

Registration No.

200601013011 (732762-T)

**TEO SENG CAPITAL BERHAD**  
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

Registration No.

200601013011 (732762-T)

**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 2025.

#### 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:

##### Directors of the Company

Lau Jui Peng  
Nam Hiok Joo  
Loh Wee Ching  
Lim Huey Hean  
Lim Ying Khoo  
Goh Wen Ling

##### Directors of subsidiaries

Tan Sri Lau Tuang Nguang  
Lau Joo Han  
Na Yok Chee  
Nam Hiok Yong  
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 robots 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 12 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	142,074,304	53,561,727
Profit/(Loss) for the financial year attributable to:		
- owners of the Company	142,101,387	53,561,727
- non-controlling interest	(27,083)	0
	<u>142,074,304</u>	<u>53,561,727</u>

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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 2025:</u>	
First interim single-tier dividend of 7.5% equivalent to 1.5 sen per ordinary share, declared on 20 May 2025 and paid on 25 June 2025	8,862,006
Second interim single-tier dividend of 7.5% equivalent to 1.5 sen per ordinary share, declared on 19 August 2025 and paid on 26 September 2025	8,862,005
<u>In respect of the financial year ended 31 December 2024:</u>	
Fourth interim single-tier dividend of 10.0% equivalent to 2.0 sen per ordinary share, declared on 17 February 2025 and paid on 20 March 2025	11,830,776
	<u>29,554,787</u>

On 10 February 2026, the Company declared a third interim single-tier dividend of RM0.01 per ordinary share, amounting to RM5.8 million in respect of the financial year ended 31 December 2025 and paid on 18 March 2026.

The Directors do not recommend the payment of final single-tier dividend for the financial year ended 31 December 2025.

#### 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

There were no changes in the issued and paid-up capital of the Company during the financial year. There were no debentures issued during the financial year.

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### DIRECTORS' REPORT (CONTINUED)

#### TREASURY SHARES

On 28 May 2025, 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.

During the financial year, the Company repurchased a total of 8,168,200 ordinary shares of its issued share capital from the open market for RM8,494,587. The repurchase transactions were financed by internally generated funds. The average price paid for these shares repurchased was RM1.04 per share.

As at 31 December 2025, the Company held as treasury shares a total of 15,515,174 out of its 600,016,350 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM14,643,297. Relevant details on the treasury shares are disclosed in Note 20 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 includes 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.

#### 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 27 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.

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### DIRECTORS' REPORT (CONTINUED)

#### 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:

	Number of ordinary shares			
	At 1.1.2025	Acquired	Disposed	At 31.12.2025
<u>Shares in the Company</u>				
<u>Direct Interest</u>				
Nam Hiok Joo	2,932,444	0	0	2,932,444
Lim Ying Khoo	300	0	0	300
<u>Indirect Interest</u>				
Lau Jui Peng <sup>1</sup>	325,525,138	0	0	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:

<sup>1</sup> Emerging Glory Sdn. Bhd. through CW Lau & Sons Sdn. Bhd.

	Number of ordinary shares			
	At 1.1.2025	Acquired	Disposed	At 31.12.2025
<u>Shares in immediate holding company – Advantage Valuations Sdn. Bhd.</u>				
<u>Indirect Interest</u>				
Lau Jui Peng <sup>1</sup>	5,097	0	0	5,097

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:

<sup>1</sup> Emerging Glory Sdn. Bhd. through CW Lau & Sons Sdn. Bhd.

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DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)

	Number of ordinary shares			
	At <u>1.1.2025</u>	<u>Acquired</u>	<u>Disposed</u>	At <u>31.12.2025</u>
<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	1,000,000	0	0	1,000,000
<u>Indirect Interest</u>				
Lau Jui Peng <sup>1</sup>	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:

<sup>1</sup> Emerging Glory Sdn. Bhd. through CW Lau & Sons Sdn. Bhd.

	Number of ordinary shares			
	At <u>1.1.2025</u>	<u>Acquired</u>	<u>Disposed</u>	At <u>31.12.2025</u>
<u>Shares in ultimate holding company – Emerging Glory Sdn. Bhd.</u>				
<u>Indirect Interest</u>				
Lau Jui Peng <sup>1</sup>	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:

<sup>1</sup> 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 an 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 <u>1.1.2025</u>	<u>Granted</u>	<u>Lapsed</u>	At <u>31.12.2025</u>
<u>Options over shares in penultimate holding company – Leong Hup International Berhad</u>				
Lau Jui Peng	1,275,000	0	0	1,275,000
Nam Hiok Joo	225,000	0	0	225,000
Loh Wee Ching	225,000	0	0	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	831,379
Defined contribution plans	157,182
Share-based payment	27,654
Benefits-in-kind	28,000
	<u>1,044,215</u>
<u>Non-Executive Directors of the Company</u>	
Short-term employee benefits	210,500
Total Directors' remuneration	<u><u>1,254,715</u></u>

No indemnity or insurance effected for any Director was paid or declared by the Company for the financial year ended 31 December 2025.

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 12 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 2025 amounted to RM419,414 and RM89,800 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 14 April 2026. Signed on behalf of the Board of Directors:



LAU JUI RENG  
DIRECTOR



NAM HIOK JOO  
DIRECTOR

Yong Peng

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

	<u>Note</u>	<u>2025</u> RM	<u>2024</u> RM
Revenue	4	735,876,742	753,770,655
Other income	5	88,515,499	99,288,755
Purchase of trading merchandise, raw materials, livestock and poultry feeds		(466,306,215)	(511,675,227)
Changes in closing inventories		(14,310,564)	3,758,821
Changes in biological assets		19,950,516	57,629,669
Employee benefit expenses	6	(86,598,589)	(90,711,724)
Depreciation of property, plant and equipment	10	(30,314,412)	(28,312,498)
Depreciation of right-of-use assets	11	(1,646,992)	(1,087,793)
Utilities expense		(15,042,082)	(15,069,838)
Transportation expenses		(27,406,183)	(24,869,637)
Other expenses		(46,490,203)	(42,640,996)
Operating profit		<u>156,227,517</u>	<u>200,080,187</u>
Finance income			
- Interest income		4,671,497	3,557,506
Finance cost	7	(4,395,433)	(5,221,465)
Finance costs - net		<u>276,064</u>	<u>(1,663,959)</u>
Profit before tax	8	156,503,581	198,416,228
Tax	9	(14,429,277)	(15,055,640)
Net profit for the financial year		<u>142,074,304</u>	<u>183,360,588</u>
Other comprehensive income:			
Items that will be subsequently reclassified to profit or loss			
- Currency translation differences		(1,077,834)	(2,096,925)
Items that will not be subsequently reclassified to profit or loss			
- Fair value changes of equity instruments classified as FVOCI		(575)	850
Total other comprehensive income		<u>(1,078,409)</u>	<u>(2,096,075)</u>
Total comprehensive income for the financial year		<u>140,995,895</u>	<u>181,264,513</u>

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

	<u>Note</u>	<u>2025</u> RM	<u>2024</u> RM
Profit for the financial year attributable to:			
Owners of the Company		142,101,387	183,364,421
Non-controlling interests		(27,083)	(3,833)
		<u>142,074,304</u>	<u>183,360,588</u>
Total comprehensive income attributable to:			
Owners of the Company		141,022,978	181,268,346
Non-controlling interests		(27,083)	(3,833)
		<u>140,995,895</u>	<u>181,264,513</u>
Earnings per ordinary share attributable to the ordinary equity holders of the Company (sen):			
Basic	25(a)	24.09	30.97
Diluted	25(b)	<u>24.09</u>	<u>30.97</u>

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COMPANY STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	<u>Note</u>	<u>2025</u> RM	<u>2024</u> RM
Revenue	4	58,653,968	39,988,026
Other income	5	0	608
Employee benefit expenses	6	(3,682,249)	(4,529,503)
Depreciation of property, plant and equipment	10	(930,064)	(917,556)
Other expenses		(604,268)	(834,322)
Operating profit		53,437,387	33,707,253
Finance income		334,069	444,013
Finance cost	7	(1,633)	(41,502)
Finance cost - net		332,436	402,511
Profit before tax	8	53,769,823	34,109,764
Tax	9	(208,096)	(438,896)
Net profit and total comprehensive income for the financial year		53,561,727	33,670,868

TEO SENG CAPITAL BERHAD  
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2025

	<u>Note</u>	<u>2025</u> RM	<u>2024</u> RM
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	501,512,679	438,534,690
Right-of-use assets	11	3,512,320	1,447,885
Equity instruments classified as FVOCI	13	7,355	4,446,460
Investment in an associate company		24,500	0
Deferred tax assets	14	168,005	268,837
Trade and other receivables, and prepayments	17	16,793,109	0
		<u>522,017,968</u>	<u>444,697,872</u>
<b>CURRENT ASSETS</b>			
Biological assets	15	151,804,326	131,853,810
Inventories	16	61,157,401	75,348,346
Trade and other receivables, and prepayments	17	57,331,059	63,221,000
Tax recoverable		523,859	4,181,891
Cash and bank balances	18	183,482,574	126,843,510
		<u>454,299,219</u>	<u>401,448,557</u>
<b>TOTAL ASSETS</b>		<u><u>976,317,187</u></u>	<u><u>846,146,429</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Share capital	19	60,011,036	60,011,036
Treasury shares	20	(14,643,297)	(6,148,710)
Other reserves	21	(23,958,244)	(23,106,883)
Retained earnings		700,224,022	587,677,422
		<u>721,633,517</u>	<u>618,432,865</u>
Non-controlling interest		(27,416)	(333)
<b>TOTAL EQUITY</b>		<u><u>721,606,101</u></u>	<u><u>618,432,532</u></u>

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2025 (CONTINUED)

	<u>Note</u>	<u>2025</u> RM	<u>2024</u> RM
LIABILITIES			
NON-CURRENT LIABILITIES			
Bank borrowings	22	43,783,691	30,383,117
Lease liabilities	23	2,130,424	577,941
Deferred tax liabilities	14	38,300,203	35,114,716
		<u>84,214,318</u>	<u>66,075,774</u>
CURRENT LIABILITIES			
Trade and other payables	24	78,539,301	91,278,372
Bank borrowings	22	87,530,582	67,404,588
Lease liabilities	23	1,535,887	887,885
Tax liabilities		2,890,998	2,067,278
		<u>170,496,768</u>	<u>161,638,123</u>
TOTAL LIABILITIES		<u>254,711,086</u>	<u>227,713,897</u>
TOTAL EQUITY AND LIABILITIES		<u>976,317,187</u>	<u>846,146,429</u>

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**COMPANY STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2025**

	<u>Note</u>	<u>2025</u> RM	<u>2024</u> RM
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	3,067,174	3,340,834
Investments in subsidiaries	12	180,673,285	170,673,285
		<u>183,740,459</u>	<u>174,014,119</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables, and prepayments	17	486,069	905,773
Tax recoverable		0	9,747
Cash and bank balances	18	9,316,097	3,653,499
		<u>9,802,166</u>	<u>4,569,019</u>
<b>TOTAL ASSETS</b>		<u><u>193,542,625</u></u>	<u><u>178,583,138</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Share capital	19	60,011,036	60,011,036
Treasury shares	20	(14,643,297)	(6,148,710)
Other reserves	21	214,652	155,418
Retained earnings		145,601,750	121,594,810
<b>TOTAL EQUITY</b>		<u>191,184,141</u>	<u>175,612,554</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	14	214,000	206,000
<b>CURRENT LIABILITIES</b>			
Trade and other payables	24	2,061,524	2,764,584
Tax liabilities		82,960	0
		<u>2,144,484</u>	<u>2,764,584</u>
<b>TOTAL LIABILITIES</b>		<u>2,358,484</u>	<u>2,970,584</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>193,542,625</u></u>	<u><u>178,583,138</u></u>

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	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	Non-controlling interest RM	Total RM
At 1 January 2025		60,011,036	(6,148,710)	(26,078,000)	2,131,551	5,719	833,847	587,677,422	(333)	618,432,532
<u>Comprehensive income</u>										
Net profit for the financial year		0	0	0	0	0	0	142,101,387	(27,083)	142,074,304
<u>Other comprehensive income</u>										
- Fair value changes of equity instruments classified as FVOCI		0	0	0	0	(575)	0	0	0	(575)
- Foreign currency translation differences		0	0	0	(1,077,834)	0	0	0	0	(1,077,834)
Total comprehensive income for the financial year		0	0	0	(1,077,834)	(575)	0	142,101,387	(27,083)	140,995,895
<u>Transaction with owners in their capacity as owners:</u>										
Buy-back of ordinary shares	20	0	(8,494,587)	0	0	0	0	0	0	(8,494,587)
Dividends paid	26	0	0	0	0	0	0	(29,554,787)	0	(29,554,787)
ESOS										
- value of employee service	21	0	0	0	0	0	227,048	0	0	227,048
		0	(8,494,587)	0	0	0	227,048	(29,554,787)	0	(37,822,326)
At 31 December 2025		60,011,036	(14,643,297)	(26,078,000)	1,053,717	5,144	1,060,895	700,224,022	(27,416)	721,606,101

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

	Note	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	Non-controlling interest RM	Total 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	20	0	(3,005,423)	0	0	0	0	0	0	(3,005,423)
Dividends paid	26	0	0	0	0	0	0	(37,207,473)	0	(37,207,473)
ESOS										
- value of employee service	21	0	0	0	0	0	299,266	0	0	299,266
Non-controlling interests on acquisition of a subsidiary		0	0	0	0	0	0	0	3,500	3,500
Share dividend	20	0	5,701,820	0	0	0	0	(5,701,820)	0	0
		0	2,696,397	0	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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COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	<u>Note</u>	<u>Share capital</u> RM	<u>Treasury shares</u> RM	<u>Capital contribution reserve</u> RM	<u>Retained earnings</u> RM	<u>Total</u> RM
At 1 January 2025		60,011,036	(6,148,710)	155,418	121,594,810	175,612,554
<u>Comprehensive income</u>						
Net profit and total comprehensive income for the financial year		0	0	0	53,561,727	53,561,727
<u>Transaction with owners in their capacity as owners:</u>						
Buy-back of ordinary shares	20	0	(8,494,587)	0	0	(8,494,587)
Dividends paid	26	0	0	0	(29,554,787)	(29,554,787)
ESOS - value of employee service	21	0	0	59,234	0	59,234
		0	(8,494,587)	59,234	(29,554,787)	(37,990,140)
At 31 December 2025		<u>60,011,036</u>	<u>(14,643,297)</u>	<u>214,652</u>	<u>145,601,750</u>	<u>191,184,141</u>

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COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

	<u>Note</u>	<u>Share capital</u> RM	<u>Treasury shares</u> RM	<u>Capital contribution reserve</u> RM	<u>Retained earnings</u> 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	20	0	(3,005,423)	0	0	(3,005,423)
Dividends paid	26	0	0	0	(37,207,473)	(37,207,473)
Share dividend	20	0	5,701,820	0	(5,701,820)	0
ESOS - value of employee service	21	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>

**TEO SENG CAPITAL BERHAD**  
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**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

	<u>Note</u>	<u>2025</u> RM	<u>2024</u> RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit for the financial year		142,074,304	183,360,588
Adjustments for:			
Property, plant and equipment			
- depreciation		30,314,412	28,312,498
- gain on disposal		(288,569)	(6,845,132)
- written off		1,865,978	1,815,339
Right-of-use assets			
- depreciation		1,646,992	1,087,793
- gain on lease termination		0	(281,291)
Inventories			
- written off		593,805	300,540
- allowance for slow moving inventories		990,538	112,115
Bad debts written off		20,957	35,281
(Reversal of)/Allowance for impairment loss			
on trade receivables		(680,114)	254,961
Deposit written off		(1,859)	(1,000)
Fair value loss/(gain) on derivatives		25,854	(44,237)
Unrealised loss on foreign exchange		438,978	315,738
Dividend income		(175)	(450)
Finance cost		4,395,433	5,221,465
Interest income		(4,671,497)	(3,557,506)
Fair value changes on other investment		4,410,585	0
Share-based compensation expense		227,041	299,241
Tax charge		14,429,277	15,055,640
		<hr/>	<hr/>
		195,791,940	225,441,583
Changes in working capital:			
Increase in biological assets		(19,950,516)	(57,629,669)
Decrease/(Increase) in inventories		12,531,596	(4,172,115)
Decrease/(Increase) in trade and other receivables, and prepayments		6,332,458	(1,355,783)
(Decrease)/Increase in trade and other payables		(17,662,864)	10,248,366
		<hr/>	<hr/>
Cash generated from operations		177,042,614	172,532,382
Interest received		4,671,497	3,557,506
Tax paid		(10,543,489)	(9,158,247)
Tax refund		3,900,970	274,309
		<hr/>	<hr/>
Net cash flow generated from operating activities		175,071,592	167,205,950

**TEO SENG CAPITAL BERHAD**  
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**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

	<u>Note</u>	<u>2025</u> RM	<u>2024</u> RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Dividend received		175	450
Acquisition of an associate company		(24,500)	0
Net cash acquired	12(b)	0	3,500
Proceeds from disposal of property, plant and equipment		293,923	29,335,758
Purchase of property, plant and equipment	10(a)	(107,488,179)	(99,990,676)
Placement of fixed deposits of more than three months maturity with licensed bank		(15,488,276)	0
Payment for financial assets at fair value through other comprehensive income		0	(4,601,610)
Net cash flow used in investing activities		<u>(122,706,857)</u>	<u>(75,252,578)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from drawdown of bankers' acceptances		158,500,000	0
Repayment of bankers' acceptances		(146,500,000)	0
Net movements in bankers' acceptances of less than three months		986,000	12,638,000
Payments for shares buy back		(8,494,587)	(3,005,423)
Proceeds from drawdown of revolving credit		19,000,000	2,000,000
Repayment of revolving credit		(12,000,000)	(2,000,000)
Proceeds from drawdown of term loans		29,162,149	7,395,059
Repayment of term loans		(15,621,581)	(28,365,049)
Repayment of hire purchase payables		0	(7,472,197)
Repayment of lease liabilities		(1,506,027)	(1,056,412)
Finance cost paid		(4,395,433)	(5,221,465)
Dividend paid to Company's shareholders		(29,554,787)	(37,207,473)
Net cash flow used in financing activities		<u>(10,424,266)</u>	<u>(62,294,960)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR</b>		41,940,469	29,658,412
<b>EFFECTS OF FOREIGN CURRENCY EXCHANGE TRANSLATION</b>		(789,681)	(1,751,084)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>		<u>126,843,510</u>	<u>98,936,182</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	18	<u>167,994,298</u>	<u>126,843,510</u>

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CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	At 1.1.2025 RM	Cash inflows RM	Cash outflows RM	Interest paid RM	Interest accretion RM	Non-cash changes		At 31.12.2025 RM
						Foreign currency exchange movement RM	New leases/ hire purchase RM	
Bankers' acceptances	59,451,000	285,817,000	(272,831,000)	(2,918,133)	2,918,133	0	0	72,437,000
Term loans	38,336,705	29,162,149	(15,621,581)	(807,155)	807,155	0	0	51,877,273
Revolving credit	0	19,000,000	(12,000,000)	(409,590)	409,590	0	0	7,000,000
Bank overdrafts and other interest	0	0	0	(70,202)	70,202	0	0	0
Lease liabilities	1,465,826	0	(1,506,027)	(190,353)	190,353	(109,099)	3,815,611	3,666,311
	<u>99,253,531</u>	<u>333,979,149</u>	<u>(301,958,608)</u>	<u>(4,395,433)</u>	<u>4,395,433</u>	<u>(109,099)</u>	<u>3,815,611</u>	<u>134,980,584</u>

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CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONTINUED)

	At 1.1.2024 RM	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
	<u>117,471,100</u>	<u>279,089,059</u>	<u>(295,949,658)</u>	<u>(5,221,465)</u>	<u>5,221,465</u>	<u>(117,779)</u>	<u>1,896,189</u>	<u>(3,135,380)</u>	<u>99,253,531</u>

**TEO SENG CAPITAL BERHAD**  
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**COMPANY STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

	<u>Note</u>	<u>2025</u> RM	<u>2024</u> RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit for the financial year		53,561,727	33,670,868
Adjustments for:			
Property, plant and equipment			
- depreciation		930,064	917,556
- written off		5,437	9,393
Dividend income		(55,837,500)	(37,000,000)
Finance cost		1,633	41,502
Interest income		(334,069)	(444,013)
Share-based payments		59,234	79,092
Tax charge		208,096	438,896
		<u>(1,405,378)</u>	<u>(2,286,706)</u>
Changes in working capital:			
Decrease/(Increase) in trade and other receivables, and prepayments		425,828	(4,330)
(Decrease)/Increase in trade and other payables		(1,112,139)	1,183,416
		<u>(2,091,689)</u>	<u>(1,107,620)</u>
Cash used in operations		(2,091,689)	(1,107,620)
Tax paid		(130,865)	(159,167)
Tax refund		23,476	0
		<u>(2,199,078)</u>	<u>(1,266,787)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Dividend received		55,837,500	37,000,000
Payment for additional investment in subsidiary		(10,000,000)	(10,000,000)
Purchase of property, plant and equipment	10(a)	(252,762)	(382,034)
Interest received		334,069	447,888
Repayment from/(Advances to) subsidiaries		0	2,117,041
Payment on behalf of subsidiaries		1,383,975	0
Collection in relation to payment on behalf of subsidiaries		(1,392,653)	0
Advance to a subsidiary		(600,000)	0
Repayment from a subsidiary		600,000	0
		<u>45,910,129</u>	<u>29,182,895</u>
Net cash flow generated from investing activities		45,910,129	29,182,895

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**COMPANY STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

	<u>Note</u>	<u>2025</u> RM	<u>2024</u> RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of hire purchase payables		0	(1,551,136)
Dividend paid		(29,554,787)	(37,207,473)
Interest paid		(1,633)	(41,502)
Advance from a subsidiary		700,000	0
Repayment to a subsidiary		(701,442)	0
Shares repurchased		(8,494,587)	(3,005,423)
		<u>                    </u>	<u>                    </u>
Net cash flow used in financing activities		(38,052,449)	(41,805,534)
		<u>                    </u>	<u>                    </u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b> <b>DURING THE FINANCIAL YEAR</b>		5,658,602	(13,889,426)
<b>NON-CASH SETTLED TRANSACTION WITH</b> <b>INTERCOMPANY (*)</b>		3,996	0
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b> <b>OF THE FINANCIAL YEAR</b>		<u>3,653,499</u>	<u>17,542,925</u>
<b>CASH AND CASH EQUIVALENTS AT END</b> <b>OF THE FINANCIAL YEAR</b>	18	<u><u>9,316,097</u></u>	<u><u>3,653,499</u></u>

\* Included in the movement of amount owing to intercompany is a non-cash settlement amounting to RM3,996 (2024: RM NIL), which is therefore excluded from the statement of cash flows.

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COMPANY STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	At	<u>Cash inflows</u>	<u>Cash outflows</u>	Interest	<u>Non-cash changes</u>		At
	<u>1.1.2025</u>						<u>Interest</u>
	RM	RM	RM	paid	accretion	behalf	RM
				RM	RM	RM	
Amount due to a subsidiary	0	700,000	(701,442)	(1,633)	1,633	1,442	0
	At	<u>Cash inflows</u>	<u>Cash outflows</u>	Interest	<u>Non-cash changes</u>		At
	<u>1.1.2024</u>						<u>Interest</u>
	RM	RM	RM	paid	accretion	purchase	RM
				RM	RM	RM	
Hire purchase payables	1,551,136	0	(1,551,136)	(41,502)	41,502	0	0

**TEO SENG CAPITAL BERHAD**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

**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 robots 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 12 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 14 April 2026.

**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 2025 (CONTINUED)**

**2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)**

**2.2 Standards and 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 2025:

- i. Amendments to MFRS 121 “Lack of Exchangeability” (effective for annual periods beginning on or after 1 January 2025)

The adoption of 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 IFRIC® agenda decision that are concluded and published**

In view that MFRS is fully converged with IFRS Accounting Standards, the Group considers all agenda decisions published by the IFRS Interpretations Committee. Where relevant, the Group may change its accounting policy to be aligned with the agenda decision.

During the financial year ended 31 December 2025, the Group has assessed the implications of the following IFRIC® agenda decisions:

- i. Disclosure of Revenues and Expenses for Reportable Segments (IFRS 8 Operating Segments)

This agenda decision clarified that entities reporting segment information in their financial statements should disclose specified income and expense items for each reportable segment, provided these items are included in the segment profit measure reviewed by the chief operating decision maker (“CODM”), regardless of whether they are separately reviewed by the CODM. Additionally, entities should apply the requirements for materiality and aggregation under MFRS 101 when determining which additional material items of income and expense should be disclosed in segment reporting.

In line with the IFRIC® agenda decision, the Group has reassessed material items included in the profit before tax measure reviewed by the CODM and determined that the purchase of trading merchandise, raw materials, livestock and poultry feeds, employee benefit expenses, net impairment of receivables, depreciation of property, plant and equipment and upkeep expenses are other material items. Accordingly, the Group has included these expenses in the segment information and comparatives information disclosed in Note 28 have been restated.

- ii. Guarantees Issued on Obligations of Other Entities

This agenda decision provides guidance on the accounting for guarantees issued on behalf of other entities, focusing on when such guarantees should be recognised as liabilities and how to measure them. The Group has reviewed its existing guarantees and accounting policies and concluded no material impacts to its accounting treatment and disclosures in Note 29(c) for the year ended 31 December 2025.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)**

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

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for 31 December 2025 reporting periods and have not been early adopted by the Group and Company. The Group's and Company's assessment of the impact of these new standards and amendments is set out below:

- i. Amendments to MFRS 9 and MFRS 7 'Amendments to the Classification and Measurement of Financial Instruments' (effective 1 January 2026) have:
- 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).

The Group and Company does not expect these amendments to have a material impact on its operations or financial statements.

- ii. MFRS 18 'Presentation and Disclosure in Financial Statements' (effective 1 January 2027) replaces MFRS 101 'Presentation of Financial Statements':
- The new MFRS introduces a new structure of profit or loss statement.
    - a) 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.
    - b) Entities are required to present two new specified subtotals: 'Operating profit or loss' and 'Profit or loss before financing and income taxes'.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

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

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for 31 December 2025 reporting periods and have not been early adopted by the Group and Company. The Group's and Company's assessment of the impact of these new standards and amendments is set out below (continued):

- ii. MFRS 18 'Presentation and Disclosure in Financial Statements' (effective 1 January 2027) replaces MFRS 101 'Presentation of Financial Statements' (continued):
- 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 Group and Company will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with MFRS 18.

- iii. Annual Improvements to MFRS Accounting Standards for enhanced consistency

These improvements are not expected to have a significant impact on the consolidated financial statements of the Group and Company.

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.

In measuring the fair value of biological assets, Directors and management are required to exercise significant judgement 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.

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**3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**3.1 Critical accounting estimates and judgements (continued)**

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 (continued):

Biological assets (continued)

The Group recorded a fair value for its biological assets of RM151,804,326 as at 31 December 2025 (2024: RM131,853,810). The key assumptions used in the discounted cash flow model and the sensitivity analysis are disclosed in Note 15 to the financial statements.

**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.

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.

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**3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**3.2 Consolidation (continued)**

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.

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 subsidiaries as stated in Note 12 have 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.

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**3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**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.

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).

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)****3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****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.

**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).

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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)

(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.

(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.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

#### 3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

##### 3.6 Leases (continued)

###### (a) Accounting by lessee (continued)

###### (iii) Lease liabilities (continued)

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.

###### (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.

##### 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.

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**3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**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.

**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.

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**3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**3.10 Financial assets (continued)**

(a) Classification (continued)

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.

(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.

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3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.10 Financial assets (continued)

(c) Measurement (continued)

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.

(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.

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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:

(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.

(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.

The following indicators are incorporated:

- Historical loss rates
- Probability weighting
- Forward-looking information - GDP growth rate and inflation rate
- Specific bad debt provision

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.

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

3.10 Financial assets (continued)

(d) Subsequent measurement – Impairment (continued)

Definition of default and credit-impaired financial assets (continued)

Qualitative criteria:

The debtor meets unlikeliness 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.

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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**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 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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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  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

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.

Cash flows arising from the following activities may be reported on a net basis:

- Cash receipts and payments made on behalf of customers when the cash flows reflect the activities of the customers rather than those of the entity; and
- Cash receipts and payments for items where the turnover is quick, the amounts are large, and the maturities are short.

Accordingly, cash flows relating to bankers' acceptance with less than 3 months maturity are presented on a net basis where this provides a clearer and more meaningful reflection of actual cash movements. This treatment is principally applied to bankers' acceptance characterised by frequent turnover, substantial amounts, and maturities of three months or less.

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

**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.

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.

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

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, 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.

- Poultry farming (production and distribution of eggs and related poultry products, 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 investment holding and provision of management services

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

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

#### 3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

##### 3.19 Revenue and other income (continued)

###### (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.

##### 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).

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

**3.20 Employee benefits (continued)**

**(iii) Share-based payments - Employee options (continued)**

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.

**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 ("RM"), 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 bank balances 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.

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

3.21 Functional currencies (continued)

(ii) Transactions and balances (continued)

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.

(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.

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

**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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4 REVENUE

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
<u>Revenue from contracts with customers:</u>				
- Poultry farming	621,170,826	643,699,994	0	0
- Distribution of pet food, medicine and other animal health related products	114,705,916	109,816,688	0	0
- Investment holding and provision of management services	0	0	2,816,468	2,988,026
<u>Revenue from other sources:</u>				
- Dividend income from subsidiaries	0	0	55,837,500	37,000,000
- Warehousing rental income	0	253,973	0	0
Total revenue	735,876,742	753,770,655	58,653,968	39,988,026
<u>Timing of revenue recognition:</u>				
Point in time	735,876,742	753,770,655	0	0
Over time	0	0	2,816,468	2,988,026
Total revenue	735,876,742	753,770,655	2,816,468	2,988,026

5 OTHER INCOME

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Insurance compensation claims	316,408	115,256	0	0
Lease income	416,464	208,251	0	0
Gain on disposal of property, plant and equipment	288,569	6,845,132	0	0
Gain on lease termination	0	281,291	0	0
Government subsidy (*) /grants	86,767,375	91,395,696	0	0
Sale of scrap	601,724	335,842	0	0
Others	124,959	107,287	0	608
	88,515,499	99,288,755	0	608

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**NOTES TO THE FINANCIAL STATEMENTS**  
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5 OTHER INCOME (CONTINUED)

\* Government subsidy of RM86,767,375 was recognised during the financial year ended 31 December 2025 under “Program Subsidi Ayam dan Telur”. The program has been approved by the government of Malaysia on 9 February 2024. 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 2024 to 31 July 2025 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

	<u>Group</u>		<u>Company</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	RM	RM	RM	RM
<u>Staff cost (including Directors’ remuneration)</u>				
Short-term employee benefits	79,044,292	83,086,037	3,151,646	3,849,775
Defined contribution plan	7,327,256	7,126,446	471,369	600,636
Defined benefit plan	0	200,000	0	0
Share-based payment	227,041	299,241	59,234	79,092
	<u>86,598,589</u>	<u>90,711,724</u>	<u>3,682,249</u>	<u>4,529,503</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>2025</u>	<u>2024</u>
	RM	RM
<u>Group</u>		
<u>Executive Directors</u>		
Short-term employee benefits	10,296,024	8,703,254
Defined contribution plan	1,881,813	1,586,857
Defined benefit plan	0	200,000
Share-based payment	63,053	83,571
Benefits-in-kind	53,367	75,850
	<u>12,294,257</u>	<u>10,649,532</u>
<u>Non-Executive Directors</u>		
Short-term employee benefits	956,055	937,158
<b>TOTAL DIRECTORS’ REMUNERATION</b>	<u><u>13,250,312</u></u>	<u><u>11,586,690</u></u>

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (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>2025</u> RM	<u>2024</u> RM
<u>Executive Directors of the Company</u>		
Short-term employee benefits	831,379	1,320,630
Defined contribution plan	157,182	250,238
Share-based payment	27,654	36,655
Benefits-in-kind	28,000	28,000
	<u>1,044,215</u>	<u>1,635,523</u>
<u>Non-Executive Directors of the Company</u>		
Short-term employee benefits	210,500	202,500
<b>TOTAL DIRECTORS' REMUNERATION</b>	<u><u>1,254,715</u></u>	<u><u>1,838,023</u></u>

- (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>2025</u>	<u>2024</u>
<u>Executive Directors:</u>		
RM 750,001 - RM 900,000	1	1
RM 900,001 – RM 1,650,000	0	1
RM 1,650,001 – RM 1,950,000	1	0
RM 1,950,001 – RM 2,850,000	0	1
RM 2,850,001 – RM 5,400,000	1	0
<u>Non-Executive Directors:</u>		
RM 1 - RM 150,000	<u>3</u>	<u>3</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

7 FINANCE COST

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
<u>Interest expenses</u>				
- bank overdrafts	70,202	35,731	0	0
- bankers' acceptances	2,918,133	2,429,989	0	0
- hire purchase	0	254,642	0	41,502
- revolving credit	409,590	7,025	0	0
- term loan	807,155	2,371,771	0	0
- lease liabilities	190,353	118,341	0	0
- others	0	3,966	0	0
- advance from a subsidiary	0	0	1,633	0
	<u>4,395,433</u>	<u>5,221,465</u>	<u>1,633</u>	<u>41,502</u>

8 PROFIT BEFORE TAX

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

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Allowance for/(Reversal of) impairment loss on trade receivables	(680,114)	254,961	0	0
Auditors' remuneration (*)				
- current	419,414	470,725	89,800	81,500
Property, plant and equipment				
- gain on disposal	(288,569)	(6,845,132)	0	0
- written off	1,865,978	1,815,339	5,437	9,393
Inventories				
- written off	593,805	300,540	0	0
- allowance for slow moving inventories	990,538	112,115	0	0
Short-term leases	526,765	657,656	0	0
Lease of low value assets	267,182	247,947	0	0
Foreign exchange loss/(gain)				
- realised	545,334	1,362,131	0	0
- unrealised	438,978	315,738	0	0
	<u></u>	<u></u>	<u></u>	<u></u>

Included in other expenses of the Group and Company is the maintenance and upkeep of property, plant and equipment, amounting to RM19,244,684 (2024: RM17,219,035) and RM66,704 (2024: RM75,638) for the financial year.

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NOTES TO THE FINANCIAL STATEMENTS  
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## 8 PROFIT BEFORE TAX (CONTINUED)

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
* Details of auditors' remuneration:				
Fees for statutory audit				
- PricewaterhouseCoopers PLT Malaysia	298,000	284,500	83,000	75,000
- member firm of PricewaterhouseCoopers International Limited	0	173,225	0	0
- other auditor	107,814	0	0	0
	405,814	457,725	83,000	75,000
Fees for assurance related services				
- PricewaterhouseCoopers PLT Malaysia	13,600	13,000	6,800	6,500
Total	419,414	470,725	89,800	81,500

## 9 TAX

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
<u>Current tax</u>				
Current tax on profit for the financial year:				
- Malaysian tax	11,066,077	8,813,318	189,000	127,000
- Foreign tax	487,367	542,266	0	0
(Over)/Under accrual in prior financial years	(527,490)	(622,671)	11,096	(43,104)
Total current tax expense	11,025,954	8,732,913	200,096	83,896
<u>Deferred income tax</u>				
Decrease/(Increase) in deferred tax assets (Note 14)	100,734	(2,038)	0	149,000
Increase in deferred tax liabilities (Note 14)	3,185,471	6,199,990	8,000	206,000
Total deferred tax expense	3,286,205	6,197,952	8,000	355,000

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NOTES TO THE FINANCIAL STATEMENTS  
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## 9 TAX (CONTINUED)

	Group		Company	
	<u>2025</u> RM	<u>2024</u> RM	<u>2025</u> RM	<u>2024</u> RM
<u>Real property gains tax</u>				
Real property gains tax charge	117,118	124,775	0	0
Tax expense	<u>14,429,277</u>	<u>15,055,640</u>	<u>208,096</u>	<u>438,896</u>

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	
	<u>2025</u> RM	<u>2024</u> RM	<u>2025</u> RM	<u>2024</u> RM
Profit before tax	<u>156,503,581</u>	<u>198,416,228</u>	<u>53,769,823</u>	<u>34,109,764</u>
Tax at the domestic rates applicable to profits in the country concerned	36,568,848	47,456,740	12,905,000	8,186,000
Tax effects of:				
- income not subject to tax	(21,175,287)	(34,479,129)	(13,401,000)	(8,880,000)
- expenses not deductible for tax purposes	1,906,734	3,547,053	693,000	1,176,000
- utilisation of tax losses previously not recognised	0	(5,133)	0	0
- statutory stepped income exemption	(108,833)	(81,043)	0	0
- real property gains tax	117,118	124,775	0	0
- utilisation of reinvestment allowance previously not recognised	(1,078,225)	(879,102)	0	0
- under provision of deferred tax in prior financial years	(1,273,588)	(5,850)	0	0
- (over)/under accrual in prior financial years	(527,490)	(622,671)	11,096	(43,104)
Tax expense	<u>14,429,277</u>	<u>15,055,640</u>	<u>208,096</u>	<u>438,896</u>

For the financial year ended 31 December 2025, the Group's Ultimate Parent Entity ("UPE") performed an assessment under the transitional safe harbour provisions. Teo Seng Capital Berhad was included in the UPE's Pillar Two assessment and, based on the outcome of that assessment, qualifies for transitional safe harbour relief. Accordingly, no top-up tax is required.

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200601013011 (732762-T)

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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>At cost</u>				
As at 1 January 2025	245,153,099	36,337,322	186,330,156	105,039,007
Additions	17,874,559	0	14,360,193	6,762,687
Disposals	0	0	(172,495)	0
Write off	(2,089,413)	0	(5,923,138)	(2,103,143)
Reclassification	24,308,186	0	19,556,947	16,304,318
Foreign exchange difference	(28,589)	0	(4,938)	0
As at 31 December 2025	<u>285,217,842</u>	<u>36,337,322</u>	<u>214,146,725</u>	<u>126,002,869</u>
<u>Less: Accumulated depreciation</u>				
As at 1 January 2025	47,478,908	3,679,205	92,190,154	34,519,132
Charge for the financial year	2,982,330	1,605,696	15,500,608	4,865,202
Disposals	0	0	(167,140)	0
Write off	(1,359,286)	0	(5,076,339)	(1,943,819)
Foreign exchange difference	(3,133)	0	(1,312)	0
As at 31 December 2025	<u>49,098,819</u>	<u>5,284,901</u>	<u>102,445,971</u>	<u>37,440,515</u>
Net carrying amount as at 31 December 2025	<u><u>236,119,023</u></u>	<u><u>31,052,421</u></u>	<u><u>111,700,754</u></u>	<u><u>88,562,354</u></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>Capital Renovation and hostel</u> RM	<u>Bearer plants</u> RM	<u>Capital work-in-progress</u> RM	<u>Total</u> RM
<u>At cost</u>						
As at 1 January 2025	37,478,774	32,970,905	2,898,288	0	14,905,470	661,113,021
Additions	3,497,558	1,176,802	78,384	96,179	51,397,157	95,243,519
Disposals	(1,192,036)	0	0	0	0	(1,364,531)
Write off	(166)	(366,238)	0	0	(8,634)	(10,490,732)
Reclassification	235,380	105,906	0	0	(60,510,737)	0
Foreign exchange difference	(89,317)	(33,228)	(22,882)	0	0	(178,954)
As at 31 December 2025	39,930,193	33,854,147	2,953,790	96,179	5,783,256	744,322,323
<u>Less: Accumulated depreciation</u>						
As at 1 January 2025	26,688,505	16,038,693	1,898,834	0	0	222,493,431
Charge for the financial year	3,718,802	1,454,052	187,722	0	0	30,314,412
Disposals	(1,192,037)	0	0	0	0	(1,359,177)
Write off	(165)	(245,145)	0	0	0	(8,624,754)
Foreign exchange difference	(61,704)	(22,282)	(10,737)	0	0	(99,168)
As at 31 December 2025	29,153,401	17,225,318	2,075,819	0	0	242,724,744
<u>Less: Accumulated impairment</u>						
As at 1 January 2025/31 December 2025	0	0	0	0	84,900	84,900
Net carrying amount as at 31 December 2025	10,776,792	16,628,829	877,971	96,179	5,698,356	501,512,679

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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 2025	134,326,261	110,826,838	245,153,099	15,370,185	20,967,137	36,337,322
Additions	14,923,651	2,950,908	17,874,559	0	0	0
Write off	0	(2,089,413)	(2,089,413)	0	0	0
Reclassification	0	24,308,186	24,308,186	0	0	0
Foreign exchange differences	0	(28,589)	(28,589)	0	0	0
As at 31 December 2025	149,249,912	135,967,930	285,217,842	15,370,185	20,967,137	36,337,322
<u>Less: Accumulated depreciation</u>						
As at 1 January 2025	0	47,478,908	47,478,908	0	3,679,205	3,679,205
Charge for the financial year	0	2,982,330	2,982,330	0	1,605,696	1,605,696
Write off	0	(1,359,286)	(1,359,286)	0	0	0
Foreign exchange differences	0	(3,133)	(3,133)	0	0	0
As at 31 December 2025	0	49,098,819	49,098,819	0	5,284,901	5,284,901
Net carrying amount as at 31 December 2025	149,249,912	86,869,111	236,119,023	15,370,185	15,682,236	31,052,421

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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 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><u>197,674,191</u></u>	<u><u>32,658,117</u></u>	<u><u>94,140,002</u></u>	<u><u>70,519,875</u></u>	<u><u>0</u></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 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	0	0	0	84,900	84,900
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>

## TEO SENG CAPITAL BERHAD

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

## 10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<u>Company</u>	<u>Office equipment</u> RM	<u>Motor vehicles</u> RM	<u>Capital work-in- progress</u> RM	<u>Total</u> RM
<u>At cost</u>				
As at 1 January 2025	4,348,047	2,708,861	0	7,056,908
Additions	166,218	0	495,623	661,841
Write off	(15,127)	0	0	(15,127)
As at 31 December 2025	4,499,138	2,708,861	495,623	7,703,622
<u>Less: Accumulated depreciation</u>				
As at 1 January 2025	2,862,090	853,984	0	3,716,074
Charge for the financial year	391,998	538,066	0	930,064
Write off	(9,690)	0	0	(9,690)
As at 31 December 2025	3,244,398	1,392,050	0	4,636,448
Net carrying amount as at 31 December 2025	1,254,740	1,316,811	495,623	3,067,174
<u>At cost</u>				
As at 1 January 2024	4,142,300	2,527,901	0	6,670,201
Additions	304,775	180,960	0	485,735
Write off	(99,028)	0	0	(99,028)
As at 31 December 2024	4,348,047	2,708,861	0	7,056,908
<u>Less: Accumulated depreciation</u>				
As at 1 January 2024	2,569,895	318,258	0	2,888,153
Charge for the financial year	381,830	535,726	0	917,556
Write off	(89,635)	0	0	(89,635)
As at 31 December 2024	2,862,090	853,984	0	3,716,074
Net carrying amount as at 31 December 2024	1,485,957	1,854,877	0	3,340,834

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10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	<u>Group</u>		<u>Company</u>	
	<u>2025</u> RM	<u>2024</u> RM	<u>2025</u> RM	<u>2024</u> RM
Cost of property, plant and equipment purchased	95,243,519	103,919,794	661,841	485,735
Prepaid balance included under non-current receivables (Note 17)	16,793,109	0	0	0
Unpaid balance included under sundry payables (Note 24(c))	(10,075,900)	(5,527,451)	(512,780)	(103,701)
Cash disbursed in respect of purchases made in previous financial year	5,527,451	1,812,333	103,701	0
Amount financed through hire purchase	0	(214,000)	0	0
	<u>107,488,179</u>	<u>99,990,676</u>	<u>252,762</u>	<u>382,034</u>
Cash disbursed for purchase of property, plant and equipment				

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

<u>Group</u> <u>2025</u>	<u>Leasehold</u> <u>land</u> RM	<u>Buildings</u> RM	<u>Total</u> RM
	At 1 January 2025	0	1,447,885
Additions during the financial year	0	3,815,611	3,815,611
Depreciation	0	(1,646,992)	(1,646,992)
Currency translation difference	0	(104,184)	(104,184)
At 31 December 2025	<u>0</u>	<u>3,512,320</u>	<u>3,512,320</u>
Cost	0	6,629,014	6,629,014
Less: Accumulated depreciation	0	(3,116,694)	(3,116,694)
Net carrying amount	<u>0</u>	<u>3,512,320</u>	<u>3,512,320</u>

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11 RIGHT-OF-USE (“ROU”) ASSETS (CONTINUED)

	<u>Leasehold land</u> RM	<u>Buildings</u> RM	<u>Total</u> RM
<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	<u>0</u>	<u>1,447,885</u>	<u>1,447,885</u>
Cost	12,706	3,135,429	3,148,135
Less: Accumulated depreciation	(12,706)	(1,687,544)	(1,700,250)
Net carrying amount	<u>0</u>	<u>1,447,885</u>	<u>1,447,885</u>

12 INVESTMENTS IN SUBSIDIARIES

	<u>Company</u>	
	<u>2025</u> RM	<u>2024</u> RM
At beginning of financial year	170,673,285	160,673,285
Additions	10,000,000	10,000,000
At end of financial year	<u>180,673,285</u>	<u>170,673,285</u>
Represented by:		
Unquoted shares, at cost		
- in Malaysia	179,224,400	169,224,400
- outside Malaysia	1,448,885	1,448,885
	<u>180,673,285</u>	<u>170,673,285</u>

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12 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
		2025 %	2024 %	
<i><u>Subsidiaries of the Company</u></i>				
Teo Seng Farming Sdn. Bhd. <sup>1</sup>	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. <sup>2</sup>	Malaysia	100	100	Manufacturing and marketing of animal feeds.
Success Century Sdn. Bhd.	Malaysia	100	100	Planting, trading and processing of fruits and related products. The subsidiary has ceased its business operations relating to the management and renting of poultry related properties in 2025.
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	The subsidiary has ceased its business operations relating to the management and renting of poultry related properties in 2025.
Teo Seng Integrated Farming Sdn. Bhd. <sup>3</sup>	Malaysia	100	100	Poultry farming, manufacturing and marketing of animal feeds, fertiliser and related poultry products – yet to commence operations.

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12 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiary	Principal place of business/ Country of incorporation	Percentage of issued share capital		Principal activities
		<u>2025</u> %	<u>2024</u> %	
<u>Subsidiary of Premium Egg Products Pte. Ltd.</u>				
* 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.
<u>Subsidiaries of Ritma Prestasi Sdn. Bhd.</u>				
B-Tech Aquaculture Sdn. Bhd. <sup>3</sup>	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	65	Provision of services, sales, research and development of poultry farming related intelligent machinery, equipment and robots.

\* Not audited by PricewaterhouseCoopers PLT, Malaysia or its affiliates.

<sup>1</sup> During the financial year ended 31 December 2025, the Company invested additional RM10,000,000 in Teo Seng Farming Sdn. Bhd.

<sup>2</sup> On 11 November 2024, the Company invested additional RM10,000,000 in Teo Seng Feedmill Sdn. Bhd..

<sup>3</sup> Teo Seng Integrated Farming Sdn. Bhd. and B-Tech Aquaculture Sdn. Bhd. were placed under member's voluntary liquidation on 30 September 2025.

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12 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

	<u>2025</u> RM	<u>2024</u> RM
Cash paid	0	6,500

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

	<u>Fair Value</u>	
	<u>2025</u> RM	<u>2024</u> RM
Cash and bank balances/ Net identifiable assets acquired	0	10,000
Less: Non-controlling interests	0	(3,500)
Net assets acquired	0	6,500

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

	<u>2025</u> RM	<u>2024</u> RM
Cash outflow, net of cash acquired		
Cash consideration	0	(6,500)
Less: Balance acquired		
Cash and bank balances	0	10,000
Net cash acquired - investing activities	0	3,500

13 EQUITY INSTRUMENTS CLASSIFIED AS FVOCI

	<u>Group</u>	
	<u>2025</u> RM	<u>2024</u> RM
Quoted shares in Malaysia	7,355	7,930
Unquoted shares outside Malaysia		
At fair value	4,438,530	4,438,530
Less: Fair value changes	(4,410,585)	0
Foreign exchange difference	(27,945)	0
	0	4,438,530
	7,355	4,446,460

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**13 EQUITY INSTRUMENTS CLASSIFIED AS FVOCI (CONTINUED)**

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 29(e)(i) for disclosure of fair values information on the quoted shares and unquoted shares.

**14 DEFERRED TAX ASSETS/(LIABILITIES)**

	Group		Company	
	<u>2025</u> RM	<u>2024</u> RM	<u>2025</u> RM	<u>2024</u> RM
Deferred tax assets				
- subject to income tax	168,005	268,837	0	0
Deferred tax liabilities				
- subject to income tax	(35,915,203)	(32,729,716)	(214,000)	(206,000)
- subject to real property gains tax	(2,385,000)	(2,385,000)	0	0
	<u>(38,300,203)</u>	<u>(35,114,716)</u>	<u>(214,000)</u>	<u>(206,000)</u>
	<u>(38,132,198)</u>	<u>(34,845,879)</u>	<u>(214,000)</u>	<u>(206,000)</u>
The movements during the financial year are as follows:				
At beginning of the financial year	(34,845,879)	(28,747,279)	(206,000)	149,000
Charged/(Credited) to profit or loss (Note 9)				
- property, plant and equipment	2,207,863	7,261,188	(8,000)	(355,000)
- biological assets	(5,973,000)	(13,467,000)	0	0
- inventory	(15,558)	22,568	0	0
- receivables	(118,840)	0	0	0
- payables	613,330	187,292	0	0
- unutilised tax losses	0	(202,000)	0	0
	<u>(3,286,205)</u>	<u>(6,197,952)</u>	<u>(8,000)</u>	<u>(355,000)</u>
- foreign exchange differences	(114)	99,352	0	0
At end of the financial year	<u>(38,132,198)</u>	<u>(34,845,879)</u>	<u>(214,000)</u>	<u>(206,000)</u>

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14 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
<u>Subject to income tax</u>				
Deferred tax assets (before offsetting)				
- property, plant and equipment	2,428	186,892	0	0
- receivables	272,144	0	0	0
- payables	850,729	630,560	0	0
- inventory	13,000	28,558	0	0
- unutilised tax losses	3,941,000	3,941,000	0	0
	5,079,301	4,787,010	0	0
Offsetting	(4,911,296)	(4,518,173)	0	0
	168,005	268,837	0	0
Deferred tax assets (after offsetting)	168,005	268,837	0	0
Deferred tax liabilities (before offsetting)				
- property, plant and equipment	(20,712,499)	(23,106,889)	(214,000)	(206,000)
- biological assets	(20,114,000)	(14,141,000)	0	0
	(40,826,499)	(37,247,889)	(214,000)	(206,000)
Offsetting	4,911,296	4,518,173	0	0
	(35,915,203)	(32,729,716)	(214,000)	(206,000)
Deferred tax liabilities (after offsetting)	(35,915,203)	(32,729,716)	(214,000)	(206,000)
<u>Subject to real property gains tax</u>				
Deferred tax liabilities				
- property, plant and equipment	(2,385,000)	(2,385,000)	0	0
	(2,385,000)	(2,385,000)	0	0

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.

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14 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

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	
	<u>2025</u> RM	<u>2024</u> RM
Unabsorbed capital allowances	3,881,000	3,879,000
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	1,110,589	5,599,440
Unutilised tax losses	0	374,000
	<u>14,819,910</u>	<u>19,680,761</u>

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.

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:

	Group	
	<u>2025</u> RM	<u>2024</u> RM
Unutilised pioneer losses:		
<u>Year</u>		
2032	<u>1,679,000</u>	<u>1,679,000</u>
Unutilised reinvestment allowances:		
<u>Year</u>		
2025	<u>1,110,589</u>	<u>5,599,440</u>
Unutilised tax losses:		
<u>Year</u>		
2028	<u>0</u>	<u>374,000</u>

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

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## 15 BIOLOGICAL ASSETS

	Group	
	<u>2025</u>	<u>2024</u>
	RM	RM
<u>At fair value less cost to sell</u>		
Pullets and layers	151,804,326	131,853,810

The movement of biological assets can be analysed as follows:

	Group	
	<u>2025</u>	<u>2024</u>
	RM	RM
At 1 January	131,853,810	74,224,141
Increase due to purchases	14,304,429	18,249,150
Livestock losses	(7,214,056)	(5,201,522)
Change in fair value	73,915,057	86,680,827
Depopulation	(61,054,914)	(42,098,786)
At 31 December	<u>151,804,326</u>	<u>131,853,810</u>

The biological assets comprise pullets and layers. During the financial year, the Group sold approximately 1.67 billion (2024: 1.56 billion) of table eggs. The number of pullets and layers as at 31 December 2025 included in the fair valuation of biological assets was 6.7 million (2024: 6.4 million).

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.

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15 BIOLOGICAL ASSETS (CONTINUED)

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>
Discounted cash flow: - The valuation method considers the expected cash inflow from the number of table eggs produced, expected selling price of table eggs, 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.	Significant assumptions made in determining the fair value of the table eggs as follows: <ul style="list-style-type: none"> <li>The projected selling prices of table eggs are based on management's estimate by reference to historical selling price adjusted for abnormal market movements.</li> <li>Management's estimate of feed and other variable costs expected to incur throughout the laying period.</li> <li>Number of table eggs referenced to historical eggs produced.</li> </ul>	The higher the projected selling prices, the higher the fair value of biological assets.  The higher the feed costs, the lower the fair value of biological assets.  The higher the number of table eggs produced, the higher the fair value of biological assets.

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

	Group	
	<u>2025</u>	<u>2024</u>
Number of table eggs produced by each layer	468	424
Projected selling prices of the table eggs (RM per egg)	0.448	0.470
Feed costs (RM per MT)	1.6002	1.7379

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15 BIOLOGICAL ASSETS (CONTINUED)

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 RM11,321,568.

If the estimated feed costs had been 3% higher, the fair value of the biological assets would have decreased by RM6,199,482.

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.

16 INVENTORIES

	Group	
	<u>2025</u> RM	<u>2024</u> RM
Raw materials	13,984,875	23,880,851
Trading merchandise	31,665,822	38,169,637
Poultry feeds	2,076,258	1,791,637
Medication	1,079,550	1,255,524
Consumables	3,753,124	2,286,323
Eggs	5,843,311	4,304,931
Egg trays	1,268,856	2,216,821
Fertiliser	147,563	92,416
Fertiliser work-in-progress	1,737,800	1,369,234
Frozen layer hens	297,026	97,635
Seeding	12,500	0
AI equipment	863,323	467,315
	<u>62,730,008</u>	<u>75,932,324</u>
Less: allowance for slow moving inventories	(1,572,607)	(583,978)
	<u><u>61,157,401</u></u>	<u><u>75,348,346</u></u>

Inventories recognised as an expense during the financial year ended 31 December 2025 amounted to RM480,616,779 (2024: RM507,916,406).

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17 TRADE AND OTHER RECEIVABLES, AND PREPAYMENTS

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
NON-CURRENT				
Non-financial assets:				
Prepayments for property, plant and equipment	16,793,109	0	0	0
CURRENT				
Financial assets:				
<u>Trade receivables</u>				
Amounts due from related companies	3,038,198	3,899,100	0	0
Amounts due from related parties	238,218	164,109	0	0
Trade receivables - external	49,824,892	45,440,672	0	0
	53,101,308	49,503,881	0	0
Less: Loss allowance for trade receivables	(452,705)	(1,367,637)	0	0
	52,648,603	48,136,244	0	0
<u>Other receivables</u>				
Amounts due from subsidiaries	0	0	0	402,473
Sundry receivables	198,653	284,793	2,000	0
Deposits	1,702,656	9,052,482	7,632	7,632
	1,901,309	9,337,275	9,632	410,105
Total financial assets	54,549,912	57,473,519	9,632	410,105
Non-financial assets:				
Contract assets	3,986	340,040	0	0
Goods and services tax recoverable	0	63,134	0	0
Prepayments	2,777,161	5,344,307	476,437	495,668
	2,781,147	5,747,481	476,437	495,668
	57,331,059	63,221,000	486,069	905,773
Total trade and other receivables, and prepayments	74,124,168	63,221,000	486,069	905,773

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**17 TRADE AND OTHER RECEIVABLES, AND PREPAYMENTS (CONTINUED)**

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

	Group	
	<u>2025</u> RM	<u>2024</u> RM
At 1 January	(1,367,637)	(1,139,013)
Allowance for/(Reversal of) loss allowance on trade receivables recognised in profit or loss during the financial year	680,114	(254,961)
Write off during the financial year	221,859	0
Foreign exchange differences	12,959	26,337
At 31 December	<u>(452,705)</u>	<u>(1,367,637)</u>

- (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 increased the gross carrying amount by 7.2%, resulting in decrease in loss allowance of RM148,780;
  - (ii) decrease in receivables balance which aged more than 180 days past due resulted in the decrease in loss allowance of RM753,193
- (b) The Group and the Company's normal credit terms range from cash term to 150 days (2024: 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.
- (d) In the previous reporting period, included in deposits and prepayments of the Group are the prepayments for property, plant and equipment amounting to RM8,314,117 and RM2,650,155 respectively.

**18 CASH AND BANK BALANCES/CASH AND CASH EQUIVALENTS**

	Group		Company	
	<u>2025</u> RM	<u>2024</u> RM	<u>2025</u> RM	<u>2024</u> RM
Cash at hand	58,992	72,729	98	98
Cash at bank	167,935,306	102,112,281	9,315,999	3,653,401
Fixed deposits with licensed bank	15,488,276	24,658,500	0	0
Total cash and bank balances	183,482,574	126,843,510	9,316,097	3,653,499
Less: Fixed deposits of more than three months maturity with licensed bank	(15,488,276)	0	0	0
Cash and cash equivalents	<u>167,994,298</u>	<u>126,843,510</u>	<u>9,316,097</u>	<u>3,653,499</u>

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18 CASH AND BANK BALANCES/CASH AND CASH EQUIVALENTS (CONTINUED)

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

Fixed deposits of the Group are placed with a licensed bank, bearing interest rate at 3.95% (2024: 2.83%) per annum and tenure of 6 months (2024: 1 month to 3 months).

19 SHARE CAPITAL

	<u>Group and Company</u>			
	2025		2024	
	Number of shares	RM	Number of shares	RM
<u>Ordinary shares issued and fully paid, at no par value</u>				
At 1 January	600,016,350	60,011,036	300,008,175	60,011,036
Bonus issue	0	0	300,008,175	0
At 31 December	<u>600,016,350</u>	<u>60,011,036</u>	<u>600,016,350</u>	<u>60,011,036</u>

(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.

(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.

20 TREASURY SHARES

On 28 May 2025, 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.

During the financial year, the Company repurchased a total of 8,168,200 ordinary shares (2024: 1,729,300 ordinary shares) of its issued share capital from the open market for RM8,494,587 (2024: RM3,005,423). The repurchase transactions were financed by internally generated funds. The average price paid for these shares repurchased was RM1.04 per share (2024: RM1.74 per share).

As at 31 December 2025, the Company held as treasury shares a total of 15,515,174 (2024: 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 RM14,643,297 (2024: RM6,148,710).

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20 TREASURY SHARES (CONTINUED)

In the previous financial year, 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. As part of the bonus issue detailed in Note 19(b), the Company was allotted 3,246,587 new treasury shares.

	<u>Group and Company</u>	
	Number of shares	RM
Opening balance 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)
	<u>3,246,587</u>	<u>5,205,821</u>
Bonus issue	3,246,587	0
Shares bought back on-market after bonus issue	853,800	942,889
Balance 31 December 2024	<u>7,346,974</u>	<u>6,148,710</u>
Shares bought back on-market	8,168,200	8,494,587
Balance 31 December 2025	<u><u>15,515,174</u></u>	<u><u>14,643,297</u></u>

21 OTHER RESERVES

	<u>Group</u>		<u>Company</u>	
	<u>2025</u> RM	<u>2024</u> RM	<u>2025</u> RM	<u>2024</u> RM
<u>Non-distributable</u>				
Fair value reserve				
- FVOCI	5,144	5,719	0	0
Capital contribution reserve	1,060,895	833,847	214,652	155,418
Currency translation reserve	1,053,717	2,131,551	0	0
Reverse acquisition reserve	(26,078,000)	(26,078,000)	0	0
	<u>(23,958,244)</u>	<u>(23,106,883)</u>	<u>214,652</u>	<u>155,418</u>

(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.

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21 OTHER RESERVES (CONTINUED)

(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.

22 BANK BORROWINGS

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
	RM	RM
<b>CURRENT</b>		
<u>Unsecured</u>		
Bankers' acceptances	72,437,000	59,451,000
Revolving credit	7,000,000	0
Term loans	8,093,582	7,953,588
	<u>87,530,582</u>	<u>67,404,588</u>
<b>NON-CURRENT</b>		
<u>Unsecured</u>		
Term loans	43,783,691	30,383,117
	<u>43,783,691</u>	<u>30,383,117</u>
<b>TOTAL</b>		
<u>Unsecured</u>		
Bankers' acceptances	72,437,000	59,451,000
Revolving credit	7,000,000	0
Term loans	51,877,273	38,336,705
	<u>131,314,273</u>	<u>97,787,705</u>

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

(b) The term loans are repayable over 35 to 96 (2024: 60 to 96) monthly instalments, commencing from March 2022 through to January 2033 (2024: August 2021 through to July 2031).

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22 BANK BORROWINGS (CONTINUED)

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

	<u>2025</u>	<u>2024</u>
	% per annum	% per annum
Bankers' acceptances	3.6	4.2
Term loans	5.1	5.4
Revolving credit	4.3	NIL
	<u>          </u>	<u>          </u>

(d) Loan covenants

Under the terms of the major bank loan, which has a carrying amount of RM51,877,273 (2024: RM38,336,705), the group is required to comply with the following financial covenants at the end of the reporting period:

- certain level of gearing ratios; and
- the corporate guarantee by the holding company
- remain subsidiary of Teo Seng Capital Berhad

The group has complied with these covenants throughout the reporting period. As at 31 December 2025, the gearing ratio of the Group was 0.18 times (2024: 0.16).

There are no indications that Group would have difficulties complying with the covenants at the end of the reporting date.

23 LEASE LIABILITIES

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
	RM	RM
Amount due for settlement within 12 months - current	1,535,887	887,885
Amount due for settlement after 12 months - non-current	2,130,424	577,941
At 31 December	<u>3,666,311</u>	<u>1,465,826</u>
 <u>Maturity analysis</u>		
Not more than 1 year	1,660,180	930,211
Later than 1 year and not later than 2 years	903,415	579,789
Later than 2 years and not later than 5 years	1,351,413	0
At 31 December	<u>3,915,008</u>	<u>1,510,000</u>

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23 LEASE LIABILITIES (CONTINUED)

Total cash outflow for leases are as follows:

	Group	
	<u>2025</u> RM	<u>2024</u> RM
Lease payment within financing activities	1,696,380	1,174,753
Cash flows relating to short-term leases included in administrative expenses	526,765	657,656
Cash flows relating to low-value assets included in administrative expenses	267,182	247,947
Total cash outflow for leases	<u>2,490,327</u>	<u>2,080,356</u>

24 TRADE AND OTHER PAYABLES

	Group		Company	
	<u>2025</u> RM	<u>2024</u> RM	<u>2025</u> RM	<u>2024</u> RM
Financial liabilities:				
<u>Trade payables</u>				
Amounts due to related companies	3,709,378	3,983,367	0	0
Amounts due to related parties	1,213,387	939,744	0	0
Trade payables - external	32,281,448	43,566,077	0	0
	<u>37,204,213</u>	<u>48,489,188</u>	<u>0</u>	<u>0</u>
<u>Other payables</u>				
Amounts due to related companies (non-trade)	3,379	36,782	2,203	36,110
Accruals	5,086,716	5,197,961	113,852	79,395
Deposit payables	700,000	50,000	0	0
Sundry payables	17,791,747	12,204,774	747,324	596,521
Derivative financial liabilities	25,854	0	0	0
	<u>23,607,696</u>	<u>17,489,517</u>	<u>863,379</u>	<u>712,026</u>
Total financial liabilities	<u>60,811,909</u>	<u>65,978,705</u>	<u>863,379</u>	<u>712,026</u>

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24 **TRADE AND OTHER PAYABLES (CONTINUED)**

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Non-financial liabilities:				
<u>Employee benefit obligations</u>				
Short-term employee benefits	14,966,880	22,061,315	890,844	1,530,464
Defined contributions plan	2,485,500	2,877,633	307,301	522,094
<u>Others</u>				
Contract liabilities	10,200	86,000	0	0
Sales and services tax payables	264,812	274,719	0	0
Total non-financial liabilities	17,727,392	25,299,667	1,198,145	2,052,558
Total trade and other payables	78,539,301	91,278,372	2,061,524	2,764,584

- (a) The normal trade terms granted to the Group range from cash term to 90 days (2024: 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.
- (c) Included in sundry payables of the Group and Company is an amount of RM10,075,900 (2024: RM5,527,451) and RM512,780 (2024: RM103,701) respectively payable for the purchase of property, plant and equipment (Note 10(a)).
- (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, CNY and EUR. 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.

The contractual maturity of the derivative financial liabilities ranges from 15 to 144 days (2024: NIL).

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25 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.

	<u>Group</u>	
	<u>2025</u>	<u>2024</u>
Profit attributable to ordinary equity holders of the Company (RM)	142,101,387	183,364,421
Weighted average number of ordinary shares in issue (units)	589,839,576	592,086,411
Basic earnings per ordinary share (sen)	<u>24.09</u>	<u>30.97</u>

(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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26 DIVIDENDS PAID

	<u>Group and Company</u>	
	<u>2025</u>	<u>2024</u>
	RM	RM
<u>In respect of the financial year ended 31 December 2023:</u>		
Third interim single-tier dividend of 3.0 sen per ordinary share on 293,335,775 ordinary shares	0	8,800,073
Fourth interim single-tier dividend of treasury shares distribution of 2.8 sen on 5,103,623 ordinary shares	0	141,672
<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	0	7,440,923
Second interim single-tier dividend of 3.0 sen per ordinary share on 297,637,088 ordinary shares	0	8,929,113
Third interim single-tier dividend of 4.0 sen per ordinary share on 297,392,288 ordinary shares	0	11,895,692
Fourth interim single-tier dividend of 2.0 sen per ordinary share on 591,538,776 ordinary shares	11,830,776	0
<u>In respect of the financial year ended 31 December 2025:</u>		
First interim single-tier dividend of 1.5 sen per ordinary share on 590,800,376 ordinary shares	8,862,006	0
Second interim single-tier dividend of 1.5 sen per ordinary share on 590,800,376 ordinary shares	8,862,005	0
	<u>29,554,787</u>	<u>37,207,473</u>

The Directors do not recommend the payment of final single-tier dividend for the financial year ended 31 December 2025.

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27 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 Valuations 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. <sup>1</sup>	Related company
BH Fresh Food Pte Ltd <sup>1</sup>	Related company
FE Venture Sdn. Bhd. <sup>1</sup>	Related company
Heng Kai Hock Farm Sdn. Bhd. <sup>1</sup>	Related company
Laskar Fertiliser Sdn. Bhd. <sup>1</sup>	Related company
Leong Hup (Malaysia) Sdn. Bhd. <sup>1</sup>	Related company
Leong Hup Agrobusiness Sdn. Bhd. <sup>1</sup>	Related company
Leong Hup Corporate Services Sdn. Bhd. <sup>1</sup>	Related company
Leong Hup Feedmill Malaysia Sdn. Bhd. <sup>1</sup>	Related company
Professional Vet Enterprise Sdn. Bhd. <sup>1</sup>	Related company
Teo Seng Integrated Farming Sdn. Bhd. <sup>1</sup>	Related company
Trendata Science Sdn. Bhd. <sup>1</sup>	Related company
Prestige Fortune Sdn. Bhd. <sup>1</sup>	Related company
Prima Anjung Sdn. Bhd. <sup>1</sup>	Related company
Astaka Shopping Centre (Muar) Sdn. Bhd. <sup>3</sup>	Related party
Blue Home Marketing Sdn. Bhd. <sup>2</sup>	Related party
Go Delifood Sdn. Bhd. <sup>2</sup>	Related party
Teratai Agriculture Sdn. Bhd. <sup>3</sup>	Related party

<sup>1</sup> The related companies are the indirect subsidiaries of the EGSB.

<sup>2</sup> 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.

<sup>3</sup> 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.

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27 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:

	<u>Group</u>	
	<u>2025</u> RM	<u>2024</u> RM
<u>With related companies</u>		
- sale of goods	(17,393,182)	(19,106,140)
- purchase of goods	21,963,137	23,997,127
	<u>                    </u>	<u>                    </u>
<u>With companies controlled by the Lau family</u>		
- sale of goods	(1,368,792)	(1,979,860)
	<u>                    </u>	<u>                    </u>
<u>With company controlled by the Nam family</u>		
- transport charges	10,311,619	11,108,940
	<u>                    </u>	<u>                    </u>
	<u>Company</u>	
	<u>2025</u> RM	<u>2024</u> RM
<u>With subsidiaries</u>		
- dividend income	(55,837,500)	(37,000,000)
- investment holding and provision of management services	(2,816,468)	(2,988,026)
	<u>                    </u>	<u>                    </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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27 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	
	2025 RM	2024 RM	2025 RM	2024 RM
Remuneration of Executive Directors of the Company (Note 6)	7,388,674	5,203,458	1,044,215	1,635,523
Remuneration of Executive Directors of the subsidiaries (Note 6)	4,905,583	5,446,074	0	0
	12,294,257	10,649,532	1,044,215	1,635,523
Remuneration of Non-Executive Directors of the Company (Note 6)	210,500	202,500	210,500	202,500
Remuneration of Non-Executive Directors of the subsidiaries (Note 6)	745,555	734,658	0	0
	956,055	937,158	210,500	202,500
<u>Other key management personnel</u>				
Short-term employee benefits	2,844,913	4,044,947	1,306,448	1,478,636
Defined contribution plan	481,742	657,571	215,979	248,791
Share-based payment	35,764	57,668	28,451	37,712
Benefits-in-kind	59,000	35,050	23,950	23,950
	3,421,419	4,795,236	1,574,828	1,789,089
	16,671,731	16,381,926	2,829,543	3,627,112

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28 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 three main operating segments:

- Poultry – production and distribution of eggs and related poultry products, animal feeds, paper egg trays, and fertiliser by-product.
  - Trading – distribution of pet food, medicine, and other animal health related products
  - Others – 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 are measured based on all assets of the segment other than tax-related assets, equity instrument classified as FVOCI and fixed deposits with licensed banks.
- (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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28 OPERATING SEGMENTS (CONTINUED)

Business segments

	<u>Poultry</u> RM	<u>Trading</u> RM	<u>Others</u> RM	<u>Intersegment elimination</u> RM	<u>Group</u> RM
<u>2025</u>					
<u>REVENUE</u>					
-external revenue	621,170,826	114,705,916	0	0	735,876,742
- inter-segment revenue	0	21,087,852	58,653,968	(79,741,820)	0
CONSOLIDATED REVENUE	<u>621,170,826</u>	<u>135,793,768</u>	<u>58,653,968</u>	<u>(79,741,820)</u>	<u>735,876,742</u>
 <u>RESULTS</u>					
Segment profit before Interest and tax	133,897,308	22,357,771	53,437,387	(53,464,949)	156,227,517
Finance income					4,671,497
Finance cost					(4,395,433)
CONSOLIDATED PROFIT BEFORE TAX					156,503,581
Tax					(14,429,277)
CONSOLIDATED PROFIT AFTER TAX					<u>142,074,304</u>
 <u>ASSETS</u>					
Segment assets	860,579,235	91,669,362	12,981,220	(5,100,125)	960,129,692
Unallocated assets:					
Deferred tax assets					168,005
Financial assets					15,495,631
Tax recoverable					523,859
CONSOLIDATED TOTAL ASSETS					<u>976,317,187</u>

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## 28 OPERATING SEGMENTS (CONTINUED)

Business segments (continued)

	<u>Poultry</u> RM	<u>Trading</u> RM	<u>Others</u> RM	<u>Intersegment elimination</u> RM	<u>Group</u> RM
<u>2025</u>					
LIABILITIES	70,346,903	14,021,542	2,061,524	(4,224,357)	82,205,612
Segment liabilities					
Unallocated liabilities:					
Bank borrowings					131,314,273
Tax payable and deferred tax liabilities					<u>41,191,201</u>
CONSOLIDATED TOTAL LIABILITIES					<u><u>254,711,086</u></u>
OTHER SEGMENT ITEMS					
Capital expenditure	93,705,201	876,477	661,841	0	95,243,519
Depreciation of property, plant and equipment	28,361,890	1,034,592	930,064	(12,134)	30,314,412
Depreciation of right-of-use assets	722,509	924,483	0	0	1,646,992
Non-cash item (other than depreciation)					
- reversal of impairment loss on trade receivables	(400,496)	(279,618)	0	0	(680,114)
- gain on disposal of property, plant and equipment	(210,269)	(78,300)	0	0	(288,569)
Other material items					
- purchase of trading merchandise, raw material, livestock and poultry feeds	405,264,153	82,152,934	0	(21,110,872)	466,306,215
- employee benefit expenses	68,273,142	14,643,198	3,682,249	0	86,598,589
- upkeep expenses (Note 8)	<u>18,909,550</u>	<u>268,430</u>	<u>66,704</u>	<u>0</u>	<u>19,244,684</u>

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## 28 OPERATING SEGMENTS (CONTINUED)

Business segments

	<u>Poultry</u> RM	<u>Trading</u> RM	<u>Others</u> RM	<u>Intersegment elimination</u> RM	<u>Group</u> RM
<u>2024</u>					
<u>REVENUE</u>					
- external revenue	643,699,994	109,816,688	253,973	0	753,770,655
- inter-segment revenue	0	27,875,129	40,178,908	(68,054,037)	0
<u>CONSOLIDATED REVENUE</u>	<u>643,699,994</u>	<u>137,691,817</u>	<u>40,432,881</u>	<u>(68,054,037)</u>	<u>753,770,655</u>
 <u>RESULTS</u>					
Segment profit before Interest and tax	215,905,938	15,822,781	33,707,253	(65,355,785)	200,080,187
Finance income					3,557,506
Finance cost					(5,221,465)
<u>CONSOLIDATED PROFIT BEFORE TAX</u>					<u>198,416,228</u>
Tax					(15,055,640)
<u>CONSOLIDATED PROFIT AFTER TAX</u>					<u>183,360,588</u>
 <u>ASSETS</u>					
Segment assets	726,325,985	86,519,188	8,277,775	(8,532,207)	812,590,741
Unallocated assets:					
Deferred tax assets					268,837
Financial assets					29,104,960
Tax recoverable					4,181,891
<u>CONSOLIDATED TOTAL ASSETS</u>					<u>846,146,429</u>

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## 28 OPERATING SEGMENTS (CONTINUED)

Business segments (continued)

	<u>Poultry</u> RM	<u>Trading</u> RM	<u>Others</u> RM	<u>Intersegment elimination</u> RM	<u>Group</u> RM
<u>2024</u>					
LIABILITIES	75,516,269	22,272,648	2,764,584	(7,809,303)	92,744,198
Segment liabilities					
Unallocated liabilities:					
Bank borrowings					97,787,705
Tax payable and deferred tax liabilities					<u>37,181,994</u>
CONSOLIDATED TOTAL LIABILITIES					<u><u>227,713,897</u></u>
OTHER SEGMENT ITEMS					
Capital expenditure	102,695,221	738,838	485,735	0	103,919,794
Depreciation of property, plant and equipment	26,343,420	1,070,357	917,556	(18,835)	28,312,498
Depreciation of right-of-use assets	245,663	842,130	0	0	1,087,793
Non-cash item (other than depreciation)					
- reversal of impairment loss on trade receivables	(13,697)	268,658	0	0	254,961
- gain on disposal of property, plant and equipment	(6,783,882)	(42,500)	0	(18,750)	(6,845,132)
Other material items					
- purchase of trading merchandise, raw material, livestock and poultry feeds	440,182,364	99,367,092	0	(27,874,229)	511,675,227
- employee benefit expenses	71,196,082	14,986,139	4,529,503	0	90,711,724
- upkeep expenses (Note 8)	16,858,579	284,818	75,638	0	<u><u>17,219,035</u></u>

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28 OPERATING SEGMENTS (CONTINUED)

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>Revenue</u>		<u>Non-current assets</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	RM	RM	RM	RM
<u>Group</u>				
Malaysia	565,536,100	565,230,028	517,033,811	437,181,789
Singapore	145,324,258	171,412,208	4,808,797	2,800,786
Others	25,016,384	17,128,419	0	0
	<u>735,876,742</u>	<u>753,770,655</u>	<u>521,842,608</u>	<u>439,982,575</u>

Major customers

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

29 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.

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29 FINANCIAL RISK MANAGEMENT (CONTINUED)

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

(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 Chinese Yuan ("CNY") (2024: 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:

<u>Group</u>	Currency exposure as at 31.12.2025				
	<u>SGD</u> RM	<u>USD</u> RM	<u>CNY</u> RM	<u>Others</u> RM	<u>Total</u> RM
<b>FINANCIAL ASSETS</b>					
Trade receivables	7,552,848	(69,724)	0	83,400	7,566,524
Other financial assets at amortised cost	0	154,142	0	4,761	158,903
Cash and bank balances	5,929,640	16,333,551	6,133	46,351	22,315,675
	<u>13,482,488</u>	<u>16,417,969</u>	<u>6,133</u>	<u>134,512</u>	<u>30,041,102</u>
<b>FINANCIAL LIABILITY</b>					
Trade and other payables	(197,739)	(1,097,714)	(432,041)	(561,088)	(2,288,582)
	<u>(197,739)</u>	<u>(1,097,714)</u>	<u>(432,041)</u>	<u>(561,088)</u>	<u>(2,288,582)</u>

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29 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Foreign currency risk (continued)

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 (continued):

<u>Group</u>	Currency exposure as at 31.12.2025				
	<u>SGD</u> RM	<u>USD</u> RM	<u>CNY</u> RM	<u>Others</u> RM	<u>Total</u> RM
Less: Forward foreign currency contracts (contracted notional principal)	0	1,024,785	1,663,881	463,090	3,151,756
NET CURRENCY EXPOSURE	<u>13,284,749</u>	<u>16,345,040</u>	<u>1,237,973</u>	<u>36,514</u>	<u>30,904,276</u>
	Currency exposure as at 31.12.2024				
<u>Group</u>	<u>SGD</u> RM	<u>USD</u> RM	<u>EUR</u> RM	<u>Others</u> RM	<u>Total</u> 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 bank balances	3,579,329	4,458,788	13,053	31,674	8,082,844
	<u>11,678,776</u>	<u>5,714,516</u>	<u>13,053</u>	<u>50,251</u>	<u>17,456,596</u>
FINANCIAL LIABILITY					
Trade and other payables	(243,323)	(7,682,630)	(2,319,545)	(266,630)	(10,512,128)
NET CURRENCY EXPOSURE	<u>11,435,453</u>	<u>(1,968,114)</u>	<u>(2,306,492)</u>	<u>(216,379)</u>	<u>6,944,468</u>

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29 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:

	<u>Group</u>	
	<u>2025</u> RM	<u>2024</u> RM
<u>Effects on profit after tax and equity</u>		
SGD/RM		
- strengthened by 5% (2024: 5%)	504,820	434,547
- weakened by 5% (2024: 5%)	(504,820)	(434,547)
USD/RM		
- strengthened by 5% (2024: 5%)	621,112	(74,788)
- weakened by 5% (2024: 5%)	(621,112)	74,788
CNY/RM		
- strengthened by 5% (2024: 5%)	47,043	(756)
- weakened by 5% (2024: 5%)	(47,043)	756
EUR/RM		
- strengthened by 5% (2024: 5%)	1,102	(87,647)
- weakened by 5% (2024: 5%)	(1,102)	87,647

The Company is not exposed to foreign currency risk as at 31 December 2025 and 31 December 2024.

(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 exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group'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 does not account for fixed rate financial assets and liabilities through profit or loss, and the Group 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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29 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Interest rate risk (continued)

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

	Group	
	<u>2025</u> RM	<u>2024</u> RM
<b>FIXED RATE INSTRUMENTS</b>		
<u>Financial liabilities</u>		
Bankers' acceptances	72,437,000	59,451,000
Revolving credit	7,000,000	0
	<u>79,437,000</u>	<u>59,451,000</u>
 <b>FLOATING RATE INSTRUMENTS</b>		
<u>Financial liabilities</u>		
Term loans	<u>51,877,273</u>	<u>38,336,705</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	
	<u>2025</u> RM	<u>2024</u> RM
+ 50 bp	498,994	371,593
- 50 bp	<u>(498,994)</u>	<u>(371,593)</u>

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29 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 bank balances.

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  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

29 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 17.

The following table contains an analysis of the credit risk exposure of trade receivables 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:

	<u>Current</u>	<u>1 to 90 days past due</u>	<u>91 to 180 days past due</u>	<u>More than 180 days past due</u>	<u>Total</u>
<u>31 December 2025</u>					
Gross carrying amount (RM): trade receivables	43,522,115	9,193,196	102,830	283,167	53,101,308
Expected loss rate (%)	0.06	1.56	1.31	100.00	0.85
Less: Loss allowance	(25,207)	(142,989)	(1,342)	(283,167)	(452,705)
Carrying amount (net of loss allowance)	<u>43,496,908</u>	<u>9,050,207</u>	<u>101,488</u>	<u>0</u>	<u>52,648,603</u>
<u>31 December 2024</u>					
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>

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

29 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 RM198,653 (2024: RM284,793). 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 2025 and 31 December 2024.

(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

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

## 29 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):

	<u>On demand</u> RM	<u>Within 1 year</u> RM	<u>Between 1 - 5 years</u> RM	<u>Over 5 years</u> RM	<u>Total contractual cashflow</u> RM	<u>Total carrying amount</u> RM
<u>Group</u>						
<u>As at 31.12.2025</u>						
Trade and other payables (*)	3,379	60,782,676	0	0	60,786,055	60,786,055
Gross settled (foreign currency forwards)						
- (inflow)	0	(3,125,902)	0	0	(3,125,902)	0
- outflow	0	3,151,756	0	0	3,151,756	25,854
Bank borrowings						
- bankers' acceptances	0	72,437,000	0	0	72,437,000	72,437,000
- revolving credits	0	7,014,624	0	0	7,014,624	7,000,000
- term loans	0	10,455,973	44,829,009	4,208,549	59,493,531	51,877,273
Lease liabilities	0	1,660,180	2,254,828	0	3,915,008	3,666,311
	<u>3,379</u>	<u>152,376,307</u>	<u>47,083,837</u>	<u>4,208,549</u>	<u>203,672,072</u>	<u>195,792,493</u>

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk (continued)

	<u>On demand</u> RM	<u>Within 1 year</u> RM	<u>Between 1 - 5 years</u> RM	<u>Over 5 years</u> RM	<u>Total contractual cashflow</u> RM	<u>Total carrying amount</u> RM
<u>Group</u>						
<u>As at 31.12.2024</u>						
Trade and other payables (*)	36,782	65,941,923	0	0	65,978,705	65,978,705
Bank borrowings						
- bankers' acceptances	0	59,451,000	0	0	59,451,000	59,451,000
- term loans	0	9,795,980	28,869,116	5,101,996	43,767,092	38,336,705
Lease liabilities	0	930,211	579,789	0	1,510,000	1,465,826
	<u>36,782</u>	<u>136,119,114</u>	<u>29,448,905</u>	<u>5,101,996</u>	<u>170,706,797</u>	<u>165,232,236</u>

\* Trade and other payables excluding non-financial liabilities and derivative financial liabilities for the financial year ended 31 December 2025 and 31 December 2024.

	<u>On demand</u> RM	<u>Within 1 year</u> RM	<u>Total contractual cashflow</u> RM	<u>Total carrying amount</u> RM
<u>Company</u>				
<u>As at 31.12.2025</u>				
Trade and other payables	2,203	861,176	863,379	863,379
Financial guarantee contracts (*)	0	137,787,490	137,787,490	0
<u>As at 31.12.2024</u>				
Trade and other payables	36,110	675,916	712,026	712,026
Financial guarantee contracts (*)	0	101,396,430	101,396,430	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.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

## 29 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>2025</u>	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>Financial assets</u>				
Equity instruments classified as FVOCI				
- quoted shares	7,355	0	0	7,355

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

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

The Company does not have any financial assets and liabilities at fair values as at 31 December 2025 and 31 December 2024.

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

- The fair values of quoted investments are determined at their quoted closing bid prices at the end of the reporting year.
- The unquoted investment is initially recognised at fair value. Subsequently, its fair value is estimated using an adjusted net asset value approach, based on the Group's share of the investee's net assets at the end of the reporting date.
- 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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair values (continued)

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

Other than biological assets (Note 15), 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	
	2025 RM	2024 RM	2025 RM	2024 RM
Financial assets classified as FVOCI:				
Equity instruments	7,355	4,446,460	0	0
Financial assets classified as amortised cost:				
Trade receivables	52,648,603	48,136,244	0	0
Other receivables <sup>1</sup>	1,901,309	1,023,158	9,632	410,105
Cash and bank balances	183,482,574	126,843,510	9,316,097	3,653,499
	238,032,486	176,002,912	9,325,729	4,063,604
Total financial assets	238,039,841	180,449,372	9,325,729	4,063,604
Financial liabilities classified as amortised cost:				
Trade and other payables <sup>2</sup>	60,786,055	65,978,705	863,379	712,026
Bank borrowings	131,314,273	97,787,705	0	0
Lease liabilities	3,666,311	1,465,826	0	0
	195,766,639	165,232,236	863,379	712,026
Financial liabilities classified as FVTPL:				
Derivative financial liabilities	25,854	0	0	0
Total financial liabilities	195,792,493	165,232,236	863,379	712,026

<sup>1</sup> Other receivables exclude prepayments for property, plant and equipment, which are classified as non-financial assets.

<sup>2</sup> Trade and other payables excluding non-financial liabilities and derivative financial liabilities for the financial year ended 31 December 2025 and 31 December 2024.

**TEO SENG CAPITAL BERHAD**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

30 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 bank balances. The debt-to-equity ratio of the Group at the end of the reporting year was as follows:

	Group	
	<u>2025</u>	<u>2024</u>
	RM	RM
Bank borrowings	131,314,273	97,787,705
Lease liabilities	3,666,311	1,465,826
	<u>134,980,584</u>	<u>99,253,531</u>
Less: Cash and bank balances	(183,482,574)	(126,843,510)
Net (cash)/debt	<u>(48,501,990)</u>	<u>(27,589,979)</u>
Total equity	<u>721,606,101</u>	<u>618,432,532</u>
Debt-to-equity ratio	<u>N/A *</u>	<u>N/A *</u>

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

Externally imposed capital requirements

As at reporting date, the Group is in compliance with the externally imposed capital requirements on material borrowings as at 31 December 2025 and 31 December 2024.

There were no changes in the Group's approach to capital management during the financial year. Other than the covenants on borrowings as disclosed in Note 22(d), the Group is not subject to any other externally imposed capital requirements.

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TEO SENG CAPITAL BERHAD  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

31 CAPITAL COMMITMENTS

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

	Group	
	<u>2025</u> RM	<u>2024</u> RM
Property, plant and equipment	12,693,685	33,156,965

32 EVENTS OCCURRING AFTER THE FINANCIAL YEAR

On 10 February 2026, the Company declared a third interim single-tier dividend of RM0.01 per ordinary share, amounting to RM5.8 million in respect of the financial year ended 31 December 2025 and paid on 18 March 2026.

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TEO SENG CAPITAL BERHAD  
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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 107 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 2025 and financial performance and cash flows 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 14 April 2026.



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 107 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: 14 April 2026

Before me:

COMMISSIONER FOR OATHS



NO. 12A, ATAS  
JALAN KOTA 5, TAMAN KOTA  
83700 YONG PENG, JOHOR



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 2025, 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 2025 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 107.

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”), as applicable to audits of financial statements of public interest entities and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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.



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF TEO SENG CAPITAL BERHAD (CONTINUED)**  
(Incorporated in Malaysia)  
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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.

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<u>Valuation of biological assets</u>	
<ul style="list-style-type: none"><li>• Refer to Note 3.7 and Note 15 to the financial statements for the financial year ended 31 December 2025.</li><li>• As at 31 December 2025, the Group's biological assets balance was RM151,804,326.</li><li>• 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.</li><li>• 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.</li><li>• 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 as well as feed costs used in determining fair value less costs to sell, using discounted cash flow model.</li></ul>	<ul style="list-style-type: none"><li>• We obtained the biological assets' valuation prepared by management. The valuation was based on fair value less costs to sell, using a discounted cash flow model.</li><li>• We have checked the mathematical accuracy of the valuation model prepared by management.</li><li>• We involved our valuation experts to evaluate the appropriateness of the methodology and key assumptions used by Directors and management in the valuation of the biological assets.</li><li>• We corroborated the expected number of table eggs produced to historical data.</li><li>• In respect of projected selling prices and feed costs, we back-tested by comparing projected prices against historical prices and/ or latest available prices and cost and checked reasonableness of adjustments made for market movements.</li><li>• We assessed the appropriateness of the range used to test the sensitivity analysis performed by management.</li><li>• We reviewed the adequacy of the disclosures in the financial statements.</li><li>• Based on the above procedures performed, we did not note material exceptions as at 31 December 2025.</li></ul>

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



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF TEO SENG CAPITAL BERHAD (CONTINUED)**  
(Incorporated in Malaysia)  
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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 of 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.

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.

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:



**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF TEO SENG CAPITAL BERHAD (CONTINUED)**  
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- (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.

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 12 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  
03085/07/2027 J  
Chartered Accountant

Melaka  
14 April 2026