling retail price	0.43	0.41	0.39
Farm selling price	0.39	0.37	0.35
FYE 2023			
Ceiling retail price	0.43 - 0.45	0.41 – 0.43	0.39 – 0.41
Farm selling price	0.39	0.37	0.35
FYE 2024			
Ceiling retail price	0.42 - 0.45	0.40 – 0.43	0.38 – 0.41
Farm selling price	0.36 - 0.39	0.34 - 0.37	0.32 - 0.35

7. BUSINESS OVERVIEW *(Cont'd)*

	Price for each egg (RM)		
	Grade A ordinary	**Grade B ordinary**	**Grade C ordinary**
1 October 2024 up to LPD			
Ceiling retail price	0.42	0.40	0.38
Farm selling price	0.36	0.34	0.32

In accordance with the implementation of ceiling retail prices and farm selling prices, our egg prices, in particular our Grade A, B and C ordinary eggs only, adhered to the farm selling prices imposed by the Government. The average selling prices of our Group's eggs for FYE 2022 to 2024 are as follows:

	FYE 2022	**FYE 2023**	**FYE 2024**
Average selling price (RM/egg)[(1)]	**0.36**	**0.38**	**0.36**
- ordinary eggs[(2)]	0.36	0.37	0.36
- premium eggs[(2)]	-	0.60	0.60

Notes:

(1) The average selling prices were computed based on the revenue from sales of table eggs divided by the sales volume of eggs for each FYE.

(2) The average selling prices were computed based on the revenue from sales of ordinary eggs or premium eggs divided by the sales volume of ordinary eggs or premium eggs for each FYE.

Further, to retain the price control on eggs without compromising the profitability of egg producers in Malaysia, the Government has also vide the DVS introduced a provision of subsidies to egg producers over the same period. Details of the subsidies provided by the Government for each ordinary egg sold for FYE 2022 to FYE 2024 are as follows:

	FYE 2022	**FYE 2023**	**FYE 2024**
Subsidies	RM0.03 to RM0.05[(1)]	RM0.08 to RM0.10	RM0.10

Note:

(1) These subsidies were applicable for all table eggs of all grades save for the period between February 2022 and June 2022 when the subsidy of RM0.05 was only applicable for grade A, grade B and grade C eggs.

7. BUSINESS OVERVIEW *(Cont'd)*

The provision of subsidies is executed through the DVS under the Ministry of Agriculture and Food Security. In order to obtain the subsidy, licensed poultry farm operators will submit an application for subsidy based on the number of the respective ordinary eggs sold on a monthly basis together with the relevant documentation (e.g. invoices of all eggs sold) for verification. Upon approval by the DVS, the subsidised amount will be provided to the respective egg producers. The volume of eggs subsidised and subsidies which we received from the Government for FYE 2022 to 2024 are as follows:

	FYE 2022	**FYE 2023**	**FYE 2024**
Volume of eggs subsidised ('000)	156,115	253,141	320,789
Subsidies received from the Government (RM'000)[(1)]	7,254	20,971	32,079

Note:

(1) Our subsidies are captured in our financial statements on receipt basis.

As announced by the Ministry of Agriculture and Food Security on 30 April 2025, the egg subsidy for ordinary eggs were reduced from RM0.10 to RM0.05 and the price control was removed effective 1 May 2025. Further, the Government has fully removed the egg subsidy effective 1 August 2025. Consequently, the price of our ordinary eggs follows market rates based on supply and demand conditions which would result in egg prices becoming more competitive. Despite the potential increase in the pricing of our ordinary eggs, we are unlikely to experience a decrease in consumer demand as eggs are staple foods widely consumed by individuals as well as in the F&B business. Please refer to Section 9.1.2 for details of the risk arising from the removal of price control and subsidies by the Government.

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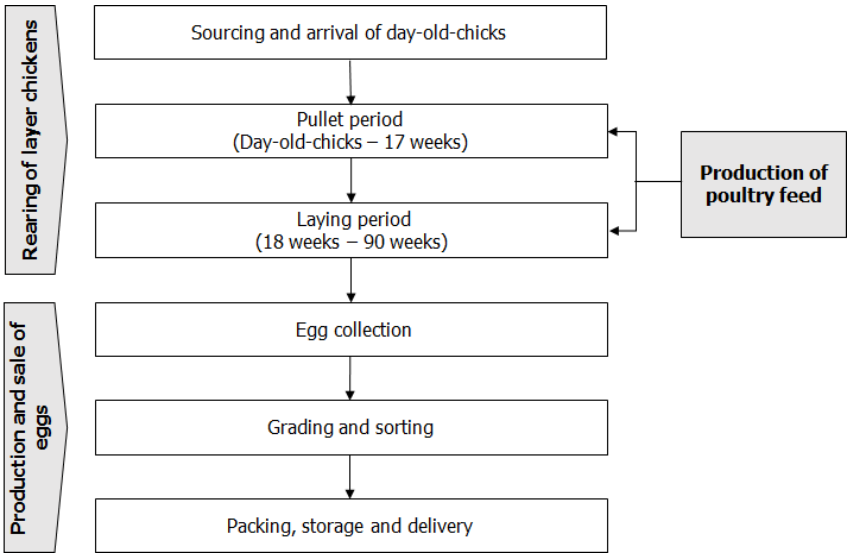
7. BUSINESS OVERVIEW *(Cont'd)*

7.4 BUSINESS PROCESSES

The process flow for our Group's business is depicted below:



(a) Rearing of layer chickens

(i) Sourcing and arrival of day-old-chicks

Our poultry farming process begins with the purchase of day-old-chicks from our supplier. Our selection criteria for the supplier of day-old-chicks are based on amongst others, the quality of day-old-chicks (i.e. health conditions) based on our purchase track record, timeliness of delivery and the supplier's adherence to good agricultural practices as evidenced by its myGAP certification. A batch of day-old-chicks are purchased and reared as a group/flock in a chicken coop throughout various stages from pullet period to laying period. This strategy eases rearing process as chickens within any of our chicken coops are at the same age. Further, it also prevents transmission of diseases between older layer chickens and younger layer chickens. The quantum of day-old-chicks purchased varies for each batch, depending on the capacity of each chicken coop based on our planning as detailed below.

To ensure timely and reliable delivery of day-old-chicks from our supplier, our Group provides an annual planning report to the supplier, which outlines the quantities of day-old-chicks required by our Group and estimated delivery weeks during the year. Such planning is prepared based on our staggered flock placement strategy (as detailed below), whilst taking into account a buffer period of 2 to 4 weeks for cleaning and sanitation of our chicken coops dedicated for pullets after being transferred out upon reaching laying period, as well as the corresponding chicken coops dedicated for mature hens after depopulation upon reaching the end of their prime laying period. Upon arrival of the day-old-chicks, they will be kept in chicken coops dedicated for pullets for a period of 17 weeks.

Further, to facilitate continuous egg production and maximise the occupancy of our chicken coops, our Group adopts a staggered flock placement strategy whereby a new batch of day-old-chicks are brought in to fill a chicken coop dedicated for pullets approximately 13 to 15 weeks before the mature hens in the corresponding chicken coop reach the end of their prime laying period. This

allows sufficient time of 2 to 4 weeks for cleaning and sanitation of chicken coops after the depopulation of spent chickens and for the day-old-chicks to fully develop into mature hens, enabling a seamless transition in our rearing cycle.

(ii) Pullet period

As at LPD, we have allocated a total of 7 chicken coops to raise our pullets during the pullet period. During the pullet period, we closely monitor the temperature of the chicken coops to ensure that the chicken coops operate at the appropriate temperature for optimal pullet health. In addition, we also take strict precautions with regards to poultry nutrition as the quantity and nutritional quality of the feed fed to the pullets significantly affects pullet health and growth.

(iii) Laying period

When the chickens reach 17 weeks old, they will be transferred to our chicken coops dedicated for mature hens. As at LPD, we have allocated a total of 26 chicken coops to house our mature hens during the laying period. Mature hens that produce premium eggs are fed with enriched poultry feed throughout the laying period compared to those producing ordinary eggs.

During the laying period, we ensure that our mature hens receive sufficient nutrition to ensure optimal egg production in terms of quantity and quality. Further, we ensure that the temperature of the chicken coops are controlled so that our mature hens are not exposed to heat stress which is detrimental to both the health of our mature hens and egg production. We also monitor and control the lighting in our closed-house chicken coops to stimulate and encourage feed intake and egg production.

Our Group constantly monitors the egg production rate of our mature hens to ascertain the cost effectiveness of maintaining the layer chickens. When our mature hens are past their prime laying period (which are known as spent chickens) and egg production rate begins to drop, we will consider depopulating the chicken coops by selling the spent chickens to amongst others, wholesalers and third party poultry farmers. Further, the timing of depopulation of a chicken coop also depends on the availability of 17-week old layer chickens that are reaching laying period and ready to be transferred into the chicken coop.

Our poultry rearing operations are carried out by our farm operations department that comprises operators, technicians, supervisors and managers who are responsible for conducting daily inspection of our chicken coops, which include cleaning and sanitation of chicken coops; admission of poultry feed; maintaining the living conditions in chicken coops; assessing the growth and health of layer chickens; monitoring, recording and reporting mortality rates; as well as ensuring that each chicken coop is free from pests. These personnel are also responsible for the maintenance of systems and machinery involved such as feed hoppers and drinking systems; egg collection belts and automated conveyor belts; manure collection belts; temperature sensors; pad cooling systems; computer-controlled fans and air inlet valves; as well as egg counters. Further, they are also responsible for packing eggs into trays using our egg packer machines and transport the eggs to our central grading and sorting station for chicken coops that are not connected to our central grading and sorting station via an automated conveyor belt.

7. BUSINESS OVERVIEW *(Cont'd)*

Throughout the pullet and laying periods, manure is automatically collected from each chicken coop on a daily basis and transported to a designated area for storage before being loaded to trucks and sold to a related party.

(b) Production and sale of eggs

(i) Egg collection

Eggs laid by our layer chickens in each chicken coop are collected via an egg collection belt and connected to a collection area located outside of each chicken coop. Thereafter, eggs collected from our chicken coops are transported to our central grading and sorting station via an automated conveyor belt that connects 16 of our chicken coops to our central grading and sorting station. Eggs from the remaining 10 chicken coops that are not connected to our central grading and sorting station via an automated conveyor belt are transported using our egg packer machines to pack the eggs into trays before being transported to our central grading and sorting station.

(ii) Grading and sorting

Upon reaching our central grading and sorting station, eggs will go through grading lines where the eggs are graded according to its respective weight. Our egg grading and sorting machines are equipped with an ultraviolet disinfection system that uses ultraviolet light to eradicate bacteria, viruses and/ or fungi that may be present on the shells. Further, one of our egg grading machines is equipped with a crack detection system that detects any cracks present on the shells using acoustic sensors. In the event that a cracked egg is detected, the cracked egg is automatically removed and separated from the rest of the uncracked eggs in the egg grading and sorting line. Thereafter, eggs will also be visually inspected to remove soiled, spotted, cracked or broken eggs and sold to customers who are willing to accept these eggs. Further, the contents of these soiled, spotted, cracked or broken eggs may also be bagged and sold to customers in the form of liquid eggs.

Following which, the graded eggs are automatically assigned to its respective packaging lane to be sorted into trays ranging from 6 to 30 eggs per tray.

(iii) Packing, storage and delivery

Once the eggs are graded and sorted, they will be packed in trays before being placed on pallets for storage in our storage area. Each pallet of eggs is labelled with production records, which include batch number, product types, packing date (which is typically the same day from laying) and expiry date (for premium eggs). Similar information will also be recorded in our inventory management system.

When we receive a purchase order, we will arrange for the ordered eggs to be delivered to our customers by third party logistics companies engaged by our Group. When required, we also utilise our in-house trucks for product delivery which we own 3 units as at LPD. Further, our customers may also collect the eggs from our Bidor Integrated Farm. Each batch of eggs delivered are accompanied by a delivery order which outlines the abovementioned production records, thereby enabling traceability.

7. BUSINESS OVERVIEW *(Cont'd)*

To ensure the freshness of eggs, our eggs are generally delivered to, or collected by, our customers within 2 to 3 but not exceeding 7 days from the day that the eggs are collected from our chicken coops.

(c) Production of poultry feed

Our Group produces poultry feed in-house to feed our layer chickens. Our poultry feed production process is carried out by our feed mill operations department that comprises operators, technicians, supervisors, and managers, who are responsible for preparation, weighing and loading of raw materials and ingredients; transfer of finished poultry feed to closed silos; collection of poultry feed for admission to chicken coops; operation and maintenance of machinery; inventory management and procurement; record keeping; as well as cleaning and sanitation of the computerised poultry feed production lines, raw material and ingredient storage silos, mixing tank and closed silos for finished poultry feed.

We generally maintain a 2 to 3 weeks inventory for the raw materials and ingredients used in the production of poultry feed. Our poultry feed production begins with the automated loading of the specific amount of key raw materials and ingredients required (e.g. maize, soybean meal, wheat, pollard and sunflower meal) from the respective raw material and ingredient storage silos/ areas to a mixing tank, whereby the weighing of these key raw materials and ingredients are automated as part of the loading process. As for other raw materials and ingredients such as minerals and supplements (e.g. vitamins), the weighing and loading processes are carried out manually.

Thereafter, the raw materials and ingredients will be crushed before being loaded into the mixing tank for mixing process. Following which, the mixed poultry feed will be loaded and stored in closed silos being collected for feeding. Mixed poultry feed stored in closed silos are typically used for feeding within 7 days upon production and storage.

During FYE 2022 to 2024, our Group produced poultry feed amounting to 51,370.3 MT, 53,124.0 MT and 54,870.2 MT respectively.

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7. BUSINESS OVERVIEW *(Cont'd)*

7.5 QA AND QC PROCEDURES, BIOSECURITY MEASURES AND CERTIFICATIONS

7.5.1. QA and QC procedures and biosecurity measures

We have outlined and adopted stringent QA and QC procedures at various stages of our operations which are formulated by the respective supervisors and managers within the farm operations department, production department and feed mill operations department, together with our Managing Director, Executive Directors and Veterinarian, as detailed below:

Operation stage	QA and QC procedures
Rearing of layer chickens	Daily inspection is conducted in each chicken coop to: (a) conduct cleaning, which includes the cleaning of the ventilation system to remove excessive dust, chicken feathers or debris that could impair the performance of the ventilation system; (b) conduct sanitation and disinfection of the walls and floors of the chicken coops to eliminate any bacteria, viruses, fungi and/or parasites that could potentially contaminate the poultry feed, water, surfaces and/or layer chickens; (c) assess the conditions of the chicken coop to ensure the living conditions (e.g. temperature, humidity and ventilation) are maintained; (d) monitor the admission of poultry feed as well as water intake to ensure that the appropriate quantity and type of poultry feed in addition to sufficient water intake is provided to our layer chickens; (e) assess the growth and health of our layer chickens; (f) identify any mortality and investigate the causes; and (g) ensure that the chicken coop is free from pests (e.g. rodents). Daily visual inspection is carried out by our employees manually, who undergo the necessary sanitisation procedures (i.e. showering and changing into designated uniforms exclusively for entering our chicken coops). The above QA and QC procedures apply to all layer chickens throughout the entire rearing process from day-old-chicks and pullets to mature hens.
Grading and sorting of eggs	(a) Eggs collected from chicken coops will undergo visual inspection by our employees to remove eggs that are soiled, spotted, cracked or broken. (b) Upon grading and sorting, visual inspection will be conducted via random sampling of eggs to ensure that eggs are accurately graded within the weight range of the respective grades.

7. BUSINESS OVERVIEW *(Cont'd)*

Operation stage	QA and QC procedures
	(c) We send our table eggs for monthly external testing by third party laboratories to ensure that our table eggs are free from any contaminations. (d) We also send our table eggs for bi-annual external testing by third party laboratories to analyse the nutritional value of our table eggs. These QA and QC procedures are carried out by our QA & QC personnel in our production department to ensure the quality of our eggs are being upheld.
Feed mill operations	(a) Upon receipt of raw materials and ingredients, we inspect them to ensure that the quantity and weight of the raw materials and ingredients are in accordance with the delivery order. (b) We conduct in-house laboratory tests on the raw materials and ingredients using an FT-NIR spectrometer, which is used to analyse the contents of the raw materials and ingredients to ascertain the quality and nutritional value of the raw materials and ingredients. (c) We also conduct particle size analysis to ensure that the raw materials and ingredients are of the correct size and texture to be used in our in-house production of poultry feed. (d) We conduct daily in-house laboratory tests to ensure that the raw materials and ingredients used in the production of our in-house poultry feed adheres to the required nutritional values. (e) We also send our in-house poultry feed for weekly external testing by third party laboratories to ensure that our poultry feed is free from any contaminations.

To ensure the quality and freshness of our products, in particular our house-brand eggs, we carefully select our customers who have an established product storage practices, ensuring our eggs are stored under dry and cool conditions. While we do not have quality control measures imposed on our customers particularly for the storage of our eggs, we conduct periodic internal review and visit our customers, especially retailers who carry our house-brand products, to ensure that our eggs are stored under dry and cool conditions.

Our Bidor Integrated Farm is surrounded by lands owned by our Group that are used for oil palm plantation. Nevertheless, our Bidor Integrated Farm is not affected or exposed to any pesticides/chemicals used in the oil palm plantations as the perimeters of our poultry farm are fully fenced. Further, our closed-house chicken coops, central grading and sorting station and feed mill are built with concrete walls as well as fully covered and/or sheltered, which prevents any pesticide/chemical exposure from affecting our poultry farming operations in our Bidor Integrated Farm. In addition, we also adopt the following biosecurity measures in our Bidor Integrated farm:

7. BUSINESS OVERVIEW *(Cont'd)*

(a) Closed-house system for rearing of layer chickens

We adopt a closed-house system for the rearing of layer chickens, whereby our chickens are housed in closed-house chicken coops that are equipped with automated feed hoppers and drinking system to feed our layer chickens, egg collection belts to collect eggs within each of the respective chicken coops, and manure collection belts that automatically collect manure from each chicken coop and transport the manure to a designated area. Some of our chicken coops are also connected to an automated conveyor belt that transports eggs to our central grading and sorting station. The egg collection belts and automated conveyor belt minimise manual handling of eggs by our employees, which contributed to our relatively low egg wastage of below 1.5% for FYE 2022 to 2024.

In addition, the closed-house system is also equipped with temperature sensors, pad cooling systems as well as computer-controlled fans and air inlet valves that allows us to control the ventilation and temperature of our chicken coops. All of these create a more controlled environment and reduce the risk of contamination and disease outbreak.

(b) Monitoring of layer chickens

The growing condition and mortality of our layer chickens are monitored by our employees daily. We actively monitor and maintain records of key health indicators of our layer chickens, including poultry feed and water intake, average body weight, egg production rates and average egg weight. In addition, we track prescribed medications and vaccinations to monitor the health of our layer chickens. Scheduled health checks are also conducted to detect any potential infections or diseases such as Newcastle disease, infectious bronchitis, Avian influenza, pasteurella, e-coli and salmonella. We also monitor flock uniformity and ensure standard feed consumption across our layer chickens. Our veterinarian conducts weekly post-mortem inspections on a sample basis to identify the causes of mortality and detect any possibilities of disease outbreaks. The findings of our weekly post-mortem inspections are documented and submitted to the relevant key senior management personnel. For FYE 2022 to 2024, the annual mortality rate of our layer chickens was less than 0.5%, which is the average monthly mortality rate calculated using the total mortality in a month divided against the average number of layer chickens for the respective month.

If an outbreak of poultry disease is detected, we will firstly ascertain the severity of the disease outbreak. Where vaccination and medication are in existence to treat the diseases, our in-house veterinarian will prescribe the necessary antibiotics and/ or medication to the affected chicken coop(s) to remedy the outbreak. In the event of unusual or elevated mortality rates (i.e. more than 0.1% per week, which is calculated using total mortality in a week divided against the average number of layer chickens for the respective week, in each chicken coop), or where Avian influenza is identified as the cause of mortality, we are required to notify the DVS.

However, if there are no vaccinations or medication in existence, we will depopulate the infected chicken coop(s) by disposing all layer chickens in the respective chicken coop(s). Thereafter, we will re-commence the entire rearing process starting from the rearing of day-old-chicks after disinfecting the infected chicken coops.

7. BUSINESS OVERVIEW *(Cont'd)*

(c) Controlled access at our Bidor Integrated Farm

Apart from our employees, only authorised personnel (e.g. customers, suppliers and other visitors) are allowed to enter our Bidor Integrated Farm and the entry of these personnel is subject to approval granted by our management. Further, only dedicated employees (i.e. operators and supervisors from the farm operations department) are allowed to enter our chicken coops to conduct daily cleaning and inspection, whereby these dedicated employees are required to adhere to our sanitation and hygiene practices detailed below.

(d) Sanitation and hygiene

Sanitation and hygiene measures are put in place in various sites of our Bidor Integrated Farm:

(i) Main and office entrances

We have footbaths with disinfectants installed at the main and office entrances at our Bidor Integrated Farm. All employees, visitors and vehicles are required to walk/ drive through the footbaths before entering our Bidor Integrated Farm to remove any unwanted bacteria and prevent the potential spread of diseases. The disinfectant in the footbath is replaced daily.

(ii) Closed-house chicken coops

Only dedicated employees (i.e. operators and supervisors) are allowed to enter our chicken coops. Prior to entering any chicken coops, our employees are required to shower and change into dedicated uniforms that we supply for exclusive wear in chicken coops. This minimises the risk of transmitting bacteria and virus into the chicken coops which may lead to disease outbreaks or cross-contamination amongst our layer chickens.

(iii) Central grading and sorting station

We also have footbaths and disinfectants installed at the entrances of our central grading and sorting station. All personnel are required to walk through the footbaths before entering our central grading and sorting station to remove any unwanted bacteria and prevent the potential spread of diseases. The disinfectant in the footbath is replaced daily.

Further, employees who work at our central grading and sorting station are required to undergo typhoid vaccinations annually pursuant to the guidelines by the Ministry of Health to ensure that our employees do not contract typhoid fever due to possible exposure to the salmonella bacteria that is commonly found in the gut and faeces of layer chickens and may be present on egg shells. These employees are also required to wear dedicated uniforms that is worn exclusively at our central and grading station to minimise any risk of transmission of bacteria or virus.

(iv) Feed mill

We maintain clean and hygienic conditions for each storage silos for raw materials, ingredients and finished poultry feed, by conducting cleaning prior to the re-filling of the storage silos. We also conduct cleaning of the mixing tank weekly.

7. BUSINESS OVERVIEW *(Cont'd)*

Our Board is of the view that the biosecurity measures, quality control system and production safety measures implemented by our Group are sufficient and effective. The production safety measures currently adopted by our Group are in line with the market practice of the layer poultry industry in Malaysia.

7.5.2. Certifications

Our Group places strong emphasis on the sanitation and hygiene at our Bidor Integrated Farm where our table eggs are produced, graded, sorted and packed. We adopt stringent internal QA & QC policies in our operations to ensure our products are in compliant with both our internal and international standards.

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

Standard	Certification body	Date first awarded	Current validity period	Scope of certification
Halal certification	JAKIM	1 May 2012	1 January 2025 to 31 December 2026	Certifies that the eggs produced by our Group complies with Islamic Law and Malaysian Halal Standard
HACCP MS1480:2019	Kiwa International Certifications (M) Sdn Bhd	7 October 2016	22 October 2024 to 6 October 2027	Certifies that Hock Soon Poultry Farm complies with the HACCP standard for the processing of poultry eggs and egg products
ISO 22000:2018	Kiwa International Certifications (M) Sdn Bhd	26 October 2016	22 October 2024 to 25 October 2027	Certifies that Hock Soon Poultry Farm complies with the ISO 22000:2018 standard for the processing of poultry eggs and egg products
GMP MS1514:2022	Kiwa International Certifications (M) Sdn Bhd	10 October 2021	22 October 2024 to 9 October 2027	Certifies that Hock Soon Poultry Farm complies with the GMP MS1514:2009 standard for the processing of poultry eggs and egg products
MeSTI certificate	MOH	12 April 2013	6 November 2023 to 5 November 2026	Certifies that Hock Soon Poultry Farm fulfils the terms and conditions for MeSTI

7. BUSINESS OVERVIEW *(Cont'd)*

Standard	Certification body	Date first awarded	Current validity period	Scope of certification
myGAP certificate (formerly known as Good Animal Husbandry Practices Certification Scheme)	DVS under Ministry of Agriculture and Food Security	31 December 2013	1 January 2024 to 31 December 2025	Certifies that Hock Soon Poultry Farm has fulfilled the requirements of the DVS and Malaysian Good Agricultural Practices Livestock sector

Our Group has established a food safety team which is responsible for ensuring that our Group's operational processes as well as QA & QC procedures consistently conform with the standards necessary to maintain the above certifications.

7.6 TECHNOLOGY USED OR TO BE USED

We employ the following technology in our business activities:

Technology[(1)]	No. of units[(2)]	Description
Automated systems in our closed-house chicken coops	33	We have installed various automated systems in all our closed-house chicken coops, namely: (a) automated feed hoppers and drinking systems; (b) egg collection belts and automated conveyor belts (for some chicken coops); and (c) manure collection belts. Please refer to Section 7.2.1(a)(i) for details and benefits of automated systems installed in our closed-house chicken coops.
Monitoring and control systems in our closed-house chicken coops	33	We have installed various monitoring and control systems in all our closed-house chicken coops, namely: (a) temperature sensors; (b) pad cooling systems; and (c) computer-controlled fans and air inlet valves. Please refer to Section 7.2.1(a)(ii) for details and benefits of monitoring and control systems installed in our closed-house chicken coops.
Egg counters	232	We have installed egg counters in all our chicken coops to count the number of eggs produced before being sent to the egg grading and sorting station.
Egg grading and sorting lines	2	Our egg grading and sorting lines are used to automate the egg grading and sorting process where the eggs are graded according to its respective weight and thereafter automatically assigned to its respective packaging lane to be sorted into trays ranging from 6 to 30 eggs per tray.

7. BUSINESS OVERVIEW *(Cont'd)*

Technology[1]	No. of units[2]	Description
		Our egg and sorting lines are also equipped with an ultraviolet disinfection system that uses ultraviolet light to eradicate bacteria, viruses and/ or fungi that may be present on the shells. One of egg grading and sorting lines is also equipped with a crack detection system that detects any cracks present on the shells using acoustic sensors.
Egg packing machines	5	Our egg packing machines are used to automate the egg packing process to pack freshly laid eggs into egg trays to ease the transportation of unsorted eggs to our central grading and sorting station.
FT-NIR spectrometers	1	FT-NIR spectrometer is an equipment used to analyse the content of a material that is in solid, powder, tablet, granule, paste or liquid forms. We utilise FT-NIR spectrometer to ascertain the quality and nutritional value of raw materials and ingredients used in our production of poultry feed, as well as the poultry feed that we produce in-house and source from suppliers.
Test sieve machine	1	We utilise a test sieve machine to conduct particle size analysis to ensure that the raw materials and ingredients are of the correct size and texture to be used in our in-house production of poultry feed.
Computerised poultry feed production lines	2	We utilise 2 computerised production lines in our feed mill to produce poultry feed for internal consumption. Please refer to Section 7.2.1(c) for the details of our poultry feed production process using our computerised production lines.

Notes:

(1) These systems and machinery have a depreciation period of 10 years according to our accounting practice. Nevertheless, these systems and machinery typically have a useful lifespan of more than 10 years with regular upkeep and maintenance including regular replacement of consumables as well as wear and tear parts. Hence, our Group will continue utilising these systems and machinery to a point that it is no longer cost-effective to maintain them considering the costs and time required for upkeep and maintenance.

(2) Refers to number of units as at LPD.

7. BUSINESS OVERVIEW *(Cont'd)*

As part of our efforts in minimise production downtime, we conduct regular maintenance and upkeep on our key egg production and processing equipment. For example, daily monitoring on the automated systems, monitoring and control systems, and egg counters in our chicken coops is conducted by our operators and supervisors to identify any malfunctioned system or equipment that requires repair or replacement of consumables/wear and tear parts; and daily cleaning and lubrication is carried out by our technicians for certain parts and components of our egg grading and sorting lines as well as egg packing machines. Further, our technicians also conduct checking on our egg grading and sorting lines as well as egg packing machines to identify any worn-out parts and components that require a replacement. Similar cleaning, lubrication and checking procedures are also undertaken on our computerised poultry feed production lines on a weekly basis.

Hence, all systems and machinery that our Group uses in our operations are in good condition as at LPD. For FYE 2022 to 2024 and up to LPD, we have not experienced any material or prolonged interruptions to our business operations caused by failures of these systems and machinery. Nevertheless, our systems and machinery occasionally experience minor downtime, which typically takes approximately 4 hours for repair and maintenance for each occasion, depending on the severity of the breakdown. However, such downtime did not lead to material or prolonged interruptions to our business operations.

7.7 PRINCIPAL MARKETS AND SEGMENTS

For FYE 2022 to 2024, the sales of table eggs were the largest revenue contributor as they contributed 93.5%, 95.2% and 95.0% to our Group's revenue respectively, which are driven by sales of ordinary eggs which contributed 93.5%, 89.2% and 90.9% to our Group's revenue respectively during the same period. Our Group launched and began to sell premium eggs in FYE 2023.

The breakdown of our Group's revenue segmentation by principal business activities for FYE 2022 to 2024 are as follows:

	FYE 2022		FYE 2023		FYE 2024	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
Table eggs	**125,412**	**93.5**	**139,232**	**95.2**	**143,798**	**95.0**
Ordinary eggs	125,412	93.5	130,378	89.2	137,539	90.9
- Unbranded[(1)]	107,398	80.0	112,564	77.0	121,011	80.0
- Customers' brand	11,849	8.9	8,564	5.9	10,472	6.9
- Own brand	6,165	4.6	9,250	6.3	6,056	4.0
Premium eggs[(2)]	-	-	8,854	6.0	6,259	4.1
Others[(3)]	**8,766**	**6.5**	**7,019**	**4.8**	**7,579**	**5.0**
	134,178	**100.0**	**146,251**	**100.0**	**151,377**	**100.0**

Notes:

(1) Includes soiled, spotted, cracked or broken eggs that are sold in the form of liquid eggs in bags.

(2) Comprise premium eggs labeled under our house-brand 'QPlus' and under a Hong Kong customer's brand. Sale of premium eggs under the Hong Kong customer's brand amounted to RM1.0 million for both FYE 2023 and 2024.

7. BUSINESS OVERVIEW *(Cont'd)*

(3) Comprises revenue generated from the sale of spent chickens, chicken manure, raw materials, scrap materials and handling charges.

Our Group's principal market is in Malaysia, which accounted for 96.3%, 98.9% and 99.2% of our total revenue for FYE 2022 to 2024 respectively. During this period, our Group also derived revenue from Hong Kong which accounted for 3.7%, 1.1% and 0.8% of our total revenue for FYE 2022 to 2024 respectively.

The breakdown of our Group's revenue segmentation by geographical region(1) is as follows:

	Audited					
	FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%
Malaysia	**129,240**	**96.3**	**144,572**	**98.9**	**150,191**	**99.2**
- Central(2)	78,655	58.6	91,708	62.7	103,329	68.2
- Northern(3)	42,975	32.0	47,964	32.8	39,495	26.1
- Southern(4)	6,461	4.8	4,157	2.9	6,462	4.3
- Eastern(5)	1,149	0.9	743	0.5	905	0.6
Overseas	**4,938**	**3.7**	**1,679**	**1.1**	**1,186**	**0.8**
Hong Kong	4,938	3.7	1,679	1.1	1,186	0.8
	134,178	**100.0**	**146,251**	**100.0**	**151,377**	**100.0**

Notes:

(1) The classification of our revenue by geographical region is based on the locations of our customers.

(2) Central region comprises Selangor, Kuala Lumpur and Putrajaya.

(3) Northern region comprises Perlis, Kedah, Penang and Perak.

(4) Southern region comprises Negeri Sembilan, Malacca and Johor.

(5) Eastern region comprises Pahang, Kelantan and Terengganu.

Our Group's products are mainly sold to wholesalers, retailers and food manufacturers. The breakdown of our Group's revenue segmentation by customer base is as follows:

	Audited					
	FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%
Wholesalers	93,935	70.0	98,200	67.1	102,764	67.9
Retailers	22,204	16.6	30,506	20.9	29,947	19.8
Food manufacturers	8,871	6.6	9,420	6.4	8,901	5.9
Other customers(1)	402	0.3	1,106	0.8	2,186	1.4
Others(2)	8,766	6.5	7,019	4.8	7,579	5.0
	134,178	**100.0**	**146,251**	**100.0**	**151,377**	**100.0**

7. BUSINESS OVERVIEW *(Cont'd)*

Notes:

(1) Comprises revenue generated from other customers such as third party poultry farmers who also purchase our spent chickens as well as walk-in customers.

(2) Comprises revenue generated from the sale of spent chickens, chicken manure, raw materials, scrap materials and handling charges.

As at LPD, our Group has entered into trading terms agreements with certain retailers, which sets out mutually agreed terms on amongst others, rebates, credit terms, listing fees, promotional fees and/or penalties for mislabelling. However, no fixed delivery quantities are stipulated in the trading terms agreements, as purchases by these retailers are made based on purchase orders.

7.8 SALES AND MARKETING

Our Group's sales and marketing strategies are as follows:

(a) Direct approach

We secure new customers through direct contact with potential customers. Our sales and marketing team also constantly collects market information to identify potential customers such as new wholesalers, new retailers and new food manufacturers.

(b) Referrals from business associates

We secure new customers through referrals from our business associates, including our customers and suppliers. Our ability in providing quality products to our customers coupled with our extensive customer and supplier network have brought in referrals through recommendations by our business associates, whom we dedicate to maintaining good relationships with.

(c) Corporate website

Our Group's corporate website, at www.hocksoon.com, is used to introduce and market our products as well as to provide immediate searchable information on our Group.

Pricing strategy

Following the upliftment of price control on ordinary eggs effective 1 May 2025 as detailed in Section 7.3, the prices of all our eggs including those previously subsidised are determined based on several factors, such as supply and demand conditions, feed cost, vaccination cost as well as other operational costs such as labour cost and utility cost.

7. BUSINESS OVERVIEW *(Cont'd)*

7.9 MAJOR CUSTOMERS

Our top 5 major customers and their respective revenue contributions for FYE 2022 to 2024 are as follows:

FYE 2022

No.	Major customers	Nature of business	Products	Revenue contribution		Length of relationship as at end of FYE
				RM'000	%	Years
1.	Lotuss Stores (Malaysia) Sdn Bhd	Retailer	- Ordinary eggs (unbranded, own brand 'QPlus' and customer's brand)	11,361	8.5	15
2.	My Hero Hypermarket Sdn Bhd	Retailer	- Ordinary eggs (unbranded, own brand 'QPlus' and customer's brand)	10,100	7.5	10
3.	Eggtech Manufacturing Sdn Bhd	Food manufacturer	- Ordinary eggs (unbranded)	8,870	6.6	21
4.	Soon Heng Loong Trading Sdn Bhd	Wholesaler	- Ordinary eggs (unbranded)	7,602	5.7	(1)24
5.	Jawa Maju Sdn Bhd	Wholesaler	- Ordinary eggs (unbranded)	6,997	5.2	5
			Subtotal	**44,930**	**33.5**	
			Total revenue	**134,178**	**100.0**	

7. BUSINESS OVERVIEW *(Cont'd)*

FYE 2023

No.	Major customers	Nature of business	Products	Revenue contribution		Length of relationship as at end of FYE
				RM'000	%	Years
1.	Lotuss Stores (Malaysia) Sdn Bhd	Retailer	- Ordinary eggs (own brand 'QPlus' and customer's brand) - Premium eggs (own brand 'QPlus')	14,337	9.8	16
2.	My Hero Hypermarket Sdn Bhd	Retailer	- Ordinary eggs (own brand 'QPlus' and customer's brand) - Premium eggs (own brand 'QPlus')	10,492	7.2	11
3.	Eggtech Manufacturing Sdn Bhd	Food manufacturer	- Ordinary eggs (unbranded) - Premium eggs (own brand 'QPlus')	9,635	6.6	22
4.	ZL Nutrieggs Sdn Bhd	Wholesaler	- Ordinary eggs (unbranded and own brand 'QPlus') - Premium eggs (own brand 'QPlus')	8,652	5.9	3
5.	Soon Heng Loong Trading Sdn Bhd	Wholesaler	- Ordinary eggs (unbranded and own brand 'QPlus') - Premium eggs (own brand 'QPlus')	7,664	5.2	[1]25
			Subtotal	**50,780**	**34.7**	
			Total revenue	**146,251**	**100.0**	

7. BUSINESS OVERVIEW *(Cont'd)*

FYE 2024

No.	Major customers	Nature of business	Products	Revenue contribution		Length of relationship as at end of FYE
				RM'000	%	Years
1.	Lotuss Stores (Malaysia) Sdn Bhd	Retailer	- Ordinary eggs (own brand 'QPlus' and customer's brand) - Premium eggs (own brand 'QPlus')	12,950	8.5	17
2.	ZL Nutrieggs Sdn Bhd	Wholesaler	- Ordinary eggs (unbranded) - Premium eggs (own brand 'QPlus')	10,416	6.9	4
3.	My Hero Hypermarket Sdn Bhd	Retailer	- Ordinary eggs (Own brand 'QPlus' and customer's brand) - Premium eggs (own brand 'QPlus')	10,330	6.8	12
4.	Eggtech Manufacturing Sdn Bhd	Food manufacturer	- Ordinary eggs (unbranded) and own brand 'QPlus'	8,901	5.9	23
5.	Chop Swee Heng[(2)]	Wholesaler	- Ordinary eggs (unbranded) - Premium eggs (own brand 'QPlus')	6,745	4.5	5
			Subtotal	**49,342**	**32.6**	
			Total revenue	**151,377**	**100.0**	

Notes:

(1) Represents the business relationship with Soon Heng Loong Trading Sdn Bhd's predecessor, Soon Heng Loong Trading (a partnership) from 1998 to the respective FYE.

(2) Chop Swee Heng is a partnership registered in Malaysia under the Partnership Act 1961.

For FYE 2022 to 2024, our Group's top 5 major customers contributed 33.5%, 34.7% and 32.6% of its total revenue respectively. Our Group is not dependent on any of its major customers as none of its major customers contribute to more than 10.0% of our Group's revenue individually. Additionally, table eggs are a staple food and widely consumed source of protein, ensuring consistent market demand.

Therefore, in the event that any of the above major customers opt to reduce or cease their purchases of our Group's table eggs, our Group will be able to mitigate this by securing sales from existing customers and/ or new customers.

7. BUSINESS OVERVIEW *(Cont'd)*

7.10 TYPES, SOURCES AND AVAILABILITY OF SUPPLIES

For FYE 2022 to 2024, the primary supplies purchased by our Group were raw materials and ingredients used for the production of poultry feed which collectively accounted for 85.9%, 84.4% and 82.3% of our Group's total purchases respectively.

The breakdown of our purchases by types of supplies and by currencies for FYE 2022 to 2024 is as follows:

Supplies	Source of supplies	FYE 2022		FYE 2023		FYE 2024	
		RM'000	%	RM'000	%	RM'000	%
Raw materials and ingredients		91,414	85.9	88,554	84.4	85,876	82.3
- Maize	Local suppliers who import from Argentina and Brazil	44,992	42.3	39,079	37.3	35,267	33.8
- Soybean meal	Local suppliers who produce locally and import from Argentina	26,315	24.7	30,338	28.9	31,382	30.1
- Sunflower meal	Local suppliers who import from Ukraine	6,010	5.6	7,677	7.3	5,439	5.2
- Wheat and pollard	Local suppliers who import from Ukraine	1,723	1.6	1,261	1.2	4,390	4.2
- Others	Local suppliers	12,374	11.7	10,199	9.7	9,397	9.0
Ready made poultry feed	Local	1,066	1.0	1,626	1.6	1,865	1.8
Vaccines and medications	Local and overseas (Singapore)	7,235	6.8	6,765	6.5	7,432	7.1
Packaging material	Local	4,108	3.9	4,380	4.2	4,882	4.7
Day-old-chicks	Local	2,621	2.4	3,495	3.3	3,817	3.7
Table eggs[(1)]	Local	-	-	-	-	404	0.4
	Total purchases	**106,444**	**100.0**	**104,820**	**100.0**	**104,276**	**100.0**

Note:

(1) For FYE 2024, our Group purchased table eggs from third party egg producers/ suppliers to meet a one-off surge in our customers' orders.

Currency	FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%
RM	104,757	98.4	103,984	99.2	102,908	98.7
USD	1,687	1.6	836	0.8	1,368	1.3
Total purchases	**106,444**	**100.0**	**104,820**	**100.0**	**104,276**	**100.0**

7. BUSINESS OVERVIEW *(Cont'd)*

Our Group has not encountered any major disruptions in the purchase of supplies in FYE 2022 to 2024. Save for day-old-chicks, all other supplies are generally readily available and can be easily sourced in the market. For FYE 2022 to 2024, we sourced day-old-chicks solely from a major supplier. Our business operations may be interrupted if we are unable to source day-old-chicks from the supplier. Please refer to Section 9.1.7 for the risk of dependency on the major supplier for the sourcing of day-old-chicks.

The prices of raw materials and ingredients for the production of poultry feed as well as ready-made poultry feed are subject to price fluctuations according to the global commodity prices. As such, our financial performance may be adversely impacted if there are substantial price fluctuations in the prices of raw materials and ingredients. During FYE 2022 to 2024, we experienced fluctuations in global commodity prices which led to fluctuations in our raw materials and ingredients. For FYE 2022 to 2024, the variations in the average purchase prices of key raw materials and ingredients i.e. maize and soybean meal, as compared to the respective previous FYE, are as follows:

	Increase/ (Decrease)		
Key raw materials and ingredients	**FYE 2022**	**FYE 2023**	**FYE 2024**
Maize	19.0%	(10.7%)	(22.5%)
Soybean meal	25.1%	1.1%	(26.7%)

In FYE 2022, the purchase prices of maize and soybean meal increased substantially in tandem with the increase in market prices, mainly due to the geopolitical tensions between Ukraine (i.e. one of the world's largest maize producers) and Russia (i.e. one of the world's largest fertilisers producers). Subsequently in FYE 2023 and 2024, the purchase prices of maize and soybean meal were generally on a declining trend, also in line with the decrease in market prices as market conditions normalised. Nonetheless, the impact of the fluctuations, in particular the increase in purchase prices of maize and soybean meal in FYE 2022, were cushioned by government subsidies received by our Group. Please refer to Section 9.1.3 for our risks arising from price fluctuation of supplies. Save for the above, the remaining supplies are not subject to major price fluctuations. For FYE 2022 to 2024 and up to LPD, our Group does not enter into forward contracts or other arrangements to secure or lock in the purchase prices of key raw materials and ingredients for our poultry feed production. Nevertheless, we monitor market prices closely and, from time to time, may purchase supplies for 1 to 3 months in advance to take advantage of lower material prices. Notwithstanding such practice, we may, when deemed necessary, utilise forward contracts or other arrangements in the future to mitigate the risk arising from price fluctuations of raw materials and ingredients.

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7. BUSINESS OVERVIEW *(Cont'd)*

7.11 MAJOR SUPPLIERS

Our top 5 major suppliers and their respective purchase contributions for FYE 2022 to 2024 are as follows:

FYE 2022

No.	Major suppliers	Main products sourced	Value of purchases		Length of relationship as at end of FYE
			RM'000	%	Years
1.	Hoe Seng Chan Company Sdn Bhd	Raw materials and ingredients for the production of poultry feed (e.g. maize, soybean meal, wheat and pollard)	36,397	34.2	23
2.	Cargill (Malaysia) Sdn Bhd	Raw materials and ingredients for the production of poultry feed (e.g. maize, soybean meal and sunflower meal)	14,796	13.9	21
3.	Soon Soon Oilmills Sdn Bhd	Raw materials and ingredients for the production of poultry feed (e.g. soybean meal)	9,583	9.0	21
4.	FFM Berhad	Raw materials and ingredients for the production of poultry feed (e.g. maize, soybean meal and pollard)	7,570	7.1	21
5.	Louis Dreyfus Merchandising Malaysia Sdn Bhd	Raw materials and ingredients for the production of poultry feed (e.g. maize)	5,262	5.0	7
		Subtotal	**73,608**	**69.2**	
		Total purchases	**106,444**	**100.0**	

7. BUSINESS OVERVIEW *(Cont'd)*

FYE 2023

No.	Major suppliers	Main products sourced	Value of purchases		Length of relationship as at end of FYE
			RM'000	%	Years
1.	Hoe Seng Chan Company Sdn Bhd	Raw materials and ingredients for the production of poultry feed (e.g. maize, soybean meal, wheat and pollard)	33,504	31.9	24
2.	Cargill (Malaysia) Sdn Bhd	Raw materials and ingredients for the production of poultry feed (e.g. maize, soybean meal and sunflower meal)	21,926	20.9	22
3.	FFM Berhad	Raw materials and ingredients for the production of poultry feed (e.g. maize, soybean meal and pollard)	12,756	12.2	22
4.	Soon Soon Oilmills Sdn Bhd	Raw materials and ingredients for the production of poultry feed (e.g. soybean meal)	5,330	5.1	22
5.	Leong Hup Group of Companies(1)	Ready-made poultry feed, day-old-chicks and vaccines and medications	5,225	5.0	23
		Subtotal	**78,741**	**75.1**	
		Total purchases	**104,820**	**100.0**	

7. BUSINESS OVERVIEW *(Cont'd)*

FYE 2024

No.	Major suppliers	Main products sourced	Value of purchases		Length of relationship as at end of FYE
			RM'000	%	Years
1.	Hoe Seng Chan Company Sdn Bhd	Raw materials and ingredients for the production of poultry feed (e.g. maize, soybean meal, wheat and pollard)	26,250	25.2	25
2.	Cargill (Malaysia) Sdn Bhd	Raw materials and ingredients for the production of poultry feed (e.g. maize, soybean meal and sunflower meal)	22,628	21.7	23
3.	Sun Best Marketing Sdn Bhd	Raw materials and ingredients for the production of poultry feed (e.g. maize, soybean meal, wheat and pollard)	7,074	6.8	12
4.	Soon Soon Oilmills Sdn Bhd	Raw materials and ingredients for the production of poultry feed (e.g. soybean meal)	6,041	5.8	23
5.	Leong Hup Group of Companies[(1)]	Ready-made poultry feed, day-old-chicks and vaccines and medications	5,799	5.5	24
		Subtotal	**67,792**	**65.0**	
		Total purchases	**104,276**	**100.0**	

Note:

(1) Leong Hup Group of Companies comprises Leong Hup Poultry Farm Sdn Bhd, Leong Hup Agrobusiness Sdn Bhd and Leong Hup Feedmill Malaysia Sdn Bhd.

For FYE 2022 to 2024, our Group's top 5 major suppliers contributed 69.2%, 75.1% and 65.0% of our total purchases respectively. For FYE 2022 to 2024, Hoe Seng Chan Company Sdn Bhd was our Group's largest supplier of raw materials and ingredients for the production of poultry feed, which accounted for 34.2%, 31.9% and 25.2% of our Group's total purchases respectively. Over the same period, Cargill (Malaysia) Sdn Bhd was our Group's second largest supplier of raw materials and ingredients for the production of poultry feed, which accounted for 13.9%, 20.9% and 21.7% of our total purchases.

7. BUSINESS OVERVIEW *(Cont'd)*

In view of the high contributions of the purchase of our Group's supplies from Hoe Seng Chan Company Sdn Bhd and Cargill (Malaysia) Sdn Bhd for FYE 2022 to 2024, our Group is dependent on both these suppliers for the supply of raw materials and ingredients for the production of poultry feed such as maize, soybean meal, wheat, pollard and sunflower meal. In the event that Hoe Seng Chan Company Sdn Bhd and Cargill (Malaysia) Sdn Bhd cease supplying to our Group, our production of poultry feed may be interrupted if our Group is unable to purchase similar raw materials and ingredients from alternative suppliers before the inventory is depleted. In such circumstances, if our Group is unable to source ready-made poultry feed from suppliers at the required amount, our operations will be adversely affected as our Group may not have sufficient poultry feed to feed the layer chickens, which may consequently lead to insufficient nutrition intake of the chickens and affecting the quality of the table eggs. If this worsens, the layer chickens may be exposed to risk of mortality. Nonetheless, raw materials and ingredients purchased from Hoe Seng Chan Company Sdn Bhd and Cargill (Malaysia) Sdn Bhd are commodities that are readily available in the market at comparable prices. Hence, our Group believes we will able to source from alternative suppliers if Hoe Seng Chan Company Sdn Bhd and Cargill (Malaysia) Sdn Bhd cease supplying to our Group, thereby mitigating our risk of dependency on them.

Our Group is also dependent on Leong Hup Group of Companies for the supply of day-old-chicks as Leong Hup Group of Companies is our Group's sole supplier of day-old-chicks. In the event that our Group is unable to source day-old-chicks from Leong Hup Group of Companies due to factors beyond our control (e.g. commercial reasons, decision to keep all day-old-chicks for internal rearing or outbreaks of poultry infections and diseases), our Group will be required to source day-old-chicks of the identical breed from alternative suppliers. If our Group is unable to secure alternative suppliers of day-old-chicks in a timely manner and/ or on commercially acceptable terms, our Group will face shortage of our day-old-chicks and delays in filling our chicken coops with day-old-chicks for rearing. In such circumstances, our Group may face a prolonged decline in our egg production and thus materially and adversely affect our business operations and financial performance. Nevertheless, our Group's dependency on Leong Hup Group of Companies is mitigated by the fact that there are alternative suppliers in the market that supply day-old-chicks of the identical breed at comparable prices. Premised on the above, our Group does not foresee any material impact to our operations and financials if we are unable to source day-old-chicks from Leong Hup Group of Companies.

7. BUSINESS OVERVIEW *(Cont'd)*

7.12 INTERRUPTION TO OUR BUSINESS OPERATIONS

Our Group did not experience any material interruptions which had a significant effect on our operations during the past 12 months preceding the LPD.

7.13 INSURANCE

We maintain insurance policies which include fire insurance, burglary insurance, products liability insurance, goods in transit insurance, medical benefits and hospitalisation insurance, as well as motor vehicle insurance to defray our exposure to numerous risks arising from the operation of our poultry farming business.

These insurance policies have specifications and insured limits that we believe are appropriate and sufficient, taking into consideration our risk level and exposure to such loss, the cost of such insurance, applicable regulatory requirements and the prevailing industry practice in Malaysia. Our Group's total insurance coverage as at LPD amounts to RM29.1 million. Further, we also periodically conduct reviews of our insurance coverage to ensure we are appropriately and sufficiently covered. Our Board is of the view that our Group's insurance coverage is sufficient for its business and operations.

7.14 SEASONALITY AND CYCLICALITY

We generally experience a decrease in demand during the month of Ramadan which could be due to lower consumption of eggs during this period. Nonetheless, in overall, we are generally not affected by seasonal and cyclical effects as our product being a staple food is purchased and consumed throughout the year.

7.15 OPERATING CAPACITIES AND OUTPUT

As at LPD, we have a total of 33 closed-house chicken coops, of which 7 chicken coops are for rearing of pullets and 26 chicken coops are for rearing of mature hens. These chicken coops are varied in size and capacity, whereby our chicken coops for pullets have a capacity to accommodate between 41,472 and 82,560 pullets, and our chicken coops for mature hens have a capacity to accommodate between 40,320 and 90,240 mature hens, at any given time. The tables below set out the utilisation rates of our Group's chicken coops dedicated for pullets and mature hens respectively from FYE 2022 to 2024.

Pullets

	FYE 2022	FYE 2023	FYE 2024
Estimated capacity[(1)]	404,352	404,352	486,912
Average number of pullets[(2)]	224,333	242,971	265,985
Utilisation rate[(3)](%)	55.5	60.1	54.6

Notes:

(1) Refers to the total number of pullets that can be housed in our dedicated chicken coops for pullets at any one point in time during the respective FYE. In FYE 2022 and FYE 2023, we had 6 chicken coops dedicated for pullets with a total capacity to accommodate 404,352 pullets. In FYE 2024, we expanded with an additional chicken coop for pullets, resulting in a total of 7 chicken coops dedicated for pullets with a total capacity to accommodate 486,912 pullets.

7. BUSINESS OVERVIEW *(Cont'd)*

(2) Refers to the average total number of pullets as at the end of each month for the respective FYE.

(3) The utilisation rate is computed by dividing the average number of pullets over the estimated capacity.

Mature hens

	FYE 2022	FYE 2023	FYE 2024
Estimated capacity[1]	1,560,512	1,560,512	1,735,232
Average number of mature hens[2]	1,112,564	1,145,658	1,211,903
Utilisation rate[3](%)	71.3	73.4	69.8

Notes:

(1) Refers to the total number of mature hens that can be housed in our dedicated chicken coops for mature hens at any one point in time as at the end of the respective FYE. In FYE 2022 and FYE 2023, we had 24 chicken coops dedicated for mature hens with a total capacity to accommodate 1,560,512 mature hens. In FYE 2024, we expanded with 2 additional chicken coops for mature hens, resulting in a total of 26 chicken coops dedicated for mature hens with a total capacity to accommodate 1,735,232 mature hens. In FYE 2025, we upgraded one of our existing closed-house chicken coops for mature hens, which increased our total capacity to accommodate 1,740,864 mature hens as at LPD.

(2) Refers to the average total number of mature hens as at the end of each month for the respective FYE.

(3) The utilisation rate is computed by dividing the average number of mature hens over the estimated capacity.

The table below set out the daily egg production efficiency rate of our Group's mature hens respectively from FYE 2022 to 2024.

	FYE 2022	FYE 2023	FYE 2024
Estimated egg production capacity per day	1,326,000	1,326,000	1,475,000
Annual egg production capacity	483,990,000	483,990,000	539,850,000
Total eggs produced[1]	356,911,549	369,493,482	397,956,368
Average eggs produced per day[2]	977,840	1,012,311	1,087,312
Daily egg production achievement rate[3](%)	73.7%	76.3%	73.7%

Notes:

(1) Refers to the total number of eggs produced by our layer chickens in the respective FYEs.

(2) Calculated by dividing the total eggs produced in the respective FYE against the total number of days in the respective FYE (i.e. 365 days for FYE 2022 and FYE 2023, and 366 days for FYE 2024).

(3) The daily egg production achievement rate is computed by dividing the average eggs produced per day over the estimated egg production capacity per day.

7. BUSINESS OVERVIEW *(Cont'd)*

Further, we have 2 automated egg grading and sorting lines as at LPD which we use to categorise our eggs according to weight. The table below sets out the egg grading and sorting capacity of our Group from FYE 2022 to 2024:

	FYE 2022	FYE 2023	FYE 2024
Estimated annual capacity[(1)]	525,600,000	525,600,000	527,040,000
Actual annual utilisation[(2)]	356,911,549	369,493,482	397,956,368
Utilisation rate[(3)](%)	67.9	70.3	75.5

Notes:

(1) The estimated annual capacity is computed based on our total egg grading and sorting capacity that can be processed by our Group's machines in 1 working shift of 7.5 hours per day, for 365 working days for FYE 2022 and 2023 and for 366 working days for FYE 2024.

(2) The actual annual utilisation is computed based on the total number of eggs that are sorted and graded in the respective FYEs.

(3) The utilisation rate is computed by dividing actual annual utilisation over estimated annual capacity.

We also utilise 2 computerised poultry feed production lines as at LPD to produce poultry feed in-house to support our poultry farming operations. The table below sets out the poultry feed production capacity of our Group from FYE 2022 to 2024.

	FYE 2022	FYE 2023	FYE 2024
Estimated annual capacity (MT)[(1)]	89,856.0	89,856.0	89,856.0
Actual annual production (MT)[(2)]	51,370.3	53,124.0	54,870.2
Utilisation rate[(3)](%)	57.2	59.1	61.1

Notes:

(1) The estimated annual capacity is computed based on our total production capacity of 288 MT per day for 6 working days a week, for 52 weeks a year.

(2) The actual annual production is computed based on the total poultry feed produced in the respective FYEs.

(3) The utilisation rate is computed by dividing actual annual production over estimated annual capacity.

7.16 R&D

Our Group does not have a formally set-up R&D facility or personnel. However, improvement efforts are constantly undertaken by our Group with regards to our poultry farming operations and poultry feed formulations led by Ong Boon Leng, who is our Managing Director. Our Group has continuously kept abreast with any developments of farming and agricultural practices within the poultry farming industry to adopt any improvements made in poultry health and nutrition as well as the nutritional value of eggs. We also dedicate efforts on the improvements in poultry feed formulation as the nutritional value of the poultry feed fed to our chickens has a direct impact on the quality of eggs produced. In 2022 we successfully developed and launched our premium poultry feed formulations that are enriched with Vitamin E, Omega DHA and selenium which led to the introduction of our premium egg product range. The nutritional value of our newly developed poultry feed formulations is tested by external third party laboratories.

7. BUSINESS OVERVIEW *(Cont'd)*

7.17 OUR COMPETITIVE STRENGTHS

7.17.1 We have a track record of 46 years in the layer poultry industry

Our Group has been involved in the layer poultry industry spanning approximately 46 years since the incorporation of Hock Soon Poultry Farm and business commencement in 1979 in Bidor, which we remain operating to-date. Over the years, we have scaled up our business by enhancing our operational efficiencies through the transition from traditional open-house chicken coops to closed-house chicken coops whereby we have automated various functions such as feeding, egg collection and manure disposal processes; as well as through the automation of our egg grading and sorting process. Throughout the years, we have also increased the number of our chicken coops which has resulted in increased egg production capacity. In 1997 when we first adopted closed-house system, we started out with 3 closed-house chicken coops. As at LPD, we have increased the number of chicken coops to 33 with an egg production capacity of approximately 1,480,000 eggs per day. Further, we began to operate a computerised feed mill in 1999 to support our growing poultry farming operations whilst having better control over the quality of our poultry feed.

Due to our long-standing presence in the industry, our Group has gained in-depth industry knowledge and understanding on the agricultural practices and poultry feed formulations. This enables us to operate and manage our poultry farming business efficiently, leading to a stable egg production rate. During FYE 2022 to 2024, our poultry farm has recorded egg production rates of 87.9%, 88.4% and 89.7% respectively. In addition, we have established long-standing relationship with our customers, evidenced by the length of relationship with our major customers whereby 4 out of 7 major customers disclosed in Section 7.9 have at least 10 years business relationships as at LPD with our Group.

Armed with a 46-year business history in the layer poultry industry, our Group has been through business and economic cycles, which demonstrates our business growth and resilience, including weathering adverse economic and market conditions. With such a foundation, our Group believes that we will be able to continue leveraging on our experience and industry knowledge to drive the growth and expansion of our business.

7.17.2 Our business operations are largely automated which contributes to operational efficiency

Our business operations are largely automated from the rearing of layer chickens in our closed-house chicken coops to sorting and sale of eggs through automated grading and sorting lines, as well as feed mill operations via 2 computerised poultry feed production lines, all of which have contributed to greater operational efficiency in our poultry farming operations. The details of our automated business operations are as follows:

(a) **Closed-house chicken coops**: As at LPD, we have 33 chicken coops housing our layer chickens, all of which are closed-house systems equipped with automated feed hoppers, automated drinking systems, temperature sensors, pad cooling systems, computer-controlled fans and air inlet valves. It automates our feeding process and creates a controlled and optimal environment for rearing of layer chickens and production of eggs. Our closed-house chicken coops are also equipped with egg collection belts and manure collection belts to automate the egg collection and manual disposal processes. Further, 16 out of 26 of our closed-house chicken coops for mature hens are connected via automated conveyor belts that transport eggs collected from the respective chicken coops to our central grading and sorting station. Whereas eggs from the remaining 10 chicken coops for mature hens, that are not connected to our central grading and sorting station via an automated conveyor belt, are transported using our egg packer machines to pack the eggs into trays before being transported to our central grading and sorting station.

7. BUSINESS OVERVIEW *(Cont'd)*

Adopting automation allows us to benefit from increased efficiency and reduced human resources required to carry out these activities manually. It also minimises our layer chickens from physical contact with our workers, in order to reduce the risk of contamination and disease outbreak.

(b) Automated grading and sorting of eggs: We have 2 automated grading and sorting lines that categorise our eggs according to weight and pack the sorted and graded eggs into egg trays.

The automation of the grading and sorting process minimises the risk of human errors (e.g. mislabelling or wrongful grading and sorting of eggs) during the grading and sorting process. In addition, the automation of our grading and sorting process is also essential to ensure optimal efficiency as we continue to grow our egg production capacity.

(c) Computerised feed mill operations: We operate a feed mill to produce poultry feed in-house to support our poultry farming operations. Our feed mill houses 2 computerised poultry feed production lines that enables us to precisely control and manage the ratio of raw materials and ingredients used in the production of poultry feed, as well as to automate the production process.

As a result of automating the above processes, we have been able to increase the efficiency and productivity of our business operations and simultaneously reduce reliance on human labour. This reduced reliance in human labour translates to improved accuracy and reliability, as well as cost savings for our Group.

7.17.3 We possess a vertically integrated business model which enables us to better control the cost and quality of our poultry feed and table eggs

Our business is vertically integrated, starting from rearing of layer chickens which is supported by in-house formulation and production of poultry feed, to sorting and sale of eggs. The quality of poultry feed plays an integral role in determining the health and nutrition of our layer chickens and consequently affect the type and quality of the eggs produced. Thus, having an in-house feed mill operations enables us to gain better control over the quality of poultry feed to ensure the quality and nutrients of our table eggs. It also enables us to control the raw materials and ingredients used in the production of poultry feed, as well as our operational cost as poultry feed is one of the key supplies in running our poultry farming business.

The production of poultry feed is backed by our Group's expertise and capabilities in developing the formulation of its poultry feed. During the feed formulation process, our Group consults an external nutritionist to identify the modifications that are required depending on the layer chickens (i) differing nutritional requirements at differing developmental stages; (ii) exposure to environmental stressors (e.g. heat stress) that may result in nutritional deficiencies; and (iii) recommended nutritional requirements to stimulate the production of eggs at the desired sizes according to market preferences. As at LPD, our Group uses 14 varieties of poultry feed to feed its layer chickens, out of which 12 varieties are formulated by our Group while the remaining 2 varieties of poultry feed are sourced from external suppliers. With our Group's expertise in feed formulation, our Group is able to adjust the raw materials and ingredients used from time to time to cater to the differing requirements of its layer chickens (particulars of which are stated above) as well as the quality of its raw material and ingredients for poultry feed to maintain and uphold the quality of the eggs.

7. BUSINESS OVERVIEW *(Cont'd)*

7.17.4 We contribute to food security as eggs are staple foods and widely consumed, hence our business is sustainable and well-positioned for growth

According to the IMR Report, 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. Our Group contributes to food security as we are involved in the production and supply of table chicken eggs which is a staple food across the population.

Chicken eggs are widely consumed due to its nutritional value as well as simplicity in preparation/ cooking. Chicken eggs are a natural and widely consumed source of protein that is rich in vitamin B2, B12, D, selenium and iodine. Chicken eggs can be eaten raw, cooked and prepared in a variety of ways (e.g. steamed, boiled and fried); as well as used in food preparation and easily incorporated in many dishes. Therefore, it serves as a staple food for home consumption as well as an ingredient used by foodservice operators and restaurants.

As such, our business is resilient to economic downturns as eggs are staple foods widely consumed by individuals as well as in the F&B business. According to the IMR Report, the population in Malaysia grew from 32.38 million in 2018 to 33.40 million in 2023 at a CAGR of 0.62%. A growing population signifies a growing demand for food, especially staple food, including eggs.

Further, the increasing living standards in Malaysia, which is represented by the growth in per capita income, increased from RM41,232.24 in 2018 to RM46,200.60 in 2023. 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), including eggs, which is a common staple in many Malaysians' diets. 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 422 units per year in 2023. The growth in spending power is also expected to boost the demand for F&B services as well as processed F&B products, thus increasing the demand of eggs for commercial food preparation, processing and manufacturing.

In addition, the F&B services industry grew from RM50.80 billion in 2021 to RM71.00 billion in 2023, registering a CAGR of 18.22% over the period. Moving forward, the F&B services and F&B processing and manufacturing industries are expected to continue to be supported by the overall economy expansion in Malaysia, in turn driving the demand for eggs.

As the population and economic conditions in Malaysia continue to grow, the demand for chicken eggs is expected to grow in tandem. From FYE 2022 to 2024, our Group's revenue increased from approximately RM134.2 million to approximately RM151.4 million, registering a CAGR of RM 6.2%. 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. BUSINESS OVERVIEW *(Cont'd)*

7.17.5 We have an experienced and hands-on management team

Our Group is led by an experienced and technically skilled management team that has accumulated years of industry experience and in-depth knowledge of our business operations. Our Managing Director, Ong Boon Leng, who has over 40 years of experience in the industry, plays a pivotal role in steering the growth and success of our Group. His experience, drive and passion for our business have been instrumental to our Group's continuous expansion. He has conceptualised and implemented various business and marketing strategies that led our Group to its current position in the industry. He is supported by the following Executive Directors and key senior management:

Name	Designation	[(1)]Years of relevant working experience
Lim Suk Gen	Executive Director	39
Ong Keat Qian	Executive Director	15
Ong Keat Hoe	Executive Director	5
Choong Chyan Leong	Chief Financial Officer	21
Lee Swet Mei	Head of Sales	25
Dr. Sharifah Nurul Hanim Binti Sy Ibrahim	Veterinarian	10

Note:

(1) Years of relevant working experience refers to the working experience accumulated within their field of expertise and/ or in the poultry industry.

Our management team has strong industry and functional expertise as a result of years of experience in their respective fields. They take an active 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. Please refer to Section 5.2.2 and 5.3.3 for the profiles of our Executive Directors and key senior management.

7.18 BUSINESS STRATEGIES AND FUTURE PLANS

7.18.1 We intend to expand our poultry farming business by setting up a new poultry farm in the Teluk Intan Lands as well as expanding our feed mill operations in our Bidor Integrated Farm

Since the commencement of our business in 1979, we have been operating in Bidor. Leveraging on our extensive experience in the layer poultry industry, we intend to expand our egg production capacity by setting up a new poultry farm at the Teluk Intan Lands, which will allow us to serve a greater number of customers and thereby contributing to our business and financial growth as well as potentially expanding our market share.

In preparation for the setup of the new poultry farm at the Teluk Intan Lands, we purchased 3 plots of adjacent land in Teluk Intan measuring approximately 21.3 Ha (i.e. Teluk Intan Lands) in December 2024. This new poultry farm will also be equipped with automation systems, monitoring and control systems, and a central grading and sorting station. We intend to set up a total of 25 closed-house chicken coops at the new poultry farm at the Teluk Intan Lands which comprises 5 closed-house chicken coops for pullets and 20 closed-house chicken coops for mature hens. We also intend to continue sourcing day-old-chicks from our existing supplier (i.e. Leong Hup Group of Companies) for our poultry farm operations at the Teluk Intan Lands.

7. BUSINESS OVERVIEW *(Cont'd)*

Upon completion of this new poultry farm at the Teluk Intan Lands, our Group's total egg production capacity is expected to increase by approximately 1,534,000 eggs per day, in addition to our current production of 1,480,000 eggs per day as at LPD, which represents an increase of approximately 103.6%. Further, we intend to set up 2 egg grading and sorting lines with a grading and sorting capacity of 96,000 eggs per hour, to support our poultry farming operations at the new poultry farm at the Teluk Intan Lands.

The total estimated setup cost of our new poultry farm at the Teluk Intan Lands are as follows:

Description	**Estimated cost**
	RM'000
Construction costs of 25 chicken coops	[•]
Purchase and installation of equipment for 20 chicken coops for mature hens(1)	[•]
Purchase and installation of equipment for 5 chicken coops for pullets(1)	[•]
Purchase and installation of equipment for the central egg grading and sorting station	[•]
Total	**[•]**

Note:

(1) Comprise the necessary equipment for closed-house chicken coops, including automation systems as well as monitoring and control systems similar to the chicken coops at our Bidor Integrated Farm.

The total estimated setup cost of the new poultry farm at the Teluk Intan Lands is approximately RM[•] million, of which RM[•] million will be funded from the gross proceeds to be raised from our Public Issue and the remaining RM[•] million will be funded through bank borrowings and/ or internally generated funds.

In line with the expansion of our poultry farming operations at our new poultry farm located at Teluk Intan lands, we intend to expand our feed mill operations at our Bidor Integrated Farm to support the increased consumption of poultry feed arising from the expansion of the number of chicken coops at the Teluk Intan Lands, by installing 1 computerised poultry feed production line with a total production capacity of 225 MT per day. The installation of the 1 computerised poultry feed production line is estimated to cost RM26.1 million, which will be funded through internally generated funds, the proportion of which will be dependent on our Group's cash flow position and gearing situation at the time. We intend to commence the installation of the 1 computerised poultry feed production line at our Bidor Integrated Farm and commence operations thereafter by 4th quarter of 2027.

7. BUSINESS OVERVIEW *(Cont'd)*

We had on 10 March 2025 submitted the building plan of the new poultry farm to be established at the Teluk Intan Lands to local council and the approved building plan is expected to be obtained within 6 months from submission. Thereafter, we will mobilise and commence the construction of closed-house chicken coops at the Teluk Intan Lands and the construction works of each closed-house chicken coop takes approximately 3 months. The construction works and operations of 25 closed-house chicken coops in our new poultry farm will be progressively commenced within the estimated timeframe of 60 months from the date of our Listing, with a tentative timeline as follows:

Timeline from date of Listing (T)[(1)]	**Number of chicken coops to be constructed and commenced operations**		**Estimated cost incurred (RM'000)**	**Estimated daily egg production capacity**	**Estimated cumulative daily egg production capacity**
	Pullets	**Mature hens**			
T + 6 months	1	1	[(2)][•]	76,700	76,700
T + 12 months	-	3	[•]	230,100	306,800
T + 18 months	1	2	[•]	153,400	460,200
T + 24 months	-	2	[•]	153,400	613,600
T + 30 months	1	2	[(2)][•]	153,400	767,000
T + 36 months	-	2	[•]	153,400	920,400
T + 42 months	1	2	[•]	153,400	1,073,800
T + 48 months	-	2	[•]	153,400	1,227,200
T + 54 months	1	2	[•]	153,400	1,380,600
T + 60 months	-	2	[•]	153,400	1,534,000
Total	**5**	**20**	**[•]**	**1,534,000**	

Notes:

(1) Refers to a tentative progressive timeline for the construction of 25 chicken coops across an estimated timeframe of 60 months, whereby the timeline is subject to change, mainly depending on the prevailing market conditions (i.e. supply and demand conditions). For instance, in the event of market oversupply, we may slow down our plan and adjust the construction timeline accordingly. For other possible factors that may affect the abovementioned timeline, please refer to Section 9.1.14 for further details.

(2) Includes the purchase and installation of equipment for the central egg grading and sorting station of RM[•] million scheduled for T + 6 months and RM[•] million at T + 30 months.

Our Directors believe that constructing the 25 chicken coops over a progressive timeline will enable us to expand our business prudently, aligning growth with market conditions and the gradual expansion of our customer base as detailed in Section 7.18.2. With the incremental cash inflows generated from the sale of eggs produced from these additional chicken coops, our Directors expect our Group to be able to recoup the cash outlays for the construction of the coops in aggregate within 6 years. Please refer to Section 4.9.1 for further details of the timeline of the setup of our new poultry farm at the Teluk Intan Lands. We believe that having the new poultry farm at the Teluk Intan Lands will increase our egg production capacity, thereby driving our business and financial growth.

7. BUSINESS OVERVIEW *(Cont'd)*

In addition, the setting up of the new poultry farm at the Teluk Intan Lands will enable us to fulfil the increasing demand for table eggs in Malaysia. According to the IMR Report, despite the decline of per capita consumption of chicken eggs from approximately 329 units per year in 2018 to approximately 263 units per year in 2019, the consumption of chicken eggs per capita is on an upward trend increasing from approximately 263 units per year in 2019 to an estimated 422 units per year in 2023. Moving forward, the demand for table eggs will continue to be driven by:

- **Food security**: To maintain or continue strengthening food security in Malaysia, it is critical to ensure stable supply of staple food, including eggs which are also a common source of protein that are widely consumed by individuals.

- **Growing population and economic affluence**: The population in Malaysia grew from 32.38 million in 2018 to 34.06 million in 2024 at a CAGR of 0.85%. A growing population signifies a growing demand for food, especially staple food, including eggs. In conjunction with the population growth in Malaysia, 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, signifying that Malaysia is en route to becoming a more resilient and sustainable nation. 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.

- **Growth in end-user industries**: Eggs are also widely used by food service operators and food manufacturers for commercial food preparation, processing and manufacturing. After a decline in 2020 and 2021 due to the COVID-19 pandemic, the F&B services industry recovered and grew from RM50.80 billion in 2021 to RM71.00 billion in 2023, registering a CAGR of 18.22% over the period. On the other hand, the manufacturing sales value of selected food products that use eggs in manufacturing (i.e. biscuits and cookies, snack products, bread, cakes and other bakery products) also grew at a CAGR of 28.21% from RM6.11 billion in 2018 to RM21.17 billion in 2023. The growth in the F&B services industry as well as food manufacturing industry are expected to drive the demand for eggs.

Our Group believes that as the demand for eggs continue growing underpinned by the abovementioned factors, it provides growth opportunities for us to continue growing our business by expanding our egg production. Further, our Group recorded a market share of 2.33% in terms of production volume and 2.21% in terms of production value, in 2023. This signifies a potential for our Group to expand our market share as we grow our egg production capacity alongside the growth in our customer base as detailed in Section 7.18.2.

7.18.2 We intend to actively expand our customer base to continue growing our financial performance

As at LPD, our eggs are mainly sold to wholesalers, retailers and food manufacturers, and our eggs are accessible to consumers at wet markets, mini markets and sundry shops as well as several grocery chain-stores such as Lotus's, HeroMarket and Jaya Grocer. As at LPD, our eggs are sold to 49 wholesalers, 6 retailers and 1 food manufacturers. Further, majority of our distribution network is concentrated in the Klang Valley region. We intend to expand our consumer reach by making our products more accessible to consumers through strengthening our distribution network and establishing more distribution channels in more wet markets, mini markets, sundry shops and grocery chain-stores.

7. BUSINESS OVERVIEW *(Cont'd)*

Since September 2024, we have commenced the direct marketing and sale of our table eggs to smaller retailers such as wet markets and households via our subsidiary Al-Kauthar Trading that was established in September 2024 to expand our distribution network and increase the accessibility of our table eggs to consumers via smaller retailers. We intend to continue doing so by (i) actively engaging and building relationships with more wholesalers for distribution of our products to more retailers; and (ii) identifying and engaging with retailers whom we do not sell to as at LPD, to have our products sold at their retail stores. In addition to the above, we also intend to leverage on existing business relationships by increasing the volume of table eggs sold to existing wholesalers and retailers. This is in conjunction and anticipation with the increased egg production through the setting up of the new poultry farm at the Teluk Intan Lands.

As we continue to expand our customer base, our financial performance is expected to improve in tandem. Further, by marketing our 'QPlus' house brand eggs at more grocery chain-stores, we will be able to increase our brand exposure to attract consumers in purchasing our eggs, thereby strengthening our market position in the layer poultry industry.

7.18.3 We intend to expand our sales by exporting our table eggs to Singapore

As at LPD, we primarily serve the Malaysian market that contributed 96.3%, 98.9% and 99.2% to our Group's revenue for FYE 2022 to 2024 respectively. Leveraging on our established presence and success as well as approximately 46 years of operational experience in Malaysia, we believe that we are ready to take a leap to expand our sales to Singapore.

In June 2024, we submitted our application for an export licence to the Singapore Food Agency and in July 2025, we underwent the required audit as part of the licence application process. We are targeting to receive approval for the export licence application by 1st quarter of 2026. Once the export licence is granted, we will be able to directly supply our table eggs to wholesalers and retailers in Singapore. In preparation for our market expansion, we have initiated engagement with potential customers to establish our customer base in Singapore. Venturing into the Singapore market will enable us to increase sales, drive business and financial growth as well as diversify our revenue streams. All of these are expected to help mitigate our dependency on the Malaysian market as well as our exposure to fluctuations in egg prices and prices of raw materials and ingredients used for the production of poultry feed, following the removal of price controls and subsidies of ordinary eggs by the Government.

Furthermore, according to the IMR Report, from 2019 to 2024, total consumption of chicken eggs in Singapore increased from 2.05 billion units to 2.25 billion units, registering a CAGR of 1.9%. However, local production of chicken eggs in Singapore only met 25.7% to 34.4% of the total consumption of chicken eggs in Singapore during the same period, as Singapore typically relies on imports for the majority of its supply of chicken eggs to meet the local demand. Premised on the above, our Group believes that there is a significant opportunity for us to tap into the Singapore market to address the local demand for chicken eggs, while simultaneously establishing our presence and expanding our sales.