

Registration No.

200601013011 (732762-T)

TEO SENG CAPITAL BERHAD
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

TEO SENG CAPITAL BERHAD
(Incorporated in Malaysia)

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TEO SENG CAPITAL BERHAD
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DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2024.

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

<u>Directors of the Company</u>	<u>Directors of subsidiaries</u>
Lau Jui Peng	Tan Sri Lau Tuang Nguang
Nam Hiok Joo	Lau Joo Han
Loh Wee Ching	Na Hap Cheng (resigned on 30 April 2024)
Lim Huey Hean	Na Yok Chee
Lim Ying Khoo	Nam Hiok Yong
Goh Wen Ling	Ng Eng Leng
	Lee Choon Seng
	Na Eluen
	Nam Ya Jun
	Na Yi Chan
	Dato' Dr. Ma'amor Bin Osman
	Dr. Aidawani Binti Abd Latif
	Cai, BoWen
	Chen, Zhen

PRINCIPAL ACTIVITIES

The Group is principally engaged in the production and distribution of eggs and related poultry products, animal health products, animal feeds, paper egg trays, fertiliser by-product business and poultry farming related intelligent machinery, equipment and robot while the Company is in the business of investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 13 to the financial statements. There have been no significant changes in these principal activities during the financial year.

FINANCIAL RESULTS

	<u>Group</u> RM	<u>Company</u> RM
Net profit for the financial year	183,360,588	33,670,868
Profit/(Loss) for the financial year attributable to:		
- owners of the Company	183,364,421	33,670,868
- Non-controlling interest	(3,833)	0
	183,360,588	33,670,868

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DIRECTORS' REPORT (CONTINUED)

DIVIDENDS

Dividends paid or declared by the Company since the end of the previous financial year were as follows:

	RM
<u>In respect of the financial year ended 31 December 2024:</u>	
First interim single-tier dividend of 12.5% equivalent to 2.5 sen per ordinary share, declared on 14 May 2024 and paid on 13 June 2024	7,440,923
Second interim single-tier dividend of 15% equivalent to 3.0 sen per ordinary share, declared on 20 August 2024 and paid on 27 September 2024	8,929,113
Third interim single-tier dividend of 20% equivalent to 4.0 sen per ordinary share, declared on 14 November 2024 and paid on 18 December 2024	11,895,692
<u>In respect of the financial year ended 31 December 2023:</u>	
Third interim single-tier dividend of 15% equivalent to 3.0 sen per ordinary share, declared on 18 January 2024 and paid on 29 February 2024	8,800,073
Fourth interim single-tier dividend of treasury shares distribution on the basis of 1 share for every 67 shares, declared on 7 March 2024 and paid on 15 April 2024	141,672
	<hr/> <u>37,207,473</u> <hr/>

On 17 February 2025, the Company declared a fourth interim single-tier dividend of RM0.02 per ordinary share, amounting to RM11.8 million in respect of the financial year ended 31 December 2024, to be paid on 20 March 2025.

The Directors do not recommend the payment of final single-tier dividend for the financial year ended 31 December 2024.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are shown in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the following shares were allotted by the Company:

<u>Date of issue</u>	<u>Number of shares issued</u>	<u>Class of shares</u>	<u>Consideration</u>
12 December 2024	300,008,175	Bonus issue	NIL

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DIRECTORS' REPORT (CONTINUED)

ISSUE OF SHARES AND DEBENTURES (CONTINUED)

The new ordinary shares issued ranked pari passu in all respects with the existing shares of the Company.

There were no debentures issued during the financial year.

TREASURY SHARES

On 28 May 2024, at the Annual General Meeting, the shareholders of the Company renewed their approval for the Company to buy back its own shares on up to ten percent (10%) of the issued and paid-up capital of the Company.

The Company distributed a total number of 4,301,313 treasury shares to its shareholder as share dividend on the basis of one (1) treasury share for every sixty-seven (67) existing ordinary shares held.

During the financial year, the Company repurchased a total of 1,729,300 ordinary shares of its issued share capital from the open market for RM3,005,423. The repurchase transactions were financed by internally generated funds. The average price paid for these shares repurchased was RM1.74 per share.

As part of the bonus issue detailed above, the Company was allotted 3,246,587 new treasury shares.

As at 31 December 2024, the Company held as treasury shares a total of 7,346,974 out of its 600,016,350 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM6,148,710. Relevant details on the treasury shares are disclosed in Note 21 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any parties to take up any unissued shares in the Company.

EMPLOYEE SHARE OPTION SCHEME ("ESOS")

The penultimate holding Company, Leong Hup International Berhad, a company listed in the Main Board of Bursa Malaysia Securities has established the Employee Share Option Scheme ("Previous ESOS"), with effect from 11 April 2019 ("Effective Date"), which involves the granting of ESOS Options to the eligible Directors and employees of the LHI Group which including Teo Seng Group ("Grantees"). The Previous ESOS expired on 10 April 2024, after five (5) years from the Effective Date.

On 31 May 2024, the shareholders of Leong Hup International Berhad had approved a new ESOS ("ESOS") for a period of 5 years effective from 18 July 2024 until 17 July 2029. The Company had granted new ESOS options under this scheme to the Grantees. The options divided into 4 tranches which separately vest on 18 July 2024, 18 July 2025, 18 July 2026 and 18 July 2027.

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DIRECTORS' REPORT (CONTINUED)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than benefits shown under Directors' Remuneration) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a Company in which the Director has a substantial financial interest, except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain Directors have substantial financial interests as disclosed in Note 29 to the financial statements.

Neither during nor at the end of the financial year was the Company or any of its subsidiaries a party to any arrangements whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for the share options granted by Leong Hup International Berhad to eligible employees of its related companies, including Executive Directors of the Company.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares, or debentures of, the Company or its related corporations during the financial year except as follows:

	At 1.1.2024/ date of appointment	Number of ordinary shares		
		<u>Acquired</u>	<u>Disposed</u>	At 31.12.2024
<u>Shares in the Company</u>				
<u>Direct Interest</u>				
Nam Hiok Joo	1,444,660	1,487,784	0	2,932,444
Lim Ying Khoo	150	150	0	300
<u>Indirect Interest</u>				
Lau Jui Peng ¹	162,633,303	165,986,240	(3,094,405)	325,525,138

Pursuant to Section 8(4) of the Companies Act 2016, the Directors have deemed interest in the Company by virtue of their shareholdings in:

¹ Emerging Glory Sdn. Bhd. through CW Lau & Sons Sdn. Bhd.

	At 1.1.2024/ date of appointment	Number of ordinary shares		
		<u>Acquired</u>	<u>Disposed</u>	At 31.12.2024
<u>Shares in immediate holding company – Advantage Valuations Sdn. Bhd.</u>				
<u>Indirect Interest</u>				
Lau Jui Peng ¹	5,097	0	0	5,097

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DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)

Pursuant to Section 8(4) of the Companies Act 2016, the Directors have deemed interest in the immediate holding company by virtue of their shareholdings in:

¹ Emerging Glory Sdn. Bhd. through CW Lau & Sons Sdn. Bhd.

	At 1.1.2024/ date of appointment	Number of ordinary shares			
		Acquired	Disposed	At 31.12.2024	
<u>Shares in penultimate holding company – Leong Hup International Berhad</u>					
<u>Direct Interest</u>					
Lau Jui Peng	24,583,822	0	0	24,583,822	
Nam Hiok Joo	363,600	0	0	363,600	
Loh Wee Ching	165,500	0	0	165,500	
Goh Wen Ling	700,000	300,000	0	1,000,000	
<u>Indirect Interest</u>					
Lau Jui Peng ¹	1,927,201,000	0	0	1,927,201,000	

Pursuant to Section 8(4) of the Companies Act 2016, the Directors have deemed interest in the penultimate holding company by virtue of their shareholdings in:

¹ Emerging Glory Sdn. Bhd. through CW Lau & Sons Sdn. Bhd.

	At 1.1.2024/ date of appointment	Number of ordinary shares			
		Acquired	Disposed	At 31.12.2024	
<u>Shares in ultimate holding company – Emerging Glory Sdn. Bhd.</u>					
<u>Indirect Interest</u>					
Lau Jui Peng ¹	7,820,782	0	0	7,820,782	

Pursuant to Section 8(4) of the Companies Act 2016, the Directors have deemed interest in the ultimate holding company by virtue of their shareholdings in:

¹ CW Lau & Sons Sdn. Bhd.

By virtue of his interest in the shares of the ultimate holding company, Lau Jui Peng is also deemed to have interest in the shares of the Company and all of its related corporations to extent that the ultimate holding company has interest.

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DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)

	Number of share options			
	At 1.1.2024	Granted	Lapsed	At 31.12.2024
<u>Options over shares in penultimate holding company – Leong Hup International Berhad</u>				
Lau Jui Peng	1,275,000	1,275,000	(1,275,000)	1,275,000
Nam Hiok Joo	123,000	225,000	(123,000)	225,000
Loh Wee Ching	123,000	225,000	(123,000)	225,000

DIRECTORS' REMUNERATION

Details of Directors' remuneration received and become entitled to receive by the Directors are as follows:

	RM
<u>Executive Directors of the Company</u>	
Short-term employee benefits	1,320,630
Defined contribution plans	250,238
Share-based payment	36,655
Benefits-in-kind	28,000
	<hr/>
	1,635,523
<u>Non-Executive Directors of the Company</u>	
Short-term employee benefits	202,500
Total Directors' remuneration	<hr/> 1,838,023

No indemnity or insurance effected for any Director was paid or declared by the Company for the financial year ended 31 December 2024.

HOLDING COMPANIES

The Company is a subsidiary of Advantage Valuations Sdn. Bhd.. The Directors regard Leong Hup International Berhad and Emerging Glory Sdn. Bhd. as its penultimate and ultimate holding company. All the holding companies are incorporated in Malaysia.

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DIRECTORS' REPORT (CONTINUED)

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
 - (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report:
 - (i) there are no charges on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
 - (ii) there are no contingent liabilities in the Group and in the Company which has arisen since the end of the financial year.
- (d) No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet its obligations when they fall due.
- (e) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (f) In the opinion of the Directors:
 - (i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

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DIRECTORS' REPORT (CONTINUED)

SUBSIDIARIES

Details of subsidiaries are set out in Note 13 to the financial statements.

AUDITORS' REMUNERATION

The total amount of fees paid or payable to the auditor as remuneration for the services as auditors of the Group and Company for the financial year ended 31 December 2024 amounted to RM470,725 and RM81,500 respectively.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 11 April 2025. Signed on behalf of the Board of Directors:



LAU JUPENG
DIRECTOR

Yong Peng



NAM HIOK JOO
DIRECTOR

TEO SENG CAPITAL BERHAD
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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
Revenue	4	753,770,655	760,982,435
Other income	5	99,288,755	108,671,382
Purchase of trading merchandise, raw materials, livestock and poultry feeds		(511,675,227)	(523,555,978)
Changes in closing inventories		3,758,821	637,487
Changes in biological assets		57,629,669	16,877,877
Employee benefit expenses	6	(90,711,724)	(85,524,016)
Depreciation of property, plant and equipment	10	(28,312,498)	(27,723,081)
Amortisation of right-of-use assets	11	(1,087,793)	(925,274)
Utilities expense		(15,069,838)	(14,674,623)
Transportation expenses		(24,869,637)	(21,825,128)
Other expenses		(42,640,996)	(43,739,407)
 Operating profit		 200,080,187	 169,201,674
 Finance income			
- Interest income			
Finance costs	7	3,557,506 (5,221,465)	1,257,448 (7,804,790)
 Finance costs - net		 (1,663,959)	 (6,547,342)
 Profit before tax	8	198,416,228	162,654,332
Tax	9	(15,055,640)	(6,851,390)
 Net profit for the financial year		 183,360,588	 155,802,942
 Other comprehensive income:			
Items that will be subsequently reclassified to profit or loss			
- Currency translation differences		(2,096,925)	1,857,661
Items that will not be subsequently reclassified to profit or loss			
- Fair value changes of equity instruments classified as FVOCI		850	170
 Total other comprehensive income		 (2,096,075)	 1,857,831
 Total comprehensive income for the financial year		 181,264,513	 157,660,773

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
Profit for the financial year attributable to:			
Owners of the Company		183,364,421	155,802,942
Non-controlling interests		(3,833)	0
		<hr/>	<hr/>
		183,360,588	155,802,942
		<hr/>	<hr/>
Total comprehensive income attributable to:			
Owners of the Company		181,268,346	157,660,773
Non-controlling interests		(3,833)	0
		<hr/>	<hr/>
		181,264,513	157,660,773
		<hr/>	<hr/>
Earnings per ordinary share attributable to the ordinary equity holders of the Company (sen):			
Basic	27(a)	30.97	26.53
Diluted	27(b)	<hr/>	<hr/>
		30.97	26.53
		<hr/>	<hr/>

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**COMPANY STATEMENT OF COMPREHENSIVE INCOME
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
Revenue	4	39,988,026	67,563,126
Other income	5	608	35,825
Employee benefit expenses	6	(4,529,503)	(3,209,838)
Depreciation of property, plant and equipment	10	(917,556)	(666,107)
Other expenses		(834,322)	(418,487)
Operating profit		<u>33,707,253</u>	<u>63,304,519</u>
Finance income		<u>444,013</u>	<u>307,143</u>
Finance costs	7	(41,502)	(27,386)
Finance cost - net		<u>402,511</u>	<u>279,757</u>
Profit before tax	8	<u>34,109,764</u>	<u>63,584,276</u>
Tax	9	(438,896)	180,476
Net profit and total comprehensive income for the financial year		<u><u>33,670,868</u></u>	<u><u>63,764,752</u></u>

TEO SENG CAPITAL BERHAD
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 31 DECEMBER 2024

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	438,534,690	387,862,864
Right-of-use assets	11	1,447,885	3,819,593
Equity instruments classified as FVOCI	14	4,446,460	7,080
Deferred tax assets	15	268,837	268,939
		<u>444,697,872</u>	<u>391,958,476</u>
CURRENT ASSETS			
Biological assets	16	131,853,810	74,224,141
Inventories	17	75,348,346	71,589,525
Trade and other receivables	18	63,221,000	63,953,661
Tax recoverable		4,181,891	4,071,984
Cash and cash equivalents	19	126,843,510	98,936,182
		<u>401,448,557</u>	<u>312,775,493</u>
TOTAL ASSETS		<u>846,146,429</u>	<u>704,733,969</u>
EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	20	60,011,036	60,011,036
Treasury shares	21	(6,148,710)	(8,845,107)
Other reserves	22	(23,106,883)	(21,310,074)
Retained earnings		587,677,422	447,222,294
		<u>618,432,865</u>	<u>477,078,149</u>
Non-controlling interest		(333)	0
TOTAL EQUITY		<u>618,432,532</u>	<u>477,078,149</u>

TEO SENG CAPITAL BERHAD
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 31 DECEMBER 2024 (CONTINUED)

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
LIABILITIES			
NON-CURRENT LIABILITIES			
Bank borrowings	23	30,383,117	46,263,664
Hire purchase payables	24	0	4,004,388
Lease liabilities	25	577,941	3,241,076
Deferred tax liabilities	15	35,114,716	29,016,218
		<u>66,075,774</u>	<u>82,525,346</u>
CURRENT LIABILITIES			
Trade and other payables	26	91,278,372	79,156,574
Bank borrowings	23	67,404,588	59,856,031
Hire purchase payables	24	0	3,253,809
Lease liabilities	25	887,885	852,132
Tax liabilities		<u>2,067,278</u>	<u>2,011,928</u>
		<u>161,638,123</u>	<u>145,130,474</u>
TOTAL LIABILITIES		<u>227,713,897</u>	<u>227,655,820</u>
TOTAL EQUITY AND LIABILITIES		<u>846,146,429</u>	<u>704,733,969</u>

TEO SENG CAPITAL BERHAD
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COMPANY STATEMENT OF FINANCIAL POSITION
 AS AT 31 DECEMBER 2024

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	3,340,834	3,782,048
Investments in subsidiaries	13	170,673,285	160,673,285
Deferred tax assets	15	0	149,000
		<u>174,014,119</u>	<u>164,604,333</u>
CURRENT ASSETS			
Trade and other receivables	18	905,773	3,022,359
Tax recoverable		9,747	0
Cash and cash equivalents	19	3,653,499	17,542,925
		<u>4,569,019</u>	<u>20,565,284</u>
TOTAL ASSETS		<u>178,583,138</u>	<u>185,169,617</u>
EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	20	60,011,036	60,011,036
Treasury shares	21	(6,148,710)	(8,845,107)
Other reserve	22	155,418	76,326
Retained earnings		<u>121,594,810</u>	<u>130,833,235</u>
TOTAL EQUITY		<u>175,612,554</u>	<u>182,075,490</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Hire purchase payables	24	0	913,324
Deferred tax liabilities	15	206,000	0
		<u>206,000</u>	<u>913,324</u>

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COMPANY STATEMENT OF FINANCIAL POSITION
 AS AT 31 DECEMBER 2024 (CONTINUED)

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
CURRENT LIABILITIES			
Trade and other payables	26	2,764,584	1,477,467
Hire purchase payables	24	0	637,812
Tax Payable		0	65,524
		<hr/> 2,764,584	<hr/> 2,180,803
TOTAL LIABILITIES		<hr/> 2,970,584	<hr/> 3,094,127
TOTAL EQUITY AND LIABILITIES		<hr/> 178,583,138	<hr/> 185,169,617
		<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>

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TEO SENG CAPITAL BERHAD
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

<u>Note</u>	<u>Share capital</u> RM	<u>Treasury shares</u> RM	<u>Reverse acquisition reserve</u> RM	<u>Currency translation reserve</u> RM	<u>Fair value reserve</u> RM	<u>Capital contribution reserve</u> RM	<u>Retained earnings</u> RM	<u>Non-controlling interest</u> RM	<u>Total</u> RM
At 1 January 2024	60,011,036	(8,845,107)	(26,078,000)	4,228,476	4,869	534,581	447,222,294	0	477,078,149
<u>Comprehensive income</u>									
Net profit for the financial year	0	0	0	0	0	0	183,364,421	(3,833)	183,360,588
<u>Other comprehensive income</u>									
- Fair value changes of equity instruments classified as FVOCI	0	0	0	0	850	0	0	0	850
- Foreign currency translation differences	0	0	0	(2,096,925)	0	0	0	0	(2,096,925)
Total comprehensive income for the financial year	0	0	0	(2,096,925)	850	0	183,364,421	(3,833)	181,264,513
<u>Transaction with owners in their capacity as owners:</u>									
Buy-back of ordinary shares	21	0	(3,005,423)	0	0	0	0	0	(3,005,423)
Dividends paid	28	0	0	0	0	0	(37,207,473)	0	(37,207,473)
ESOS									
- value of employee service	22	0	0	0	0	299,266	0	0	299,266
Non-controlling interests on acquisition of a subsidiary									
Share dividend	21	0	5,701,820	0	0	0	(5,701,820)	3,500	3,500
		0	2,696,397	0	0	299,266	(42,909,293)	3,500	(39,910,130)
At 31 December 2024	60,011,036	(6,148,710)	(26,078,000)	2,131,551	5,719	833,847	587,677,422	(333)	618,432,532

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

	<u>Note</u>	Share capital RM	Treasury shares RM	Reverse acquisition reserve RM	Currency translation reserve RM	Fair value reserve RM	Capital contribution reserve RM	Retained earnings RM	Total RM
At 1 January 2023		60,011,036	(8,345,642)	(26,078,000)	2,370,815	4,699	534,581	306,095,173	334,592,662
<u>Comprehensive income</u>									
Net profit for the financial year		0	0	0	0	0	0	155,802,942	155,802,942
<u>Other comprehensive income</u>									
- Fair value changes of equity instruments classified as FVOCI		0	0	0	0	170	0	0	170
- Foreign currency translation differences		0	0	0	1,857,661	0	0	0	1,857,661
Total comprehensive income for the financial year		0	0	0	1,857,661	170	0	155,802,942	157,660,773
<u>Transaction with owners in their capacity as owners:</u>									
Buy-back of ordinary shares	21	0	(499,465)	0	0	0	0	0	(499,465)
Dividends paid	28	0	0	0	0	0	0	(14,675,821)	(14,675,821)
		0	(499,465)	0	0	0	0	(14,675,821)	(15,175,286)
At 31 December 2023		<u>60,011,036</u>	<u>(8,845,107)</u>	<u>(26,078,000)</u>	<u>4,228,476</u>	<u>4,869</u>	<u>534,581</u>	<u>447,222,294</u>	<u>477,078,149</u>

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COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	<u>Note</u>	Share capital RM	Treasury shares RM	Capital contribution reserve RM	Retained earnings RM	<u>Total</u> RM
At 1 January 2024		60,011,036	(8,845,107)	76,326	130,833,235	182,075,490
<u>Comprehensive income</u>						
Net profit and total comprehensive income for the financial year		0	0	0	33,670,868	33,670,868
<u>Transaction with owners in their capacity as owners:</u>						
Buy-back of ordinary shares	21	0	(3,005,423)	0	0	(3,005,423)
Dividends paid	28	0	0	0	(37,207,473)	(37,207,473)
Share dividend	21	0	5,701,820	0	(5,701,820)	0
ESOS - value of employee service	22	0	0	79,092	0	79,092
		0	2,696,397	79,092	(42,909,293)	(40,133,804)
At 31 December 2024		<u>60,011,036</u>	<u>(6,148,710)</u>	<u>155,418</u>	<u>121,594,810</u>	<u>175,612,554</u>

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COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

	<u>Note</u>	Share capital RM	Treasury shares RM	Capital contribution reserve RM	Retained earnings RM	Total RM
At 1 January 2023		60,011,036	(8,345,642)	76,326	81,744,304	133,486,024
<u>Comprehensive income</u>						
Net profit and total comprehensive income for the financial year		0	0	0	63,764,752	63,764,752
<u>Transaction with owners in their capacity as owners:</u>						
Buy-back of ordinary shares		0	(499,465)	0	0	(499,465)
Dividends paid	28	0	0	0	(14,675,821)	(14,675,821)
		0	(499,465)	0	(14,675,821)	(15,175,286)
At 31 December 2023		<u>60,011,036</u>	<u>(8,845,107)</u>	<u>76,326</u>	<u>130,833,235</u>	<u>182,075,490</u>

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the financial year		183,360,588	155,802,942
Adjustments for:			
Property, plant and equipment			
- depreciation		28,312,498	27,723,081
- gain on disposal		(6,845,132)	(792,308)
- written off		1,815,339	5,260,056
Right-of-use assets			
- amortisation		1,087,793	925,274
- gain on lease termination		(281,291)	0
Inventories			
- written off		300,540	139,238
- allowance for slow moving inventories		112,115	425,995
Bad debts written off		35,281	102,270
Deposit written off		(1,000)	113,175
Allowance for/(Reversal of) impairment loss			
on trade receivables		254,961	(700,121)
Fair value gain on derivatives		(44,237)	(90,751)
Unrealised loss/(gain) on foreign exchange		315,738	(88,718)
Dividend income		(450)	(30)
Interest expenses		5,221,465	7,804,790
Interest income		(3,557,506)	(1,257,448)
Impairment of goodwill		0	102,424
Share-based compensation expense		299,241	0
Tax charge		15,055,640	6,851,390
		225,441,583	202,321,259
Changes in working capital:			
Increase in biological assets		(57,629,669)	(16,877,877)
Increase in inventories		(4,172,115)	(1,202,720)
Increase/(Decrease) in trade and other receivables		(1,355,783)	4,057,302
Increase in trade and other payables		10,248,366	7,857,143
Cash generated from operations		172,532,382	196,155,107
Interest received		3,557,506	1,257,448
Tax paid		(9,158,247)	(7,342,969)
Tax refund		274,309	187,546
Net cash flow generated from operating activities		167,205,950	190,257,132

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received		450	30
Net cash acquired	13(b)	3,500	0
Proceeds from disposal of property, plant and equipment		29,335,758	811,251
Purchase of property, plant and equipment	10(c)	(99,990,676)	(38,675,709)
Payment for financial assets at fair value through other comprehensive income		(4,601,610)	0
Net cash flow used in investing activities		<u>(75,252,578)</u>	<u>(37,864,428)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movements in bankers' acceptances		12,638,000	(64,934,000)
Payments for shares buy back		(3,005,423)	(499,465)
Proceeds from drawdown of revolving credit		2,000,000	2,000,000
Repayment of revolving credit		(2,000,000)	(7,000,000)
Proceeds from drawdown of term loans		7,395,059	17,290,356
Repayment of term loans		(28,365,049)	(12,548,983)
Repayment of hire purchase payables		(7,472,197)	(5,701,798)
Repayment of lease liabilities		(1,056,412)	(867,634)
Interest paid		(5,221,465)	(7,804,790)
Dividend paid to Company's shareholders		<u>(37,207,473)</u>	<u>(14,675,821)</u>
Net cash flow used in financing activities		<u>(62,294,960)</u>	<u>(94,742,135)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR		29,658,412	57,650,569
EFFECTS OF FOREIGN CURRENCY EXCHANGE TRANSLATION		(1,751,084)	185,950
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		<u>98,936,182</u>	<u>41,099,663</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	19	<u>126,843,510</u>	<u>98,936,182</u>

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	At 1.1.2024	Cash inflows RM	Cash outflows RM	Interest paid RM	Interest accretion RM	Non-cash changes			At 31.12.2024 RM
						Foreign currency exchange movement RM	New leases/ hire purchase RM	Lease modification RM	
Bankers' acceptances	46,813,000	269,694,000	(257,056,000)	(2,429,989)	2,429,989	0	0	0	59,451,000
Term loans	59,306,695	7,395,059	(28,365,049)	(2,371,771)	2,371,771	0	0	0	38,336,705
Revolving credit	0	2,000,000	(2,000,000)	(7,025)	7,025	0	0	0	0
Hire purchase payables	7,258,197	0	(7,472,197)	(254,642)	254,642	0	214,000	0	0
Bank overdrafts and other interest	0	0	0	(39,697)	39,697	0	0	0	0
Lease liabilities	4,093,208	0	(1,056,412)	(118,341)	118,341	(117,779)	1,682,189	(3,135,380)	1,465,826
	117,471,100	279,089,059	(295,949,658)	(5,221,465)	5,221,465	(117,779)	1,896,189	(3,135,380)	99,253,531

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONTINUED)

	At 1.1.2023 RM	Cash inflows RM	Cash outflows RM	Interest paid RM	Interest accretion RM	Non-cash changes			At 31.12.2023 RM
						Foreign currency exchange movement RM	New leases/ hire purchase RM	Lease modification RM	
Bankers' acceptances	111,747,000	308,592,000	(373,526,000)	(4,058,786)	4,058,786	0	0	0	46,813,000
Term loans	54,565,322	17,290,356	(12,548,983)	(3,002,073)	3,002,073	0	0	0	59,306,695
Revolving credit	5,000,000	2,000,000	(7,000,000)	(155,029)	155,029	0	0	0	0
Hire purchase payables	7,010,390	0	(5,701,798)	(357,410)	357,410	0	5,949,605	0	7,258,197
Bank overdrafts and other interest	0	0	0	(59,984)	59,984	0	0	0	0
Lease liabilities	3,756,313	0	(867,634)	(171,508)	171,508	226,735	1,406,525	(428,731)	4,093,208
	182,079,025	327,882,356	(399,644,415)	(7,804,790)	7,804,790	226,735	7,356,130	(428,731)	117,471,100

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COMPANY STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the financial year		33,670,868	63,764,752
Adjustments for:			
Property, plant and equipment			
- depreciation		917,556	666,107
- gain on disposal		0	(35,825)
- written off		9,393	0
Dividend income		(37,000,000)	(65,200,000)
Interest expenses		41,502	27,386
Interest income		(444,013)	(307,143)
Share-based payments		79,092	0
Tax charge/(credit)		438,896	(180,476)
		<hr/>	<hr/>
		(2,286,706)	(1,265,199)
Changes in working capital:			
Increase in trade and other receivables		(4,330)	(172,086)
Increase in trade and other payables		1,183,416	544,597
		<hr/>	<hr/>
Cash used in operations		(1,107,620)	(892,688)
Tax paid		(159,167)	(53,628)
Tax refund		0	72,496
		<hr/>	<hr/>
Net cash flow used in operating activities		(1,266,787)	(873,820)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received		37,000,000	66,200,000
Payment for acquisition of subsidiary, net of cash acquired		(10,000,000)	(44,166,000)
Proceeds from disposal of property, plant and equipment		0	185,000
Purchase of property, plant and equipment	10(c)	(382,034)	(879,304)
Interest received		447,888	303,268
Repayment from/(Advances to) subsidiaries		2,117,041	(2,403,568)
		<hr/>	<hr/>
Net cash flow generated from investing activities		29,182,895	19,239,396

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COMPANY STATEMENT OF CASH FLOWS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

	<u>Note</u>	<u>2024</u> RM	<u>2023</u> RM
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of hire purchase payables		(1,551,136)	(304,304)
Dividend paid		(37,207,473)	(14,675,821)
Interest paid		(41,502)	(27,386)
Shares repurchased		(3,005,423)	(499,465)
Redemption of preference shares		0	14,300,000
Net cash flow used in financing activities		<u>(41,805,534)</u>	<u>(1,206,976)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR		(13,889,426)	17,158,600
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		<u>17,542,925</u>	<u>384,325</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	19	<u>3,653,499</u>	<u>17,542,925</u>

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COMPANY STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	At 1.1.2024 RM	Cash inflows RM	Cash outflows RM	Interest paid RM	Non-cash changes		At 31.12.2024 RM
					Interest accretion RM	New hire purchase RM	
Hire purchase payables	1,551,136	0	(1,551,136)	(41,502)	41,502	0	0

	At 1.1.2023 RM	Cash inflows RM	Cash outflows RM	Interest paid RM	Non-cash changes		At 31.12.2023 RM
					Interest accretion RM	New hire purchase RM	
Hire purchase payables	105,440	0	(304,304)	(27,386)	27,386	1,750,000	1,551,136

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

1 GENERAL INFORMATION

The Group is principally engaged in the production and distribution of eggs and related poultry products, animal health products, animal feeds, paper egg trays, fertiliser by-product business and poultry farming related intelligent machinery, equipment and robot. The principal activities of the subsidiaries are set out in Note 13 to the financial statements.

The Company is a subsidiary of Advantage Valuations Sdn. Bhd.. The Directors regard Leong Hup International Berhad and Emerging Glory Sdn. Bhd. as its penultimate and ultimate holding company. All the holding companies are incorporated in Malaysia. The penultimate holding company, Leong Hup International Berhad a company listed on the Main Market of Bursa Malaysia Securities Berhad prepares consolidated financial statements available for public use.

The Company is a public limited liability company and is incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The address of the registered office of the Company is 201 - 203, Jalan Abdullah, 84000 Muar, Johor Darul Takzim.

The address of the principal place of business of the Company is Lot PTD 25740, Batu 4, Jalan Air Hitam, 83700 Yong Peng, Johor Darul Takzim.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors passed on 11 April 2025.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis of preparation

The financial statements of the Group and Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention, as modified by the biological assets, financial assets at fair value through other comprehensive income, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with the MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's and Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.1.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

2.2 Amendments to published standards that are effective

The Group and Company has applied the following amendments for the first time for the financial year beginning on 1 January 2024:

- Amendments to MFRS 101 'Classification of liabilities as current or non-current' and 'Non-current Liabilities with Covenants'
- Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback'

The adoption of Amendments to MFRS 101 'Classification of liabilities as current or non-current' and 'Non-current Liabilities with Covenants' resulted in changes in accounting policies.

The adoption of other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.3 New standards and amendments that have been issued but not yet effective and adopted by the Group and Company

A number of new standards and amendments to standards and interpretations are effective for the financial year beginning after 1 January 2024. None of these is expected to have a material effect on the consolidated financial statements of the Group and Company, except the following set out below:

i. Amendments to MFRS 9 and MFRS 7 'Amendments to the Classification and Measurement of Financial Instruments' (effective for the financial year beginning after 1 January 2026)

- require financial assets to be derecognised on the date the contractual rights to the cash flows expire and financial liabilities to be derecognised when obligation under the contract is discharged (i.e. the settlement date). In addition, there is an optional exception to derecognise financial liabilities before the settlement date for settlement using electronic payment systems (if specified criteria are met);
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest ("SPPI") criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income ("FVOCI").

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

2.3 New standards and amendments that have been issued but not yet effective and adopted by the Group and Company (continued)

ii. MFRS 18 'Presentation and Disclosure in Financial Statements' (effective for the financial year beginning after 1 January 2027)

MFRS 18 will replaces MFRS 101 '*Presentation of Financial Statements*'. The new MFRS introduces a new structure of profit or loss statement.

- Income and expenses are classified into 3 new main categories:
 - Operating category which typically includes results from the main business activities;
 - Investing category that presents the results of investments in associates and joint ventures and other assets that generate a return largely independently of other resources; and
 - Financing category that presents income and expenses from financing liabilities.
- Entities are required to present two new specified subtotals: 'Operating profit or loss' and 'Profit or loss before financing and income taxes'.

Management-defined performance measures are disclosed in a single note and reconciled to the most similar specified subtotal in MFRS Accounting Standards.

Changes to the guidance on aggregation and disaggregation which focus on grouping items based on their shared characteristics.

The above new standards and amendments including the MFRS 112 "International Tax Reform - Pillar Two Model Rules" to published standards effective from 1 January 2023 are currently being assessed by the Directors.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

3.1 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

Biological assets

The fair value of biological assets is determined using a discounted cash flow model, based on the expected cash inflow from the table eggs produced by each layer, less expected costs incurred over the life span of the pullets and layers, and imputed contributory assets charges for the assets essential to produce table eggs.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

3.1 Critical accounting estimates and judgements

Biological assets (continued)

In measuring the fair value of biological assets, Directors and management significant judgements are required to estimate the expected number of table eggs produced by each layer, the expected selling price of the table eggs, expected salvage value of layers, mortality rate, feed consumption rate, feed costs and other estimated costs to be incurred over the life span of the layers, as well as the discount rate used for the cash flow. Changes to any of these assumptions would affect the fair value of the biological assets.

The Group recorded a fair value for its biological assets of RM131,853,810 as at 31 December 2024 (2023: RM74,224,141). The key assumptions used in the discounted cash flow model and the sensitivity analysis are disclosed in Note 16 to the financial statements.

Measurement of expected credit loss (“ECL”) allowance

The loss allowance for financial assets is based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of reporting period. Details of the key assumptions and inputs used are disclosed in Note 31(c).

Directors and management have considered a range of possible outcomes, ie a baseline scenario and the worst-case scenario in computing the ECL. In the baseline scenario, Directors and management incorporate the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the trade receivables and made adjustments to the expected loss rates accordingly. In the worst-case scenario, Directors and management consider a further increase in expected loss rate as computed in the baseline scenario. A probability-weighting of occurrence was subsequently applied to these two different scenarios to derive at the expected credit loss allowance to be made.

A reasonable possible change in the assumptions used will not result in material change to the expected credit loss allowance to be made.

3.2 Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.2 Consolidation (continued)

Business combination under acquisition method

For business combination accounted for under acquisition method, the consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquired is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset, or liability is recognised in accordance with MFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Business combination under common control

The Group applies predecessor accounting to account for business combinations under common control. Under the predecessor accounting, assets and liabilities acquired are not restated to their respective fair values but at the carrying amounts from the consolidated financial statements of the ultimate holding company of the Group and adjusted to ensure uniform accounting policies of the Group. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities (as of the date of the transaction) of the acquired entity is recorded as an adjustment to retained earnings. No additional goodwill is recognised.

Transaction between Group companies

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.2 Consolidation (continued)

Loss of control

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

3.3 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

The financial statements of the subsidiary as stated in Note 13 has not been consolidated as the Company has applied the exemption granted under paragraph 4(a) of MFRS 10 "Consolidated Financial Statements". Under the exemption, consolidated financial statements of the Company are not required to be prepared as the Company is a wholly owned subsidiary of Teo Seng Capital Berhad ("TSCB"), a company incorporated in Malaysia. The consolidated financial statements of TSCB, where the financial statements of the Company have been consolidated into are available at its registered office at 201 - 203, Jalan Abdullah, 84000 Muar, Johor Darul Takzim.

3.4 Property, plant and equipment

Property, plant and equipment are initially stated at cost. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price, import duties, non-refundable purchase taxes and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

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**NOTES TO THE FINANCIAL STATEMENTS
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3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.4 Property, plant and equipment (continued)

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss.

Freehold land is not depreciated as it has an infinite life. Other property, plant and equipment are depreciated on the straight-line method to allocate the cost, to their residual values over their estimated useful lives, summarised as follows:

Farm and poultry buildings	2% - 20%
Factory buildings	1% - 3%
Plant and machinery and electrical installation	5% - 20%
Fish pond and equipment	5% - 10%
Egg layer conveyor and cages system	5%
Motor vehicles	20%
Furniture, fittings and equipment	10% - 33%
Renovation and hostel	2 - 20%

Depreciation on assets under construction commences when the assets are ready for their intended use.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

At the end of the reporting year, the Group and Company assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. (See accounting policy Note 3.5 on impairment of non-financial assets).

3.5 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. The Group and Company also assesses assets that are subject to amortisation for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting period.

The impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

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**NOTES TO THE FINANCIAL STATEMENTS
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3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.6 Leases

(a) Accounting by lessee

Leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Group (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group is a lessee, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

(i) Lease term

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities (refer to (iv) below).

(ii) ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

The other ROU assets are depreciated over lease period of 3 to 5 years.

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3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (continued)

(a) Accounting by lessee (continued)

(iii) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase options if the Group is reasonably certain to exercise that option;
- Lease payments to be made under an extension option if the Group is reasonably certain to exercise the option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged in profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the "finance cost" in profit or loss in the statement of comprehensive income.

(iv) Reassessment of lease liabilities

The Group is also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

A change in lease payments (including rent concession), other than those arising from a change in amounts expected to be payable under residual value guarantees or in an index or rate used to determine lease payments, is accounted for as a lease modification if it is not part of the original terms and conditions of the lease. The lease modification is accounted for as either a new lease or as a remeasurement of an existing lease liability, depending on the criteria set in MFRS 16.

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**NOTES TO THE FINANCIAL STATEMENTS
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3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (continued)

(a) Accounting by lessee (continued)

(v) Short term leases and leases of low value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture and equipment. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line bases as an expense in profit or loss.

(b) Accounting by lessor

As a lessor, the Group determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Finance leases

The Group classifies a lease as a finance lease if the lease transfers substantially all of the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group derecognises the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset.

Initial direct costs are also included in the initial measurement of the net investment. The net investments are subject to MFRS 9 impairment (refer to Note 3.10(d) on impairment of financial assets). In addition, the Group reviews regularly the estimated unguaranteed residual value.

Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return. The Group revises the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

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3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (continued)

(b) Accounting by lessor (continued)

Operating leases

The Group classifies a lease as an operating lease if the lease does not transfer substantially all of the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group recognises lease payments received under operating lease as lease income on a straight-line basis over the lease term.

When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as an expense over the lease term on the same basis as lease income.

3.7 Biological assets

Biological assets comprise pullets and layers are measured at fair value less cost to sell.

The fair value of biological assets is determined using a discounted cash flow model, based on the expected cash inflow from the table eggs produced by each layer, less expected costs incurred over the life span of the pullets and layers, and imputed contributory assets charges for the assets essential for the production of table eggs.

Costs to sell include the incremental costs directly attributable to the sale of eggs, but excludes finance costs and income taxes.

Changes in fair value of livestock are recognised in the profit or loss.

3.8 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group and Company. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value plus transaction costs. Other receivables are recognised initially at fair value plus transaction costs. Transaction costs include transfer taxes and duties.

After recognition, trade and other receivables are subsequently measured at amortised cost using the effective interest method, less loss allowance. See accounting policy Note 3.10(d) on impairment of financial assets.

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3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the basis of weighted average costs.

Costs of egg trays, fertiliser and fertiliser work-in-progress comprise the costs of materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Costs of poultry feeds, trading merchandise, raw materials for feeds, consumables and medication, comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to completion and the estimated costs necessary to make the sale.

3.10 Financial assets

(a) Classification

The Group and Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group and Company has made an irrevocable election at the time of initial recognition to present subsequent changes in fair value in other comprehensive income.

The Group and Company reclassifies debt instruments only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and Company has transferred substantially all of the risks and rewards of ownership.

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3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.10 Financial assets (continued)

(c) Measurement

At initial recognition, the Group and Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest ("SPPI").

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and Company's business model for managing the asset and the cash flow characteristics of the asset. The Group and Company reclassifies debt investments when and only when its business model for managing those assets changes.

The Group and Company classified its debts instruments at amortised cost or FVTPL.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in "finance income" using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as separate line item in the statement of comprehensive income as applicable.

Equity instruments

The Group and Company subsequently measures all equity investments at fair value. Where the Group and Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as "other income" when the Group and Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in "other income" or "other expenses" in the statement of comprehensive income as applicable.

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3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.10 Financial assets (continued)

(d) Subsequent measurement – Impairment

Impairment for debt instruments and financial guarantee contracts

The Group and Company assesses on a forward-looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group and Company have the following financial instruments that are subject to the ECL model:

- Trade receivables: trade receivables - external, amounts due from related companies and related parties
- Sundry receivables
- Intercompany receivables (non-trade): amount due from subsidiaries
- Financial guarantee contracts

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and Company expects to receive, over the remaining life of the financial instrument. For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group and Company expects to receive from the holder, the debtor or any other party.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL approach can be classified into the categories below:

(i) General 3-stage approach for other financial assets at amortised cost

At each reporting date, the Group and Company measures ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

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3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.10 Financial assets (continued)

(d) Subsequent measurement – Impairment (continued)

The ECL approach can be classified into the categories below: (continued)

(ii) Simplified approach for trade receivables

The Group and Company apply the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables.

Significant increase in credit risk

The Group and Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Definition of default and credit-impaired financial assets

The Group and Company defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

The Group and Company defines a financial instrument as default, when the counterparty fails to make contractual payment within 90 days of when they fall due.

Qualitative criteria:

The debtor meets unlikelihood to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and Company considers the following instances:

- the debtor is in breach of financial covenants
- concessions have been made by the lender relating to the debtor's financial difficulty
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- the debtor is insolvent

Financial instruments that are credit-impaired are assessed on individual basis.

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3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.10 Financial assets (continued)

(d) Subsequent measurement – Impairment (continued)

Groupings of instruments for ECL measured on collective basis

• Collective assessment

To measure ECL, trade receivables have been grouped based on shared credit risk characteristics such as type of customers and the days past due.

• Individual assessment

Trade receivables which are in default or credit-impaired are assessed individually.

Write-off

• Trade receivables

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and Company, and a failure to make contractual payments for a period of greater than 365 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

• Other financial assets at amortised cost

The Group and Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and Company may write-off financial assets that are still subject to enforcement activity.

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3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

3.12 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each reporting period.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives that do not qualify for hedge accounting are classified as held for trading and accounted for at fair value through profit or loss. Changes in the fair value are recognised immediately in profit or loss.

3.13 Financial guarantee contracts

Financial guarantee contracts are contracts that require the Group or Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value.

The fair value of financial guarantees on initial recognition equals the present value of the premium in an arm's length transaction.

Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under MFRS 9 "Financial instruments" and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15 "Revenue from Contracts with Customers", where appropriate.

3.14 Trade and other payables

These amounts represent liabilities for goods or services provided to the Group and Company prior to the end of financial year which are unpaid. Trade and other payables are classified as current liabilities unless payment is not due within 12 months after the reporting period. If not, they are presented as non-current liabilities.

They are recognised initially at fair value net of transaction costs incurred, which include transfer taxes and duties.

They are subsequently measured at amortised cost using the effective interest method.

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**NOTES TO THE FINANCIAL STATEMENTS
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3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.15 Current and deferred income taxes

Tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting year.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets including tax benefit from reinvestment allowance, pioneer loss and green investment tax allowance are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

The benefit from reinvestment allowance, pioneer loss and green investment tax allowance is recognised when the tax credit is utilised as a reduction of current tax and no deferred tax asset is recognised when the tax credit arises.

Deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference, a deferred tax liability is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the deductible temporary difference can be utilised.

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**NOTES TO THE FINANCIAL STATEMENTS
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3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.15 Current and deferred income taxes (continued)

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.16 Share capital

(i) Classification

Ordinary shares are classified as equity.

(ii) Share issue costs

Incremental costs directly attributable to the issue of new shares or options are deducted against equity.

(iii) Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting year but not yet distributed at the end of the reporting year.

Distributions to holders of an equity instrument is recognised directly in equity.

(iv) Purchase of own shares

Where the Company or its subsidiaries purchases the Company's equity instruments as a result of a share buy-back, the consideration paid, including any directly attributable incremental external costs, net of tax, is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity attributable to the Company.

(v) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs or servicing equity other than ordinary shares, by
- the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year and excluding treasury shares.

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**NOTES TO THE FINANCIAL STATEMENTS
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3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.16 Share capital (continued)

(v) Earnings per share (continued)

Diluted earnings per share

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3.17 Cash and cash equivalents

For the purpose of the statement of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, demand deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value.

Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents in the statement of cash flows. In the statement of financial position, banks overdrafts are shown within borrowings in current liabilities.

3.18 Borrowings and borrowing costs

(i) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred.

Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are derecognised from the statement of financial position when the obligation specified in the contract is extinguished, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.18 Borrowings and borrowing costs (continued)

(i) Borrowings (continued)

Where the terms of a financial liability are renegotiated and the Group and Company issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless, at the end of the reporting year, the Group and Company has a right to defer settlement of the liability for at least 12 months after the end of the reporting year.

Covenants that the Group and Company is required to comply with, on or before the end of the reporting year, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group and Company is required to comply with after the reporting period do not affect the classification at the reporting date.

(ii) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets is substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.19 Revenue and other income

(i) Revenue from contracts with customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group transfer control of the goods or services promised in a contract and the customer obtains control of the goods or services. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and services tax, returns, rebates and discounts. The transaction price is allocated to each distinct good or service promised in the contract. Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.19 Revenue and other income (continued)

(i) **Revenue from contracts with customers (continued)**

- Poultry farming (production and sales of eggs, animal feeds, paper egg trays and fertiliser by-product)

Revenue from sales of goods from poultry farming are recognised net of discount and sales and services tax at the point in time when control of the goods has transferred to customer. Depending on the terms of the contract with the customer, control transfers either upon delivery of the goods to locations specified by the customer and acceptance of the goods by the customer; or upon delivery of the goods on board or aircraft for onward delivery to the customer.

- Distribution of pet food, medicine and other animal health related products

Revenue from distribution of goods are recognised net of discount and sales and services tax at the point in time when control of the goods has transferred to customer. Depending on the terms of the contract with the customer, control transfers either upon delivery of the goods to locations specified by the customer and acceptance of the goods by the customer; or upon delivery of the goods on board for onward delivery to the customer.

- Income from provision of management services

Income from provision of management services is recognised over time when performance obligations of services promised in the contract is satisfied.

- Income from provision of services sales, research and development of poultry farming related intelligent machinery, equipment and robot

Revenue from provision of services, sales, research and development of poultry farming related intelligent machinery, equipment and robot is recognised over time when performance obligations of services promised in the contract is satisfied.

(ii) **Revenue from other sources**

- Interest income is recognised on the accrual's basis using the effective interest method.
- Dividend income is recognised when the Group and Company's right to receive payment is established.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.20 Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting year, and they are measured at the amounts expected to be paid when the liabilities are settled.

The liabilities are presented as "Employee benefits obligation" in the statement of financial position.

(ii) Post-employment benefits

A defined contribution plan is a pension plan under which the Group and Company pays fixed contributions into a separate entity (a fund) on a mandatory, contractual or voluntary basis and the Group and Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The Group and Company's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate.

(iii) Share-based payments - Employee options

The penultimate holding company operates an equity-settled, share-based compensation plan under which the entity receives services from employees as consideration for equity instruments (options) of the penultimate holding company. The fair value of the options granted in exchange for the services of the employees are recognised as employee benefit expense with a corresponding increase to share option reserve within equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding of shares for a specific period of time).

Non-market vesting conditions and service conditions are included in assumptions about the number of options that are expected to vest.

In circumstances where employees provide services in advance of the grant date, the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

The credit to equity is treated as a capital contribution as the parent is compensating the Group's and Company's employees with no recharge of expenses to the Group and Company.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.21 Functional currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's and Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is the Group's and Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. However, exchange differences are deferred in other comprehensive income when they arose from qualifying cash flow hedges or qualifying net investment hedges or are attributable to items that form part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within "Other income" or "Other expenses". All other foreign exchange gains and losses are presented in profit or loss on a net basis within "Other income" or "Other expenses".

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as at fair value through other comprehensive income, are included in other comprehensive income.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.21 Functional currencies (continued)

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income or separate profit or loss presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

Goodwill and fair value adjustments arising on the acquisitions of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income.

3.22 Government grant

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Government grants related to income are recognised in profit or loss within "other income" over the periods to match the related costs for which the grants are intended to compensate.

3.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

4 REVENUE

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
<u>Revenue from contracts with customers:</u>				
- Poultry farming				
	643,699,994	660,010,639	0	0
- Distribution of pet food, medicine and other animal health related products				
	109,816,688	100,057,326	0	0
- Investment holding and provision of management services				
	0	465,775	2,988,026	2,363,126
<u>Revenue from other sources:</u>				
- Dividend income from subsidiaries				
	0	0	37,000,000	65,200,000
- Warehousing rental income				
	253,973	448,695	0	0
Total revenue	<u>753,770,655</u>	<u>760,982,435</u>	<u>39,988,026</u>	<u>67,563,126</u>
<u>Timing of revenue recognition:</u>				
Point in time				
	753,770,655	760,516,660	0	0
Over time				
	0	465,775	2,988,026	2,363,126
Total revenue	<u>753,770,655</u>	<u>760,982,435</u>	<u>2,988,026</u>	<u>2,363,126</u>

5 OTHER INCOME

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
<u>Insurance compensation claims</u>				
Lease income				
	115,256	782,866	0	0
	208,251	104,979	0	0
Gain on disposal of property, plant and equipment				
	6,845,132	792,308	0	35,825
Gain on lease termination				
	281,291	0	0	0
Government subsidy/grants				
	91,395,696	104,761,835	0	0
Sale of scrap				
	335,842	221,310	0	0
Others				
	107,287	2,008,084	608	0
	<u>99,288,755</u>	<u>108,671,382</u>	<u>608</u>	<u>35,825</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

5 OTHER INCOME (CONTINUED)

- * Government subsidy of RM91,393,857 was recognised during the financial year ended 31 December 2024 under "Program Subsidi Ayam dan Telur". The program has been approved by the government of Malaysia on 9 February 2023. The objective of the programme is to ease the burden of chicken farmers due to the increase in the production costs while the ceiling prices have been set for chicken and eggs. The program was effective from 5 February 2023 to 31 December 2024 during the financial year. Under the program, the eligible chicken farmers will receive cash when their applications have been approved by the Department of Veterinary Services ("DVS").

6 EMPLOYEE BENEFIT EXPENSES

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Staff cost (including Directors' remuneration)				
Short-term employee benefits	83,086,037	79,067,267	3,849,775	2,815,776
Defined contribution plan	7,126,446	6,456,749	600,636	394,062
Defined benefit plan	200,000	0	0	0
Share-based payment	299,241	0	79,092	0
	<u>90,711,724</u>	<u>85,524,016</u>	<u>4,529,503</u>	<u>3,209,838</u>

DIRECTORS' REMUNERATION

(a) The aggregate amounts of remuneration received and receivable by the Directors of the Group and of the Company during the financial year are as follows:

<u>Group</u>	<u>2024 RM</u>	<u>2023 RM</u>
<u>Executive Directors</u>		
Short-term employee benefits	8,703,254	7,747,262
Defined contribution plan	1,586,857	1,373,850
Defined benefit plan	200,000	0
Share-based payment	83,571	0
Benefits-in-kind	75,850	51,072
	<u>10,649,532</u>	<u>9,172,184</u>
<u>Non-Executive Directors</u>		
Short-term employee benefits	937,158	1,151,987
Defined contribution plan	0	47,500
	<u>937,158</u>	<u>1,199,487</u>
<u>TOTAL DIRECTORS' REMUNERATION</u>	<u>11,586,690</u>	<u>10,371,671</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

6 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

DIRECTORS' REMUNERATION (CONTINUED)

(a) The aggregate amounts of remuneration received and receivable by the Directors of the Group and of the Company during the financial year are as follows: (continued)

<u>Company</u>	<u>2024</u> RM	<u>2023</u> RM
<u>Executive Directors of the Company</u>		
Short-term employee benefits	1,320,630	648,235
Defined contribution plan	250,238	122,733
Share-based payment	36,655	0
Benefits-in-kind	28,000	7,533
	<hr/>	<hr/>
	1,635,523	778,501
<u>Non-Executive Directors of the Company</u>		
Short-term employee benefits	202,500	168,000
TOTAL DIRECTORS' REMUNERATION	1,838,023	946,501
	<hr/>	<hr/>

(b) The number of the Company's Directors with total remuneration falling in bands of RM150,000 are as follows:

	<u>Number of Directors</u>	
	<u>2024</u>	<u>2023</u>
<u>Executive Directors:</u>		
RM 1 - RM 150,000	0	0
RM 150,001 - RM 300,000	0	0
RM 300,001 - RM 450,000	0	0
RM 450,001 - RM 600,000	0	0
RM 600,001 - RM 750,000	0	1
RM 750,001 - RM 900,000	1	0
RM 900,001 - RM 1,050,000	0	0
RM 1,050,001 - RM 1,200,000	0	0
RM 1,200,001 - RM 1,350,000	0	0
RM 1,350,001 - RM 1,500,000	0	1
RM 1,500,001 - RM 1,650,000	1	0
RM 1,650,001 - RM 1,800,000	0	0
RM 1,800,001 - RM 1,950,000	0	0
RM 1,950,001 - RM 2,100,000	0	0
RM 2,100,001 - RM 2,250,000	0	0
RM 2,250,001 - RM 2,400,000	0	0
RM 2,400,001 - RM 2,550,000	0	0
RM 2,550,001 - RM 2,700,000	0	0
RM 2,700,001 - RM 2,850,000	1	1
<u>Non-Executive Directors:</u>		
RM 1 - RM 150,000	3	3
	<hr/>	<hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

7 FINANCE COST

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Interest expenses				
- bank overdrafts	35,731	53,766	0	0
- bankers' acceptances	2,429,989	4,058,786	0	0
- hire purchase	254,642	357,410	41,502	27,386
- revolving credit	7,025	155,029	0	0
- term loan	2,371,771	3,002,073	0	0
- lease liabilities	118,341	171,508	0	0
- others	3,966	6,218	0	0
	5,221,465	7,804,790	41,502	27,386
	=====	=====	=====	=====

8 PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Allowance for/(Reversal of) impairment loss on				
trade receivables	254,961	(700,121)	0	0
Auditors' remuneration (*)				
- current	470,725	403,943	81,500	65,500
- overprovision of statutory audit in prior year	0	0	0	(8,000)
- overprovision of non-audit services in prior year	0	(57,140)	0	(7,500)
Property, plant and equipment				
- gain on disposal	(6,845,132)	(792,308)	0	(35,825)
- written off	1,815,339	5,260,056	9,393	0
Inventories				
- written off	300,540	139,238	0	0
Short-term leases				
	657,656	791,286	0	0
Lease of low value assets				
	247,947	243,526	0	0
Unrealised foreign exchange loss/(gain)				
	315,738	(88,718)	0	0
	=====	=====	=====	=====

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

8 PROFIT BEFORE TAX (CONTINUED)

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
* Details of auditors' remuneration:				
Fees for statutory audit				
- PricewaterhouseCoopers PLT Malaysia	284,500	235,900	75,000	60,000
- Member firm of PricewaterhouseCoopers International Limited	173,225	157,043	0	0
	457,725	392,943	75,000	60,000
Fees for assurance related services				
- PricewaterhouseCoopers PLT Malaysia	13,000	11,000	6,500	5,500
Total	470,725	403,943	81,500	65,500

9 TAX

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
<u>Current tax</u>				
Current tax on profit for the year:				
- Malaysian tax	8,813,318	7,595,013	127,000	189,000
- Foreign tax	542,266	516,526	0	0
(Over)/Under accrual in prior financial years	(622,671)	23,007	(43,104)	(1,476)
Total current tax expense	8,732,913	8,134,546	83,896	187,524
<u>Deferred income tax</u>				
(Increase)/Decrease in deferred tax assets (Note 15)	(2,038)	(30,700)	149,000	(149,000)
Increase/(Decrease) in deferred tax liabilities (Note 15)	6,199,990	(1,252,456)	206,000	(219,000)
Total deferred tax expense/(benefit)	6,197,952	(1,283,156)	355,000	(368,000)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

9 TAX (CONTINUED)

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
<u>Real property gains tax</u>				
Real property gains tax charge	124,775	0	0	0
Tax expense/(credit)	15,055,640	6,851,390	438,896	(180,476)

A numerical reconciliation of income tax expense to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and Company are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Profit before tax	198,416,228	162,654,332	34,109,764	63,584,276
Tax is at the applicable tax rate	47,456,740	38,865,247	8,186,000	15,260,000
Tax effects of:				
- income not subject to tax	(34,479,129)	(34,058,000)	(8,880,000)	(15,648,000)
- expenses not deductible for tax purposes	3,547,053	2,234,717	1,176,000	209,000
- utilisation of tax losses previously not recognised	(5,133)	0	0	0
- utilisation of tax incentive	(81,043)	(116,144)	0	0
- real property gains tax	124,775	0	0	0
- utilisation of green investment tax allowance previously not recognised	0	(53,844)	0	0
- utilisation of reinvestment allowance previously not recognised	(879,102)	(43,593)	0	0
- recognition of previously unrecognised deferred taxes	(5,850)	0	0	0
- (over)/under accrual in prior financial years	(622,671)	23,007	(43,104)	(1,476)
Tax expense/(credit)	15,055,640	6,851,390	438,896	(180,476)

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10 PROPERTY, PLANT AND EQUIPMENT

<u>Group</u>	<u>Freehold land, farm and poultry buildings</u> RM	<u>Freehold land and factory buildings</u> RM	<u>Plant and machinery and electrical installation</u> RM	<u>Egg layer conveyor and cages system</u> RM	<u>Fish pond and equipment</u> RM
<u>At cost</u>					
As at 1 January 2024	194,811,923	69,603,937	168,232,705	101,278,984	515,724
Additions	51,812,171	3,550	23,385,976	3,708,414	0
Disposals	0	(30,008,701)	(424,700)	0	0
Write off	(4,043,583)	(2,646,489)	(10,079,886)	(5,552,467)	(515,724)
Reclassification	2,572,588	0	5,308,204	5,604,076	0
Foreign exchange difference	0	(614,975)	(92,143)	0	0
As at 31 December 2024	<u>245,153,099</u>	<u>36,337,322</u>	<u>186,330,156</u>	<u>105,039,007</u>	<u>0</u>
<u>Less: Accumulated depreciation</u>					
As at 1 January 2024	47,432,534	13,545,448	88,930,273	34,085,759	317,599
Charge for the financial year	3,961,637	349,261	13,308,078	5,544,123	17,224
Disposals	0	(7,523,267)	(424,700)	0	0
Write off	(3,915,263)	(2,638,062)	(9,540,580)	(5,110,750)	(334,823)
Foreign exchange difference	0	(54,175)	(82,917)	0	0
As at 31 December 2024	<u>47,478,908</u>	<u>3,679,205</u>	<u>92,190,154</u>	<u>34,519,132</u>	<u>0</u>
Net carrying amount as at 31 December 2024	<u>197,674,191</u>	<u>32,658,117</u>	<u>94,140,002</u>	<u>70,519,875</u>	<u>0</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<u>Group</u>	<u>Motor vehicles</u> RM	<u>Furniture, fittings and equipment</u> RM	<u>Renovation and hostel</u> RM	<u>Capital work-in-progress</u> RM	<u>Total</u> RM
<u>At cost</u>					
As at 1 January 2024	35,597,911	31,790,216	2,165,002	10,152,988	614,149,390
Additions	3,942,809	1,493,635	872,011	18,701,228	103,919,794
Disposals	(1,791,653)	(4,602)	0	0	(32,229,656)
Write off	(128,353)	(267,988)	(112,901)	(463,878)	(23,811,269)
Reclassification	0	0	0	(13,484,868)	0
Foreign exchange difference	(141,940)	(40,356)	(25,824)	0	(915,238)
As at 31 December 2024	<u>37,478,774</u>	<u>32,970,905</u>	<u>2,898,288</u>	<u>14,905,470</u>	<u>661,113,021</u>
<u>Less: Accumulated depreciation</u>					
As at 1 January 2024	25,148,451	14,879,841	1,861,721	0	226,201,626
Charge for the financial year	3,565,804	1,434,051	132,320	0	28,312,498
Disposals	(1,790,910)	(153)	0	0	(9,739,030)
Write off	(128,353)	(245,914)	(82,185)	0	(21,995,930)
Foreign exchange difference	(106,487)	(29,132)	(13,022)	0	(285,733)
As at 31 December 2024	<u>26,688,505</u>	<u>16,038,693</u>	<u>1,898,834</u>	<u>0</u>	<u>222,493,431</u>
<u>Less: Accumulated impairment</u>					
As at 1 January 2024/31 December 2024	<u>0</u>	<u>0</u>	<u>0</u>	<u>84,900</u>	<u>84,900</u>
Net carrying amount as at 31 December 2024	<u>10,790,269</u>	<u>16,932,212</u>	<u>999,454</u>	<u>14,820,570</u>	<u>438,534,690</u>

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10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

* The freehold land, farm and poultry buildings, factory buildings and shophouse of the Group are analysed as follows:

	<u>Freehold land, farm and poultry buildings</u>			<u>Freehold land and factory buildings</u>		
	<u>Freehold land</u> RM	<u>Farm poultry buildings</u> RM	<u>Total</u> RM	<u>Freehold land</u> RM	<u>Factory buildings</u> RM	<u>Total</u> RM
<u>At cost</u>						
As at 1 January 2024	83,613,650	111,198,273	194,811,923	15,370,185	54,233,752	69,603,937
Additions	50,712,611	1,099,560	51,812,171	0	3,550	3,550
Disposals	0	0	0	0	(30,008,701)	(30,008,701)
Write off	0	(4,043,583)	(4,043,583)	0	(2,646,489)	(2,646,489)
Reclassification	0	2,572,588	2,572,588	0	0	0
Foreign exchange differences	0	0	0	0	(614,975)	(614,975)
As at 31 December 2024	<u>134,326,261</u>	<u>110,826,838</u>	<u>245,153,099</u>	<u>15,370,185</u>	<u>20,967,137</u>	<u>36,337,322</u>
<u>Less: Accumulated depreciation</u>						
As at 1 January 2024	0	47,432,534	47,432,534	0	13,545,448	13,545,448
Charge for the financial year	0	3,961,637	3,961,637	0	349,261	349,261
Disposals	0	0	0	0	(7,523,267)	(7,523,267)
Write off	0	(3,915,263)	(3,915,263)	0	(2,638,062)	(2,638,062)
Foreign exchange differences	0	0	0	0	(54,175)	(54,175)
As at 31 December 2024	<u>0</u>	<u>47,478,908</u>	<u>47,478,908</u>	<u>0</u>	<u>3,679,205</u>	<u>3,679,205</u>
Net carrying amount as at 31 December 2024	<u>134,326,261</u>	<u>63,347,930</u>	<u>197,674,191</u>	<u>15,370,185</u>	<u>17,287,932</u>	<u>32,658,117</u>

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10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<u>Group</u>	<u>Freehold land, farm and poultry buildings</u> RM	<u>Freehold land and factory buildings</u> RM	<u>Plant and machinery and electrical installation</u> RM	<u>Egg layer conveyor and cages system</u> RM	<u>Fish pond and equipment</u> RM
<u>At cost</u>					
As at 1 January 2023	191,193,520	69,088,748	171,321,134	93,147,256	515,724
Additions	3,012,211	291,235	6,073,314	6,883,322	0
Disposals	0	0	(70,440)	0	0
Write off	(4,150,175)	(1,774,330)	(16,822,798)	(4,551,896)	0
Reclassification	4,756,367	202,488	7,474,828	5,800,302	0
Foreign exchange difference	0	1,795,796	256,667	0	0
As at 31 December 2023	<u>194,811,923</u>	<u>69,603,937</u>	<u>168,232,705</u>	<u>101,278,984</u>	<u>515,724</u>
<u>Less: Accumulated depreciation</u>					
As at 1 January 2023	46,411,207	12,334,484	89,823,256	34,255,026	294,482
Charge for the financial year	3,962,214	1,353,891	14,179,716	3,567,671	23,117
Disposals	0	0	(69,151)	0	0
Write off	(2,940,887)	(321,566)	(15,236,689)	(3,736,938)	0
Foreign exchange difference	0	178,639	233,141	0	0
As at 31 December 2023	<u>47,432,534</u>	<u>13,545,448</u>	<u>88,930,273</u>	<u>34,085,759</u>	<u>317,599</u>
Net carrying amount as at 31 December 2023	<u>147,379,389</u>	<u>56,058,489</u>	<u>79,302,432</u>	<u>67,193,225</u>	<u>198,125</u>

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10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<u>Group</u>	<u>Motor vehicles</u> RM	<u>Furniture, fittings and equipment</u> RM	<u>Renovation and hostel</u> RM	<u>Capital work-in- progress</u> RM	<u>Total</u> RM
<u>At cost</u>					
As at 1 January 2023	31,621,157	29,749,712	2,047,816	10,917,134	599,602,201
Additions	8,101,624	2,019,069	109,191	17,469,839	43,959,805
Disposals	(3,290,237)	0	0	0	(3,360,677)
Write off	(987,634)	(13,270)	(9,988)	0	(28,310,091)
Reclassification	0	0	0	(18,233,985)	0
Foreign exchange difference	153,001	34,705	17,983	0	2,258,152
As at 31 December 2023	<u>35,597,911</u>	<u>31,790,216</u>	<u>2,165,002</u>	<u>10,152,988</u>	<u>614,149,390</u>
<u>Less: Accumulated depreciation</u>					
As at 1 January 2023	26,166,619	13,456,110	1,554,391	0	224,295,575
Charge for the financial year	2,935,622	1,403,882	296,968	0	27,723,081
Disposals	(3,272,583)	0	0	0	(3,341,734)
Write off	(801,820)	(10,054)	(2,081)	0	(23,050,035)
Foreign exchange difference	120,613	29,903	12,443	0	574,739
As at 31 December 2023	<u>25,148,451</u>	<u>14,879,841</u>	<u>1,861,721</u>	<u>0</u>	<u>226,201,626</u>
<u>Less: Accumulated impairment</u>					
As at 1 January 2023/31 December 2023	<u>0</u>	<u>0</u>	<u>0</u>	<u>84,900</u>	<u>84,900</u>
Net carrying amount as at 31 December 2023	<u>10,449,460</u>	<u>16,910,375</u>	<u>303,281</u>	<u>10,068,088</u>	<u>387,862,864</u>

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10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

* The freehold land, farm and poultry buildings, factory buildings and shophouse of the Group are analysed as follows:

	<u>Freehold land, farm and poultry buildings</u>			<u>Freehold land and factory buildings</u>		
	<u>Freehold land</u> <u>RM</u>	<u>Farm poultry buildings</u> <u>RM</u>	<u>Total</u> <u>RM</u>	<u>Freehold land</u> <u>RM</u>	<u>Factory buildings</u> <u>RM</u>	<u>Total</u> <u>RM</u>
<u>At cost</u>						
As at 1 January 2023	81,168,993	110,024,527	191,193,520	15,287,203	53,801,545	69,088,748
Additions	2,444,657	567,554	3,012,211	0	291,235	291,235
Disposals	0	0	0	0	0	0
Write off	0	(4,150,175)	(4,150,175)	0	(1,774,330)	(1,774,330)
Reclassification	0	4,756,367	4,756,367	82,982	119,506	202,488
Foreign exchange differences	0	0	0	0	1,795,796	1,795,796
As at 31 December 2023	<u>83,613,650</u>	<u>111,198,273</u>	<u>194,811,923</u>	<u>15,370,185</u>	<u>54,233,752</u>	<u>69,603,937</u>
<u>Less: Accumulated depreciation</u>						
As at 1 January 2023	0	46,411,207	46,411,207	0	12,334,484	12,334,484
Charge for the financial year	0	3,962,214	3,962,214	0	1,353,891	1,353,891
Write off	0	(2,940,887)	(2,940,887)	0	(321,566)	(321,566)
Foreign exchange differences	0	0	0	0	178,639	178,639
As at 31 December 2023	<u>0</u>	<u>47,432,534</u>	<u>47,432,534</u>	<u>0</u>	<u>13,545,448</u>	<u>13,545,448</u>
Net carrying amount as at 31 December 2023	<u>83,613,650</u>	<u>63,765,739</u>	<u>147,379,389</u>	<u>15,370,185</u>	<u>40,688,304</u>	<u>56,058,489</u>

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10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<u>Company</u>	<u>Office equipment</u> RM	<u>Motor vehicles</u> RM	<u>Total</u> RM
<u>At cost</u>			
As at 1 January 2024	4,142,300	2,527,901	6,670,201
Additions	304,775	180,960	485,735
Write off	(99,028)	0	(99,028)
As at 31 December 2024	<u>4,348,047</u>	<u>2,708,861</u>	<u>7,056,908</u>
<u>Less: Accumulated depreciation</u>			
As at 1 January 2024	2,569,895	318,258	2,888,153
Charge for the financial year	381,830	535,726	917,556
Write off	(89,635)	0	(89,635)
As at 31 December 2024	<u>2,862,090</u>	<u>853,984</u>	<u>3,716,074</u>
Net carrying amount as at 31 December 2024	<u>1,485,957</u>	<u>1,854,877</u>	<u>3,340,834</u>
<u>At cost</u>			
As at 1 January 2023	3,860,014	505,942	4,365,956
Additions	282,286	2,301,619	2,583,905
Disposal	0	(279,660)	(279,660)
As at 31 December 2023	<u>4,142,300</u>	<u>2,527,901</u>	<u>6,670,201</u>
<u>Less: Accumulated depreciation</u>			
As at 1 January 2023	2,197,771	154,760	2,352,531
Charge for the financial year	372,124	293,983	666,107
Disposal	0	(130,485)	(130,485)
As at 31 December 2023	<u>2,569,895</u>	<u>318,258</u>	<u>2,888,153</u>
Net carrying amount as at 31 December 2023	<u>1,572,405</u>	<u>2,209,643</u>	<u>3,782,048</u>

(a) Certain property, plant and equipment of certain subsidiaries with carrying amount of RM NIL (2023: RM6,896,246) have been pledged to banks as security for banking facilities granted to the Group (Note 23).

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 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) The following property, plant and equipment were acquired under hire purchase instalment plans (Note 24):

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Carrying amount				
Plant and machinery	0	3,594,802	0	0
Motor vehicles	0	7,304,450	0	2,092,175
Capital work-in-progress	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
	0	10,899,252	0	2,092,175
	<hr/>	<hr/>	<hr/>	<hr/>

(c) Purchase of property, plant and equipment are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Cost of property, plant and equipment purchased				
Amount financed through hire purchase	103,919,794	43,959,805	485,735	2,583,905
Unpaid balance included under sundry payables (Note 26(a)(c))	(214,000)	(5,949,605)	0	(1,750,000)
Cash disbursed in respect of purchases made in previous financial year	(5,527,451)	(1,812,333)	(103,701)	0
	<hr/>	<hr/>	<hr/>	<hr/>
Cash disbursed for purchase of property, plant and equipment	1,812,333	2,477,842	0	45,399
	<hr/>	<hr/>	<hr/>	<hr/>
	<hr/>	<hr/>	<hr/>	<hr/>

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NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

11 RIGHT-OF-USE ("ROU") ASSETS

	<u>Leasehold</u> <u>land</u> <u>RM</u>	<u>Buildings</u> <u>RM</u>	<u>Total</u> <u>RM</u>
<u>Group</u>			
<u>2024</u>			
At 1 January 2024	2,977,048	842,545	3,819,593
Additions during the financial year	0	1,682,189	1,682,189
Depreciation	(62,967)	(1,024,826)	(1,087,793)
Lease modification	(2,854,089)	0	(2,854,089)
Currency translation difference	(59,992)	(52,023)	(112,015)
At 31 December 2024	0	1,447,885	1,447,885
	<u> </u>	<u> </u>	<u> </u>
Cost	12,706	3,135,429	3,148,135
Less: Accumulated depreciation	(12,706)	(1,687,544)	(1,700,250)
Net carrying amount	0	1,447,885	1,447,885
	<u> </u>	<u> </u>	<u> </u>
<u>2023</u>			
At 1 January 2023	3,222,989	330,956	3,553,945
Additions during the financial year	106,699	1,299,826	1,406,525
Depreciation	(124,992)	(800,282)	(925,274)
Lease modification	(428,731)	0	(428,731)
Currency translation difference	201,083	12,045	213,128
At 31 December 2023	2,977,048	842,545	3,819,593
	<u> </u>	<u> </u>	<u> </u>
Cost	3,575,140	2,367,586	5,942,726
Less: Accumulated depreciation	(598,092)	(1,525,041)	(2,123,133)
Net carrying amount	2,977,048	842,545	3,819,593
	<u> </u>	<u> </u>	<u> </u>

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12 GOODWILL ARISING ON CONSOLIDATION

	Group	
	<u>2024</u> RM	<u>2023</u> RM
As at 1 January	0	102,424
Less: Write off (*)	0	(102,424)
As at 31 December	0	0

* The management has decided to write off the goodwill related to its subsidiary, Professional Vet Enterprise Sdn. Bhd., due to unsatisfactory financial performance following the acquisition in the prior financial year.

The above goodwill arises from the acquisition of subsidiary, Professional Vet Enterprise Sdn. Bhd. and was allocated to its pet food, medicine and other animal health related products operation in East Malaysia. It is not deemed to be material to the Group.

13 INVESTMENTS IN SUBSIDIARIES

	Company	
	<u>2024</u> RM	<u>2023</u> RM
At beginning of financial year	160,673,285	130,807,285
Additions	10,000,000	44,166,000
Redemption of preference shares	0	(14,300,000)
At end of financial year	170,673,285	160,673,285

Represented by:

Unquoted shares, at cost		
- in Malaysia	169,224,400	159,224,400
- outside Malaysia	1,448,885	1,448,885
	170,673,285	160,673,285

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**NOTES TO THE FINANCIAL STATEMENTS
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13 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows:

Name of subsidiary	Principal place of business/ Country of incorporation	Percentage of issued share capital		Principal activities
		2024 %	2023 %	
<i><u>Subsidiaries of the Company</u></i>				
Teo Seng Farming Sdn. Bhd. ¹	Malaysia	100	100	Investment holding, poultry farming processing, wholesale, retailing and distribution of eggs and related poultry products, manufacturing and marketing of fertilisers
Teo Seng Feedmill Sdn. Bhd. ²	Malaysia	100	100	Manufacturing and marketing of animal feeds.
Success Century Sdn. Bhd.	Malaysia	100	100	Management and renting of poultry related properties, planting, trading and processing of fruits and related products
Ritma Prestasi Sdn. Bhd.	Malaysia	100	100	Distribution of pet food, medicine and other animal health related products.
Teo Seng Paper Products Sdn. Bhd.	Malaysia	100	100	Manufacturing and marketing of egg trays.
* Premium Egg Products Pte. Ltd.	Singapore	100	100	Wholesaler, importers, exporters of eggs products.
<i><u>Subsidiaries of Teo Seng Farming Sdn. Bhd.</u></i>				
Laskar Fertiliser Sdn. Bhd.	Malaysia	100	100	Management and renting of poultry related properties
Teo Seng Integrated Farming Sdn. Bhd.	Malaysia	100	100	Poultry farming, manufacturing and marketing of animal feeds, fertiliser and related poultry products – yet to commence operations

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13 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

<u>Name of subsidiary</u>	<u>Principal place of business/ Country of incorporation</u>	<u>Percentage of issued share capital</u>		<u>Principal activities</u>
		<u>2024 %</u>	<u>2023 %</u>	
<i><u>Subsidiary of Premium Egg Products Pte. Ltd.</u></i>				
* BH Fresh Food Pte. Ltd.	Singapore	100	100	To carry on business of provide cold room services and other investment holding including renting of factory space to derive rental income.
<i><u>Subsidiaries of Ritma Prestasi Sdn. Bhd.</u></i>				
B-Tech Aquaculture Sdn. Bhd.	Malaysia	100	100	Dormant
* Ritma Premier Pte. Ltd.	Singapore	100	100	Distribution of pet food, medicine and other animal health related products
Professional Vet Enterprise Sdn. Bhd.	Malaysia	100	100	Distribution of pet food, medicine and other animal health related products.
Trendata Science Sdn. Bhd.	Malaysia	65	NIL	Provision of services, sales, research and development of poultry farming related intelligent machinery, equipment and robot

* Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers PLT, Malaysia.

¹ On 11 November 2024, the Company invested additional RM10,000,000 in Teo Seng Feedmill Sdn. Bhd..

² On 5 June 2024, Ritma Prestasi Sdn. Bhd. acquired 65% of the issued share capital of Trendata Science Sdn. Bhd..

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13 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) Detail of the purchase consideration, net assets acquired, and goodwill are as follows:

	<u>2024</u> RM
Cash paid	<u>6,500</u>

The assets and liabilities recognised as a result of the acquisition are as follows:

	<u>Fair Value</u> RM
Cash and cash equivalents/ Net identifiable assets acquired	10,000
Less: Non-controlling interests	<u>(3,500)</u>
Net assets acquired	<u>6,500</u>

(b) Purchase consideration – cash outflow are as follows:

	<u>2024</u> RM
Cash outflow, net of cash acquired	
Cash consideration	<u>(6,500)</u>
Less: Balance acquired	
Cash and cash equivalents	<u>10,000</u>
Net cash acquired - investing activities	<u>3,500</u>

14 EQUITY INSTRUMENTS CLASSIFIED AS FVOCI

	Group	
	<u>2024</u> RM	<u>2023</u> RM
Quoted shares in Malaysia	7,930	7,080
Unquoted shares outside Malaysia	<u>4,438,530</u>	0
	<u>4,446,460</u>	<u>7,080</u>

The Group has irrevocably elected non-trading equity securities above at initial recognition to present its fair value changes in OCI. The Group considers this equity instruments classification to be more relevant as these instruments are strategic investments of the Group and not held for trading purposes.

Refer to Note 31(e)(i) for disclosure of fair values information on the quoted shares.

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15 DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Deferred tax assets				
- subject to income tax	268,837	268,939	0	149,000
Deferred tax liabilities				
- subject to income tax	(32,729,716)	(25,630,968)	(206,000)	0
- subject to real property gains tax	(2,385,000)	(3,385,250)	0	0
	<u>(35,114,716)</u>	<u>(29,016,218)</u>	<u>(206,000)</u>	<u>0</u>
	<u>(34,845,879)</u>	<u>(28,747,279)</u>	<u>(206,000)</u>	<u>149,000</u>
The movements during the financial year are as follows:				
At beginning of the financial year	(28,747,279)	(29,745,707)	149,000	(219,000)
Charged/(Credited) to profit or loss (Note 9)				
- property, plant and equipment	7,261,188	3,542,085	(355,000)	368,000
- biological assets	(13,467,000)	(2,168,000)	0	0
- inventory	22,568	5,990	0	0
- receivables/payables	187,292	(96,919)	0	0
- unutilised tax losses	(202,000)	0	0	0
	<u>(6,197,952)</u>	<u>1,283,156</u>	<u>(355,000)</u>	<u>368,000</u>
	<u>99,352</u>	<u>(284,728)</u>	<u>0</u>	<u>0</u>
At end of the financial year	<u>(34,845,879)</u>	<u>(28,747,279)</u>	<u>(206,000)</u>	<u>149,000</u>
<u>Subject to income tax</u>				
Deferred tax assets (before offsetting)				
- property, plant and equipment	186,892	149,000	0	149,000
- receivables/ payables	630,560	486,851	0	0
- inventory	28,558	5,990	0	0
- unutilised tax losses	3,941,000	4,143,000	0	0
	<u>4,787,010</u>	<u>4,784,841</u>	<u>0</u>	<u>149,000</u>
Offsetting	<u>(4,518,173)</u>	<u>(4,515,902)</u>	<u>0</u>	<u>0</u>
Deferred tax assets (after offsetting)	<u>268,837</u>	<u>268,939</u>	<u>0</u>	<u>149,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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15 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
<u>Subject to income tax (continued)</u>				
Deferred tax liabilities (before offsetting)				
- property, plant and equipment	(23,106,889)	(29,472,870)	(206,000)	0
- biological assets	(14,141,000)	(674,000)	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Offsetting	(37,247,889)	(30,146,870)	(206,000)	0
	4,518,173	4,515,902	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Deferred tax liabilities (after offsetting)	<hr/>	<hr/>	<hr/>	<hr/>
	(32,729,716)	(25,630,968)	(206,000)	0
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Subject to real property gains tax</u>				
Deferred tax liabilities				
- property, plant and equipment	<hr/>	<hr/>	<hr/>	<hr/>
	(2,385,000)	(3,385,250)	0	0
	<hr/>	<hr/>	<hr/>	<hr/>

The Group has elected to measure freehold land at fair value as deemed cost as at date of transition upon first time adoption of MFRS. The related revaluation reserve net of deferred tax impact was reclassified to retained earnings.

Deferred tax assets not recognised

The amount of unutilised tax losses and unused tax credits for which no deferred tax asset is recognised in the statement of financial position is as follows:

	Group and Company	
	2024 RM	2023 RM
Unabsorbed capital allowances	3,879,000	3,108,000
Unutilised allowance for increased exports	64,157	64,157
Unutilised green investment tax allowance	8,085,164	8,085,164
Unutilised pioneer loss	1,679,000	1,679,000
Unutilised reinvestment allowance	5,599,440	9,095,914
Unutilised tax losses	374,000	374,000
	<hr/>	<hr/>
	19,680,761	22,406,235
	<hr/>	<hr/>

No deferred tax asset is recognised in respect of these items as it is not probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

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15 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Deferred tax assets not recognised (continued)

The unutilised tax losses and unutilised reinvestment allowance can be carried forward for 10 and 7 consecutive years of assessment ("YAs") respectively. The unutilised tax losses and tax credits will expire within the following periods:

	<u>Group</u>	
	<u>2024</u> RM	<u>2023</u> RM
Unutilised pioneer losses:		
<u>Year</u>		
2032	1,679,000	1,679,000
	<u>=====</u>	<u>=====</u>
Unutilised reinvestment allowances:		
<u>Year</u>		
2025	5,599,440	9,095,914
	<u>=====</u>	<u>=====</u>
Unutilised tax losses:		
<u>Year</u>		
2028	374,000	374,000
	<u>=====</u>	<u>=====</u>

There was no expiry date for unutilised green investment tax allowance.

16 BIOLOGICAL ASSETS

	<u>Group</u>	
	<u>2024</u> RM	<u>2023</u> RM
<u>At fair value less cost to sell</u>		
Pullets and layers	131,853,810	74,224,141
	<u>=====</u>	<u>=====</u>

The movement of biological assets can be analysed as follows:

	<u>Group</u>	
	<u>2024</u> RM	<u>2023</u> RM
At 1 January	74,224,141	57,346,264
Increase due to purchases	18,249,150	13,476,129
Livestock losses	(5,201,522)	(6,553,431)
Change in fair value	86,680,827	35,271,676
Depopulation	(42,098,786)	(25,316,497)
	<u>=====</u>	<u>=====</u>
At 31 December	131,853,810	74,224,141
	<u>=====</u>	<u>=====</u>

The biological assets comprise pullets and layers. During the financial year, the Group sold approximately 1.56 billion (2023: 1.40 billion) of table eggs. The number of pullets and layers as at 31 December 2024 included in the fair valuation of biological assets was 6.4 million (2023: 5.8 million).

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16 BIOLOGICAL ASSETS (CONTINUED)

The increase in fair valuation of biological assets during the financial year is due to higher quantities of layer within the higher fair value age group and higher fair value per layer by age as compared to previous financial year.

The fair value of biological assets is determined using a discounted cash flow model, based on the expected cash inflow from the table eggs produced by each layer, less expected costs incurred over the life span of the pullets and layers, and imputed contributory assets charges for the assets essential for the production of table eggs.

In measuring the fair value of biological assets, management estimates and judgements are required which include the expected number of table eggs produced by each layer, the expected selling price of the table eggs, expected salvage value of layers, mortality rate, feed consumption rate, feed costs and other variable costs to be incurred over the life span of the layers, as well as the discount rate used for the cash flow. Changes to any of these assumptions would affect the fair value of the biological assets.

The Group performs the valuation of the biological assets required for financial reporting purposes. Discussions of valuation processes and results are performed by the Group once every quarter.

The Group has classified its biological assets measured at fair value within Level 3 of the fair value hierarchy. The following table shows the valuation technique used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation model.

<u>Description of valuation technique and inputs used</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurements</u>
<p>Discounted cash flow:</p> <ul style="list-style-type: none"> - The valuation method considers the expected cash inflow from the table eggs produced, less expected costs incurred over the life span of the layers, and imputed contributory assets charges for the assets essential to the production of table eggs. 	<p>Significant assumptions made in determining the fair value of the table eggs as follows:</p> <ul style="list-style-type: none"> • the projected selling prices of table eggs are based on management's estimate by reference to historical selling price adjusted for abnormal market movements. • management's estimate of feed and other variable costs expected to incur throughout the laying period. • discount rate - based on weighted average cost of capital and adjusted for risk specific to the biological assets 	<p>The higher the projected selling prices, the higher the fair value of biological assets.</p> <p>The higher the feed costs, the lower the fair value of biological assets.</p>

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16 BIOLOGICAL ASSETS (CONTINUED)

The key assumptions used for the fair value calculation are as follows:

	<u>Group</u>	
	<u>2024</u>	<u>2023</u>
Number of table eggs produced by each layer	424	411
Projected selling prices of the table eggs (RM per egg)	0.470	0.419
Feed costs (RM per MT)	1.7379	1.715
Discount rate	10%	10%

Sensitivity analysis

If the estimated projected selling prices of the table eggs had been 3% lower, the fair value of the biological assets would have decreased by RM10,770,944.

If the estimated feed costs had been 3% higher, the fair value of the biological assets would have decreased by RM6,632,093.

In respect of other variables, a reasonable possible change in the assumptions used will not result in any material change to the fair valuation of biological assets.

17 INVENTORIES

	<u>Group</u>	
	<u>2024</u> RM	<u>2023</u> RM
Raw materials	23,880,851	24,346,835
Trading merchandise	37,585,659	34,883,084
Poultry feeds	1,791,637	1,884,335
Medication	1,255,524	1,065,446
Consumables	2,286,323	1,996,119
Eggs	4,304,931	4,320,986
Egg trays	2,216,821	2,002,355
Fertiliser	92,416	72,302
Fertiliser work-in-progress	1,369,234	776,966
Frozen layer hens	97,635	231,737
Seeding	0	9,360
AI equipment	467,315	0
	<u>75,348,346</u>	<u>71,589,525</u>

Inventories recognised as an expense during the financial year ended 31 December 2024 amounted to RM507,916,406 (2023: RM522,918,491).

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18 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Financial assets:				
Trade receivables				
Amounts due from related companies	3,899,100	2,900,677	0	0
Amounts due from related parties	164,109	432,120	0	0
Trade receivables - external	45,440,672	47,920,206	0	0
	<u>49,503,881</u>	<u>51,253,003</u>	0	0
Less: Loss allowance for trade receivables	(1,367,637)	(1,139,013)	0	0
	<u>48,136,244</u>	<u>50,113,990</u>	0	0
Other receivables				
Amounts due from subsidiaries	0	0	402,473	2,523,389
Sundry receivables	284,793	3,848,021	0	0
Deposits	9,052,482	7,265,650	7,632	33,732
	<u>9,337,275</u>	<u>11,113,671</u>	<u>410,105</u>	<u>2,557,121</u>
Total financial assets	<u>57,473,519</u>	<u>61,227,661</u>	<u>410,105</u>	<u>2,557,121</u>
Non-financial assets:				
Contract assets	340,040	154,720	0	0
Goods and services tax recoverable	63,134	63,134	0	0
Prepayments	5,344,307	2,508,146	495,668	465,238
Total non-financial assets	<u>5,747,481</u>	<u>2,726,000</u>	<u>495,668</u>	<u>465,238</u>
Total trade and other receivables	<u>63,221,000</u>	<u>63,953,661</u>	<u>905,773</u>	<u>3,022,359</u>

The movement of loss allowance for trade receivable is as follows:

	Group	
	2024 RM	2023 RM
At 1 January		1,139,013
Allowance/(Reversal) of loss allowance on trade receivables recognised in profit or loss during the financial year	254,961	(700,121)
Foreign exchange differences	(26,337)	46,005
At 31 December	<u>1,367,637</u>	<u>1,139,013</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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18 TRADE AND OTHER RECEIVABLES (CONTINUED)

- (a) The changes in gross carrying amount of the trade receivables that contributed to the changes in loss allowance above were as follows:
 - (i) decrease in revenue contracts from customer which has decreased the gross carrying amount by 3.4%, resulting in increase in loss allowance of RM119,994;
 - (ii) decrease in receivables balance which aged more than 180 days past due resulted in the increase in loss allowance of RM134,967.
- (b) The Group and the Company's normal credit terms range from cash term to 150 days (2023: cash term to 150 days).
- (c) The non-trade amounts due from subsidiaries are unsecured, interest free and repayable on demand and to be settled in cash. Except for the advances to a subsidiary RM NIL (2023: RM1,503,875) which bear interest at NIL (2023: 3.10%) per annum.

19 CASH AND CASH EQUIVALENTS

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Cash at hand	72,729	560,770	98	98
Demand deposits	102,112,281	98,375,412	3,653,401	17,542,827
Fixed deposits with licensed banks	24,658,500	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
	126,843,510	98,936,182	3,653,499	17,542,925
	<hr/>	<hr/>	<hr/>	<hr/>

Bank balances are demand deposits held at call with the banks and earned minimal interest.

Fixed deposits of the Group are placed with a financial institution, bearing interest rate at 2.83% (2023: NIL) per annum and tenure ranges from 1 month to 3 months (2023: NIL).

20 SHARE CAPITAL

	Group and Company	
	2024 RM	2023 RM
<u>Ordinary shares issued and fully paid, at no par value</u>		
At 1 January/31 December		
600,016,350 (2023: 300,008,175) ordinary shares	<hr/>	<hr/>
	60,011,036	60,011,036
	<hr/>	<hr/>

- (a) The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company.

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20 SHARE CAPITAL (CONTINUED)

(b) The Company had via its Extraordinary General Meeting held on 27 November 2024, obtained shareholders' approval for Bonus issue on the basis of one (1) bonus share for everyone (1) existing ordinary share held in the Company ("Bonus Issue"). Subsequently, the bonus issue was completed on 13 December 2024 following the issuance and allotment of 300,008,175 new ordinary shares in the Company. The number of ordinary shares of the Company has increased from 300,008,175 to 600,016,350.

21 TREASURY SHARES

On 28 May 2024, at the Annual General Meeting, the shareholders of the Company renewed their approval for the Company to buy back its own shares on up to ten percent (10%) of the issued and paid-up capital of the Company.

The Company distributed a total number of 4,301,313 treasury shares to its shareholder as share dividend on the basis of one (1) treasury share for every sixty-seven (67) existing ordinary shares held.

During the financial year, the Company repurchased a total of 1,729,300 ordinary shares of its issued share capital from the open market for RM3,005,423. The repurchase transactions were financed by internally generated funds. The average price paid for these shares repurchased was RM1.74 per share.

As part of the bonus issue detailed in Note 20(b), the Company was allotted 3,246,587 new treasury shares.

As at 31 December 2024, the Company held as treasury shares a total of 7,346,974 out of its 600,016,350 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM6,148,710.

	Group and Company	
	Number of shares	RM
31 December 2022/At 1 January 2023	6,156,700	8,345,642
Shares bought back on-market	515,700	499,465
At 31 December 2023/1 January 2024	6,672,400	8,845,107
Shares bought back on-market prior to bonus issue	875,500	2,062,534
Shares dividend	(4,301,313)	(5,701,820)
	3,246,587	5,205,821
Bonus issue	3,246,587	0
Shares bought back on-market after bonus issue	853,800	942,889
At 31 December 2024	7,346,974	6,148,710

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22 OTHER RESERVES

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
<u>Non-distributable</u>				
Fair value reserve				
- FVOCI	5,719	4,869	0	0
Capital contribution reserve	833,847	534,581	155,418	76,326
Currency translation reserve	2,131,551	4,228,476	0	0
Reverse acquisition reserve	(26,078,000)	(26,078,000)	0	0
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	(23,106,883)	(21,310,074)	155,418	76,326
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

(a) Fair value reserve

The fair value reserve represents the cumulative fair value changes of equity instruments classified as FVOCI.

(b) Capital contribution reserve

The capital contribution reserve comprises the cumulative share-based compensation expenses related to the employees' share option scheme of the penultimate holding company.

(c) Currency translation reserve

The currency translation reserve arose from the translation of the financial statements of subsidiaries whose functional currency differs from the Group's presentation currency.

(d) Reverse acquisition reserve

The Group applies predecessor accounting to account for business combinations under common control. Under predecessor accounting, assets and liabilities acquired are not restated to their respective fair values. They are recognised at the carrying amounts from the consolidated financial statements of the Group and adjusted to conform with the accounting policies adopted by the Group. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities of the acquired entity is recognised as a reserve.

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23 BANK BORROWINGS

		<u>Group</u>	
		<u>2024</u>	<u>2023</u>
		RM	RM
CURRENT			
<u>Secured</u>			
Term loans		0	514,940
<u>Unsecured</u>			
Bankers' acceptances		59,451,000	46,813,000
Term loans		7,953,588	12,528,091
		<u>67,404,588</u>	<u>59,856,031</u>
NON-CURRENT			
<u>Unsecured</u>			
Term loans		30,383,117	46,263,664
		<u>30,383,117</u>	<u>46,263,664</u>
TOTAL			
<u>Secured</u>			
Term loans		0	514,940
<u>Unsecured</u>			
Bankers' acceptances		59,451,000	46,813,000
Term loans		38,336,705	58,791,755
		<u>97,787,705</u>	<u>106,119,695</u>

(a) The secured bank borrowings of the Group are secured by the followings:

- (i) Certain property, plant and equipment of certain subsidiaries (Note 10(a)); and
- (ii) Corporate guarantee by the Company.

(b) The unsecured bank borrowings of the Group are covered by a corporate guarantee by the Company and a negative pledge on subsidiaries' assets.

(c) The term loans are repayable over 60 to 96 monthly instalments, commencing from August 2021 through to July 2031.

(d) The weighted average effective interest rates at the end of the reporting year for bank borrowings were as follows:

	<u>2024</u>	<u>2023</u>
	% per annum	% per annum
Bankers' acceptances	4.2	4.1
Term loans	<u>5.4</u>	<u>5.4</u>

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24 HIRE PURCHASE PAYABLES

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Minimum lease payments under hire purchase liabilities are:				
Not later than one financial year	0	3,492,717	0	644,666
Later than one financial year and not later than five financial years	0	4,200,603	0	977,879
	<hr/>	<hr/>	<hr/>	<hr/>
Less: Future finance charges	0	7,693,320	0	1,622,545
	<hr/>	<hr/>	<hr/>	<hr/>
Present value of the hire purchase liabilities	0	(435,123)	0	(71,409)
	<hr/>	<hr/>	<hr/>	<hr/>
Present value of hire purchase liabilities:	<hr/>	<hr/>	<hr/>	<hr/>
Current	0	3,253,809	0	637,812
Non-current	0	4,004,388	0	913,324
	<hr/>	<hr/>	<hr/>	<hr/>
	<hr/>	<hr/>	<hr/>	<hr/>
Hire purchase payables	<hr/>	<hr/>	<hr/>	<hr/>

The weighted average effective interest rates at the end of the reporting year for hire purchase payables were as follows:

	Group		Company	
	2024 % per annum	2023 % per annum	2024 % per annum	2023 % per annum
Hire purchase payables	<hr/>	<hr/>	<hr/>	<hr/>
	<hr/>	<hr/>	<hr/>	<hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

25 LEASE LIABILITIES

	Group	
	<u>2024</u> RM	<u>2023</u> RM
Amount due for settlement within 12 months - current	887,885	852,132
Amount due for settlement after 12 months - non-current	577,941	3,241,076
At 31 December	1,465,826	4,093,208

Maturity analysis

Not more than 1 year	930,211	1,000,813
Later than 1 year and not later than 2 years	579,789	287,239
Later than 2 years and not later than 5 years	0	673,320
Later than 5 years	0	4,594,215
At 31 December	1,510,000	6,555,587

Included in the above lease liabilities is one lease contract which its lease payments are subject to an annual revision based on market rent but the amount of the rental increase is not to exceed a certain percentage. The lease liabilities are measured using the lease rate as at the latest market rent review.

Total cash outflow for leases are as follows:

	Group	
	<u>2024</u> RM	<u>2023</u> RM
Lease payment within financing activities	1,174,753	1,039,142
Cash flows relating to short-term leases included in administrative expenses	657,656	791,286
Cash flows relating to low-value assets included in administrative expenses	247,947	243,526
Total cash outflow for leases	2,080,356	2,073,954

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26 TRADE AND OTHER PAYABLES

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Financial liabilities:				
<u>Trade payables</u>				
Amounts due to related companies	3,983,367	4,809,598	0	0
Amounts due to related parties	939,744	798,750	0	0
Trade payables - external	43,566,077	38,045,502	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
	48,489,188	43,653,850	0	0
<u>Other payables</u>				
Amounts due to related companies (non-trade)	36,782	8,604	36,110	8,268
Accruals	5,197,961	6,036,606	79,395	128,842
Deposit payables	50,000	2,956,895	0	0
Sundry payables	12,204,774	7,049,032	596,521	95,524
Derivative financial liabilities	0	44,237	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
	17,489,517	16,095,374	712,026	232,634
Total financial liabilities	65,978,705	59,749,224	712,026	232,634
Non-financial liabilities:				
<u>Employee benefit obligations</u>				
Short-term employee benefits	22,061,315	16,097,431	1,530,464	925,927
Defined contributions plan	2,877,633	2,859,363	522,094	318,906
<u>Others</u>				
Contract liabilities	86,000	165,000	0	0
Sales and services tax payables	274,719	285,556	0	0
Total non-financial liabilities	25,299,667	19,407,350	2,052,558	1,244,833
Total trade and other payables	91,278,372	79,156,574	2,764,584	1,477,467

- (a) The normal trade terms granted to the Group range from cash term to 90 days (2023: cash term to 90 days).
- (b) The non-trade amounts due to related companies are unsecured, interest free, repayable on demand and to be settled in cash.

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26 TRADE AND OTHER PAYABLES (CONTINUED)

- (c) Included in sundry payables of the Group and Company is an amount of RM5,527,451 (2023: RM1,812,333) and RM103,701 (2023: RM NIL) respectively payable for the purchase of property, plant and equipment (Note 10(c)).
- (d) Derivative financial liabilities relate to the forward foreign currency contracts entered into by the Group to manage their exposure to foreign currency exchange risks related to transactions denominated in USD. The Group classifies derivative financial instruments as financial assets/liabilities at fair value through profit or loss. None of the derivatives are designated as hedges as the Company did not apply hedge accounting during the financial year.

27 EARNINGS PER SHARE

(a) Basic earnings per ordinary share

Basic earnings per ordinary share of the Group is calculated by dividing the profit attributable to ordinary equity holders of the Company for the financial year by the average numbers of ordinary shares issued during the financial year.

	Group	
	<u>2024</u>	<u>2023 *</u>
Profit attributable to ordinary equity holders of the Company (RM)	183,364,421	155,802,942
Weighted average number of ordinary shares in issue (units)	592,086,411	587,167,966
Basic earnings per ordinary share (sen)	<u>30.97</u>	<u>26.53</u>

* The earnings per share calculations for the current and prior financial year have been adjusted for the bonus issue undertaken during the current financial year. The weighted average number of ordinary shares in issue (units) and basic earnings per ordinary share (sen) have been adjusted from 293,583,983 to 587,167,966 and from 53.07 sen to 26.53 sen.

(b) Diluted earnings per share

Diluted earnings per share of the Group is the same as the basic earnings per share as there were no potential diluted ordinary shares.

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28 DIVIDENDS PAID

	Group and Company	
	<u>2024</u> RM	<u>2023</u> RM
<u>In respect of the financial year ended 31 December 2023:</u>		
First interim single-tier dividend of 2.0 sen per ordinary share on 293,787,375 ordinary shares	0	5,875,748
Second interim single-tier dividend of 3.0 sen per ordinary share on 293,335,775 ordinary shares	0	8,800,073
Third interim single-tier dividend of 3.0 sen per ordinary share on 293,335,775 ordinary shares	8,800,073	0
Fourth interim single-tier dividend of treasury shares distribution of 2.8 sen on 5,103,623 ordinary shares	141,672	0
<u>In respect of the financial year ended 31 December 2024:</u>		
First interim single-tier dividend of 2.5 sen per ordinary share on 297,637,088 ordinary shares	7,440,923	0
Second interim single-tier dividend of 3.0 sen per ordinary share on 297,637,088 ordinary shares	8,929,113	0
Third interim single-tier dividend of 4.0 sen per ordinary share on 297,392,288 ordinary shares	11,895,692	0
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	37,207,473	14,675,821
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>

On 17 February 2025, the Company declared a fourth interim single-tier dividend of RM0.02 per ordinary share in respect of the financial year ended 31 December 2024, to be paid to the shareholders on 20 March 2025.

The Directors do not recommend the payment of final single-tier dividend for the financial year ended 31 December 2024.

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**NOTES TO THE FINANCIAL STATEMENTS
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29 SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Significant related party relationship

The related parties and its relationship with the Group and Company are as follows:

<u>Name of the Company</u>	<u>Relationship</u>
Emerging Glory Sdn. Bhd. ("EGSB")	Ultimate holding company
Leong Hup International Berhad ("LHI")	Penultimate holding company
Advantage Valuation Sdn. Bhd.	Immediate holding company
Teo Seng Farming Sdn. Bhd.	Subsidiary
Teo Seng Feedmill Sdn. Bhd.	Subsidiary
Teo Seng Paper Products Sdn. Bhd.	Subsidiary
Ritma Prestasi Sdn. Bhd.	Subsidiary
Success Century Sdn. Bhd.	Subsidiary
Premium Egg Products Pte Ltd	Subsidiary
B-Tech Aquaculture Sdn. Bhd. ¹	Related company
BH Fresh Food Pte Ltd ¹	Related company
FE Venture Sdn. Bhd. ¹	Related company
Heng Kai Hock Farm Sdn. Bhd. ¹	Related company
Laskar Fertiliser Sdn. Bhd. ¹	Related company
Leong Hup (Malaysia) Sdn. Bhd. ¹	Related company
Leong Hup Agrobusiness Sdn. Bhd. ¹	Related company
Leong Hup Corporate Services Sdn. Bhd. ¹	Related company
Leong Hup Feedmill Malaysia Sdn. Bhd. ¹	Related company
Professional Vet Enterprise Sdn. Bhd. ¹	Related company
Teo Seng Integrated Farming Sdn. Bhd. ¹	Related company
Trendata Science Sdn. Bhd. ¹	Related company
Prestige Fortune Sdn. Bhd. ¹	Related company
Prima Anjung Sdn. Bhd. ¹	Related company
Astaka Shopping Centre (Muar) Sdn. Bhd. ³	Related party
Blue Home Marketing Sdn. Bhd. ²	Related party
Go Delifood Sdn. Bhd. ²	Related party
Han Soon Inn ⁴	Related party
Perunas Holdings Sdn. Bhd. ³	Related party (ceased on 1 April 2024)
Teratai Agriculture Sdn. Bhd. ³	Related party

¹ The related companies are the indirect subsidiaries of the EGSB.

² The Company is controlled by Nam family refers to family members who has significant financial interest in the Company listed on Main Market of Bursa Malaysia Securities Berhad. The following Nam family member is Director of the Company: Nam Hiok Joo.

³ The Companies where Lau Family are Directors or shareholders. Lau family refers to anyone or jointly of the following individuals who are the Directors of the related parties or/and have substantial shareholding interest in, Lau Joo Han, Lau Chia Nguang, Datuk Lau Chir Nguan, Dato' Lau Eng Guang, Lau Hai Nguan and Tan Sri Lau Tuang Nguang collectively. Lau Joo Han and Tan Sri Lau Tuang Nguang are Directors of the subsidiaries.

⁴ Spouse of Na Yok Chee, Director of the Company.

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 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

29 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(b) Significant related party transactions and balances

Other than disclosed elsewhere in the financial statements, the significant related party transactions between the Group and the Company and its related parties during the financial year are as follows:

	Group	
	<u>2024</u> RM	<u>2023</u> RM
<u>With related companies</u>		
- sale of goods	(19,106,140)	(17,145,184)
- purchase of goods	<u>23,997,127</u>	<u>22,744,084</u>
<u>With companies controlled by the Lau family</u>		
- sale of goods	<u>(1,979,860)</u>	<u>(2,829,952)</u>
<u>With company controlled by the Nam family</u>		
- transport charges	<u>11,108,940</u>	<u>9,959,041</u>
	Company	
	<u>2024</u> RM	<u>2023</u> RM
<u>With subsidiaries</u>		
- dividend income	(37,000,000)	(65,200,000)
- investment holding and provision of management services	<u>(2,988,026)</u>	<u>(2,363,126)</u>

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS
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29 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(c) Key management personnel compensation

The key management personnel of the Group and of the Company include Executive Directors, Non-Executive Directors and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Remuneration of Executive Directors of the Company (Note 6)	5,203,458	4,870,553	1,635,523	778,501
Remuneration of Executive Directors of the subsidiaries (Note 6)	5,446,074	4,301,631	0	0
	<u>10,649,532</u>	<u>9,172,184</u>	<u>1,635,523</u>	<u>778,501</u>
Remuneration of Non-Executive Directors of the Company (Note 6)	202,500	168,000	202,500	168,000
Remuneration of Non-Executive Directors of the subsidiaries (Note 6)	734,658	1,031,487	0	0
	<u>937,158</u>	<u>1,199,487</u>	<u>202,500</u>	<u>168,000</u>
<u>Other key management personnel</u>				
Short-term employee benefits	4,044,947	3,366,126	1,478,636	1,242,086
Defined contribution plan	657,571	472,937	248,791	176,140
Share based payment	57,668	0	37,712	0
Benefits-in-kind	35,050	23,265	23,950	15,461
	<u>4,795,236</u>	<u>3,862,328</u>	<u>1,789,089</u>	<u>1,433,687</u>
	<u><u>16,381,926</u></u>	<u><u>14,233,999</u></u>	<u><u>3,627,112</u></u>	<u><u>2,380,188</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
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30 OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Operating Committee in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into the following two main operating segments:

- Poultry – production of eggs, animal feeds, paper egg trays, and fertiliser by-product.
- Trading and others – distribution of pet food, medicine, and other animal health related products, investment holding and provision of management services.

(a) The Operating Committee assesses the performance of the operating segments based on their profit before interest expense and tax. The accounting policies of the operating segments are the same as the Group's accounting policies.

Borrowings and investment-related activities are managed on a group basis by the central treasury function and are not allocated to operating segments.

(b) Each operating segment assets is measured based on all assets of the segment other than tax-related assets and equity instrument classified as FVOCI.

(c) Each operating segment liabilities is measured based on all liabilities of the segment other than borrowings and tax-related liabilities.

(d) Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

Transactions between operating segments are carried out on agreed terms between both segments. The effects of such inter-segment transactions and balances arising thereof are eliminated.

The intersegment elimination for the segment profit before interest and tax comprised mainly intersegment dividend and unrealised profit on unsold inventories purchased from intersegment. The intersegment elimination for the segment assets comprised mainly intersegment balances and unrealised profit on unsold inventories purchased from intersegment while for the segment liabilities, it comprised mainly intersegment balances.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

30 OPERATING SEGMENTS (CONTINUED)

Business segments

	<u>Poultry</u> RM	<u>Trading & Others</u> RM	<u>Intersegment elimination</u> RM	<u>Group</u> RM
<u>2024</u>				
REVENUE				
- external revenue	643,699,994	110,070,661	0	753,770,655
- inter-segment revenue	0	72,511,927	(72,511,927)	0
CONSOLIDATED REVENUE	643,699,994	182,582,588	(72,511,927)	753,770,655
RESULTS				
Segment profit before interest and tax	215,905,938	45,030,034	(60,855,785)	200,080,187
Finance income				3,557,506
Finance costs				(5,221,465)
CONSOLIDATED PROFIT BEFORE TAX				198,416,228
Tax				(15,055,640)
CONSOLIDATED PROFIT AFTER TAX				183,360,588
ASSETS				
Segment assets	726,325,985	94,761,388	(8,496,632)	812,590,741
Unallocated assets:				
Deferred tax assets				268,837
Financial assets				29,104,960
Tax recoverable				4,181,891
CONSOLIDATED TOTAL ASSETS				846,146,429

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NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

30 OPERATING SEGMENTS (CONTINUED)

Business segments (continued)

	<u>Poultry</u> RM	<u>Trading & Others</u> RM	<u>Intersegment elimination</u> RM	<u>Group</u> RM
<u>2024</u>				
LIABILITIES				
Segment liabilities	75,516,269	25,001,657	(7,773,728)	92,744,198
Unallocated liabilities:				
Borrowings				97,787,705
Tax payable and deferred tax liabilities				37,181,994
CONSOLIDATED TOTAL LIABILITIES				<u>227,713,897</u>
OTHER SEGMENT ITEMS				
Capital expenditure	102,695,221	1,224,573	0	103,919,794
Depreciation	26,240,434	2,072,064	0	28,312,498
Non-cash item (other than depreciation)				
- (reversal of)/allowance for impairment loss on trade receivables	(13,697)	268,658	0	254,961
- gain on disposal of property, plant and equipment	(6,802,632)	(42,500)	0	(6,845,132)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

30 OPERATING SEGMENTS (CONTINUED)

Business segments (continued)

	<u>Poultry</u> RM	<u>Trading & Others</u> RM	<u>Intersegment elimination</u> RM	<u>Group</u> RM
<u>2023</u>				
REVENUE				
- external revenue	660,010,639	100,971,796	0	760,982,435
- inter-segment revenue	0	97,220,937	(97,220,937)	0
CONSOLIDATED REVENUE	660,010,639	198,192,733	(97,220,937)	760,982,435
RESULTS				
Segment profit before interest and tax	159,762,084	69,404,892	(59,965,302)	169,201,674
Finance income				1,257,448
Finance costs				(7,804,790)
CONSOLIDATED PROFIT BEFORE TAX				162,654,332
Tax				(6,851,390)
CONSOLIDATED PROFIT AFTER TAX				155,802,942
ASSETS				
Segment assets	612,788,189	98,594,002	(10,996,225)	700,385,966
Unallocated assets:				
Deferred tax assets				268,939
Financial assets				7,080
Tax recoverable				4,071,984
CONSOLIDATED TOTAL ASSETS				704,733,969

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NOTES TO THE FINANCIAL STATEMENTS
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30 OPERATING SEGMENTS (CONTINUED)

Business segments (continued)

	<u>Poultry</u> RM	<u>Trading & Others</u> RM	<u>Intersegment elimination</u> RM	<u>Group</u> RM
<u>2023</u>				
LIABILITIES				
Segment liabilities	75,293,116	18,100,349	(10,143,683)	83,249,782
Unallocated liabilities:				
Borrowings				113,377,892
Tax payable and deferred tax liabilities				31,028,146
CONSOLIDATED TOTAL LIABILITIES				<u>227,655,820</u>
OTHER SEGMENT ITEMS				
Capital expenditure	39,266,915	4,692,890	0	43,959,805
Depreciation	25,768,615	1,954,466	0	27,723,081
Non-cash item (other than depreciation)				
- reversal of impairment loss on trade receivables	(469,506)	(230,615)	0	(700,121)
- gain on disposal of property, plant and equipment	(703,483)	(88,825)	0	(792,308)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Geographical Information

Revenue is analysed based on the country in which the customers are located.

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments and deferred tax assets.

<u>Group</u>	<u>Revenue</u>	<u>Non-current assets</u>		
	<u>2024</u> RM	<u>2023</u> RM	<u>2024</u> RM	<u>2023</u> RM
Malaysia	565,230,028	532,082,312	437,181,789	364,702,187
Singapore	171,412,208	203,554,081	2,800,786	26,980,270
Others	17,128,419	25,346,042	0	0
	<u>753,770,655</u>	<u>760,982,435</u>	<u>439,982,575</u>	<u>391,682,457</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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30 OPERATING SEGMENTS (CONTINUED)

Major customers

There is no single customer that contributed 10% or more of the Group's revenue.

31 FINANCIAL RISK MANAGEMENT

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

In addition, the Group is exposed to risks arising from environmental and climatic changes and fluctuation in commodity prices for biological assets, in particular the egg selling prices.

The Group's geographic spread of farms allows a high degree of mitigation against adverse climatic conditions such as droughts and floods and disease outbreaks. The Group has environmental policies and procedures in place to comply with environmental and other laws.

The selling price of eggs is highly dependent on the supply and demand in the market. To mitigate the exposure to fluctuation of egg selling prices in Malaysia, the Group export eggs to overseas market. The Group also promotes premium eggs in both domestic and overseas market as the prices for premium eggs are more stable.

The Group actively manages the working capital requirements and has secured sufficient credit facilities to meet the cash flow requirements.

The Group's policies in respect of the major areas of treasury activity are as follows:

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31 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily Singapore Dollar ("SGD"), United States Dollar ("USD") and Euro ("EUR"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward currency contracts to hedge against its foreign currency risk.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting year is summarised below:

Group	Currency exposure as at 31.12.2024				
	SGD RM	USD RM	EUR RM	Others RM	Total RM
FINANCIAL ASSETS					
Trade receivables	8,099,447	425,612	0	18,577	8,543,636
Other financial assets at amortised cost	0	830,116	0	0	830,116
Cash and cash equivalents	3,579,329	4,458,788	13,053	31,674	8,082,844
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	11,678,776	5,714,516	13,053	50,251	17,456,596
FINANCIAL LIABILITY					
Trade and other payables	(243,323)	(7,682,630)	(2,319,545)	(266,630)	(10,512,128)
NET CURRENCY EXPOSURE	11,435,453	(1,968,114)	(2,306,492)	(216,379)	6,944,468
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31 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Foreign currency risk (continued)

Group	Currency exposure as at 31.12.2023				
	SGD RM	USD RM	EUR RM	Others RM	Total RM
FINANCIAL ASSETS					
Trade and other receivables	10,697,736	490,662	3,551,786	21,603	14,761,787
Cash and cash equivalents	2,356,983	2,988,463	13,935	31,682	5,391,063
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	13,054,719	3,479,125	3,565,721	53,285	20,152,850
FINANCIAL LIABILITY					
Trade and other payables	(185)	(12,009,676)	(232,260)	(54,087)	(12,296,208)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	(185)	(12,009,676)	(232,260)	(54,087)	(12,296,208)
Less: Forward foreign currency contracts (contracted notional principal)	0	3,587,842	0	0	3,587,842
NET CURRENCY EXPOSURE	13,054,534	(4,942,709)	3,333,461	(802)	11,444,484
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NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting year, with all other variables held constant:

	Group	
	<u>2024</u> RM	<u>2023</u> RM
<u>Effects on profit after tax and equity</u>		
SGD/RM		
- strengthened by 5% (2023: 5%)	434,547	496,072
- weakened by 5% (2023: 5%)	(434,547)	(496,072)
USD/RM		
- strengthened by 5% (2023: 5%)	(747,488)	(187,823)
- weakened by 5% (2023: 5%)	747,488	187,823
EUR/RM		
- strengthened by 5% (2023: 5%)	(87,647)	126,672
- weakened by 5% (2023: 5%)	87,647	(126,672)

The Company is not exposed to foreign currency risk as at 31 December 2024 and 31 December 2023.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's and Company's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's and Company's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group and Company does not account for fixed rate financial assets and liabilities through profit or loss, and the Group and Company does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rate at the reporting date would not affect profit and loss.

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 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Interest rate risk (continued)

The interest rate profile of the Group's and Company's significant interest-bearing financial instruments based on the carrying amounts as of the end of the reporting year was as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
FIXED RATE INSTRUMENTS				
Financial liabilities				
Hire purchase payable	0	7,258,197	0	1,551,136
Bankers' acceptances	59,451,000	46,813,000	0	0
	<u>59,451,000</u>	<u>54,071,197</u>	<u>0</u>	<u>1,551,136</u>
FLOATING RATE INSTRUMENTS				
Financial liabilities				
Term loans	38,336,705	59,306,695	0	0
	<u>38,336,705</u>	<u>59,306,695</u>	<u>0</u>	<u>0</u>

Interest rate risk sensitivity analysis

The following table illustrates the sensitivity of profit and equity to a reasonable possible change in interest rates of +/- 50 basis point ("bp"). These changes considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Group	
	2024 RM	2023 RM
+ 50 bp	371,593	403,255
- 50 bp	(371,593)	(403,255)

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**NOTES TO THE FINANCIAL STATEMENTS
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31 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk

Credit risk is the risk of a financial loss to the Group and Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is the Group's and Company's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group does not expect to incur material credit losses of its financial assets or other financial instruments.

It is the Group's and Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. With a credit policy in place to ensure the credit risk is monitored on an ongoing basis, management has taken reasonable steps to ensure that receivables are stated at their realisable values. A significant portion of the receivables are regular customers with good credit history that have been transacting with the Group.

Credit risk concentration profile

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instrument is broadly diversified along industry, product and geographical lines, and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

Maximum exposure to credit risk

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the statement of financial position. The Group's major classes of financial assets are trade and other receivables and cash and cash equivalents.

Impairment of financial assets

(i) Trade receivables using simplified approach

The Group applies the simplified approach to provide for expected credit losses prescribed by MFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables.

Historically, the Group's loss arising from credit risk is low. To measure the expected credit loss, receivables have been grouped based on days past due. The expected loss rates are based on the payment profiles of debtors over a period of 36 months and the corresponding credit losses experienced within this period. The historical loss rates are then adjusted to reflect forward-looking information on macroeconomic factors affecting the ability of customers to settle receivables. Given that the customers of Group's customers are largely based in Malaysia, management has identified GDP and inflationary rate in Malaysia to be the most relevant factors which may impact the ability of customers to meet their debt obligations. The historical loss rates have been adjusted based on expected changes in these factors. No significant changes to estimation techniques or assumptions were made during the reporting period.

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NOTES TO THE FINANCIAL STATEMENTS
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31 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk (continued)

Impairment of financial assets (continued)

(i) Trade receivables using simplified approach (continued)

The Group considers a financial asset to be in default if the counterparty fails to make contractual payments within 90 days when they fall due. Receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group when a debtor fails to make contractual payments on debts greater than 365 days past due. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

The reconciliation of allowance for impairment is disclosed in Note 18.

The following table contains an analysis of the credit risk exposure of trade receivables (external) for which a loss allowance is recognised using simplified approach. The gross carrying amount of trade receivables below also represents the Group's maximum exposure to credit risk on these assets:

	Current	1 to 90 days past due	91 to 180 days past due	More than 180 days past due	Total
31 December 2024					
Gross carrying amount (RM):					
trade receivables	39,728,027	8,632,011	67,599	1,076,244	49,503,881
Expected loss rate (%)	0.04	2.99	86.21	96.29	2.76
Less: Loss allowance	(15,223)	(257,780)	(58,274)	(1,036,360)	(1,367,637)
Carrying amount (net of loss allowance)	<u>39,712,804</u>	<u>8,374,231</u>	<u>9,325</u>	<u>39,884</u>	<u>48,136,244</u>
31 December 2023					
Gross carrying amount (RM):					
trade receivables	40,836,389	9,288,235	226,986	901,393	51,253,003
Individual impairment – credit impaired	0	0	0	(34,430)	(34,430)
	<u>40,836,389</u>	<u>9,288,235</u>	<u>226,986</u>	<u>866,963</u>	<u>51,218,573</u>
Expected loss rate (%)	0.15	0.89	42.09	100	2.16
Less: Loss allowance	(59,389)	(82,688)	(95,543)	(866,963)	(1,104,583)
Carrying amount (net of loss allowance)	<u>40,777,000</u>	<u>9,205,547</u>	<u>131,443</u>	<u>0</u>	<u>50,113,990</u>

TEO SENG CAPITAL BERHAD
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk (continued)

Impairment of financial assets (continued)

(ii) Other receivables using general 3-stage approach

The Group use these following categories for other receivables which reflect their credit risk and how the loss allowance is determined for each of those categories:

<u>Category</u>	<u>Group's definition of category</u>	<u>Basis for recognising expected credit losses ("ECL")</u>
Performing	Debtors have a low risk of default and a strong capacity to meet contractual cash flows.	12-month ECL
Underperforming	Debtors for which there is a significant increase in credit risk or significant increase in credit risk is presumed if repayments are more than 90 days past due.	Lifetime ECL
Write-off	There is evidence indicating that there is no reasonable expectation of recovery based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.	Asset is written off

As at the end of the reporting year, the Group's sundry receivables amounted to RM284,793 (2023: RM3,848,021). The Group consider other receivables to have a low risk of default and can be fully recoverable and thus the loss allowance recognised during financial year was limited to 12 months expected loss. No loss allowance is recorded as at 31 December 2024 and 2023.

(iii) Intercompany receivables (non-trade) - inclusive of amounts due from subsidiaries using general 3-stage approach

The Company provides unsecured advances to subsidiaries and where necessary makes payments for expenses on behalf of its subsidiaries. The Company monitors the performance of the subsidiaries regularly.

The Company has assessed the loss allowance for amounts due from subsidiaries individually taking into consideration of the financial position and the plans in place for the respective subsidiaries. As at this reporting date, no loss allowance is to be recorded.

TEO SENG CAPITAL BERHAD
 (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk (continued)

Impairment of financial assets (continued)

(iv) Financial guarantee contracts using 3-stage approach

The financial guarantee contracts are in relation to the corporate guarantee given to banks in respect of the bank facilities given to the subsidiaries. The maximum credit risk exposure is the amount of borrowings utilised by the subsidiaries. Historically, the subsidiaries have not defaulted in any borrowings and with the stringent monitoring over the treasury process, hence the financial guarantee contracts are unlikely to be called by the subsidiaries' lenders. The Company does not expect significant credit losses arising from these guarantees.

(d) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group and Company practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities at the end of the reporting year based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting year):

Group <u>As at 31.12.2024</u>	On demand or within <u>1 year</u> RM	Between <u>1 - 5 years</u> RM	Over <u>5 years</u> RM	Total contractual cashflow RM	Total carrying amount RM
Trade and other payables (*)	65,978,705	0	0	65,978,705	65,978,705
Bank borrowings - bankers'					
acceptances	59,451,000	0	0	59,451,000	59,451,000
- term loans	9,795,980	28,869,116	5,101,996	43,767,092	38,336,705
Lease liabilities	930,211	579,789	0	1,510,000	1,465,826
	<u>136,155,896</u>	<u>29,448,905</u>	<u>5,101,996</u>	<u>170,706,797</u>	<u>165,232,236</u>

TEO SENG CAPITAL BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk (continued)

	On demand or within 1 year RM	Between 1 - 5 years RM	Over 5 years RM	Total contractual cashflow RM	Total carrying amount RM
Group					
<u>As at 31.12.2023</u>					
Trade and other payables (*)	59,749,224	0	0	59,749,224	59,749,224
Bank borrowings - bankers' acceptances	46,813,000	0	0	46,813,000	46,813,000
- term loans	15,975,701	45,739,544	6,063,028	67,778,273	59,306,695
Hire purchase payables	3,492,717	4,200,603	0	7,693,320	7,258,197
Lease liabilities	1,000,813	960,559	4,594,215	6,555,587	4,093,208
	127,031,455	50,900,706	10,657,243	188,589,404	177,220,324

* Trade and other payables excluding contract liabilities, employee benefit obligations, sales and services tax payables.

	On demand or within 1 year RM	Total Between 1 - 5 years RM	Total contractual cashflow RM	Total carrying amount RM
Company				
<u>As at 31.12.2024</u>				
Trade and other payables	712,026	0	712,026	712,026
Financial guarantee contracts (*)	101,396,430	0	101,396,430	0
<u>As at 31.12.2023</u>				
Trade and other payables	232,634	0	232,634	232,634
Hire purchase payables	644,666	977,879	1,622,545	1,551,136
	877,300	977,879	1,855,179	1,783,770
Financial guarantee contracts (*)	115,212,819	0	115,212,819	0

* The financial guarantee contracts are in relation to the corporate guarantee given to banks in respect of the bank facilities given to the subsidiaries. The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting year.

TEO SENG CAPITAL BERHAD
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair values

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- (i) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- (ii) Level 2 – Valuation techniques for the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- (iii) Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms. The fair values of term loans approximate their carrying amounts as they are repriced to market interest rates on or near the reporting date.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed together with their values and carrying amounts shown in the statement of financial position.

(i) Financial instruments measured at fair value

The following table represent the Group's financial assets that are measured at fair value into three different level as per below:

<u>Group</u> <u>2024</u>	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
Financial assets				
Equity instruments classified as FVOCI				
- quoted shares	7,930	0	0	7,930
- unquoted shares	0	0	4,438,530	4,438,530
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	7,930	0	4,438,530	4,446,460
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>

TEO SENG CAPITAL BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair values (continued)

(i) Financial instruments measured at fair value (continued)

The following table represent the Group's financial assets that are measured at fair value into three different level as per below: (continued)

<u>Group</u> <u>2023</u>	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
Financial assets				
Equity instruments classified as FVOCI				
- quoted shares	7,080	0	0	7,080
Financial liabilities				
Derivative financial liabilities	0	44,237	0	44,237

The Company does not have any financial assets and liabilities at fair values as at 31 December 2024 and 2023.

The fair values above have been determined using the following basis:

- The fair values of quoted investments is determined at their quoted closing bid prices at the end of the reporting year.
- The fair values of forward currency contracts are determined using forward exchange rates at the end of the reporting year with the resulting value discounted back to present value.

There was no transfer between all 3 levels of the fair value hierarchy during the financial year.

(ii) Financial instruments measured at amortised costs

The carrying amounts and fair values of long-term financial assets and liabilities measured at amortised cost of the Group and Company as at 31 December are as follows:

<u>Group</u>	<u>2024</u>		<u>2023</u>	
	<u>Carrying amount</u> RM	<u>Fair value</u> RM	<u>Carrying amount</u> RM	<u>Fair value</u> RM
Financial liabilities				
Hire purchase payables	0	0	7,258,197	7,016,371
Company				
Financial liabilities				
Hire purchase payables	0	0	1,551,136	1,508,769

TEO SENG CAPITAL BERHAD
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair values (continued)

(ii) Financial instruments measured at amortised costs (continued)

The fair values of the Group's and Company's long-term financial instruments are categorised as Level 2 in the fair value hierarchy as they are estimated by discounting the future contractual cash flows at the current market rate available for similar instruments.

(iii) Other non-financial assets and liabilities measured at fair value

Other than biological assets (Note 16), the Group and Company does not have non-financial assets and liabilities measured at fair value at the reporting date.

(f) Classification of financial instruments

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Financial assets classified as FVOCI:				
Equity instruments	4,446,460	7,080	0	0
Financial assets classified as amortised cost:				
Trade and other receivables	48,136,244	50,113,990	0	0
Other receivables	9,337,275	11,113,671	410,105	2,557,121
Cash and cash equivalents	126,843,510	98,936,182	3,653,499	17,542,925
	184,317,029	160,163,843	4,063,604	20,100,046
Total financial assets	188,763,489	160,170,923	4,063,604	20,100,046
Financial liabilities classified as amortised cost:				
Trade and other payables (*)	65,978,705	59,704,987	712,026	232,634
Bank borrowings	97,787,705	106,119,695	0	0
Hire purchase payables	0	7,258,197	0	1,551,136
Lease liabilities	1,465,826	4,093,208	0	0
	165,232,236	177,176,087	712,026	1,783,770
Financial liabilities classified as FVTPL:				
Derivative financial liabilities	0	44,237	0	0
Total financial liabilities	165,232,236	177,220,324	712,026	1,783,770

TEO SENG CAPITAL BERHAD
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Classification of financial instruments (continued)

* Trade and other payables excluding contract liabilities, derivative financial liabilities, employee benefit obligations and sales and services tax payables.

32 CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are:

- to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group could adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Gearing ratio

The gearing ratios used to assess the appropriateness of the Group's debt level. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions and lease liabilities less cash and cash equivalents. The debt-to-equity ratio of the Group at the end of the reporting year was as follows:

	<u>Group</u>	
	<u>2024</u> RM	<u>2023</u> RM
Bank borrowings	97,787,705	106,119,695
Hire purchase payables	0	7,258,197
Lease Liabilities	1,465,826	4,093,208
	<hr/>	<hr/>
Less: Cash and cash equivalents	99,253,531 (126,843,510)	117,471,100 (98,936,182)
	<hr/>	<hr/>
Net (cash)/debt	(27,589,979)	18,534,918
	<hr/>	<hr/>
Total equity	618,432,532	477,078,149
	<hr/>	<hr/>
Debt-to-equity ratio	N/A*	0.04
	<hr/>	<hr/>

* The debt-to-equity ratio of the Group at the end of the reporting year is not presented as its cash and cash equivalents exceeded the total debts.

TEO SENG CAPITAL BERHAD
 (Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONTINUED)**

33 CAPITAL COMMITMENTS

Externally imposed capital requirements

As at reporting date, the Group is in compliance with the externally imposed capital requirements on material borrowings.

There was no change in the Group's approach to capital management during the financial year.

Significant capital expenditure contracted for at the end of the reporting year but not provided for in the financial statements is as follows:

	Group	
	2024 RM	2023 RM
Property, plant and equipment	33,156,965	27,677,501

34 EVENTS OCCURRING AFTER THE FINANCIAL YEAR

On 17 February 2025, the Company declared a fourth interim single-tier dividend of RM0.02 per ordinary share in respect of the financial year ended 31 December 2024, to be paid on 20 March 2025.

On 8 January 2025, Teo Seng Farming Sdn. Bhd., wholly-owned subsidiary of the Company acquired 24,500 ordinary shares representing 49% of the total issued share capital of 50,000 ordinary shares in CTS Biogas Sdn. Bhd. for a total consideration of RM24,500.

35 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation.

Registration No.

200601013011 (732762-T)

TEO SENG CAPITAL BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS PURSUANT TO
SECTION 251(2) OF THE COMPANIES ACT 2016

We, Lau Jui Peng and Nam Hiok Joo, being two of the Directors of Teo Seng Capital Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 9 to 108 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024 and financial performance of the Group and of the Company for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 11 April 2025.


LAU JUI PENG
DIRECTOR


NAM HIOK JOO
DIRECTOR

Yong Peng

STATUTORY DECLARATION PURSUANT TO
SECTION 251(1) OF THE COMPANIES ACT 2016

I, Nam Hiok Joo, the Director primarily responsible for the financial management of Teo Seng Capital Berhad, do solemnly and sincerely declare that the financial statements set out on pages 9 to 108 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.


NAM HIOK JOO

Subscribed and solemnly declared by the abovenamed

At: Yong Peng
in the State of Johor Darul Takzim, Malaysia

On: 11 April 2025

Before me:

COMMISSIONER FOR OATHS

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TEO SENG CAPITAL BERHAD
(Incorporated in Malaysia)
Registration No. 200601013011 (732762-T)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Teo Seng Capital Berhad (“the Company”) and its subsidiaries (“the Group”) give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2024 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 9 to 108.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the “Auditors’ responsibilities for the audit of the financial statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 15-1, Tower B, Jaya 99, 99 Jalan Tun Sri Lanang, P.O. Box 140, 75720 Melaka, Malaysia
T: +60 (6) 270 7300, www.pwc.com/my

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TEO SENG CAPITAL BERHAD (CONTINUED)**
(Incorporated in Malaysia)
Registration No. 200601013011 (732762-T)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of biological assets</p> <p>Refer to Note 3.7 on the accounting policies and Note 3.1 and Note 16 to the financial statements.</p> <p>As at 31 December 2024, the Group's biological assets balance was RM131,853,810.</p> <p>Biological assets of the Group comprise pullets and layers. In determining the fair value of these biological assets, the Group uses a discounted cash flow model.</p>	<p>We obtained the biological assets' valuation prepared by management. The valuation is based on a discounted cash flow model.</p> <p>We have checked the mathematical accuracy of the valuation model prepared by management.</p> <p>We involved our valuation experts to evaluate the appropriateness of the methodology and key assumptions, including the discount rate used by Directors and management in the valuation of the biological assets.</p>



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TEO SENG CAPITAL BERHAD (CONTINUED)**
(Incorporated in Malaysia)
Registration No. 200601013011 (732762-T)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
<p>Significant judgement is required to be made by Directors and management to estimate the key assumptions. These judgements impact the fair value of biological assets recognised.</p> <p>We focused on this area as key judgements are made to estimate the expected number of table eggs produced by each layer, the expected selling price of the table eggs, feed and other variable costs to be incurred over the lifespan of the layers, as well as the discount rate used for the cash flow model.</p>	<p>We corroborated the expected number of table eggs produced to historical data.</p> <p>In respect of projected selling prices and feed costs, we back-testing by comparing projected prices against historical prices and/or latest available prices and cost and checked reasonableness of adjustments made for abnormal market movements.</p> <p>We assessed the appropriateness of the range used to test the sensitivity analysis performed by management.</p> <p>We reviewed the adequacy of the disclosures in the financial statements.</p> <p>Based on the above procedures performed, we did not note material exceptions to Directors' and management's assessment on the valuation of biological assets as at 31 December 2024.</p>

We have determined that there are no key audit matters to report for the Company.

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report, Annual Report and Statement on Risk Management and Internal Control, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TEO SENG CAPITAL BERHAD (CONTINUED)**
(Incorporated in Malaysia)
Registration No. 200601013011 (732762-T)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TEO SENG CAPITAL BERHAD (CONTINUED)**
(Incorporated in Malaysia)
Registration No. 200601013011 (732762-T)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TEO SENG CAPITAL BERHAD (CONTINUED)**
(Incorporated in Malaysia)
Registration No. 200601013011 (732762-T)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TEO SENG CAPITAL BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration No. 200601013011 (732762-T)**

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 13 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.


PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants


WILLIAM MAH JIN CHIEK
03085/07/2025 J
Chartered Accountant

Melaka
11 April 2025