



# ANNUAL REPORT

Hup Seng Industries Berhad  
199101015786 (226098-P)



# 2025



Hup Seng Industries Berhad  
**ANNUAL REPORT 2025**

# Contents

<b>002</b> Corporate Information	<b>003</b> Corporate Structure	<b>004</b> Financial Highlights	<b>006</b> Directors' Profile
<b>016</b> Management Discussion and Analysis	<b>022</b> Sustainability Statement	<b>038</b> CG Overview Statement	<b>046</b> Statement of Directors' Responsibilities in Relation to Financial Statements
<b>047</b> Other Compliance Information	<b>050</b> Audit Committee	<b>052</b> Board Committee	<b>054</b> Statement on Risk Management & Internal Control
<b>059</b> Financial Statements	<b>120</b> Top 10 Properties of the Group	<b>122</b> Statement of Shareholdings	<b>124</b> Notice of Annual General Meeting
			<b>Form of Proxy</b>

# Corporate Information

## Directors

**Kerk Kar Han**  
(Chairman)

**Kerk Chiew Siong**  
(Managing Director)

**Kerk Chian Tung**  
(Executive Director)

**Teo Lee Teck**  
(Non-Independent Non-Executive Director)

**Kuo Liong Yok**  
(Non-Independent Non-Executive Director)

**Kerk Shiang Yih**  
(Non-Independent Non-Executive Director)

**Lim Poh Seong**  
(Independent Non-Executive Director)

**Dr. Voon Yuen Hoong**  
(Independent Non-Executive Director)

**Lee Ting Kiat**  
(Independent Non-Executive Director)

## Secretaries

Lee Wai Ngan (LS0000184)  
Tan Kok Aun (MACS01564)

## Registered Office

3A, Mezzanine Floor, Jalan Ipoh Kecil  
50350 Kuala Lumpur  
Tel : (03) - 4043 5750  
Fax : (03) - 4043 5755

## Share Registrar

Tricor Investor & Issuing House Services Sdn Bhd  
197101000970 (11324-H)  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South, No.8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel : (03) - 2783 9299  
Fax : (03) - 2783 9222

## Principal Bankers

RHB Bank Berhad  
Malayan Banking Berhad  
Public Bank Berhad  
United Overseas Bank (Malaysia) Berhad  
OCBC Al-Amin Bank Berhad  
CIMB Islamic Bank Berhad

## Auditors

Ernst & Young PLT  
(202006000003 (LLP0022760-LCA) & AF 0039)  
Chartered Accountants



## Principal Place of Business

14 Jalan Kilang  
Kawasan Perindustrian Tongkang Pecah  
83010 Batu Pahat, Johor Darul Ta'zim

## Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad  
Stock Code : 5024

## Corporate Website

[www.hsib.com.my](http://www.hsib.com.my)

# Corporate Structure



Hup Seng  
Industries Berhad  
199101015786 (226098-P)



Hup Seng  
Perusahan Makanan (M) Sdn Bhd  
197401002709 (19770-K)



Hup Seng  
Hoon Yong Brothers Sdn Bhd  
197701000334 (31372-V)



In-Comix Food  
Industries Sdn Bhd  
198901003447 (180753-V)

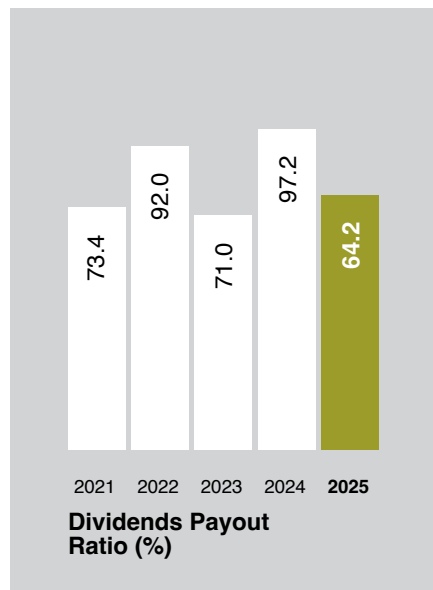
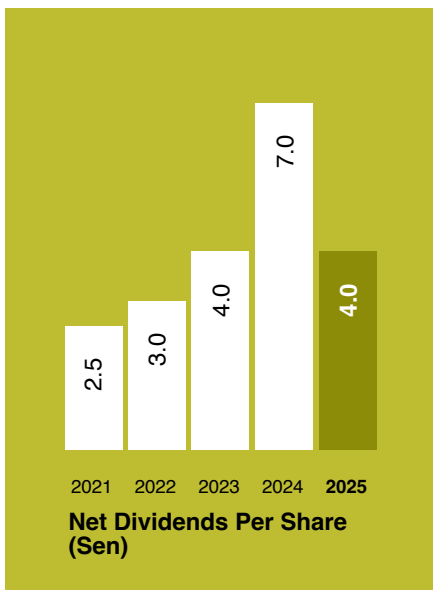
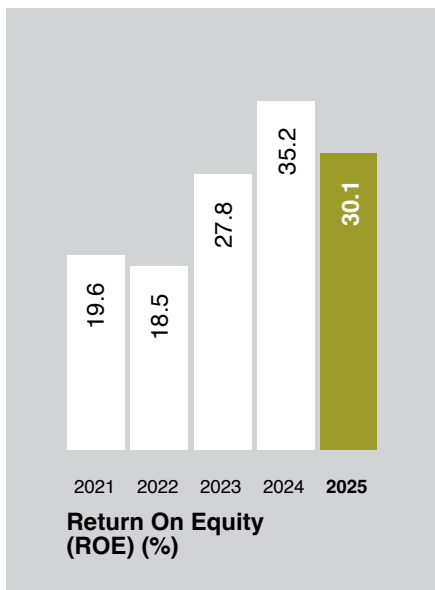
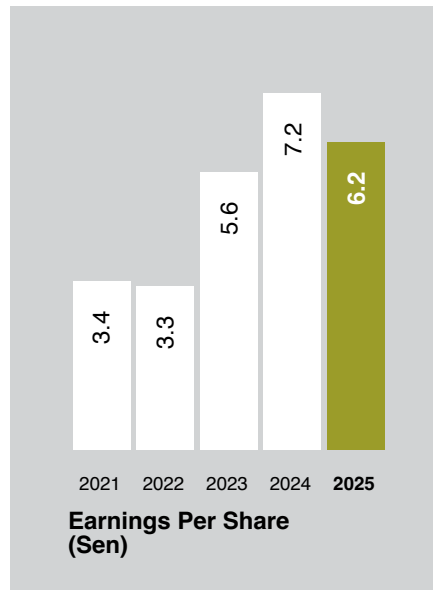
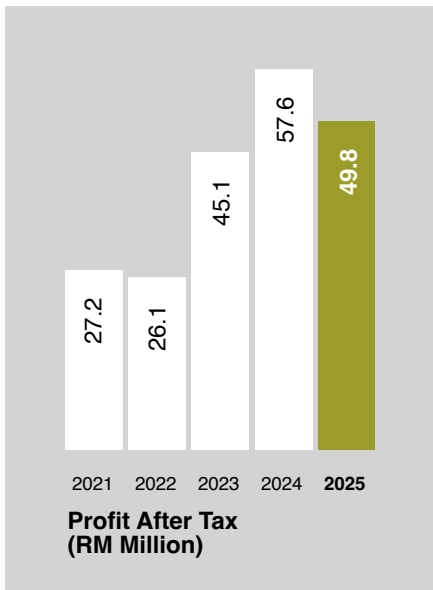
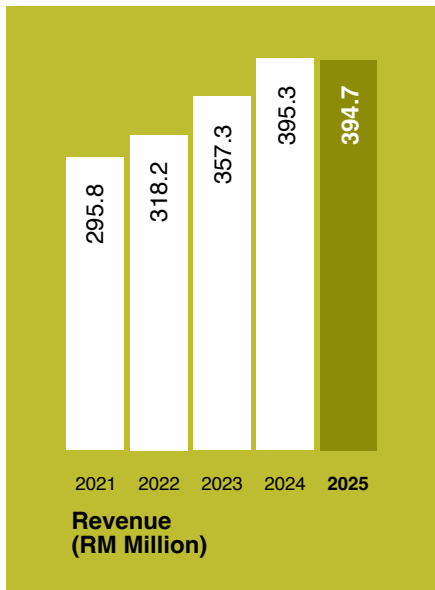
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# 5-Year Group Financial Highlights



## 5-Year Group Financial Highlights (cont'd)

Financial Year Ended		31.12.2021	31.12.2022	31.12.2023	31.12.2024	31.12.2025
<b>Key Results (RM)</b>						
Revenue		295,832,845	318,194,335	357,270,867	395,349,402	394,670,122
Profit after Tax		27,240,004	26,080,914	45,085,589	57,610,935	49,815,669
<b>Other Key Data (RM)</b>						
Total Assets		207,153,461	212,835,948	238,616,869	251,068,346	248,903,758
Total Liabilities		68,133,625	71,735,198	76,430,530	87,271,065	83,290,808
Shareholders' Equity		139,019,836	141,100,750	162,186,339	163,797,281	165,612,950
Capital Expenditure		2,756,293	6,310,673	3,040,654	20,344,770	4,580,933
<b>Financial Ratio (%)</b>						
Revenue Growth		(9.6)	7.6	12.3	10.7	(0.2)
Net Profit Growth		(32.5)	(4.3)	72.9	27.8	(13.5)
Net Profit Margin		9.2	8.2	12.6	14.6	12.6
Return on Equity (ROE)		19.6	18.5	27.8	35.2	30.1
<b>Share Information</b>						
Earnings per Share	sen	3.4	3.3	5.6	7.2	6.2
Net Dividends per Share	sen	2.5	3.0	4.0	7.0	4.0
Dividends Payout Ratio	%	73.4	92.0	71.0	97.2	64.2
Net Assets per Share	RM	0.17	0.18	0.20	0.20	0.21
<b>Other Information</b>						
Segment Ratio	%					
- Domestic Market		76.6	77.5	79.8	79.8	81.1
- Export Market		23.4	22.5	20.2	20.2	18.9
Total		100.0	100.0	100.0	100.0	100.0

## Directors' profile



## Directors' Profile (cont'd)

### Kerk Kar Han *Chairman*

Kerk Kar Han, Malaysian aged 58, is the Chairman of the Company. He was appointed as a Non-Independent Non-Executive Director of the Company on 15 August 2006 and redesignated as Chairman on 1 April 2023. He has been a member of Remuneration Committee since 18 February 2014 until 1 April 2023. He is also a member of the Sustainability and Risk Management Committee ("SRMC").

He graduated with a Bachelor in Business Administration from The Tatung Institute of Technology (now known as Tatung University), Taiwan in 1995. He has over 30 years of experience in corporate administration, sales and marketing development, customer and suppliers relationship management, product and packaging design and operational execution.

He was appointed as Director of Hup Seng Perusahaan Makanan (M) Sdn Bhd ("HSPM") on 2 September 2013 and also a member of Company Development Committee since year 2020.



He joined Hup Seng Hoon Yong Brothers Sdn Bhd ("HSHY") on 20 September 1995 as a Management Executive. He was promoted to Admin Senior Executive in July 1997. On 10 March 1998, he was appointed as the Executive Director of HSHY. Subsequently, he was redesignated as Director cum Admin Senior Executive on 24 January 2003. On 1 January 2004, he was promoted to Director cum Assistant Admin Manager. On 1 January 2011, he was promoted to Director cum Sales and Admin Manager, fully responsible for maintaining and improving the organisational administration system, sales and marketing performance, ensuring the compliance of company policies, overseeing branches performance and participating in sales and marketing strategic planning and decision making as well as supervising, overseeing and co-ordinating operations of sales and marketing. Subsequently, he was redesignated as Executive Director on 16 July 2018. On 5 August 2023 he was redesignated as a Deputy Managing Director.

He was appointed as a Director for In-Comix Food Industries Sdn Bhd ("ICFI") on 7 July 2009, fully responsible for administration, marketing & sales and material purchase of the company and provides full support to HACCP Management System. He meets with the Head of Operational Unit to discuss and resolve key operational, financial and other key management issues regularly, and highlights and discusses significant issues at Board meetings. He was appointed as management representative to oversee the implementation of the Halal Assurance Management System of ICFI on 1 January 2014.

He is the nephew of Kerk Chiew Siong and cousin of Kerk Chian Tung, Teo Lee Teck, Kuo Liong Yok and Kerk Shiang Yih. He does not have any conflict of interest with the Company. He has no convictions for any offences over the past 10 years.

## Directors' Profile (cont'd)

Kerk Chiew Siong, Malaysian aged 73, is the Managing Director of the Company. He became a member of the Board of Directors on 4 October 1991 and was appointed as an Executive Director on 3 August 2000. He was redesignated as a Non-Executive Director on 1 February 2003 and then as a Non-Executive Vice Chairman on 17 August 2006. Subsequently, he was redesignated as the Managing Director of the Company on 1 January 2022.

He has more than 40 years of experience in business leadership, strategic planning, food safety management, business development, talent acquisition as well as product and packaging design.

He started his career as a Director with HSPM on 12 March 1981 and was then redesignated as an Executive Director and a Vice Chairman on 1 January 1990 and 1 February 2003 respectively. On 16 July 2018, he was redesignated as the Chairman of HSPM. Moreover, he was appointed as a Director of HSHY on 15 February 1988 and was then redesignated as a Deputy Managing Director and an Executive Director on 1 January 1990 and 1 February 2003 respectively. On 1 July 2016, he was redesignated as the Managing Director of HSHY. He was appointed as a Director of ICFI on 12 July 2005.

He is currently responsible for managing the Group's operations and overseeing the Quality Assurance, Research and Development and Business Development Department, primarily devising strategies for market expansion and researching the potential of the Group's products in existing and new markets. As well, he is the key management personnel for the company-wide food safety and quality management systems (i.e. ISO 9001:2015, HACCP, ISO 22000:2018, and FSSC 22000). In addition to the responsibilities listed above, he also serves as the Chairman of Anti-Bribery and Anti-Corruption Committee, advisor of Emergency Response Protocol Committee and Crisis Management Committee.

He is the uncle of Kerk Chian Tung, Teo Lee Teck, Kerk Kar Han, Kuo Liong Yok and Kerk Shiang Yih. He does not have any conflict of interest with the Company except for certain recurrent related party transactions of revenue or trading nature that is necessary for day-to-day operations of the Group. He has no convictions for any offences over the past 10 years.

## Kerk Chiew Siong

*Managing Director*





**Kerk Chian Tung**  
*Executive Director*

Kerk Chian Tung, Malaysian aged 55, became a member of the Board of Directors of the Company on 15 November 1999 and has been an Executive Director of the same since 17 August 2000. She is the niece of Kerk Chiew Siong and cousin of Teo Lee Teck, Kerk Kar Han, Kuo Liong Yok and Kerk Shiang Yih. She does not have any conflict of interest with the Company nor conviction for any offences over the past 10 years.

She graduated with a bachelor degree in Accounting from the University of Southern Queensland, Australia in 1991 and a bachelor degree in Manufacturing Management from the University of Monash, Australia in 1994. She joined an accounting firm as an auditor in 1992 and later joined Arthur Andersen HRM (Tax Services) Sdn. Bhd., a public accounting firm as a Tax Consultant in 1995. In 1997, she was employed as an Assistant Business Development Manager in Jaya Tiasa Holdings Berhad, a public listed company involved in investment holding and provision of management services, extraction and sale of logs. She joined a trading company as a Finance Manager in 1998 and then resigned in 1999 to become an investment analyst in SBB Securities Sdn. Bhd., a company involved in stockbroking activities. She has more than 25 years of experience in corporate finance.

## Directors' Profile (cont'd)



### Teo Lee Teck

*Non-Independent Non-Executive Director*

Teo Lee Teck, Malaysian aged 66, was appointed as a Non-Independent Non-Executive Director of the Company on 10 August 2000. He is a member of SRMC. He is also the Chairman of the Risk Working Committee in all subsidiaries. He was appointed as Director of HSHY on 2 September 2013. On 20 March 1984, he was a Director of HSPM and became an Executive Director of the same since 1 January 1990. Subsequently, he was redesignated as the Deputy Managing Director on 5 August 2023.

He started his career with HSPM in 1977 as a Chocolate Wafer Section supervisor and was promoted numerously before assuming the position of Production Manager in 1987. In 1994 he was promoted to Project Manager, responsible for construction of factory and installation of new plant, machines and facilities, as well as the maintenance and inspection of the Fire Prevention System.

He has been appointed as HSPM's Quality Management Representative in formulating, implementing and ensuring the Company Quality Management System fulfilled the standard requirement. He was fully responsible for leading the task force towards the achievement of ISO 9001:2015 in 2017. In line with the increasing focus worldwide on food safety, to obtain ISO 22000:2018 Food Management System in 2019 and FSSC 22000 Food Safety Management System Certification in 2020. As well as working with HACCP team to obtain HACCP and GMP certification through Malaysia's Ministry of Health to demonstrate the company commitment towards food safety and quality to ensure consumer confidence and meet the export requirement for obtaining Health Certificate. He also was appointed as Chairman of Company Development Committee since year 2020.

He was appointed as a Director for ICFI on 7 July 2009, fully responsible for the product manufacturing, quality and hygienic assurance of the company. He was redesignated to Chairman of ICFI on 16 July 2018.

He is the nephew of Kerk Chiew Siong and cousin of Kerk Chian Tung, Kerk Kar Han, Kuo Liong Yok and Kerk Shiang Yih. He does not have any conflict of interest with the Company. He has no convictions for any offences over the past 10 years.



Kuo Liong Yok, Malaysian aged 73, was appointed as a Non-Independent Non-Executive Director of the Company on 1 January 2022. He was also appointed as a member of SRMC on 19 May 2022. He was appointed as a member of Remuneration Committee on 1 April 2023.

He graduated with a Bachelor of Commerce in Accounting from National Chengchi University, Taiwan in 1980. He has over 40 years of experience in corporate administration, regulatory affairs, tax and treasury, logistics and transportation management within the manufacturing and trading sectors.

He began his career at HSPM as a Director on 12 March 1981. He was promoted to Deputy Managing Director on 1 January 1990. On 1 February 2003, he was redesignated as an Executive Director, and on 16 July 2018, he advanced to the position of Vice Chairman. On 5 August 2023, he was once again redesignated, this time as the Managing Director of HSPM. In addition, he joined HSHY as a Director on 21 September 1989, was redesignated as an Executive Director on 1 January 1990, and then as a Director on 1 February 2003. On 9 March 2022, he was appointed Chairman of HSHY. Furthermore, he assumed the role of Director at ICFI on 15 December 2021.

Currently, he is responsible for the overall management of the biscuit manufacturing operations. His duties span a wide range of areas, including business development, corporate affairs, employee recruitment and training, finance, material procurement, product development, manufacturing, quality assurance, and transportation. In addition to these, he leads several committees, such as the Emergency Response Protocol Committee, the Occupational Safety and Health Committee, the Sustainability Project Committee, and the Halal Management Systems.

He is the nephew of Kerk Chiew Siong, and cousin of Kerk Chian Tung, Teo Lee Teck, Kerk Kar Han and Kerk Shiang Yih. He does not have any conflict of interest with the Company except for certain recurrent related party transactions of revenue or trading nature that is necessary for day-to-day operations of the Group. He has no convictions for any offences over the past 10 years.

## Directors' Profile (cont'd)

Kerk Shiang Yih, Malaysian aged 53, was appointed as a Non-Independent Non-Executive Director of the Company on 1 March 2023. She was also appointed as a member of SRMC on 11 August 2025.

She graduated with a Bachelor of Business Administration, majoring in Marketing and minoring in Management from Wichita State University, Kansas, United States in 1996.

She has more than 25 years of experience in business and strategy development, cross-country sales management, customer relationship management, product and packaging design, logistics management and operational execution. She began her career with HSPM as a Market Development Executive in 1996, and was subsequently promoted to a Market Development Assistant Manager in 2004 and a Market Development Manager in 2009. As well, she was appointed as a Director of HSPM and HSHY on 2 September 2013 and 10 March 1998 respectively, and was later redesignated as a Vice Chairperson of both companies on 5 August 2023. She was appointed as a Director of ICFI on 1 August 2024.



### Kerk Shiang Yih

*Non-Independent Non-Executive Director*

Currently, she is responsible for leading the market development division of HSPM, with a primary focus on identifying and developing new business opportunities as well as managing customer relationships and sales growth.

She is the niece of Kerk Chiew Siong, and cousin of Kerk Chian Tung, Teo Lee Teck, Kerk Kar Han and Kuo Liong Yok. She does not have any conflict of interest with the Company except for certain recurrent related party transactions of revenue or trading nature that is necessary for day-to-day operations of the Group. She has no convictions for any offences over the past 10 years.



## Directors' Profile (cont'd)

Lim Poh Seong, Malaysian aged 60, was appointed as an Independent Non-Executive Director of the Company on 1 September 2018 and became the Independent Co-Chairman on 1 March 2019 until 31 August 2021. He is a member of Audit Committee and Nomination Committee. He was appointed as the Chairperson of SRMC on 31 March 2022 and Chairperson of Remuneration Committee on 14 March 2024.

He is a Fellow Member of The Association of Chartered Certified Accountants ("ACCA") and a member of Malaysian Institute of Accountants ("MIA"). He has over 25 years of experience in the fields of auditing, accounting, corporate finance and overall administration of business operations. He began his career as an auditor with a major accounting firm in Kuala Lumpur in 1989. Subsequently, he joined the commercial sector where he held various positions in the finance and operations divisions of several Malaysian public listed companies. He was appointed as an Executive Director of Pantai Holdings Berhad, a public listed company involved in healthcare and was put in charge of the group's overall operations and finance from April 2001 to September 2005. He left the group in February 2007 as the Group Chief Operating Officer.

He was an Executive Director of Paos Holdings Berhad from April 2007 to April 2008 and Asia Poly Holdings Berhad from October 2007 to April 2008. He was reappointed back into Paos Holdings Berhad in January 2011 as an Independent Non-Executive Director and subsequently became the Audit Committee Chairman. He resigned from Paos Holdings Berhad in May 2023 after serving the maximum tenure of 12 years.

Currently he also serves as the Independent Non-Executive Director for Samaiden Group Berhad, Yinson Holdings Berhad and Perusahaan Sadur Timah Malaysia (PERSTIMA) Berhad, all three companies listed on the Main Market of Bursa Malaysia and Farm Price Holdings Berhad, a company listed on the ACE Market of Bursa Malaysia.

He does not have any family relationship with any director and/or substantial shareholder of the Company or any conflict of interest with the Company. He has not been convicted of any offence within the past 15 years.



**Lim Poh Seong**  
*Independent Non-Executive Director*

## Directors' Profile (cont'd)

Dr. Voon Yuen Hoong, Malaysian aged 46, was appointed as an Independent Non-Executive Director of the Company on 31 March 2022. She was appointed as the Chairperson of Audit Committee, and a member of Nomination Committee and SRMC on 19 May 2022.

Dr. Voon holds a Bachelor of Arts (Honours) in Management Accounting from Universiti Teknologi Malaysia, a Master of Business Administration ("MBA") from Universiti Kebangsaan Malaysia and a Doctor of Philosophy ("PhD") in Taxation from Universiti Malaya. She is a Fellow Member of Association of Chartered Certified Accountants ("ACCA"), a Member of Malaysian Institute of Accountants ("MIA"), a Member of Chartered Tax Institute of Malaysia ("CTIM") and a Member of Financial Planning Association of Malaysia ("FPAM"). Moreover, she is a Licensed Tax Agent under Section 153 of the Income Tax Act 1967, and has served as a Chief Examiner of the CTIM Examination Committee since 2019. She was also appointed as an Adjunct Professor (Industry) in the Faculty of Accountancy and Management of Universiti Tunku Abdul Rahman ("UTAR"), effective from 1 March 2025.

Dr. Voon has more than 20 years of combined experience in the fields of accounting, auditing and taxation. She began her career as an audit and tax assistant at a local accounting firm in 2003. Upon completing her MBA and earning her professional qualification from ACCA, she joined an international accounting firm as a tax supervisor and was promoted to the position of Assistant Manager from 2007 to 2010. Subsequently, she joined Crowe Malaysia as a Tax Manager in 2010.

Dr. Voon is currently a Tax Partner at Crowe Malaysia and leads the firm's tax compliance practice, which serves clients ranging from small and medium-sized enterprises to publicly-listed companies as well as multinational corporations. Besides tax compliance engagements, she also engages in tax audits and investigations, as well as tax advisory services. Being a subject matter expert, she has served as an expert witness in a number of court proceedings. She is also a frequent speaker at chambers of commerce and universities.

Dr. Voon does not have any family relationship with any director and/or major shareholder, nor any conflict of interest with the Company. She has no convictions for any offences (other than traffic offences, if any) over the past 10 years.

**Dr. Voon Yuen Hoong**  
*Independent Non-Executive Director*



## Directors' Profile (cont'd)

### Lee Ting Kiat

*Independent Non-Executive Director*

Lee Ting Kiat, Malaysian aged 58, was appointed as an Independent Non-Executive Director of the Company on 2 January 2024. He was appointed as the Chairperson of Nomination Committee, and a member of Audit Committee, Remuneration Committee and SRMC on 1 March 2024.

He graduated with a Bachelor of Laws from University of Malaya, Malaysia, in 1991 and was admitted as an advocate and solicitor of the High Court of Malaya in 1992.

Upon his graduation, he started his pupillage in 1991 and subsequently commenced his legal practice in 1992. He has continued to practise law ever since, having served as a partner at Messrs Andrew Wong & Co and Messrs Zaid Ibrahim & Co respectively over the course of his professional career. In 2005, he co-founded Messrs Lee & Tengku Azrina where he presently serves as the managing partner and practising lawyer specialising in corporate, commercial, finance, and property matters.

He is the Independent Non-Executive Chairman of MTAG Group Berhad. He is presently a General Committee Member of the Malaysian International Chamber of Commerce and Industry ("MICCI") and the Chairman of the MICCI (Southern Region).

He does not have any family relationship with any Director or major shareholder of the Company, and he does not have any conflict of interest with the Company. He has not been convicted of any offences within the past 10 years or imposed with any public sanction or penalty by regulatory bodies during the financial year.



# Management Discussion and Analysis

## 1. Overview

Hup Seng Industries Bhd. (“HSIB”) being the holding company of the Group, is one of the leading biscuits manufacturers in Malaysia.

Currently the Group has three wholly owned subsidiaries namely:

- i. Hup Seng Perusahaan Makanan (M) Sdn Bhd (“HSPM”) is principally engaged in the manufacture and distribution of biscuits for the Group at its factory located in Tongkang Pecah, Batu Pahat, Johor;
- ii. In-Comix Food Industries Sdn Bhd (“ICFI”) is involved in the manufacture and distribution of beverages for the Group at its factory located in Senai, Johor; and
- iii. Hup Seng Hoon Yong Brothers Sdn Bhd (“HSHY”) acts as the marketing and distribution arm for the biscuits and beverages manufactured by HSPM and ICFI respectively in Malaysia. HSHY’s head office is located in Batu Pahat, Johor and six (6) nation-wide sales networks covering all parts of Peninsular Malaysia namely, the Klang Valley, Kota Bahru, Kuantan, Ipoh, Butterworth and Alor Setar.

## 2. Products and Brands

Hup Seng’s biscuits has been brand guaranteed for 67 years. The products, especially “Cap Ping Pong Crackers” are distributed to cities and towns in the country. It is also a household name and has won the love of all ethnic groups. Apart from distributing domestically, the Group also exports its products to about 40 countries.

The products produced and distributed by the Group can be summarized into the following product ranges:

- I. Biscuits : Crackers, Cream Sandwich biscuits, Assorted biscuits, Cookies and other series.
- II. Beverages : Instant Coffeemix, Teas and Cereals.
- III. Other agent products : Rice crackers and other products.

### *Biscuits Range*

Key iconic brands include a diversified brand portfolio spanning from savory to sweet biscuits and are marketed under “Cap Ping Pong” and “Hup Seng Cream Crackers” for all consumer groups; while the “Kerk” and “Naturell” brand products cater to those who wanted high-quality premium products and health-conscious consumer groups. The latter are the premium modern products of the Group.

## 2. Products and Brands (cont'd)

### *Awards*

“Hup Seng Cream Crackers” has been consecutively awarded the Gold Medal for years 1994 to 2003, Grand Gold Award for years 2004 to 2019 and Gold Quality Award from 2020 to 2025. In 2018 it won the “25 Years Trophy” and garnered the “International High Quality Trophy” award in 2017, 2020 as well as 2023 by Monde Selection, Belgium.

In addition to the awards on product quality, the Group were also accorded the following:

- HSIB has been included in the 2025 Forbes Asia “Best Under A Billion” list. From a total of 200 companies in the Asia-Pacific, HSIB is one of nine Malaysian companies recognised this year.
- In March 2016, the Group was also awarded “The Edge-Billion Ringgit Club Corporate Award 2016” under Consumer Sector for Highest Growth In Profit Before Tax Over Three Years and Highest Returns To Shareholders Over Three Years.
- In 2015, the Group was awarded “The Brandlaureate Special Edition World Awards-Malaysia Edition’s “Food & Beverage – Biscuits & Confectionary”.
- HSPM was one of the winner of “The Industry Excellence Award” (Anugerah Kecemerlangan Industri - AKI) in 2004, organized by Malaysia’s Ministry of International Trade and Industry for Product Excellence Award -Category IV.

### *Beverages Range*

The Beverages range is marketed under the brand name “In-Comix”. The three (3) main categories are namely “3 in 1 Instant Coffeemix”, “Instant Teas” and “Nutritious Instant Cereal”. The major selling category under this range is the “Instant Teas” and “3 in 1 Instant Coffeemix”. The Group is engaged in blending coffee mix and other beverage mix and caters to both local and export markets.

### *Other Agent Products*

In addition to distributing biscuits and beverages, the Group is also the distributor for other agent products, such as, “Want Want” rice crackers, and others. The Group leverages on its distribution network throughout the country to sell agent products to increase the Group’s revenue.

### 3. Overview of Business Operations

The Group registered a reduction in revenue of about 0.2% to RM394.7 million from RM395.3 million in the preceding year. This reduction mainly come from export sales of about RM5.0 million or 1.3%.

On product mix, biscuits being the dominant range represent about 94.8% (2024: 95.0%) of the total sales and “Hup Seng Cream Crackers” contributed more than two-thirds of the biscuits range. Beverages and other agent products make up the balance of 5.2% (2024: 5.0%) of the total sales.

Profit after tax decreased 13.5% to RM49.8 million from RM57.6 million achieved in the previous year as a result of lower revenue from export markets, higher input costs of certain major materials during the first half of the year, minimum wage rate of RM1,700 per month as well as higher distribution and promotional costs.

Among the major input materials were palm oil and olein, an increase from those of preceding year on average by about 7.2 % to 10.3% and milk fat and shortening increase by about 23.7% and 10.8% respectively.

Consequently, the Group’s earnings per share decreased from 7.2 sen to 6.2 sen.

Total assets stood at RM248.9 million in FY2025 a decrease of RM2.2 million from FY2024.

Total liabilities reduced by RM4.0 million to RM83.3 million in FY2025. Net asset per share remained about the same at RM0.21.

### 4. Operating Performance

As part of our ongoing commitment to environmental responsibility, we are pleased to announce that the Group fully commenced operation of its solar photovoltaic (PV) system in July 2025. By harnessing renewable energy, the system helped avoid approximately 827 tonnes of carbon dioxide equivalent (CO<sub>2</sub>e) emissions (2024: 124 tonnes). This initiative is expected not only to reduce energy costs but also to contribute to a greener and more sustainable future.

During the year, the Group upgraded certain production equipment, resulting in an approximately 1.1% year-on-year increase in biscuit production quantity in 2025 as compared with 2024.

To sustain and improve the Group’s profit margin and operational efficiency, the Group will continue to review and improve the production processes and quality, reduce costs and wastages and the obligation to focus on environment protection by looking at reducing carbon emission in the future moving forward.

## 5. Sales and Marketing

### 5.1 Domestic Market

During the year, the domestic market accounted for 81.1% of the Group's turnover, an increase of about RM4.3 million or 1.4% mainly from Hyper and Supermarkets as well as East Malaysia when compared to 2024.

Biscuits continued to be the dominant product category, contributing approximately 93.8% (2024: 94.1%) of the total domestic sales with the balance of about 2.1% (2024: 1.9%) on beverages and about 4.1% (2024: 4.0%) on other agent products.

The Group's domestic operations in Malaysia are managed by its in-house sales team and is supported by its own logistics fleet, as well as by several third-party logistics providers, to facilitate timely delivery to customers and to ensure product freshness. The domestic sales team covers all major market segments, including hypermarkets, retail outlets, wholesalers, and convenience stores. In East Malaysia, market coverage is undertaken by appointed distributors.

During the year under review, the Malaysian Government continued to implement various measures aimed at supporting domestic consumption, including the disbursement of financial assistance programmes, subsidy initiatives, an increase in the minimum wage to RM1,700, and phased adjustments to the civil service salary structure. These measures contributed to an improvement in disposable income among the low- to middle-income groups, which in turn supported domestic consumption activity, particularly within the essential goods and fast-moving consumer goods segments.

Against this backdrop, the Group recorded improved sales performance across all domestic channels during the year. Demand for the Group's main product, Hup Seng Cream Crackers, remained strong, with market demand exceeding production capacity during the period under review.

Management observed changes in the domestic sales channel mix in 2025, reflecting evolving consumer purchasing patterns. As government assistance could be utilised at designated supermarkets and retail outlets for the purchase of daily necessities, including biscuits, domestic consumption growth was primarily concentrated in modern trade and convenience retail channels. These included hypermarkets and established retail chains such as Mydin, Lotus's, Econsave, and 99 Speedmart. These retailers benefited from their participation as appointed merchants under the MyKasih and SARA government assistance programmes. Conversely, traditional grocery stores experienced relatively weaker performance, as some lacked the necessary electronic infrastructure to facilitate registration and transaction authentication via MyKad under the MyKasih system. As the wholesale channel derives a significant portion of its sales from traditional grocery stores, these limitations also had a corresponding impact on wholesale performance.

Overall, government-led initiatives to stimulate domestic consumption played a positive role in supporting demand, while contributing to shifts in consumer behaviour and channel dynamics.

In addition, the domestic market continued to face heightened competition from the increasing presence of imported biscuit brands, particularly from China and Indonesia. These brands have intensified competitive pressures through price competitiveness, broader product offerings, and strong supply chain capabilities. Nevertheless, the Group remains confident in the competitive positioning of its products, underpinned by long-established brand heritage, strong consumer trust and familiarity, Halal certification, and a continued emphasis on product quality and food safety standards.

### 5. Sales and Marketing (cont'd)

#### 5.2 Export Market

Export market accounted for 18.9% of the Group's turnover in 2025. It registered a reduction of 6.3% or about RM5.0 million, mainly from the biscuits segment when compared to 2024. The lower revenue for the year was mainly due to foreign exchange fluctuations and volatility in the Myanmar market.

Biscuits being the dominant range represent about 98.8% (2024: 98.4%) of the total export sales with the balance of about 1.2% (2024: 1.6%) on beverages.

The existing export market is still dominated by Asia, accounting for 83.3% of the Group's export turnover. The main export markets are Indonesia, Singapore, Thailand, Myanmar and Saudi Arabia.

In view of the continued uncertainties in the global economic environment, as well as ongoing inflationary pressures and cost challenges, the Group will continue to adopt a prudent and disciplined approach in managing its export operations. The Group remains focused on strengthening its presence in existing markets, prioritising revenue growth within these markets, and, where appropriate, progressively refining its product mix and market footprint to support the long-term sustainability of its export business.

### 6. Risk Overview

The Group is currently facing a few risk factors that might affect the Group's profitability. Those risks include the following:

#### 6.1 Fluctuation of Raw Material Prices

The fluctuation costs of raw materials will directly impact the Group's profitability. The Group has taken steps to minimise the risk of price fluctuation by monitoring the cost of materials closely with suppliers to secure a more stable supply with reasonable prices and assures that the quality of raw materials is maintained.

#### 6.2 Competition from Existing Players

Rivalry among industry players could affect profits through downward pressure on prices and declining profit margin. The Group will continue to improve the quality of its products, adhere to the importance of food safety to send the highest quality and safe food to consumers, and expand its manufacturing capacities to meet the market demand.

#### 6.3 Changes in Consumer's Preferences

Consumers nowadays tend to be more health-conscious in terms of food. The Group is aware of this shift in consumer preferences and will be looking into this to meet the requirement of such consumers.

## **7. Dividend Policy**

The Group has adopted a dividend policy that will distribute an annual dividend pay-out of at least 60% of the annual profit after tax to the shareholders. The dividend pay-out will be dependent on the Group's sufficiency of retained earnings and level of cash.

The total dividend paid for the year 2025 amounted to RM32 million.

## **8. Outlook for Future Prospects**

Looking ahead, the Group expects operating conditions to remain challenging amid a competitive market environment and potential fluctuations in raw material prices, energy tariffs and labour costs. While demand for biscuits is generally resilient, consumer spending patterns may remain cautious.

The Group will continue to focus on strengthening its core domestic market, enhancing operational efficiency, exercising prudent cost management and prudent financial management to preserve margins. Efforts to expand export sales will be pursued to support gradual revenue diversification.

At the same time, the Group will continue to advance its sustainability initiatives, including the adoption of environmentally friendly packaging, optimisation of energy usage and active community engagement, in line with its commitment to responsible business practices.

Backed by a strong balance sheet, net cash position and healthy liquidity, the Group remains well positioned to navigate prevailing uncertainties while supporting its long-term business development.

# Sustainability Statement

## 1. About this Sustainability Statement

Sustainability continues to be at the heart of our decision-making and business management, ensuring that our business grows resiliently and achieves long-term success. As one of the leading biscuit, cracker, and cookie manufacturers in Malaysia, Hup Seng Industries Berhad (“HSIB” or “the Group”) recognizes its responsibility to deliver added value to society by practicing and promoting sustainable business practices.

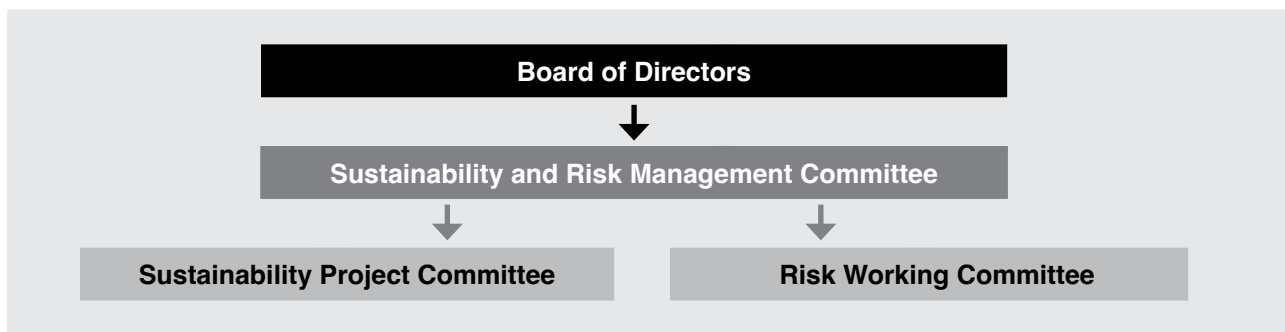
We are proud to present our ninth sustainability statement (“the Statement”), covering the period from 1 January 2025 to 31 December 2025. The Statement outlines HSIB’s sustainability journey, provides a summary of our key environmental, social, and governance (“ESG”) activities and highlights, and is intended to be read alongside the FY2025 Sustainability Report (“the Report”).

The disclosures in this statement and its accompanying report have been prepared in accordance with Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”), guided by Bursa Malaysia’s Enhanced Sustainability Reporting Framework, Sustainability Reporting Guide and Toolkits (3rd Edition), the United Nations Sustainable Development Goals (“UN SDGs”), as well as the Global Reporting Initiative (“GRI”) Standards.

The scope of this statement covers our business operations in Malaysia, namely HSIB, Hup Seng Perusahaan Makanan (M) Sdn. Bhd., Hup Seng Hoon Yong Brothers Sdn. Bhd., and In-Comix Food Industries Sdn. Bhd.

Full details of our Sustainability Report are available on our website at [www.hsib.com.my](http://www.hsib.com.my).

## 2. Sustainability Governance Structure



In 2025, HSIB reinforced its governance framework by integrating sustainability oversight with risk management, creating a holistic structure that strengthens accountability and embeds sustainability into core business processes. This alignment ensures that risk management supports long-term value creation while sustainability becomes a strategic priority across the Group.

The Board of Directors provides overall leadership and accountability for sustainability commitments. It oversees the integration of sustainability into corporate strategy and delegates detailed oversight to the newly formed Sustainability and Risk Management Committee (“SRMC”).

The SRMC, established by merging sustainability and risk oversight, ensures that sustainability risks and opportunities are considered alongside enterprise risks. It reviews strategy, risk assessments, and progress against commitments, reporting directly to the Board.

The Sustainability Project Committee (“SPC”) operationalizes the sustainability strategy, embeds sustainability into business processes, prepares reports, and escalates key issues to the SRMC. It ensures alignment between risk and sustainability priorities.

## **2. Sustainability Governance Structure (cont'd)**

Meanwhile, the Risk Working Committee (“RWC”) continuously identifies, evaluates, and manages risks relevant to business objectives. It develops and monitors the risk management framework, detects emerging risks, and escalates significant issues to the SRMC.

Together, these bodies create a cohesive governance model that integrates sustainability and risk management strategically.

## **3. Risk Management and Sustainability**

Risk management is a fundamental aspect of HSIB’s governance and forms an integral part of decision-making, protecting the Group’s value while mitigating potential negative impacts on people, society, and the environment. The Group has implemented a continuous risk management process to ensure risks are identified, assessed, prioritised, controlled, and monitored at acceptable levels.

The Board oversees management in formulating, updating, and maintaining an effective risk management framework. The Group’s Enterprise Risk Management (ERM) framework, aligned with ISO 31000, supports systematic identification, assessment, monitoring, and reporting of significant risks. The RWC plays a vital role in managing emerging risks and escalating key issues to the Board through the SRMC. A comprehensive risk register captures material risks and controls, with sustainability-related risks mapped to the overall risk profile. ESG considerations are embedded into decision-making, reinforcing resilience and stakeholder confidence.

Throughout the year, HSIB reviewed and reevaluated its risk profile against global standards and best practices, identifying principal and emerging risks and agreeing on the Group’s risk appetite.

## **4. Stakeholder Engagement**

Stakeholders are crucial to HSIB’s growth and development. Engaging with them helps identify key sustainability issues and solutions for managing our material matters. Through regular engagements, we gather valuable insights that shape our risk management and decision-making. We connect with stakeholders in both formal and informal settings, from meetings to ongoing dialogues, and collaborate with external partners to address issues as they arise, helping us achieve our environmental, social, and economic goals.

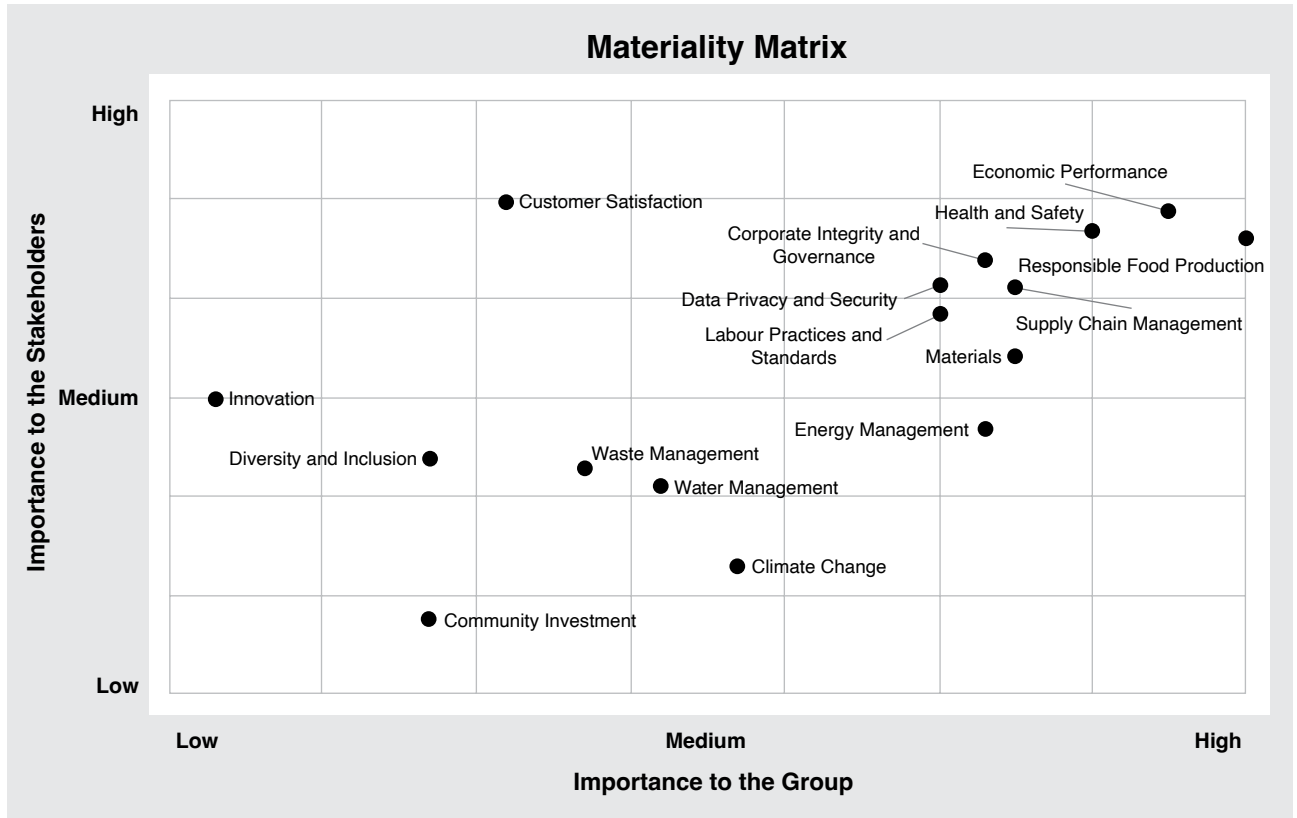
We have summarized our key stakeholders and methods of engagement in the following table:

#### 4. Stakeholder Engagement (cont'd)

Stakeholders	Frequency	Types of Engagement	Focus
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Throughout the year</li> <li>• As needed</li> </ul>	<ul style="list-style-type: none"> <li>• Feedback surveys</li> <li>• Social media channels (e.g. Facebook and Instagram)</li> <li>• Corporate website</li> </ul>	<ul style="list-style-type: none"> <li>• Safe, nutritious and quality products</li> <li>• Regulatory compliance</li> <li>• Third party food certification</li> <li>• Customer satisfaction</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Annually</li> <li>• As needed</li> </ul>	<ul style="list-style-type: none"> <li>• Interviews</li> <li>• Face-to-face interactions</li> <li>• Supplier performance evaluation</li> </ul>	<ul style="list-style-type: none"> <li>• Regulatory compliance</li> <li>• Business continuity</li> <li>• Fair pricing</li> <li>• Responsive and timely communication</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Annually</li> <li>• As needed</li> </ul>	<ul style="list-style-type: none"> <li>• Learning and development programs</li> <li>• Employee performance appraisal</li> <li>• Team building activities</li> <li>• Sports and social events</li> </ul>	<ul style="list-style-type: none"> <li>• Respect for human rights</li> <li>• Safe and healthy workplace</li> <li>• Job security and supportive welfare</li> <li>• Equal opportunity and career development</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>• Quarterly</li> <li>• Annually</li> <li>• As needed</li> </ul>	<ul style="list-style-type: none"> <li>• Financial results</li> <li>• Press releases</li> <li>• Corporate website</li> <li>• Annual General Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Financial performance</li> <li>• Good corporate governance</li> </ul>
<b>Regulators</b>	<ul style="list-style-type: none"> <li>• Throughout the year</li> <li>• As needed</li> </ul>	<ul style="list-style-type: none"> <li>• Statutory submissions</li> <li>• Site visits and conferences</li> <li>• Audits and assessments</li> </ul>	<ul style="list-style-type: none"> <li>• Ethical business practices</li> <li>• Product quality and safety</li> <li>• Halal certification</li> <li>• Occupational health and safety</li> <li>• GHG and other emissions</li> <li>• Effluent and waste</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>• Throughout the year</li> <li>• As needed</li> </ul>	<ul style="list-style-type: none"> <li>• Media interviews</li> <li>• Press releases</li> <li>• Advertisements</li> </ul>	<ul style="list-style-type: none"> <li>• Business strategy and business growth</li> <li>• New product launches</li> <li>• Product quality and safety</li> <li>• Regulatory compliance</li> </ul>
<b>Non-Governmental Organizations</b>	<ul style="list-style-type: none"> <li>• As needed</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate social responsibility activities</li> </ul>	<ul style="list-style-type: none"> <li>• Ethical business practices</li> <li>• Good corporate governance</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>• Throughout the year</li> </ul>	<ul style="list-style-type: none"> <li>• Social media channels (e.g. Facebook and Instagram)</li> <li>• Corporate website</li> <li>• Community events</li> </ul>	<ul style="list-style-type: none"> <li>• Direct and indirect economic contribution</li> <li>• Responsible environmental management and contribution to society</li> </ul>
<b>Consumers</b>	<ul style="list-style-type: none"> <li>• Throughout the year</li> </ul>	<ul style="list-style-type: none"> <li>• Social media channels (e.g. Facebook and Instagram)</li> <li>• Corporate website</li> <li>• Product campaigns</li> </ul>	<ul style="list-style-type: none"> <li>• Brand awareness</li> <li>• Consumers preferences and market trends</li> </ul>
<b>Industry and Trade Associations</b>	<ul style="list-style-type: none"> <li>• As needed</li> </ul>	<ul style="list-style-type: none"> <li>• Association meetings</li> <li>• Trainings</li> <li>• Exhibitions</li> </ul>	<ul style="list-style-type: none"> <li>• Industry trends and standards</li> <li>• Knowledge and information sharing</li> </ul>
<b>Academia</b>	<ul style="list-style-type: none"> <li>• As needed</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate website</li> </ul>	<ul style="list-style-type: none"> <li>• Knowledge and information sharing</li> </ul>

## 5. Materiality Assessment

Identifying the Group's ESG matters that have material impact is key to formulating and implementing sustainable strategies. The materiality matrix was developed based on the importance of material sustainability issues to key stakeholders and to the business operations. The matrix is as follows:



Our materiality assessment was guided by Bursa Securities's Sustainability Reporting Guide (3rd Edition), Bursa Securities's Toolkit and reference made to our risk management framework to ensure that our economic, environmental, social and governance risk profile remains relevant.

In FY2025, we conducted a review of its materiality matrix as part of its commitment to ensure that sustainability priorities remained relevant and aligned with the evolving landscape of challenges and opportunities. As a result, we confirmed that no changes were required to the existing materiality topics. This reaffirmation underscored the continued relevance of the identified priorities, which were detailed further in the report.

5. Materiality Assessment (cont'd)

Materiality Topic	Why Material to HSIB and Our Stakeholders	Potential Risk	Potential Opportunity	Corresponding UN SDG
<b>Economic Performance</b>	Strong economic growth creates long-term value for both the company and stakeholders.	Economic stagnation limits development and reduces employment opportunities.	Contributes to local economic growth and job creation.	SDG 8: Decent Work & Economic Growth SDG 11: Sustainable Cities & Communities SDG 12: Responsible Consumption & Production
<b>Responsible Food Production</b>	Responsible production ensures food safety, environmental balance, and community support.	Inefficient processes can impact quality, safety, and cost control.	Mitigates climate change, reduces costs, ensures quality products, and enhances reputation.	SDG 2: Zero Hunger SDG 3: Good Health & Well Being SDG 12: Responsible Consumption & Production
<b>Customer Satisfaction</b>	Satisfied customers are key to reputation and loyalty, driving long-term value.	Disatisfied customers may harm sales and reputation.	Builds brand reputation through loyalty, enhancing long-term value.	SDG 12: Responsible Consumption & Production
<b>Supply Chain Management</b>	Reliable supply chains ensure smooth procurement and distribution.	Disruptions may increase production costs.	A well-managed supply chain supports sustainable growth.	SDG 12: Responsible Consumption & Production
<b>Innovation</b>	Innovation drives new ideas, products, and business growth.	Investment in innovation may not yield expected returns or meet business objectives.	Expands market share, boosts sales, and improves operational efficiency through new products and streamlined processes.	SDG 9: Industry, Innovation & Infrastructure
<b>Energy Management</b>	Efficient energy use reduces operational and environmental costs.	High investment costs may not yield cost savings or environmental benefits.	Reduces operational costs and minimizes environmental impact.	SDG 7: Affordable & Clean Energy SDG 12: Responsible Consumption & Production SDG 13: Climate Action
<b>Climate Change</b>	Supporting global climate agendas enhances competitive edge through low-carbon operations.	Delaying the transition to low-carbon practices may result in missed opportunities.	Improves competitive advantage by capturing opportunities in the low-carbon economy.	SDG 9: Industry, Innovation & Infrastructure SDG 13: Climate Action
<b>Materials</b>	Sourcing quality raw materials influences product quality, production costs, and carbon emissions.	Supply disruptions and price volatility can affect quality, cost, and sustainability.	Sustainable sourcing reduces emissions, ensures quality, and supports the local economy.	SDG 12: Responsible Consumption & Production

5. Materiality Assessment (cont'd)

Materiality Topic	Why Material to HSIB and Our Stakeholders	Potential Risk	Potential Opportunity	Corresponding UN SDG
<b>Waste Management</b>	Efficient waste management ensures long-term sustainability and resource use efficiency.	Irresponsible production may lead to negative environmental impact and legal issues.	Minimizes environmental impact and reduces waste management costs.	<u>SDG 12</u> : Responsible Consumption & Production
<b>Water Management</b>	Proper water management reduces operational costs and protects the environment.	Inefficient water use may lead to scarcity, fines, and environmental damage.	Reduces operating costs and ensures sustainability.	<u>SDG 12</u> : Responsible Consumption & Production
<b>Health and Safety</b>	A safe working environment improves workforce productivity.	Poor safety practices lead to inefficiency, legal issues, and brand damage.	Enhances productivity, regulatory compliance, and employee retention.	<u>SDG 3</u> : Good Health & Well Being <u>SDG 4</u> : Quality Education <u>SDG 8</u> : Decent Work & Economic Growth
<b>Labour Practices &amp; Standards</b>	Compliance ensures a well-managed, effective workforce, enhancing recruitment and sustainable operations.	Non-compliance can lead to fines, lawsuits, demotivated staff, and loss of investor confidence.	Attracts skilled talent, enhances reputation, and promotes continuous innovation.	<u>SDG 4</u> : Quality Education <u>SDG 8</u> : Decent Work & Economic Growth
<b>Diversity and Inclusion</b>	Diversity fosters innovation and a strong company culture.	Lack of diversity can hinder innovation and harm the company's reputation.	Strengthens diverse culture, drives innovation, and fosters customer loyalty.	<u>SDG 5</u> : Gender Equality <u>SDG 8</u> : Decent Work & Economic Growth <u>SDG 10</u> : Reduced Inequalities
<b>Community Investment</b>	Investments in local communities enhance socio-economic development.	Deprived communities hinder local economic development.	Empowered communities support business opportunities and local growth.	<u>SDG 11</u> : Sustainable Cities & Communities
<b>Corporate Integrity &amp; Governance</b>	Good governance strengthens long-term value creation and reputation.	Non-compliance with governance leads to fraud, financial losses, and reputation damage.	Demonstrates transparency, boosting stakeholder confidence.	<u>SDG 16</u> : Peace, Justice & Strong Institutions
<b>Data Privacy and Security</b>	Ensures stakeholder confidence and prevents misuse of personal data.	Leaking confidential data violates compliance and harms reputation and finances.	Builds stakeholder confidence and strengthens trust.	<u>SDG 16</u> : Peace, Justice & Strong Institutions

## 6. Economic

### i. Economic Performance

The implementation of various measures by the Malaysian Government to support domestic consumption — including the disbursement of financial assistance programmes, subsidy initiatives, the increase in the minimum wage to RM1,700, and the phased adjustments to the civil service salary structure — contributed to improved disposable income among low- to middle-income groups. These measures, in turn, supported domestic consumption, particularly within the essential goods and fast-moving consumer goods segments.

During the financial year, the domestic market continued to face heightened competition arising from the increasing presence of imported biscuit brands, particularly from China and Indonesia. These brands intensified competitive pressures through price competitiveness, broader product offerings, and strong supply chain capabilities. Nevertheless, the Group continues to maintain a competitive position, supported by its long-established brand heritage, strong consumer trust and familiarity, Halal certification, and sustained emphasis on product quality and food safety standards.

Against this backdrop, the Group recorded stable to modest growth in the domestic market, with revenue increasing by 1.4% compared to FY2024.

In contrast, revenue from export markets declined by approximately 6.3%, mainly due to foreign exchange fluctuations and continued volatility in the Myanmar market.

Overall, the Group generated revenue of RM394.7 million for FY2025, representing a marginal decrease of 0.2% compared to FY2024, primarily attributable to the weaker performance in export markets.

### ii. Responsible Food Production

As a food and beverage processing company, we firmly believe that food safety and quality are non-negotiable requisites as our customers are our primary stakeholders. Providing quality products and earning our customers' loyalty means sustaining the continuous growth of HSIB.

In order to achieve this, we must consistently enhance the quality and nutritional value of our products by adhering to both local and international standards as follow:

Hup Seng Perusahaan Makanan (M) Sdn. Bhd.	In-Comix Food Industries Sdn. Bhd.
1. FSSC 22000 (V6) Food Safety Management System Certification	1. GMP (Good Manufacturing Practice) Certification
2. ISO 22000:2018 Food Safety Management System Certification	2. HACCP (Hazard Analysis and Critical Control Point) Certification
3. ISO 9001:2015 Quality Management System Certification	3. MeSTI (Food Safety is Responsibility of the Industry) Certification
4. HACCP (Hazard Analysis and Critical Control Point) Certification	
5. GMP (Good Manufacturing Practice) Certification	
6. MeSTI (Food Safety is the Responsibility of the Industry) Certification	

## 6. Economic (cont'd)

### ii. Responsible Food Production (cont'd)

We only manufacture, import and distribute products which have been certified Halal by the Department of Islamic Development Malaysia (JAKIM) and the relevant recognised Islamic authorities. This commitment allows our Muslim consumers to enjoy our products with confidence, knowing their religious practices are respected.

As official recognition of the quality excellence of our products, “Hup Seng Cream Crackers” received the Gold Medal every year from 1994 to 2003, followed by the Grand Gold Award from 2004 to 2019, and the Gold Quality Award from 2020 to 2025. In 2018, it earned the “25 Years Trophy” and was honored with the “International High Quality Trophy” in 2017, 2020, and 2023 by Monde Selection, Belgium.

The Group has always kept abreast of worldwide health concerns. As part of our continuous effort to produce healthier products, our research and development department is currently focused on using only ingredients that are free of partially hydrogenated oils (PHOs), including new and alternative ingredients.

Moreover, to assist consumers in making informed decisions, our product labeling is clear, accurate, and includes details on ingredients, nutritional information, storage instructions, and expiration dates in five languages: Malay, English, Chinese, French, and Arabic. The Halal logo is also prominently displayed to help Muslim consumers easily identify suitable products.

### iii. Customer Satisfaction

We prioritize positive customer experiences by actively listening to feedback and engaging with customers through digital platforms like Facebook and Instagram. This helps increase brand visibility and provides valuable insights into customer preferences and market trends.

The results of the customer satisfaction survey we received showed an increase in the customer satisfaction score in FY2025.

	FY2024	FY2025
Customer Satisfaction Score (%)	80.9	84.4

### iv. Supply Chain Management

We have supported local economic growth by partnering with businesses that meet our standards in the communities where we operate.

	FY2023	FY2024	FY2025
Proportion of spending on local suppliers (%)	92.8	97.6	97.1

## 7. Environment

HSIB recognises that our operations have impacts on the environment and thus supports pollutions prevention and environmental protection in all our business operations.

As part of our commitment to the environment, we adhere to a formal set of policies that provide guidance on environmental issues as well as all applicable regulations, including:

1. Environmental Quality (Scheduled Waste) Regulations 2005
2. Environmental Quality (Clean Air) Regulations 2014
3. Environmental Quality (Industrial Effluent) Regulations 2009
4. Other relevant local government regulations

We are proud to report zero incidents of non-compliance with environmental regulations over the last three financial years.

### i. Energy Management

We strive to use the most efficient mix of energy sources to reduce our operating costs, improve energy efficiency, and contribute to tackling global warming.

Our Electrical Energy Management (“EEM”) committee is responsible for reviewing and recommending energy-saving measures. By promoting a culture of conservation and sustainability, the committee helps not only to reduce our environmental impact but also to enhance operational efficiency. We make it a practice to turn off the lights in our office buildings during lunch breaks, as well as invest in eco-friendly, energy-saving lamps and light fixtures to reduce heat generation and energy consumption. We also reward employees for their innovative ideas on energy conservation.

	FY2023	FY2024	FY2025
Energy consumption within the Group (mil kWh)	33	37	39
Energy intensity (kWh per tonne)	1,021	977	1,015

Our energy consumption is comprised of electricity, natural gas, liquefied petroleum gas (“LPG”), diesel and gasoline consumed by the Group and energy intensity are based on total production of biscuits and beverages.

In 2025, the solar energy system generated a total of 1,068,262 kWh of electricity, which covers 13% of total electricity consumption of our factory sites.

## 7. Environment (cont'd)

### ii. Climate Change

We acknowledge that our business operations produce greenhouse gas emissions that contribute to climate change, and we are committed to improving energy efficiency to ensure responsible energy consumption and sustainable production.

We strive to manage our emissions by continuously monitoring and tracking them, while also identifying opportunities for improvement.

	FY2023	FY2024	FY2025
Scope 1 emissions (tonne CO <sub>2</sub> e)	5,317	5,993	6,688
Scope 2 emissions (tonne CO <sub>2</sub> e)	4,884	5,736	5,578
Scope 3 emissions (tonne CO <sub>2</sub> e)	2,840	2,263	2,083

Scope 1 refers to direct emissions such as fuel used in production and company-owned vehicles. Scope 2 refers to indirect emissions from purchased electricity and Scope 3 refers to indirect emissions from business travel and employee commuting.

In FY2025, with the implementation of the solar energy system, we avoided 827 tonne CO<sub>2</sub>e by utilizing electricity generated by the solar system.

### iii. Materials

To effectively manage waste, we focus on collaborating with our suppliers to ensure raw materials and packaging meet our purchasing policy and high-quality standards. We track, measure, and monitor losses during manufacturing processes, identifying key waste categories and streams. Additionally, we reduce and recycle generated waste through careful planning and continuous monitoring. Besides the above, we have developed applications that enable the storage and monitoring of data on a digital platform, eliminating the need for paper-based records and procedures.

	FY2023	FY2024	FY2025
Materials used by weight (thousand tonne)	35	40	41

## 7. Environment (cont'd)

### iv. Waste Management

Furthermore, we explore how waste from our operations can be minimized and put to alternative uses. By adopting this approach, we aim to not only reduce the environmental impact of our operations but also to enhance resource efficiency.

Waste Management (tonne)	FY2023	FY2024	FY2025
Waste diverted from disposal (food)	238	223	223
Waste diverted from disposal (non-food)	537	584	560
Total waste diverted from disposal	775	807	784

The food waste diverted from disposal includes biscuit scraps and oil scraps, which is repurposed as animal feed and biodiesel. Non-food waste, such as metal scraps and plastic scraps, is recycled by the waste collectors.

Through effective waste management practices, we can significantly reduce our environmental footprint, which can lead to potential cost savings for the Group. This involves continuously exploring innovative ways to repurpose waste materials and implement sustainable solutions across our value chain.

### v. Water Management

We ensure that wastewater generated from our facilities are treated and meets all regulatory requirements prior to its discharge into the environment. Our wastewater treatment system removes contaminants from wastewater and converts it into an effluent that can be returned to the water cycle. Furthermore, we engage an independent testing laboratory, accredited by the Department of Standards Malaysia, to monitor our industrial effluent discharge on a monthly basis.

For the past three financial years, we have not exceeded the acceptable conditions for discharge of industrial effluent set out in standard B.

	FY2023	FY2024	FY2025
Water consumption within the Group (m <sup>3</sup> )	37,206	61,354	57,909

In FY2025, a total of 743 m<sup>3</sup> of rainwater has been utilised in both manufacturing sites and workers' hostel for non-portable use such as cleaning.

## 8. Social

### i. Health and Safety

Given the importance of occupational health and safety (“OHS”), we adopt a zero-tolerance approach to OHS violations and adhere to the Occupational Safety and Health (Amendment) Act 2022, along with other applicable regulations.

Our OHS policy is continuously reviewed and strengthened to ensure the health and safety of all employees, both full-time and part-time. This is achieved through daily workplace inspections, regular on-the-job training, safety awareness briefings, induction training for new employees, specialized skill training for machine and forklift operators, and quarterly committee meetings, given the labour intensity and machinery complexity in our industry. The OHS committee also provides employees with a platform to identify potential improvements, offer feedback to management, and encourage them to take responsibility for their work environment.

In FY2025, a total of 827 employees underwent health and safety training, and we observed a 25% reduction in LTIR compared to FY2024.

	FY2023	FY2024	FY2025
Number of work-related fatalities	NIL	NIL	NIL
Number of accident cases	4	4	3
Lost time incident rate (“LTIR”) (Rate per millionth man hours)	1.39	1.33	0.99
Number of employees trained on health and safety standards	754	865	827
Employees trained on health and safety standards (%)	60.8	67.0	63.6

### ii. Labour Practices and Standards

The Group provide comprehensive training and development opportunities for all employees. The training topics focus on health and safety, labour practices, corporate integrity and governance, data privacy and security, responsible food production, sustainability / ESG, etc.

	FY2023	FY2024	FY2025
<b>Total hours of training by employee category</b>			
Management	1,527	2,553	2,366
Executive	2,434	4,203	3,583
Non-executive/Technical staff	3,352	6,107	3,492
General workers	6,856	6,876	7,224
Total training hours	14,169	19,739	16,665
<b>Average hours of training per year per employee</b>	11	15	13

## 8. Social (cont'd)

### ii. Labour Practices and Standards (cont'd)

#### Total number of employee turnover by employee category

To remain competitive with our peers and aligned with prevailing local market rates, we regularly review our compensation packages and ensure fair remuneration and working conditions for all employees. The benefits provided to all full-time employees include medical coverage, maternity leave, parental leave, long-service awards, and more.

	FY2023	FY2024	FY2025
Management	2	5	2
Executive	3	1	1
Non-executive/Technical Staff	64	57	29
General Workers	137	142	139

HSIB is committed in ensuring compliance to labour standards while also respect and promote human rights of all employees, irrespective of their nationality, are safeguarded. There have been no complaints or incidents of violations of human rights or labor laws and standards in the past three financial years.

### iii. Diversity and Inclusion

We are committed to fostering a work environment that values equality, openness, and freedom from bias and discrimination. To further enrich the organisation, we strive to attract and retain a diverse group of talent, regardless of gender, age, ethnicity, disabilities, skills, experience, or cultural background.

As of 31 December 2025, we employ 1,300 people, with 77.38% being permanent employees and the rest consisting of contractors or temporary staff. We have made steady progress in achieving gender equality, with women representing over 38.62% of our workforce. Our team includes individuals under the age of 30, who contribute fresh perspectives and help ensure a strong talent pipeline for future leadership roles. Additionally, a significant portion of our employees are between the ages of 30 and 50, providing valuable on-the-job training and mentorship to younger colleagues. The remainder of our workforce is over 50 years old, contributing stability and a clear sense of direction to the Group.

## 8. Social (cont'd)

## iii. Diversity and Inclusion (cont'd)

Percentage of employees by gender and age group, for each employee category

	FY2023	FY2024	FY2025
<i>Age Group by Employee Category</i>			
Management Under 30	NIL	NIL	NIL
Management Between 30-50	13.64%	12.20%	14.63%
Management Above 50	86.36%	87.80%	85.37%
Executive Under 30	NIL	NIL	5.56%
Executive Between 30-50	56.92%	54.69%	40.28%
Executive Above 50	43.08%	45.31%	54.17%
Non-executive/Technical Staff Under 30	10.93%	12.04%	9.40%
Non-executive/Technical Staff Between 30-50	56.62%	55.84%	55.64%
Non-executive/Technical Staff Above 50	32.45%	32.12%	34.96%
General Workers Under 30	45.18%	45.66%	38.65%
General Workers Between 30-50	37.83%	35.89%	41.26%
General Workers Above 50	16.99%	18.44%	20.09%
<i>Gender Group by Employee Category</i>			
Management Male	65.91%	65.85%	63.41%
Management Female	34.09%	34.15%	36.59%
Executive Male	50.77%	45.31%	47.22%
Executive Female	49.23%	54.69%	52.78%
Non-executive/Technical Staff Male	37.09%	42.34%	41.35%
Non-executive/Technical Staff Female	62.91%	57.66%	58.65%
General Workers Male	72.89%	69.59%	68.19%
General Workers Female	27.11%	30.41%	31.81%

## 8. Social (cont'd)

### iii. Diversity and Inclusion (cont'd)

#### Percentage of directors by gender and age group

	FY2023	FY2024	FY2025
<i>By gender</i>			
Male	75.00%	75.00%	75.00%
Female	25.00%	25.00%	25.00%
<i>By age</i>			
Under 30	6.25%	NIL	NIL
Between 30-50	25.00%	18.75%	18.75%
Above 50	68.75%	81.25%	81.25%

#### Percentage of employees that are contractors or temporary staff

	FY2023	FY2024	FY2025
Permanent	78.08%	81.02%	77.38%
Contractors or Temporary Employees	21.92%	18.98%	22.62%

### iv. Community Investment

Over the years, we have collaborated with non-governmental organisations, government agencies, and educational institutions to support community-based programs and initiatives, such as food donations and fundraising campaigns. Furthermore, we have contributed to local economic growth by creating employment opportunities in the communities where we operate.

In FY2025, we invested RM151,945 in corporate social responsibility activities across 363 organisations.

	FY2023	FY2024	FY2025
<b>Total amount invested in the community where the target beneficiaries are external to the listed issuer</b>			
Amount invested in the communities (RM)	127,419	140,061	151,945
Number of beneficiaries	373	389	363
<b>Number of new local hires</b>	176	256	186

## 9. Corporate Integrity and Governance

HSIB's Board believes that only through good corporate governance, corporate accountability can be enhanced and, thus, long-term shareholders' values realised. Practising good governance meant setting the direction and environment for all stakeholders to play a role.

### i. Anti-Bribery and Anti-Corruption

We are committed to conducting business with integrity and complying with the Malaysia Anti-Corruption Commission Act. We have also established an anti-bribery and anti-corruption ("ABAC") committee and policy, along with a code of conduct and whistleblowing policy, to help our employees understand their roles and responsibilities.

As of 31 December 2025, all our directors and employees have read, acknowledged, and agreed to comply with our ABAC policy. We are pleased to report that there have been no incidents of corruption, discrimination, harassment, human rights violations, forced labour, or child labour in the past three financial years.

	FY2023	FY2024	FY2025
<b>Percentage of employees who have received training on anti-corruption by employee category</b>			
Management	95.45%	97.62%	97.56%
Executive	96.92%	100.00%	97.22%
Non-executive/Technical Staff	98.34%	98.91%	95.49%
General Workers	95.66%	96.71%	94.03%
<b>Percentage of operations assessed for corruption-related risks</b>	NIL	100%	100%
<b>Confirmed incidents of corruption and action take</b>	NIL	NIL	NIL

### ii. Data Privacy and Security

We have established various internal controls and IT policies to safeguard our systems and data. These include the System Requisition Policy to manage user access rights and application system maintenance, the Computer System Security Policy to strengthen password security and system data backup procedures, and the Backup Data Encryption Policy to protect sensitive data like financial records. We also have an IT Disaster Recovery Plan in place, outlining procedures to ensure data integrity, system uptime, and business continuity in the event of an emergency.

Additionally, we conducted Cybersecurity Awareness Training for all our system and email users, covering essential topics such as understanding company policies, password management, safe internet use, and sensitive data protection. This training educates employees on secure practices, including data classification, processing, storage, and disposal. In FY2025, a total of 201 participants completed the training.

Over the past three financial years, we have not received any substantiated complaints regarding breaches of customer privacy or loss of customer data. We do not disclose or use personal customer information for any purposes other than those agreed upon.

# CG Overview Statement

## Principle A - Board Leadership and Effectiveness

The Board recognises its role in realising the best interests of the shareholders and other stakeholders while enhancing the financial performance of the Group. The Board believes that through good corporate governance, corporate accountability shall be enhanced and thus long term shareholders' values be realised. This CG Overview Statement is prepared by applying Malaysia Code on Corporate Governance 2021 ("MCCG 2021"), Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and Companies Act 2016. The application of Practices set out in the MCCG 2021 for the financial year 2025 is disclosed in the CG Report which can be downloaded at [www.hsib.com.my](http://www.hsib.com.my).

During the year, the Board discharged its duties and responsibilities objectively as stated in the Board Charter and applied Practice 1.1 of MCCG 2021 for financial year 2025.

In line with MCCG 2021 Practice 1.3, the roles and responsibilities of Chairman and Managing Director are separated. The responsibility of Chairman is primarily to ensure that conduct and working of the Board is in an orderly and effective manner whilst the Managing Director manages the daily running of business and implementation of Board and management policies. The Managing Director is accountable for the profitable operation and strategic development of the Group, and is obliged to refer major matters back to the Board.

Prior to Board meetings, the Company Secretary and management would provide agenda and board papers to the Board members at least five (5) working days before the Board and Committee meetings. The board papers include but not limit to, minutes of previous meeting, quarterly financial results, internal and external audit report(s), Enterprise Risk Management reports, supporting management reports, consultant reports and directors' interests. In addition, the Board also receives qualitative information from relevant departments of the Group, as needs arise. The Company Secretary helps the Board and Committees function effectively and in accordance with their terms of reference and best practices. The Company Secretary advises the Board and Committee on its roles and responsibilities, corporate disclosures and compliance with companies and securities regulations and Listing Requirements. Our Board members ensure that the minutes of meetings accurately reflect the deliberations and decisions of the Board and Committee, including whether any Director abstained from voting or deliberating on a particular matter.

Board Charter which sets out the structure, strategic intents and responsibilities of the Board as well as the whistleblowing policy is published at [www.hsib.com.my](http://www.hsib.com.my). The Company applied Practice 2.1 of MCCG 2021 in maintaining its Board Charter. The Board Charter is reviewed periodically by the Board and as needs arise. The last review of the Board Charter was on 23 February 2026.

The Company meets the Listing Requirements Chapter 15.02(1) and (2) by having one-third (1/3) of its Board members being Independent Non-Executive Directors. This board structure provides an effective balance of corporate accountability to the Group, the Independent Directors contribute their independent judgment and knowledge to the management whilst the Executive Directors conduct their day-to-day duties. The Independent Non-Executive Directors on the Board were elected with the objective of safeguarding the shareholders' interests whilst contributing impartial and objective judgment to the decision making process of the Board. Through these years, these Independent Non-Executive Directors have provided invaluable advices to the Board and practised fair professional judgments while considering corporate matters.

The Board assessed the independence of the Independent Non-Executive Directors by adopting the criteria used in defining "independent directors" in Main Market Practice Note 13 and concluded that all the Independent Non-Executive Directors continued to conduct and behave independently for the financial year ended 31 December 2025. Independence criteria such as whether each of the Independent Non-Executive Directors is independent of the Company's management and free from any business or other relationship which could interfere with the exercise of independent judgment or the ability to act in the best interest of the Company and shareholders, have all been considered and assessed. The Board is of the view that the Independent Non-Executive Directors have remained independent and objective throughout their years of services and most importantly, they discharged their duties with integrity and competence. In financial year 2025, the tenure of all Independent Non-Executive Directors did not exceed a cumulative limit of nine (9) years.

## CG Overview Statement (cont'd)

### Principle A - Board Leadership and Effectiveness (cont'd)

The Board members possess professional expertise, industrial knowledge and working experience in various fields that contribute effectively to the formulating as well as the achieving of corporate goals and strategic plans of the Group. The terms of reference of the Board Committees clearly stated that all the committees have the authority to act on behalf of the Board or to examine a particular issue and report back to the Board with recommendation.

The Company has embedded gender diversity in its corporate culture and maintained at least 30% women directors in its board since the day it was listed. The Board considered its members composition as having a healthy mix of genders, professional skills, working experience and age group and would continue to upkeep such diversity. The diversity policy can be found at the company website ([www.hsib.com.my](http://www.hsib.com.my)).

Eight (8) board meetings were conducted in the financial year 2025, discussing and reviewing quarterly and annual financial results, internal audit reports, dividend proposals, risk management matters, tax matters, investment proposals and considerations, corporate strategy and corporate exercises. The composition of the Board and the attendance of the individual directors during the financial year ended 31 December 2025 are as follows:-

Name of Director	Designation	No. of meetings attended (out of the total 8 meetings held)
Kerk Kar Han	Non-Executive Chairman	8/8
Kerk Chiew Siong	Managing Director	8/8
Kerk Chian Tung (f)	Executive Director	8/8
Teo Lee Teck	Non-Independent Non-Executive Director	7/8
Kuo Liong Yok	Non-Independent Non-Executive Director	8/8
Kerk Shiang Yih (f)	Non-Independent Non-Executive Director	8/8
Lim Poh Seong	Independent Non-Executive Director	8/8
Dr. Voon Yuen Hoong (f)	Independent Non-Executive Director	8/8
Lee Ting Kiat	Independent Non-Executive Director	8/8

**Principle B - Effective Audit and Risk Management**

The Chairperson of Audit Committee member has been an Independent Director since this committee was first set up and this requirement is part of the Terms of Reference of Audit Committee.

The Terms of Reference of the Audit Committee clearly specified that a cooling off period of at least three (3) years needed to be fulfilled before a former partner of the external audit firm can be considered to be appointed as a member of the Audit Committee.

The Audit Committee has the necessary knowledge about accounting and finance and demonstrates an appropriate level of vigilance and scepticism towards detecting financial anomalies or irregularities in the financial statement and comprehensive management information. The Audit Committee also probed the management and external auditors on significant matters and ascertained whether the financial statements are consistent with operational and other information known and acquired.

The Board is aware of the importance of establishing and maintaining a sound system in Risk Management and Internal Control in the Company and its subsidiaries to safeguard shareholders' interest and Group's assets. Hence, the Group started an Enterprise Risk Management ("ERM") system based on an internationally recognised risk management framework ISO 31000 in 2015. In the ERM system, the levels of risk tolerance were determined and reviewed periodically, key business risks were identified, detected, assessed, minimised and monitored. Then, risk profiles of the individual companies would be reviewed and updated by the management of the respective companies, and discussed during the Sustainability and Risk Management Committee meeting at least once a year.

Audit Committee and the Board reviewed and examined the effectiveness and efficiency of internal control system on finance, production, sales, human resources, procurement, business sustainability and compliance; addressed any shortcomings in internal control to enable timely rectification and improvement; reviewed existing internal policies, procedures and practices with the objective of putting in place robust surveillance mechanisms to prevent operational abuse behaviour.

The engagement of internal auditors is one of the many ways of reviewing and assessing the effectiveness of the risk management and internal control system of the Group. Both the Board and Management will rectify the weaknesses detected by the internal auditors through either adopting the recommendations made by the internal auditors or developing its own alternatives to eliminate such weaknesses. The role and function of the internal auditors are outlined in the Audit Committee Report.

**Principle C – Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders**

The Annual Report, press release as well as disclosures and announcements to Bursa Securities, such as quarterly and annual financial results are the primary means of communication between the Company and shareholders. The Board acknowledges the importance of disseminating information adhering to the disclosure requirements of the Bursa Securities to the shareholders on a timely basis and consequently ensures that the investors are well informed of any major developments of the Group. Notice of the AGM is issued to the shareholders at least 28 days prior to the date of AGM, in which separate resolutions to be proposed at the AGM for each distinct issue are provided.

The AGM serves as the primary forum to foster dialogue with shareholders. The Board noted that Section 195(1) of the Companies Act 2016 requires the Chairperson of a meeting to allow a reasonable opportunity for shareholders at the AGM to question, discuss, comment or make recommendation on the management of the Company and the Board ensures that adequate time is allocated for the question and answer session so that shareholders can clarify matters in relation to resolutions being proposed at the meeting as well as operational and corporate affairs. By applying Practice 13.2 of MCCG 2021, the Chairperson of the Board and the Committees are prepared to address questions from the floor during the General Meetings. By complying with Paragraph 8.29A of the Listing Requirements, the Company has facilitated electronic voting by poll and votes were scrutinised by independent scrutineers. Upon request, the Executive Director will meet up with the investors, press and investment analysts, and disseminate information adhering to the disclosure requirements of Bursa Securities.

In line with MCCG 2021, the Company has a corporate website which provides information on corporate and group information, board charter, quarterly results and annual reports through a more user friendly and timely manner.

## CG Overview Statement (cont'd)

### Principle C – Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders (cont'd)

#### Directors' Remuneration

Fee and benefits payable to directors are subject to annual approval of shareholders during the Annual General Meeting. Remuneration policy of the Group was developed in the year of 2019 and is subject to review periodically by the Board of Directors. This policy is available on [www.hsib.com.my](http://www.hsib.com.my).

Listed below is a summary of the aggregate remuneration package of the Directors received/receivable from the Company and its subsidiaries for the financial year ended 31 December 2025, categorised into appropriate components.

Group							
	Fees RM	Allowances RM	Salaries RM	Bonuses RM	Benefits- in-kind RM	Other emoluments RM	Total RM
<b>Executive:</b>							
Kerk Chiew Siong	160,000	7,700	780,000	325,000	42,698	295,030	1,610,428
Kerk Chian Tung	90,000	5,600	408,180	170,075	-	179,242	853,097
<b>Non-Executive (but holding executive position in subsidiaries):</b>							
Kerk Kar Han	160,000	8,200	375,840	156,600	31,941	227,147	959,728
Teo Lee Teck	160,000	6,800	411,000	171,250	20,759	232,690	1,002,499
Kuo Liong Yok	160,000	8,200	429,000	178,750	8,920	186,640	971,510
Kerk Shiang Yih	160,000	8,200	352,980	147,075	8,920	174,536	851,711
<b>Non-Executive:</b>							
Lim Poh Seong	100,000	6,100	-	-	-	-	106,100
Dr. Voon Yuen Hoong	100,000	6,100	-	-	-	-	106,100
Lee Ting Kiat	100,000	6,100	-	-	-	-	106,100
<b>TOTAL</b>	<b>1,190,000</b>	<b>63,000</b>	<b>2,757,000</b>	<b>1,148,750</b>	<b>113,238</b>	<b>1,295,285</b>	<b>6,567,273</b>

CG Overview Statement (cont'd)

Principle C – Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders (cont'd)

Directors' Remuneration (cont'd)

Company						
	Fees RM	Allowances RM	Salaries RM	Bonuses RM	Other emoluments RM	Total RM
<b>Executive:</b>						
Kerk Chiew Siong	90,000	5,600	-	-	-	95,600
Kerk Chian Tung	90,000	5,600	408,180	170,075	179,242	853,097
<b>Non-Executive (but holding executive position in subsidiaries):</b>						
Kerk Kar Han	90,000	6,100	-	-	-	96,100
Teo Lee Teck	90,000	5,400	-	-	-	95,400
Kuo Liong Yok	90,000	6,100	-	-	-	96,100
Kerk Shiang Yih	90,000	6,100	-	-	-	96,100
<b>Non-Executive:</b>						
Lim Poh Seong	100,000	6,100	-	-	-	106,100
Dr. Voon Yuen Hoong	100,000	6,100	-	-	-	106,100
Lee Ting Kiat	100,000	6,100	-	-	-	106,100
<b>TOTAL</b>	<b>840,000</b>	<b>53,200</b>	<b>408,180</b>	<b>170,075</b>	<b>179,242</b>	<b>1,650,697</b>

## CG Overview Statement (cont'd)

### Directors' Training

Directors are encouraged to attend any form of training to enhance their knowledge and expertise in relations to the industry, laws and regulations, business environment and etc. To date, all Directors have attended the Mandatory Accreditation Programme ("MAP"), MAP Part II and sufficient Continuing Education Programme ("CEP") as required by Bursa Securities. The Directors continue to attend relevant seminars and programmes to keep their knowledge and expertise updated.

In 2025, training programmes attended by directors of the Company are as follows:-

Name of Directors	Program Title	Date of Program	Organiser
Kerk Kar Han	1. Anti-Bribery and Corruption Management System	18 Aug 2025	Kinaki Management Consultants Sdn Bhd
	2. Together We Build Sustainable Performance	22 & 23 Sept 2025	Kinaki Management Consultants Sdn Bhd
	3. Climate Change and GHG Management Training	22 Oct 2025	Eco Sentido Sdn Bhd
Kerk Chiew Siong	1. Anti-Bribery and Corruption Management System	18 Aug 2025	Kinaki Management Consultants Sdn Bhd
	2. Climate Change and GHG Management Training	22 Oct 2025	Eco Sentido Sdn Bhd
Teo Lee Teck	1. TQCSI HACCP CODE: 2024 Food Safety program – HACCP requirements	21 April 2025	Integrated Alliance Certification Services PLT
	2. Anti-Bribery and Corruption Management System	12 Aug 2025	Kinaki Management Consultants Sdn Bhd
	3. Climate Change and GHG Management Training	21 Oct 2025	Eco Sentido Sdn Bhd
Kuo Liong Yok	1. Together We Build Sustainable Future	12 & 13 July 2025	Kinaki Management Consultants Sdn Bhd
	2. Anti-Bribery and Corruption Management System	12 Aug 2025	Kinaki Management Consultants Sdn Bhd
	3. Climate Change and GHG Management Training	21 Oct 2025	Eco Sentido Sdn Bhd

## CG Overview Statement (cont'd)

### Directors' Training (cont'd)

Name of Directors	Program Title	Date of Program	Organiser
Kerk Shiang Yih	1. Together We Build Sustainable Future	12 & 13 July 2025	Kinaki Management Consultants Sdn Bhd
	2. Anti-Bribery and Corruption Management System	12 Aug 2025	Kinaki Management Consultants Sdn Bhd
	3. Climate Change and GHG Management Training	21 Oct 2025	Eco Sentido Sdn Bhd
Kerk Chian Tung	1. Company Constitution in Malaysia – Live webinar	8 Oct 2025	CPA Australia
Lim Poh Seong	1. Virtual MIA International Accountants Conference 2025 Collaborative Leadership for a Sustainable Future	26 & 27 May 2025	Malaysian Institute of Accountants
	2. Case Study – Based Webinar: IFRS S1 and S2: The Essentials	3 Oct 2025	Malaysian Institute of Accountants
Dr Voon Yuen Hoong	1. Rethinking Risk: Aligning Uncertainty with Opportunity	28 July 2025	Institute of Corporate Directors Malaysia
Lee Ting Kiat	1. Capital Markets and M&A Forum 2025: Malaysia Edition	11 April 2025	ARC Group
	2. Tax and Business Summit 202	5 November 2025	KPMG

# Statement of Directors' Responsibilities in Relation to Financial Statements

The Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year and of the income statement and cash flows of the Company and the Group for the financial year. This financial statements of the Group and of the Company are prepared in accordance with MFRS Accounting Standards, IFRS Accounting Standards, the requirements of the Companies Act 2016 ("the Act") and pursuant to Paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

In preparing the financial statements, the Directors have:-

- adopted appropriate accounting policies and applied them consistently;
- made reasonable and prudent judgements and estimates; and
- prepared the financial statements on a going concern basis.

The Directors are responsible for ensuring that the Company and the Group keep adequate accounting records that disclose with reasonable accuracy the financial position of the Company and the Group, and hence enable them to ensure that the financial statements comply with the requirements of the Act.

The Directors also have general responsibilities for taking reasonably available steps to safeguard the assets of the Group, and to detect and prevent fraud and other irregularities.

This statement was approved by the Board on 18 March 2026.

## Other Compliance Information

### Utilisation of Proceeds

No proceeds were raised by the Company from any corporate proposal during the financial year.

### Contracts Relating to Loan

There were no contracts relating to a loan by the Company and its subsidiaries in respect of the preceding terms.

### Sanctions and Penalties

There were no sanctions or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year.

### Material Contracts

None of the Directors and major shareholders has any material contract with the Company and/or its subsidiaries during the financial year.

### Non-Audit Fee

The amount of non-audit fees paid or payable to the External Auditors or a firm or corporation affiliated to the auditors' firm for the financial year ended 31 December 2025 are as follows:-

Particular	Group RM	Company RM
Non-Audit Fees paid or payable to External Auditor		
- Review of the Statement on Risk Management and Internal Control	7,000	7,000
Non-Audit Fees paid or payable to a firm or corporation affiliated to the auditors' firm		
- Taxation services	62,300	6,500
- Accounting support services	7,400	2,300

### Disclosure of Financial Data for Shariah Screening

Pursuant to Paragraph 9.25A of the MAIN Market Listing Requirements, below are the financial data that are relevant for purpose of Shariah screening by the Shariah Advisory Council of the Securities Commission Malaysia. These include financial data on Shariah non-permissible income arising from the Group's business activities and interest-based financial position.

#### (a) Group Total Income and Total Assets

Total Income	Remarks	Group	
		2025 RM	2024 RM
Revenue		394,670,122	395,349,402
Interest/Finance income		2,242,523	2,715,765
Other income		1,531,757	1,533,448
<b>Total</b>		<b>398,444,402</b>	<b>399,598,615</b>
<b>Total Assets</b>		<b>248,903,758</b>	<b>251,068,346</b>

## Other Compliance Information (cont'd)

### Disclosure of Financial Data for Shariah Screening (cont'd)

#### (b) Business Activities

Shariah Non-Compliant Activities	Remarks	Group	
		2025 RM	2024 RM
Interest income	Conventional	578,827	691,656
Rental income received from tenant involved in Shariah non-compliant activities		340,500	333,300
Other activities deemed non-compliant according to Shariah principles as determined by the SAC (please specify in the remarks column)	Gain on disposal of property, plant and equipment	94,800	55,596
Other activities deemed non-compliant according to Shariah principles as determined by the SAC (please specify in the remarks column)	Other income	1,096,457	1,144,552
<b>Total</b>		<b>2,110,584</b>	<b>2,225,104</b>

#### (c) Component of Financial Position

##### (i) Cash Component

Islamic Account/Instruments	Remarks	Group	
		2025 RM	2024 RM
Deposits with licensed bank		56,800,000	54,900,000
<b>Total Cash</b>		<b>56,800,000</b>	<b>54,900,000</b>

Conventional Account/Instruments	Remarks	Group	
		2025 RM	2024 RM
Deposits with licensed bank		15,750,000	20,600,000
Cash and bank balances (exclude cash in hand)		11,171,715	7,585,389
Other cash equivalents (please specify in the remarks column)	Cash in hand	24,282	23,730
<b>Total Cash</b>		<b>26,945,997</b>	<b>28,209,119</b>

## Other Compliance Information (cont'd)

### Disclosure of Financial Data for Shariah Screening (cont'd)

#### (c) Component of Financial Position (cont'd)

##### (ii) Debt Component

	Remarks	Group	
		2025 RM	2024 RM
<b>Islamic Financing</b>			
<b>Current</b>		N/A	N/A
<b>Non-Current</b>		N/A	N/A
<b>Total Financing</b>		N/A	N/A

	Remarks	Group	
		2025 RM	2024 RM
<b>Conventional Borrowing</b>			
<b>Current</b>		N/A	N/A
<b>Non-Current</b>		N/A	N/A
<b>Total Debt</b>		N/A	N/A

# Audit Committee

This Audit Committee Report was prepared in accordance with Paragraph 15.15(1) and (2) of the Main Market Listing Requirements (“LR”) and provided information as required under Paragraph 15.15(3) of the LR.

## COMPOSITION

The Committee comprised three (3) members, all of whom are Independent Non-Executive Directors. Such composition meets the requirement of Paragraph 15.09(1)(a) and Paragraph 15.10 of the LR. Dr. Voon Yuen Hoong and Lim Poh Seong are fellow members of the Association of Chartered Certified Accountants (“ACCA”) and meet the requirements of Paragraph 15.09(1)(c)(ii) of the LR. In financial year 2025, the members of the Committee and their respective designations were as follows:-

- ▶ Dr. Voon Yuen Hoong (f)  
(Chairperson of Audit Committee, Independent Non-Executive Director)
- ▶ Lim Poh Seong  
(Member, Independent Non-Executive Director)
- ▶ Lee Ting Kiat  
(Member, Independent Non-Executive Director)

## ACTIVITIES DURING THE YEAR

### Meetings

The Audit Committee meets regularly, with five (5) meetings held during the financial year ended 31 December 2025. Prior to each Audit Committee meeting, a full set of Audit Committee papers and due notice of issues to be discussed are given on a timely basis. All meetings are attended with the presence of Company Secretary whereby all proceedings and conclusion from the Audit Committee meetings are minuted and signed by the Chairperson. The External Auditors and Group Financial Controller were invited to attend these meetings to advise and clarify the accounting issues and company matters. Chairperson of the Audit Committee maintained a constant flow of communication with Chairman of the Board, Managing Director, Group Financial Controller, Head of External and Internal Auditors, in order to be kept informed and updated with matters affecting the Group.

The dates and attendees of the meetings held are stated below:-

Attended by	Dates of Meeting					Total meetings attended
	10 Feb 2025	17 Mar 2025	21 May 2025	11 Aug 2025	10 Nov 2025	
Dr. Voon Yuen Hoong (f)	✓	✓	✓	✓	✓	5/5
Lim Poh Seong	✓	✓	✓	✓	✓	5/5
Lee Ting Kiat	✓	✓	✓	✓	✓	5/5

## **Audit Committee (cont'd)**

### **ACTIVITIES DURING THE YEAR (cont'd)**

#### ***Meetings (cont'd)***

The Audit Committee carried out the following activities during the financial year:-

- o Reviewed the quarterly unaudited financial reports before recommending them to the Board of Directors for subsequent consideration and approval.
- o Reviewed the audited financial statements before submitting them to the Board, ensuring that the financial statements were prepared in accordance with the applicable approved accounting standards and provisions of the Companies Act 2016.
- o Evaluated the performance of the External Auditors and made recommendations on their appointment to the Board.
- o Discussed and attended to the key aspects of business operations that would affect the profitability and growth of the Company and its subsidiaries.
- o Reviewed the risk management and internal control systems of the Group for the year.
- o Reviewed Internal Audit reports by outsourced Internal Auditors to ensure the effectiveness of internal controls.
- o Met with External Auditors, without the presence of management to discuss financial issues and other related matters thereof.
- o Reviewed the quarterly management reports, which provided the detailed breakdown of income statements of the three subsidiaries, revenue analysis, principal markets of manufactured products, analysis of sales outlets, production output and capacity, etc.
- o Reviewed and discussed Related Party Transactions (“RPT”) and Recurrent Related Party Transactions (“RRPT”) with the Group Financial Controller, the External Auditors and the Company Secretary, to ascertain if the transactions are conducted at arm’s length and on normal commercial terms, and such transactions are not detrimental to the interest of minority shareholders.

Duties and responsibilities of the Committee were discharged according to its Terms of Reference.

#### **Internal Audit activities during the year**

Internal audit function was conducted by an outsourced professional firm with an objective that independent feedback and reviews will be provided to the Audit Committee and subsequently the Board of Directors. The Audit Committee reviewed through the findings of the internal auditors to ensure that any major weaknesses are recognised and rectified on a timely basis and an effective and efficient risk management and internal control systems are maintained.

Two (2) internal audit reports were provided to the Audit Committee this year. The internal auditors reported on their findings, recommended corrective measures to be taken by the management and the management responses thereto. During the financial year, there was no material internal control weakness that would have resulted in any significant loss to the Group.

Further review on internal control system was also done by the Audit Committee through discussion with relevant management personnel during the Board meeting whereby other concerns were addressed.

# Board Committee

## Nomination Committee

All the three (3) Nomination Committee members appointed are Independent Non-Executive Directors and they are namely:-

- Lee Ting Kiat  
(Chairperson of Nomination Committee, Independent Non-Executive Director)
- Lim Poh Seong  
(Member, Independent Non-Executive Director)
- Dr. Voon Yuen Hoong (f)  
(Member, Independent Non-Executive Director)

## The Nomination Committee is responsible for:-

- o Reviewing composition of the Board and making recommendation on the appointment of new Director and Board Committees member to the Board.
- o Choosing suitable candidates for the Board and Board Committees by taking into consideration the recommendations from existing board members, management or shareholders and/or sourcing from a directors' registry and open advertisements or engaging independent search firms. The Committee will provide explanation if a director is chosen solely based on recommendations from directors, management or shareholders.
- o Conducting annual review on the mix of skills, experience, core competencies, integrity and time commitment of the Directors, in order to determine if the Directors have effectively discharged their duties.
- o Reviewing on an annual basis the appropriate balance and size of the Board for determination of the number and suitability of Directors on the Board.
- o Recommending suitable orientation, educational and training programmes to continuously train and equip the existing and new Directors.
- o Assessing the effectiveness of the Board, the Board Committees and the contribution of each individual director.
- o Reviewing and assessing the gender diversity of the Board.
- o Reviewing the succession plan of the Board.
- o Assessing and recommending to the Board, the continuation of terms of office of Independent Directors while applying MCCG 2021.

The Committee may use the services of professional recruitment companies to source for the appropriate candidates for directorship. In carrying out its duties and responsibilities, the Nomination Committee will basically have full, free and unrestricted access to the Company's records, properties and personnel.

Nomination Committee conducts annual assessment on the individual directors, taking into consideration the contributions of the directors in the Board Committees and the Board. These assessments are documented. The Board has been maintaining diversity of gender and age since listed and has three female directors on the Board.

During the financial year, the Committee convened one (1) meeting on 3 November 2025 with the presence of Lee Ting Kiat, Lim Poh Seong and Dr. Voon Yuen Hoong.

## Board Committee (cont'd)

### Remuneration Committee

All of the Committee members appointed are Non-Executive Directors. Members of the Remuneration Committee are namely:-

- Lim Poh Seong  
(Chairperson of Remuneration Committee, Independent Non-Executive Director)
- Lee Ting Kiat  
(Member, Independent Non-Executive Director)
- Kuo Liong Yok  
(Member, Non-Independent Non-Executive Director)

The Remuneration Committee is responsible for:-

- o Assessing the performance and commitment of the Group's Directors and senior management officers and ensuring their remuneration package reflects their involvements, responsibilities undertaken, contributions and levels of performance for the year.
- o Reviewing and approving recommendations of the management on the salary increment, bonus and other benefits of the Group's Directors and senior management officers, which should be made based on the individual's performance and responsibilities.
- o Establishing and reviewing the component parts of remuneration by referring closely to the performance, business strategy and long-term objectives of the Company. Subsequently, Remuneration Committee will align rewards to individual performance and assess the needs of the Company for talent at all relevant levels at a particular time.
- o Recommending to the Board on the appropriateness of the remuneration package of the Directors and senior management officers based on their assessment.

The individual Directors, including Executive Directors and Non-Executive Directors (including the Non-Executive Chairman) should abstain from the deliberations and voting on decisions in respect of their own remuneration package and entitlement.

In carrying out its duties and responsibilities, the Remuneration Committee shall have full, free and unrestricted access to the Group's records, properties and personnel, information and advices both from within the Group and externally as it deems necessary or appropriate in accordance with the procedures determined by the Board. The Remuneration Committee may, if it thinks fit, engage external advisers with relevant experience and expertise to consult on the appropriateness of the remuneration packages of Board members as well as senior management officers.

One (1) meeting was held on 10 November 2025 with full attendance.

# Statement on Risk Management & Internal Control

## Introduction

The Board of Directors (“the Board”) is pleased to present the Statement on Risk Management and Internal Control (“this Statement”) of Hup Seng Industries Berhad (“the Company”) and its subsidiaries, namely Hup Seng Perusahaan Makanan (M) Sdn. Bhd., Hup Seng Hoon Yong Brothers Sdn. Bhd. and In-Comix Food Industries Sdn. Bhd. (hereinafter collectively referred to as “Hup Seng Group”) which outlines the nature and scope of the risk management and internal control of Hup Seng Group for the financial year ended 31 December 2025 and up to the date of approval of this Statement for inclusion in the Annual Report.

This Statement has been prepared pursuant to Paragraph 15.26 (b) of Bursa Malaysia Securities Berhad (“Bursa Securities”)’s Main Market Listing Requirements (“Listing Requirements”), and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“the Guidelines”) and Principle B of the Malaysian Code on Corporate Governance 2021 (“MCCG 2021”).

## Board Responsibility

The Board acknowledges its responsibilities in maintaining a sound system of risk management and internal control to safeguard shareholders’ investments and Hup Seng Group’s assets as well as reviewing its adequacy and effectiveness.

In view of the limitations that are inherent in any system of risk management and internal control, the system is designed to manage and mitigate rather than eliminate the risk of failure to achieve Hup Seng Group’s business objectives. Thus, the system of risk management and internal control can only provide reasonable, but not absolute assurance against material misstatement or loss.

## Risk Management Process

A framework for Enterprise Risk Management (“ERM”) has been established in accordance with the international standard for risk management, ISO 31000:2018, with the objective of setting clear guidelines in relation to the level of risks acceptable to Hup Seng Group. Moreover, the framework is designed to ensure effective risk management and promote the achievement of Hup Seng Group’s objectives.

Hup Seng Group has in place an on-going process for identifying, evaluating and managing the principal risks that may affect the attainment of Hup Seng Group’s business objectives. In addition, the directors, key management personnel and department heads of each subsidiary company have clear accountabilities to: -

- Continuously identify, evaluate and manage risks relevant to the business in achieving Hup Seng Group’s business objectives;
- Develop, implement and monitor the risk management framework in accordance with Hup Seng Group’s strategic vision and overall risk appetite; and
- Identify changes in existing and emerging risks, initiate appropriate actions and promptly bring these to the attention of the Sustainability and Risk Management Committee (“SRMC”) and the Board.

## Statement on Risk Management & Internal Control (cont'd)

### Risk Management Process (cont'd)

The Board is assisted by the SRMC, which is led by an Independent Non-Executive Director in overseeing Hup Seng Group's risk management efforts. The composition of the SRMC is as follows:-

Lim Poh Seong	Chairman of SRMC, Independent Non-Executive Director
Dr. Voon Yuen Hoong	Member, Independent Non-Executive Director
Lee Ting Kiat	Member, Independent Non-Executive Director
Teo Lee Teck	Member, Chairman of Risk Working Committee ("RWC"), Non-Independent Non-Executive Director
Kerk Kar Han	Member, Non-Independent Non-Executive Chairman
Kuo Liong Yok	Member, Chairman of Sustainability Project Committee ("SPC"), Non-Independent Non-Executive Director
Kerk Shiang Yih	Member, Non-Independent Non-Executive Director (Appointed on 11 Aug 2025)
Ong Siew Hong	Member, Group Financial Controller (Appointed on 11 Aug 2025)

During the financial year under review, the SRMC reviewed and assessed the adequacy of risk management activities conducted by all subsidiary companies and recommended certain measures that could be adopted to mitigate their business risk exposures. Furthermore, the RWC and department heads continue to review, discuss and update the risk registers of Hup Seng Group, which are divided into four major categories, strategic, financial, operational and compliance on a biannual basis.

The SRMC held meetings on 11 August 2025 and 3 November 2025 with full attendance.

## Statement on Risk Management & Internal Control (cont'd)

### Internal Audit Function

The responsibility for reviewing the adequacy and effectiveness of the internal control system has been delegated by the Board to the Audit Committee ("AC"). In turn, the AC assesses the adequacy and effectiveness of the internal control system through independent reviews performed by the internal audit function, external auditors and management.

In order to ensure independence and avoid conflicts of interest, the internal audit function of Hup Seng Group is outsourced to a professional services firm that reports directly to the AC. The scope of internal audit is determined through inputs provided by the AC as well as assessments of Hup Seng Group's risk management and internal control practices. The internal auditors independently review the system of risk management and internal controls implemented by management within Hup Seng Group and report their findings and recommendations to the AC.

During the financial year ended 31 December 2025, the internal auditors executed the approved audit plan and performed internal control review for the following subsidiary companies and functions: -

1. Sustainability Reporting.
  - Governance Structure;
  - Materiality assessment process;
  - Material sustainability management; and
  - Compliance to disclosure requirements.
2. Anti-Bribery Management System.
  - Communication of anti-bribery / anti-corruption policies in general;
  - Conduct of due diligence procedures on customers, vendors and employees;
  - Financial controls over payment processing;
  - Gift, entertainment, donations & sponsorship procedure;
  - Whistle-blowing procedures; and
  - Training programs for employees.

The AC deliberated on the findings and recommendations for improvement that were presented by the internal auditors at its quarterly meetings in August and November 2025. The Board and AC reviewed the internal audit reports semi-annually and monitored the status of implementation of corrective actions that were prepared by the internal auditors to address internal control weaknesses. The minutes of the AC meetings were also made available to the Board for their attention and further action, if necessary.

The cost incurred for the internal audit function for the financial year ended 31 December 2025 amounted to RM42,000.

## Statement on Risk Management & Internal Control (cont'd)

### Key Elements of Internal Control System

Hup Seng Group's internal control system also includes the following key elements: -

- ▶ An organisation structure which formally defines lines of responsibility and delegation of authority.
- ▶ Policies and procedures of all operating units within Hup Seng Group are documented in the Standard Practice Instructions.
- ▶ Key functions such as corporate affairs, finance, tax, treasury and human resources are controlled centrally.
- ▶ Roles and responsibilities are properly segregated.
- ▶ Annual budgeting and target setting process which includes forecasts for each operating unit with detailed reviews at all levels of operations.
- ▶ Monetary limits are set up at different levels of authorised positions so that unauthorised transactions can be minimised.
- ▶ Effective reporting system in place to ensure timely generation of financial information for management review.
- ▶ Operating units meetings are conducted regularly to review financial performance, business development and deliberate on management issues.
- ▶ Managing Director and Executive Directors of Hup Seng Group meet with senior management/all operating units to discuss and resolve key operational, financial and other key management issues. Significant issues are highlighted and discussed at Board meetings.
- ▶ The AC has access to external auditors and their reports and meets with them to discuss on their findings and reports.
- ▶ Hup Seng Group has a policy on financial limits and approving authority for its operating and capital expenditure.

### Whistleblowing Policy

Hup Seng Group has a whistleblowing policy, which provides an avenue for directors, employees, as well as external parties such as suppliers, customers and other stakeholders to raise genuine concerns and/or to disclose suspected and/or known improprieties, malpractices and misconduct in a safe and confidential manner.

The whistleblowing policy is available for reference at the Company's website at <https://www.hsib.com.my>.

## **Statement on Risk Management & Internal Control (cont'd)**

### **Anti-Bribery and Anti-Corruption Policy**

Hup Seng Group takes a zero-tolerance stance towards all forms of bribery and corruption in its daily operations, and is committed to conducting its business in an ethical, fair and transparent manner in compliance with Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act (“MACC Act”) 2018.

The Anti-Bribery and Anti-Corruption (“ABAC”) Committee oversees Hup Seng Group’s ABAC activities and reviews the adequacy and effectiveness of its control measures and ensure that all directors and employees exercise professionalism and integrity while performing their duties.

The ABAC Policy, Code of Conduct and Third-Party Code of Conduct can be found on the Company’s website at <https://www.hsib.com.my>.

### **Assurance Provided by Managing Director and Group Financial Controller**

The Board has identified the Managing Director as the Chief Executive Officer (“CEO”) of the Company, as well as the Group Financial Controller as the Chief Financial Officer (“CFO”) of the Company since 2013.

The Board has also obtained assurance from the Managing Director and Group Financial Controller that the Group’s risk management and internal control system is operating adequately and effectively, in all material aspects.

### **Conclusion**

During the financial year under review, the Board is of the view that Hup Seng Group’s risk management and internal controls are adequate for achieving its business objectives and will maintain an ongoing commitment to continue taking appropriate measures to enhance Hup Seng Group’s risk management and internal control environment and processes.

There were no material losses arising from any inadequacy or failure of the risk management and internal control system which would require a separate disclosure in the Company’s Annual Report.

### **Review of the Statement by External Auditors**

Pursuant to Paragraph 15.23 of the Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement in accordance with the scope set out in the Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, as well as Audit and Assurance Practice Guide 3 issued by the Malaysian Institute of Accountants (“MIA”), which does not require the external auditors to form an opinion on the adequacy and effectiveness of Hup Seng Group’s risk management and internal control systems.

The Statement on Risk Management and Internal Control was approved by the Board on 18 March 2026.

# Financial Statements

<b>060</b> Directors' Report	<b>065</b> Statement by Directors	<b>066</b> Statutory Declaration
<b>067</b> Independent Auditors' Report	<b>072</b> Statements of Comprehensive Income	<b>073</b> Statements of Financial Position
<b>074</b> Statements of Changes in Equity	<b>076</b> Statements of Cash Flows	<b>078</b> Notes to the Financial Statements

# Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2025.

## Principal activities

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are manufacture and sales of biscuits and coffee mix, and dealers in biscuits, confectionery and other foodstuff.

## Results

	Group RM	Company RM
Profit net of tax	49,815,669	46,450,768
Profit net of tax attributable to owners of the parent	49,815,669	46,450,768

There were no material transfers to or from reserves or provisions during the financial year.

In the opinion of the Directors, 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.

## Dividends

The amount of dividends paid by the Company since 31 December 2024 were as follows:

	RM
In respect of the financial year ended 31 December 2024 as reported in the Directors' report of that year:	
Third interim single-tier dividend of 1 sen and special single-tier dividend of 1 sen on 800,000,000 ordinary shares, declared on 5 March 2025 and paid on 9 April 2025	16,000,000
In respect of the financial year ended 31 December 2025:	
First interim single-tier dividend of 2 sen on 800,000,000 ordinary shares, declared on 27 August 2025 and paid on 6 October 2025	16,000,000
Second interim single-tier dividend of 2 sen on 800,000,000 ordinary shares, declared on 27 November 2025 and paid on 30 December 2025	16,000,000
	48,000,000

## Directors' Report (cont'd)

### Directors

The names of the Directors of the Company in office since the beginning of the financial year to the date of this report are:

Kerk Kar Han **	(Chairman)
Kerk Chiew Siong **	(Managing Director)
Kerk Chian Tung	(Executive Director)
Teo Lee Teck **	(Non-Independent Non-Executive Director)
Kuo Liong Yok **	(Non-Independent Non-Executive Director)
Kerk Shiang Yih **	(Non-Independent Non-Executive Director)
Lim Poh Seong	(Independent Non-Executive Director)
Voon Yuen Hoong	(Independent Non-Executive Director)
Lee Ting Kiat	(Independent Non-Executive Director)

\*\* These directors are also directors of the Company's subsidiaries.

The names of the Directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are:

Kuo Chee Ching  
Kuo Chee Joo  
Teo Lay Gak  
Kuo Chee Yoong  
Kerk Han Meng  
Kerk Ke Yee  
Kerk Chong Yong

### Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement, to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive benefits (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which he/she is a member, or with a company in which he/she has a substantial financial interest, except as disclosed in Note 22 to the financial statements.

## Directors' Report (cont'd)

### Directors' benefits (cont'd)

The Directors' benefits are as follows:

	Group RM	Company RM
Salaries and bonuses	6,276,400	578,255
Other emoluments	1,328,283	151,474
Defined contribution plan	896,166	80,968
Fees	1,680,000	840,000
Benefits-in-kind	180,858	-
	10,361,707	1,650,697

### Directors and Officers indemnity and insurance cost

During the financial year, the Directors and Officers of the Company are covered for the total amount of indemnity coverage of RM15,000,000, and insurance premium paid for Directors and Officers of the Company is RM17,100.

### Directors' interests

According to the Register of Directors' Shareholdings, the interests of Directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

Number of Ordinary Shares				
The Company	1 January 2025	Acquired	Transferred	31 December 2025
<b>Direct interest</b>				
Teo Lee Teck	5,160,000	-	-	5,160,000
Kerk Chian Tung	11,333,333	-	-	11,333,333
Kerk Kar Han	6,446,666	-	-	6,446,666
Kerk Chiew Siong	1,333,333	-	-	1,333,333
Kuo Liong Yok	4,233,333	-	-	4,233,333
Kerk Shiang Yih	1,383,999	-	-	1,383,999
<b>Deemed interest</b>				
Teo Lee Teck	533,333	-	-	533,333 *
Kerk Kar Han	500,000	-	-	500,000 *
Kerk Chiew Siong	11,373,333	-	-	11,373,333 *
Kuo Liong Yok	3,316,666	-	-	3,316,666 *

## Directors' Report (cont'd)

### Directors' interests (cont'd)

Holding company HSB Group Sdn. Bhd.	Number of Ordinary Shares			
	1 January 2025	Acquired	Transferred	31 December 2025
<b>Direct interest</b>				
Kerk Chiew Siong	2,856,871	-	-	2,856,871
Teo Lee Teck	2,150,103	-	-	2,150,103
Kerk Kar Han	2,194,192	-	-	2,194,192
Kerk Chian Tung	1,714,482	-	-	1,714,482
Kuo Liong Yok	1,282,272	-	-	1,282,272
Kerk Shiang Yih	658,260	461,778	-	1,120,038 #
<b>Deemed interest</b>				
Kerk Chiew Siong	900,000	-	-	900,000 *

\* Deemed interested by virtue of their interests pursuant to Section 59(11)(c) of the Companies Act 2016.

# Kerk Shiang Yih inherited 461,778 shares of HSB Group Sdn. Bhd. from Y. Bhg. Dato' Keh (Kerk) Chu Koh in 2025.

### Holding company

The holding company is HSB Group Sdn. Bhd., which is incorporated and domiciled in Malaysia.

### Other statutory information

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts have been written off and adequate allowance had been made for doubtful debts; and
  - to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

## Directors' Report (cont'd)

### Other statutory information (cont'd)

- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
- (i) 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 will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is 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.

### Auditors

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

	Group RM	Company RM
Ernst & Young PLT Statutory audit - Current year Other services	215,000 7,000	49,000 7,000
	222,000	56,000

Signed on behalf of the Board in accordance with a resolution of the Directors dated 18 March 2026.

Kerk Chiew Siong

Kerk Kar Han

# Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Kerk Chiew Siong and Kerk Kar Han, being two of the Directors of Hup Seng Industries Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 72 to 119 are drawn up in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of Companies Act 2016 in Malaysia 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 of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 18 March 2026.

Kerk Chiew Siong

Kerk Kar Han

# Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Ong Siew Hong, being the Officer primarily responsible for the financial management of Hup Seng Industries Berhad, do solemnly and sincerely declare that the financial statements set out on pages 72 to 119 are in my opinion 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.

Subscribed and solemnly declared )  
by the abovenamed Ong Siew Hong )  
at Batu Pahat in the State of Johor )  
Darul Ta'zim on 18 March 2026 )

Ong Siew Hong

Before me,

Ei Chai Ong (J405)  
Commissioner of Oaths

# Independent Auditors' Report

to the Members of Hup Seng Industries Berhad (Incorporated in Malaysia)

## Report on the audit of the financial statements

### *Opinion*

We have audited the financial statements of Hup Seng Industries Berhad, which comprise the statements of financial position as at 31 December 2025 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 72 to 119.

In our opinion, the accompanying financial statements 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 year then ended in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

### *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 audit 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 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.

### *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 year. We have determined that there are no key audit matters to communicate in our report on financial statements of the Company. The key audit matter for the audit of the financial statements of the Group is described below. This matter was addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis of our audit opinion on the accompanying financial statements.

## **Independent Auditors' Report (cont'd)**

### **Report on the audit of the financial statements (cont'd)**

#### *Key audit matters (cont'd)*

##### **Revenue recognition**

The Group recognised revenue from sale of goods amounting to approximately RM394.67 million during the year. Given the nature of the operations of the Group, we identified revenue recognition in respect of sale of goods to be an area of audit focus as we consider the high volume of sales transactions to be a possible cause of higher risk of material misstatements in respect of the timing and amount of revenue recognised. Furthermore, the key performance indicators for the key management personnel are measured based on the financial performance of the Group (revenue is one of the key determinants of the overall financial performance). Specifically, we focused our audit efforts to determine the possibility of overstatement of revenue.

In addressing this risk, we tested the Group's internal controls over the timing and amount of revenue recognised. We also inspected the terms of significant sales transactions to determine the transaction price and the point of time when the customer obtains control of the goods and assessed whether revenue was recognised in accordance with the terms. In addition, we inspected documents which evidenced the delivery of goods to customers. We also focused on testing the recording of sales transactions close to the year end, including credit notes issued after year end, to establish whether the transactions were recorded in the correct accounting period. Using data analytics, we performed correlation analysis between revenue, trade receivables and cash and bank balances.

The notes relating to revenue are disclosed in Note 2.10, Note 3.1 and Note 4 to the financial statements.

#### *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, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the Annual Report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditors' report, 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.

When we read the remaining other information included in the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

## **Independent Auditors' Report (cont'd)**

### **Report on the audit of the financial statements (cont'd)**

#### *Responsibilities of the directors for the financial statements*

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRS Accounting Standards, IFRS Accounting 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.

#### *Auditor's 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 skepticism throughout the audit. We also:

- 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.
- 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 the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- 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 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.

## **Independent Auditors' Report (cont'd)**

### **Report on the audit of the financial statements (cont'd)**

#### *Auditor's responsibilities for the audit of the financial statements (cont'd)*

- 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.
- 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 financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for the 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 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 (cont'd)

### 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.

Ernst & Young PLT  
202006000003 (LLP0022760-LCA) & AF 0039  
Chartered Accountants

Tan Jin Xiang  
03348/01/2028 J  
Chartered Accountant

Johor Bahru, Malaysia  
Date: 18 March 2026

# Statements of Comprehensive Income

For the financial year ended 31 December 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
<b>Revenue</b>	4	394,670,122	395,349,402	48,327,000	60,231,000
Cost of sales	5	(277,185,041)	(272,280,969)	-	-
<b>Gross profit</b>		117,485,081	123,068,433	48,327,000	60,231,000
<b>Other items of income</b>					
Interest income		2,242,523	2,715,765	1,096,715	1,225,282
Other income		1,531,757	1,533,448	-	-
<b>Other items of expense</b>					
Administrative expenses		(17,832,536)	(18,266,478)	(2,718,016)	(2,694,028)
Selling and marketing expenses		(36,783,259)	(35,256,565)	-	-
Finance cost		(26,296)	(28,479)	(3,130)	(1,368)
<b>Profit before tax</b>	6	66,617,270	73,766,124	46,702,569	58,760,886
Income tax expense	9	(16,801,601)	(16,155,189)	(251,801)	(285,778)
<b>Profit net of tax, representing total comprehensive income for the year</b>		49,815,669	57,610,935	46,450,768	58,475,108
<b>Profit net of tax attributable to:</b>					
Owners of the parent		49,815,669	57,610,935	46,450,768	58,475,108
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		49,815,669	57,610,935	46,450,768	58,475,108
<b>Earnings per share attributable to owners of the parent (sen per share):</b>					
Basic	10	6.23	7.20		
Diluted	10	6.23	7.20		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# Statements of Financial Position

As at 31 December 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	11	81,625,793	84,304,073	3,723	6,510
Investment properties	12	1,564,269	1,147,049	-	-
Right-of-use assets	13(a)	5,304,769	4,899,361	73,042	17,046
Investment in subsidiaries	14	-	-	52,386,703	52,386,703
Deferred tax assets	19	484,924	673,204	9,875	9,875
Prepayments for acquisition of property, plant and equipment		56,065	358,580	-	-
		89,035,820	91,382,267	52,473,343	52,420,134
<b>Current assets</b>					
Inventories	15	35,780,316	31,891,453	-	-
Trade and other receivables	16	39,720,279	44,029,871	90,567	99,055
Prepayments		620,222	645,014	6,558	5,551
Tax recoverable		1,124	10,622	-	-
Cash and bank balances	17	83,745,997	83,109,119	31,324,377	32,896,520
		159,867,938	159,686,079	31,421,502	33,001,126
<b>Total assets</b>		248,903,758	251,068,346	83,894,845	85,421,260
<b>Equity and liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	18	66,449,394	72,005,740	1,348,691	1,367,357
Lease liabilities	13(b)	284,229	240,392	25,226	17,046
Refund liabilities	4	4,078,016	3,356,186	-	-
Income tax payable		4,965,905	3,801,586	67,905	82,418
		75,777,544	79,403,904	1,441,822	1,466,821
<b>Net current assets</b>		84,090,394	80,282,175	29,979,680	31,534,305
<b>Non-current liabilities</b>					
Deferred tax liabilities	19	7,264,534	7,526,670	-	-
Lease liabilities	13(b)	248,730	340,491	47,816	-
		7,513,264	7,867,161	47,816	-
<b>Total liabilities</b>		83,290,808	87,271,065	1,489,638	1,466,821
<b>Equity attributable to owners of the parent</b>					
Share capital	20	80,000,000	80,000,000	80,000,000	80,000,000
Retained earnings	21	85,612,950	83,797,281	2,405,207	3,954,439
<b>Total equity</b>		165,612,950	163,797,281	82,405,207	83,954,439
<b>Total equity and liabilities</b>		248,903,758	251,068,346	83,894,845	85,421,260

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# Statements of Changes in Equity

For the financial year ended 31 December 2025

← Attributable to owners of the parent →				
	Note	Non-distributable Share capital RM	Distributable Retained earnings RM	Total RM
<b>Group</b>				
<b>At 1 January 2025</b>		80,000,000	83,797,281	163,797,281
<b>Total comprehensive income</b>		-	49,815,669	49,815,669
<b>Transaction with the owners</b> Dividends on ordinary shares	28	-	(48,000,000)	(48,000,000)
<b>Total transactions with the owners</b>		-	(48,000,000)	(48,000,000)
<b>At 31 December 2025</b>		80,000,000	85,612,950	165,612,950
<b>At 1 January 2024</b>		80,000,000	82,186,339	162,186,339
<b>Total comprehensive income</b>		-	57,610,935	57,610,935
<b>Transaction with the owners</b> Dividends on ordinary shares	28	-	(55,999,993)	(55,999,993)
<b>Total transactions with the owners</b>		-	(55,999,993)	(55,999,993)
<b>At 31 December 2024</b>		80,000,000	83,797,281	163,797,281

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Statements of Changes in Equity (cont'd)

For the financial year ended 31 December 2025

	Note	Non-distributable Share capital RM	Distributable Retained earnings RM	Total RM
<b>Company</b>				
<b>At 1 January 2025</b>		80,000,000	3,954,439	83,954,439
<b>Total comprehensive income</b>		-	46,450,768	46,450,768
<b>Transaction with the owners</b> Dividends on ordinary shares	28	-	(48,000,000)	(48,000,000)
<b>Total transactions with the owners</b>		-	(48,000,000)	(48,000,000)
<b>At 31 December 2025</b>		80,000,000	2,405,207	82,405,207
<b>At 1 January 2024</b>				
<b>At 1 January 2024</b>		80,000,000	1,479,324	81,479,324
<b>Total comprehensive income</b>		-	58,475,108	58,475,108
<b>Transaction with the owners</b> Dividends on ordinary shares	28	-	(55,999,993)	(55,999,993)
<b>Total transactions with the owners</b>		-	(55,999,993)	(55,999,993)
<b>At 31 December 2024</b>		80,000,000	3,954,439	83,954,439

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# Statements of Cash Flows

For the financial year ended 31 December 2025

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
<b>Operating activities</b>				
Profit before tax	66,617,270	73,766,124	46,702,569	58,760,886
Adjustments for:				
Reversal of doubtful debts	(2,415)	(886)	-	-
Bad debts written off	8,187	1,776	-	-
Dividend income from subsidiaries	-	-	(48,327,000)	(60,231,000)
Depreciation of property, plant and equipment	5,953,429	5,603,781	4,186	5,439
Depreciation of investment properties	63,830	63,345	-	-
Depreciation of right-of-use assets	511,122	503,026	23,270	25,032
Interest expense on lease liabilities	26,296	28,479	3,130	1,368
Gain on disposal of property, plant and equipment	(94,800)	(55,596)	-	-
Interest income	(2,242,523)	(2,715,765)	(1,096,715)	(1,225,282)
Inventories written off	115,529	82,904	-	-
Property, plant and equipment written off	1,305,670	583,976	-	835
Unrealised exchange loss	187,378	-	-	-
<b>Operating cash flows before changes in working capital</b>	<b>72,448,973</b>	<b>77,861,164</b>	<b>(2,690,560)</b>	<b>(2,662,722)</b>
Increase in inventories	(4,004,392)	(1,847,990)	-	-
Decrease/(increase) in trade and other receivables	4,303,820	(6,769,921)	8,488	24,837
Decrease/(increase) in prepayments	327,307	3,017,519	(1,007)	3,787
(Decrease)/increase in trade and other payables	(4,834,516)	11,013,896	(18,666)	10,980
<b>Cash flows generated from/(used in) operations</b>	<b>68,241,192</b>	<b>83,274,668</b>	<b>(2,701,745)</b>	<b>(2,623,118)</b>
Interest expense on lease liabilities paid	(26,296)	(28,479)	(3,130)	(1,368)
Income taxes paid	(15,701,640)	(16,790,977)	(266,314)	(274,434)
<b>Net cash flows generated from/(used in) operating activities</b>	<b>52,513,256</b>	<b>66,455,212</b>	<b>(2,971,189)</b>	<b>(2,898,920)</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Statements of Cash Flows (cont'd)

For the financial year ended 31 December 2025

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
<b>Investing activities</b>				
Dividend income received from subsidiaries	-	-	48,327,000	60,231,000
Interest received	2,242,523	2,715,765	1,096,715	1,225,282
Proceeds from disposal of property, plant and equipment	94,914	55,608	-	-
Additions to right-of-use assets	(673,400)	-	-	-
Additions to investment property	(481,050)	-	-	-
Purchase of property, plant and equipment	(4,580,933)	(20,344,770)	(1,399)	(1,999)
<b>Net cash flows (used in)/generated from investing activities</b>	<b>(3,397,946)</b>	<b>(17,573,397)</b>	<b>49,422,316</b>	<b>61,454,283</b>
<b>Financing activities</b>				
Repayment for lease liabilities	(291,054)	(279,166)	(23,270)	(25,032)
Dividends paid on ordinary shares	(48,000,000)	(55,999,993)	(48,000,000)	(55,999,993)
<b>Net cash flows used in financing activities</b>	<b>(48,291,054)</b>	<b>(56,279,159)</b>	<b>(48,023,270)</b>	<b>(56,025,025)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>824,256</b>	<b>(7,397,344)</b>	<b>(1,572,143)</b>	<b>2,530,338</b>
<b>Cash and cash equivalents at 1 January</b>	<b>83,109,119</b>	<b>90,506,463</b>	<b>32,896,520</b>	<b>30,366,182</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(187,378)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at 31 December (Note 17)</b>	<b>83,745,997</b>	<b>83,109,119</b>	<b>31,324,377</b>	<b>32,896,520</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# Notes to the Financial Statements

31 December 2025

## 1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at 3A, Mezzanine Floor, Jalan Ipoh Kecil, 50350 Kuala Lumpur. The principal place of business of the Company is located at 14, Jalan Kilang, Kawasan Perindustrian Tongkang Pecah, 83010 Batu Pahat, Johor Darul Ta'zim.

The holding company of the Company is HSB Group Sdn. Bhd., which is incorporated and domiciled in Malaysia. Related companies are those companies within the HSB Group Sdn. Bhd. group.

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are manufacture and sales of biscuits and coffee mix, and dealers in biscuits, confectionery and other foodstuff.

## 2. Material accounting policy information

### 2.1 Basis of preparation

These financial statements for the year ended 31 December 2025 have been prepared in accordance with MFRS Accounting Standards ("MFRS"), IFRS Accounting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") except when otherwise indicated.

### 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the preceding year except as follows:

On 1 January 2025, the Group and the Company adopted the following Amendments mandatory for annual financial periods beginning on or after 1 January 2025:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 121: The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability	1 January 2025

The directors are of opinion that the Amendments above did not have any material impact on the financial statements.

## Notes to the Financial Statements (cont'd)

31 December 2025

### 2. Material accounting policy information (cont'd)

#### 2.3 Standards, Annual Improvements and Amendments issued but not yet effective

The Standards, Annual Improvements and Amendments that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these Standards, Annual Improvements and Amendments if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 9 and MFRS 7:	
- Classification and Measurement of Financial Instruments	1 January 2026
- Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual Improvements to MFRS Accounting Standards - Volume 11	1 January 2026
MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 121: The Effects of Changes in Foreign Exchange Rates - Translation to a Hyperinflationary Presentation Currency	1 January 2027
Amendments to MFRS 19: Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors expect that the adoption of the above Standards, Annual Improvements and Amendments will have no material impact on the financial statements in the year of initial application except for the changes in the presentation and disclosures of financial information arising from the adoption of the MFRS as discussed below:

#### (i) MFRS 18 Presentation and Disclosure in Financial Statements

MFRS 18 will replace MFRS 101 Presentation of Financial Statements. It preserves the majority requirements of MFRS 101 while introducing additional requirements. In addition, narrow-scope amendments have been made to MFRS 107 Statement of Cash Flow and some requirements of MFRS 101 have been moved to MFRS 108 Basis of Preparation of Financial Statements.

MFRS 18 additional requirements are as follows:

##### (i) Statement of Profit or Loss and Other Comprehensive Income

MFRS 18 introduces newly defined "operating profit or loss" and "profit or loss before financing and income tax" subtotal which are to be presented in the statement of profit or loss, while the net profit or loss remains unchanged.

Statement of profit or loss to be presented in five categories: operating, investing, financing, income taxes and discontinued operations.

**2. Material accounting policy information (cont'd)**

**2.3 Standards, Annual Improvements and Amendments issued but not yet effective (cont'd)**

**(i) MFRS 18 Presentation and Disclosure in Financial Statements (cont'd)**

(ii) Statement of Cash Flow

The standard modifies the starting point for calculating cash flows from operations using the indirect method, shifting from “profit or loss” to “operating profit or loss”. It also provides guidance on classification of interest and dividend in statement of cash flows.

(iii) New Disclosures of Expenses by Nature

Entities are required to present expenses in the operating category by nature, function or a mix of both. MFRS 18 includes guidance for entities to assess and determine which approach is most appropriate based on the facts and circumstances.

(iv) Management-defined Performance Measures (“MPMs”)

The standard requires disclosure of explanations of the entity’s company-specific measures that are related to the statement of profit or loss, referred to MPMs. MPMs are required to be reconciled to the most similar specified subtotal in MFRS Accounting Standards.

(v) Enhanced Guidance on Aggregation and Disaggregation

MFRS 18 provides enhanced guidance on grouping items based on shared characteristics and requires disaggregation when items have dissimilar characteristics or when such disaggregation is material.

The Group and the Company are currently assessing the impact of MFRS 18, particularly with respect to the structure of the statements of profit or loss, the statements of cash flows and the additional disclosures required for MPMs. The Group and the Company are also assessing the impact on aggregation and disaggregation on how information is grouped in the financial statements.

**2.4 Fair value measurement**

Policies and procedures are determined by senior management for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, classes of assets and liabilities are determined based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

## Notes to the Financial Statements (cont'd)

31 December 2025

### 2. Material accounting policy information (cont'd)

#### 2.5 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress are not depreciated as these assets are not available for use. Depreciation on other property, plant and equipment is computed on the straight line method over the following estimated useful lives of the assets:

Buildings	50 years
Plant and equipment	3 - 30 years
Motor vehicles	5 years
Other assets (other than capital work-in-progress)	3 - 30 years

#### 2.6 Investment properties

Investment properties are stated at cost less accumulated depreciation and impairment losses. Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on the straight line method over the following estimated useful life of the assets:

Buildings	50 years
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#### 2.7 Financial instruments

##### (a) Financial assets

###### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at:

- ***Financial assets at amortised cost (debt instruments)***

The Group's and the Company's financial assets measured at amortised cost comprise of trade and other receivables and cash and bank balances.

The Group and the Company do not have any financial assets at fair value through other comprehensive income ("OCI") with recycling of cumulative gains and losses (debt instruments), financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) and financial assets at fair value through profit or loss.

**2. Material accounting policy information (cont'd)**

**2.7 Financial instruments (cont'd)**

**(a) Financial assets (cont'd)**

**Impairment of financial assets**

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**(b) Financial liabilities**

**Initial recognition and measurement**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

For purpose of subsequent measurement, financial liabilities are classified as and measured at amortised cost.

The Group's and the Company's financial liabilities comprise of trade and other payables and lease liabilities.

## Notes to the Financial Statements (cont'd)

31 December 2025

### 2. Material accounting policy information (cont'd)

#### 2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs. These costs are assigned on a first-in first-out basis.

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

#### 2.9 Leases

##### (i) As lessee

The Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

The right-of-use assets are initially recorded at cost, which comprises:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date of the lease, less any lease incentives received; and
- any initial direct costs incurred by the Group.

Subsequent to initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation, accumulated impairment losses and adjusted for any remeasurement of lease liabilities.

Depreciation is computed on a straight-line basis over the estimated useful lives of the right-of-use assets, as follows:

Leasehold land	60 - 99 years
Lease contracts	2 - 5 years

##### (ii) As lessor

The Group classified its leases as either operating lease or finance lease. Leases where the Group retains substantially all the risks and rewards of ownership of the leased assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

If the Group transfers substantially all the risks and rewards incidental to ownership of the leased assets, leases are classified as finance leases and are capitalised at an amount equal to the net investment in the lease.

**2. Material accounting policy information (cont'd)**

**2.10 Revenue**

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

The following describes the performance obligation in contracts with customers:

**(a) Sale of goods**

The Group contracts with its customers for sales of biscuits and coffee mix, and dealers in biscuits, confectionery and other foodstuff. Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally upon the transfer of significant risk and rewards of ownership of the goods to the customer. Payment is generally due within 14 to 60 days from transfer of risk and rewards. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

**(b) Delivery services**

The Group provides delivery services that are bundled together with the sale of goods to a customer. The delivery services can be obtained from other providers and do not significantly customise or modify the goods sold.

Contracts for bundled sales of goods and delivery services are comprised of two performance obligations because the promises to transfer goods and provide delivery services are capable of being distinct and separately identifiable. Accordingly, the Group allocates the transaction price based on the relative stand-alone selling prices of the goods and delivery services.

The Group recognises revenue from delivery services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group. Payment is generally due within 14 to 60 days from delivery.

**(ii) Revenue from other sources**

Revenue from other sources is recognised as follows:

**(a) Interest income**

Interest income is recognised on an accrual basis using the effective yield method.

**(b) Dividend income**

Dividend income is recognised when the Group's right to receive payment is established.

**(c) Rental income**

Rental income from investment property is recognised on a straight-line basis over the term of the lease.

**2. Material accounting policy information (cont'd)**

**2.11 Employee benefits**

**Defined contribution plans**

The Group makes contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

**2.12 Segment reporting**

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 27, including the factors used to identify the reportable segments and the measurement basis of segment information.

**3. Significant accounting estimates and judgements**

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

**3.1 Significant judgement**

In the process of applying the Group's accounting policies, management has made the following judgement which had a significant effect on the amounts recognised in the financial statements:

**Revenue from contracts with customers**

**Determining method to estimate variable consideration**

Certain contracts with customers include trade incentives and certain consideration payable to customers. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the most likely amount method is the appropriate method to use in estimating the variable consideration for the sale of goods.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

**3. Significant accounting estimates and judgements (cont'd)**

**3.2 Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**(a) Useful lives of plant and equipment**

The cost of plant and equipment are depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 3 to 30 years. These are common life expectancies applied in the food industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's plant and equipment as at the reporting date is disclosed in Note 11.

**(b) Provision for expected credit loss of trade and other receivables**

The Group uses a provision matrix to calculate ECLs for trade and others receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

## Notes to the Financial Statements (cont'd)

31 December 2025

### 4. Revenue

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
<b>Types of income</b>				
Sales of biscuit	73,874,808	79,285,600	-	-
Sales of trading goods	318,984,897	313,787,860	-	-
Sales of beverages	1,810,417	2,275,942	-	-
Revenue from contracts with customers	394,670,122	395,349,402	-	-
Dividend income	-	-	48,327,000	60,231,000
	394,670,122	395,349,402	48,327,000	60,231,000
<b>Timing of revenue recognition</b>				
Transferred at a point in time	394,670,122	395,349,402	-	-

Information about receivables and refund liabilities from contracts with customers is disclosed as follows:

	Group	
	2025 RM	2024 RM
Receivables from contracts with customers (Note 16)	39,388,344	43,636,330
Refund liabilities	4,078,016	3,356,186

#### Refund liabilities

Refund liabilities represent the expected trade incentives to be given to the customers. The Group provides trade incentives to certain customers based on the achievement of the performance criteria stated in the contracts. Trade incentives give rise to variable consideration. To estimate the variable consideration for the expected trade incentives, the Group applies the most likely amount method.

### 5. Cost of sales

Cost of sales represents cost of inventories sold.

## Notes to the Financial Statements (cont'd)

31 December 2025

### 6. Profit before tax

The following items have been included in arriving at profit before tax:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Auditors' remuneration				
Statutory audits	215,000	208,000	49,000	47,000
Other services	7,000	6,000	7,000	6,000
Bad debts written off	8,187	1,776	-	-
Employee benefits expenses excluding Directors' remuneration (Note 7)	65,540,002	63,254,211	537,732	545,603
Directors' fees (Note 8)	1,680,000	1,684,919	840,000	860,161
Directors' remuneration (Note 8)	8,500,849	8,622,165	810,697	793,998
Depreciation of property, plant and equipment (Note 11)	5,953,429	5,603,781	4,186	5,439
Depreciation of right-of-use assets (Note 13)	511,122	503,026	23,270	25,032
Depreciation of investment properties (Note 12)	63,830	63,345	-	-
Interest expense on lease liabilities (Note 13)	26,296	28,479	3,130	1,368
Inventories written off	115,529	82,904	-	-
Property, plant and equipment written off	1,305,670	583,976	-	835
Foreign exchange loss				
- realised	169,233	268,226	-	-
- unrealised	187,378	-	-	-
and crediting:				
Dividend income	-	-	48,327,000	60,231,000
Interest income	2,242,523	2,715,765	1,096,715	1,225,282
Reversal of allowance for doubtful debts (Note 16)	2,415	886	-	-
Gain on disposal of property, plant and equipment	94,800	55,596	-	-
Rental income	340,500	333,300	-	-

## Notes to the Financial Statements (cont'd)

31 December 2025

### 7. Employee benefits expense

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Wages, salaries and bonuses	57,279,007	55,408,182	476,581	483,711
Defined contribution plan	5,904,867	5,683,944	57,293	58,677
Employment Insurance System	67,338	63,697	286	250
Social security costs	786,502	723,816	3,392	2,965
Other staff related expenses	326,210	310,236	-	-
Other allowances	1,176,078	1,064,336	180	-
	65,540,002	63,254,211	537,732	545,603

### 8. Key management personnel compensation

The details of remuneration for key management during the year are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
<b>Directors of the Company</b>				
Executive:				
Salaries and bonuses	1,683,255	1,632,255	578,255	561,255
Other emoluments	257,677	253,826	109,474	108,540
Defined contribution plan	229,895	223,229	80,968	78,703
Fees	250,000	250,000	180,000	180,000
Benefits-in-kind	42,698	37,530	-	-
	2,463,525	2,396,840	948,697	928,498
Non-Executive (but holding executive position in subsidiaries):				
Salaries and bonuses	2,222,495	2,147,695	-	-
Other emoluments	528,496	520,927	23,700	25,200
Defined contribution plan	323,918	314,049	-	-
Fees	640,000	640,000	360,000	360,000
Benefits-in-kind	70,539	72,604	-	-
	3,785,448	3,695,275	383,700	385,200
Non-Executive:				
Other emoluments	18,300	20,300	18,300	20,300
Fees	300,000	320,161	300,000	320,161
	318,300	340,461	318,300	340,461

## Notes to the Financial Statements (cont'd)

31 December 2025

### 8. Key management personnel compensation (cont'd)

The details of remuneration for key management during the year are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
<b>Directors of Subsidiaries</b>				
Executive:				
Salaries and bonuses	2,370,650	2,610,418	-	-
Other emoluments	520,210	567,891	-	-
Defined contribution plan	342,353	329,775	-	-
Fees	350,000	375,591	-	-
Benefits-in-kind	67,621	98,060	-	-
	3,650,834	3,981,735	-	-
Non-Executive:				
Other emoluments	3,600	1,800	-	-
Fees	140,000	99,167	-	-
	143,600	100,967	-	-
<b>Total</b>	<b>10,361,707</b>	<b>10,515,278</b>	<b>1,650,697</b>	<b>1,654,159</b>
Directors' remuneration analysed by:				
Salaries and bonuses	6,276,400	6,390,368	578,255	561,255
Other emoluments	1,328,283	1,364,744	151,474	154,040
Defined contribution plan	896,166	867,053	80,968	78,703
Total Directors' remuneration (excluding fees and benefits-in-kind) (Note 6)	8,500,849	8,622,165	810,697	793,998
Fees (Note 6)	1,680,000	1,684,919	840,000	860,161
Benefits-in-kind	180,858	208,194	-	-
<b>Total Directors' remuneration</b>	<b>10,361,707</b>	<b>10,515,278</b>	<b>1,650,697</b>	<b>1,654,159</b>

## Notes to the Financial Statements (cont'd)

31 December 2025

### 9. Income tax expense

#### Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2025 and 2024 are:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	16,787,000	15,151,000	251,000	282,000
- Underprovision in prior years	88,457	44,613	801	1,962
	16,875,457	15,195,613	251,801	283,962
Deferred tax (Note 19):				
- Origination and reversal of temporary differences	(76,000)	977,816	-	2,746
- Under/(over)provision in prior years	2,144	(18,240)	-	(930)
	(73,856)	959,576	-	1,816
Income tax expense recognised in profit or loss	16,801,601	16,155,189	251,801	285,778

#### Reconciliation between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2025 and 2024 are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Profit before tax	66,617,270	73,766,124	46,702,569	58,760,886
Taxation at Malaysian statutory tax rate of 24% (2024: 24%)	15,988,145	17,703,870	11,208,617	14,102,613
Adjustments:				
Income not subject to tax	-	-	(11,598,480)	(14,455,440)
Non-deductible expenses	1,211,155	943,163	640,863	637,573
Utilisation of reinvestment allowance claimed	-	(2,130,000)	-	-
Expenses with double deduction	(488,300)	(388,217)	-	-
Underprovision of income tax expense in prior years	88,457	44,613	801	1,962
Under/(over)provision of deferred tax in prior years	2,144	(18,240)	-	(930)
Income tax expense recognised in profit or loss	16,801,601	16,155,189	251,801	285,778

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2024: 24%) of the estimated assessable profit for the year.

## Notes to the Financial Statements (cont'd)

31 December 2025

### 10. Earnings per share

Earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2025	2024
Profit net of tax attributable to owners of the parent (RM)	49,815,669	57,610,935
Weighted average number of ordinary shares in issue	800,000,000	800,000,000
Basic earnings per share (sen)	6.23	7.20
Diluted earnings per share (sen)	6.23	7.20

As at reporting date, the Company does not have any share options, warrants and other potential dilutive ordinary shares.

Notes to the Financial Statements (cont'd)

31 December 2025

11. Property, plant and equipment

Group	Freehold land and buildings RM	Long term leasehold buildings RM	Short term leasehold buildings RM	Plant and equipment RM	Motor vehicles RM	Other assets RM	Total RM
<b>Cost</b>							
At 1 January 2025	34,788,728	1,011,786	30,239,728	88,061,841	11,564,055	11,980,366	177,646,504
Additions	5,860	-	403,959	2,985,781	531,028	654,305	4,580,933
Disposals	-	-	-	(78,500)	(318,491)	(56,404)	(453,395)
Written off	-	-	-	(3,968,560)	-	(827,886)	(4,796,446)
At 31 December 2025	34,794,588	1,011,786	30,643,687	87,000,562	11,776,592	11,750,381	176,977,596
<b>Accumulated depreciation and impairment loss</b>							
At 1 January 2025	6,984,188	321,156	13,263,000	53,582,325	9,762,062	9,429,700	93,342,431
Depreciation charge for the year (Note 6)	264,668	12,682	1,037,985	3,511,621	658,364	468,109	5,953,429
Disposals	-	-	-	(78,498)	(318,485)	(56,298)	(453,281)
Written off	-	-	-	(3,350,141)	-	(140,635)	(3,490,776)
At 31 December 2025	7,248,856	333,838	14,300,985	53,665,307	10,101,941	9,700,876	95,351,803
<b>Net carrying amount</b>							
At 31 December 2025	27,545,732	677,948	16,342,702	33,335,255	1,674,651	2,049,505	81,625,793

Notes to the Financial Statements (cont'd)

31 December 2025

11. Property, plant and equipment (cont'd)

Group	Freehold land and buildings RM	Long term leasehold buildings RM	Short term leasehold buildings RM	Plant and equipment RM	Motor vehicles RM	Other assets RM	Total RM
<b>Cost</b>							
At 1 January 2024	34,737,608	1,011,786	29,457,763	70,373,599	10,669,605	12,340,963	158,591,324
Additions	51,120	-	796,965	18,359,780	894,450	242,455	20,344,770
Reclassification	-	-	-	465,997	-	(465,997)	-
Disposals	-	-	-	(203,287)	-	(2,200)	(205,487)
Written off	-	-	(15,000)	(934,248)	-	(134,855)	(1,084,103)
At 31 December 2024	34,788,728	1,011,786	30,239,728	88,061,841	11,564,055	11,980,366	177,646,504
<b>Accumulated depreciation and impairment loss</b>							
At 1 January 2024	6,718,246	308,474	12,266,448	51,105,526	9,011,625	9,033,933	88,444,252
Depreciation charge for the year (Note 6)	265,942	12,682	1,011,551	3,037,392	750,437	525,777	5,603,781
Disposals	-	-	-	(203,276)	-	(2,199)	(205,475)
Written off	-	-	(14,999)	(357,317)	-	(127,811)	(500,127)
At 31 December 2024	6,984,188	321,156	13,263,000	53,582,325	9,762,062	9,429,700	93,342,431
<b>Net carrying amount</b>							
At 31 December 2024	27,804,540	690,630	16,976,728	34,479,516	1,801,993	2,550,666	84,304,073

## Notes to the Financial Statements (cont'd)

31 December 2025

### 11. Property, plant and equipment (cont'd)

#### Group

Other assets include computer, office equipment, electrical installation, renovation, furniture and fittings and capital work-in-progress which comprises machinery under installation amounting to RM378,678 (2024: RM672,932).

Company	Office equipment RM	Furniture and fittings RM	Total RM
<b>Cost</b>			
At 1 January 2025	32,599	12,315	44,914
Additions	1,399	-	1,399
At 31 December 2025	33,998	12,315	46,313
<b>Accumulated depreciation</b>			
At 1 January 2025	26,524	11,880	38,404
Charge for the year (Note 6)	4,078	108	4,186
At 31 December 2025	30,602	11,988	42,590
<b>Net carrying amount</b>			
At 31 December 2025	3,396	327	3,723
<b>Cost</b>			
At 1 January 2024	37,097	12,315	49,412
Additions	1,999	-	1,999
Written off	(6,497)	-	(6,497)
At 31 December 2024	32,599	12,315	44,914
<b>Accumulated depreciation</b>			
At 1 January 2024	26,855	11,772	38,627
Charge for the year (Note 6)	5,331	108	5,439
Written off	(5,662)	-	(5,662)
At 31 December 2024	26,524	11,880	38,404
<b>Net carrying amount</b>			
At 31 December 2024	6,075	435	6,510

**Notes to the Financial Statements (cont'd)**

31 December 2025

**12. Investment properties**

	Group	
	2025 RM	2024 RM
<b>Cost</b>		
At 1 January	2,220,569	2,220,569
Additions	481,050	-
At 31 December	2,701,619	2,220,569
<b>Accumulated depreciation</b>		
At 1 January	1,073,520	1,010,175
Depreciation charge for the year (Note 6)	63,830	63,345
At 31 December	1,137,350	1,073,520
<b>Net carrying amount</b>		
At 31 December	1,564,269	1,147,049
Fair value of investment properties (Note 24)	4,140,000	4,140,000

These properties are held to earn rentals or for capital appreciation or both.

**Notes to the Financial Statements (cont'd)**

31 December 2025

**13. Right-of-use assets and lease liabilities**

**(a) Right-of-use assets**

<b>Group</b>	<b>Leasehold land RM</b>	<b>Lease contracts RM</b>	<b>Total RM</b>
<b>Cost</b>			
At 1 January 2025	8,169,801	831,712	9,001,513
Additions	673,400	243,130	916,530
Reversal of cost upon expiry of lease contracts	-	(187,548)	(187,548)
At 31 December 2025	8,843,201	887,294	9,730,495
<b>Accumulated depreciation</b>			
At 1 January 2025	3,851,322	250,830	4,102,152
Depreciation charge for the year (Note 6)	220,069	291,053	511,122
Reversal of accumulated depreciation upon expiry of lease contracts	-	(187,548)	(187,548)
At 31 December 2025	4,071,391	354,335	4,425,726
<b>Net carrying amount</b>			
At 31 December 2025	4,771,810	532,959	5,304,769

**Notes to the Financial Statements (cont'd)**

31 December 2025

**13. Right-of-use assets and lease liabilities (cont'd)**

**(a) Right-of-use assets (cont'd)**

<b>Group</b>	<b>Leasehold land RM</b>	<b>Lease contracts RM</b>	<b>Total RM</b>
<b>Cost</b>			
At 1 January 2024	8,169,801	729,519	8,899,320
Additions	-	671,491	671,491
Derecognition for lease termination	-	(106,456)	(106,456)
Reversal of cost upon expiry of lease contracts	-	(462,842)	(462,842)
At 31 December 2024	8,169,801	831,712	9,001,513
<b>Accumulated depreciation</b>			
At 1 January 2024	3,627,463	465,141	4,092,604
Depreciation charge for the year (Note 6)	223,859	279,167	503,026
Derecognition for lease termination	-	(30,636)	(30,636)
Reversal of accumulated depreciation upon expiry of lease contracts	-	(462,842)	(462,842)
At 31 December 2024	3,851,322	250,830	4,102,152
<b>Net carrying amount</b>			
At 31 December 2024	4,318,479	580,882	4,899,361

**Notes to the Financial Statements (cont'd)**

31 December 2025

**13. Right-of-use assets and lease liabilities (cont'd)**

**(a) Right-of-use assets (cont'd)**

<b>Company</b>	<b>Lease contracts RM</b>
<b>Cost</b>	
At 1 January 2025	49,277
Additions	79,266
Reversal of cost upon expiry of lease	(49,277)
At 31 December 2025	79,266
<b>Accumulated depreciation</b>	
At 1 January 2025	32,231
Depreciation charge for the year (Note 6)	23,270
Reversal of cost upon expiry of lease	(49,277)
At 31 December 2025	6,224
<b>Net carrying amount</b>	
At 31 December 2025	73,042
<b>Cost</b>	
At 1 January 2024 and 31 December 2024	49,277
<b>Accumulated depreciation</b>	
At 1 January 2024	7,199
Depreciation charge for the year (Note 6)	25,032
At 31 December 2024	32,231
<b>Net carrying amount</b>	
At 31 December 2024	17,046

**Notes to the Financial Statements (cont'd)**

31 December 2025

**13. Right-of-use assets and lease liabilities (cont'd)**

**(b) Lease liabilities**

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
<b>Current liabilities</b>				
Lease liabilities	284,229	240,392	25,226	17,046
<b>Non-current liabilities</b>				
Lease liabilities	248,730	340,491	47,816	-
<b>Total lease liabilities</b>	<b>532,959</b>	<b>580,883</b>	<b>73,042</b>	<b>17,046</b>

The movement of lease liabilities during the financial year is as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
At 1 January	580,883	264,378	17,046	42,078
Addition	243,130	671,491	79,266	-
Derecognition for lease termination	-	(75,820)	-	-
Interest expense on lease liabilities (Note 6)	26,296	28,479	3,130	1,368
Payments of:				
- Principal	(291,054)	(279,166)	(23,270)	(25,032)
- Interest	(26,296)	(28,479)	(3,130)	(1,368)
<b>At 31 December</b>	<b>532,959</b>	<b>580,883</b>	<b>73,042</b>	<b>17,046</b>

## Notes to the Financial Statements (cont'd)

31 December 2025

### 14. Investment in subsidiaries

	Company	
	2025 RM	2024 RM
Unquoted shares, at cost	67,914,211	67,914,211
Less: Accumulated impairment losses	(15,527,508)	(15,527,508)
	52,386,703	52,386,703

Details of the subsidiaries are as follows:

Name	Country of incorporation /Principal place of business	Principal activities	Proportion of ownership interest (%)	
			2025	2024
Hup Seng Perusahaan Makanan (M) Sdn. Bhd.	Malaysia	Manufacture and sales of biscuits	100%	100%
Hup Seng Hoon Yong Brothers Sdn. Bhd.	Malaysia	Sales and distribution of biscuits, confectionery and other foodstuff	100%	100%
In-Comix Food Industries Sdn. Bhd.	Malaysia	Manufacture and wholesale of coffee mix and all kinds of foodstuff	100%	100%

The investment in In-Comix Food Industries Sdn. Bhd. ("ICFI") is carried at cost of RM23.97 million (2024: RM23.97 million) and accumulated impairment losses of RM15.53 million (2024: RM15.53 million). Following the impairment assessment in the current financial year, no further impairment loss or reversal of previously recognised impairment losses was required.

The Company estimated the recoverable amount of the investment in ICFI based on the fair value less costs of disposal. The calculation is based on the net assets of ICFI adjusted for the estimated fair value less costs of disposal of its leasehold land and building.

**Notes to the Financial Statements (cont'd)**

31 December 2025

**15. Inventories**

	Group	
	2025 RM	2024 RM
At cost:		
Raw materials	16,411,614	15,741,509
Finished goods	10,379,741	7,591,139
Spares and fuel	4,260,959	4,108,613
Trading inventories	3,162,013	2,998,989
Work-in-progress	431,179	316,393
	34,645,506	30,756,643
At net realisable value:		
Containers	1,134,810	1,134,810
	35,780,316	31,891,453

Inventories of containers are stated at estimated net realisable value and based on the estimated quantity of tin containers in circulation at the financial year end.

**Notes to the Financial Statements (cont'd)**

31 December 2025

**16. Trade and other receivables**

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
<b>Current Trade receivables</b>				
Third parties	39,779,291	44,065,737	-	-
Less: Allowance for doubtful debts	(390,947)	(429,407)	-	-
Trade receivables, net	39,388,344	43,636,330	-	-
<b>Other receivables</b>				
Deposits	202,592	230,362	8,600	8,200
Interest receivable from fixed deposits	122,169	129,542	81,967	90,855
Sundry receivables	7,174	33,637	-	-
	331,935	393,541	90,567	99,055
Total trade and other receivables	39,720,279	44,029,871	90,567	99,055
Add: Cash and bank balances (Note 17)	83,745,997	83,109,119	31,324,377	32,896,520
Financial assets measured at amortised cost	123,466,276	127,138,990	31,414,944	32,995,575

## Notes to the Financial Statements (cont'd)

31 December 2025

### 16. Trade and other receivables (cont'd)

#### Trade receivables

Trade receivables are non-interest bearing and are generally on 14 to 60 days (2024: 14 to 60 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

#### Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2025 RM	2024 RM
Neither past due nor impaired	29,989,203	32,056,792
1 to 30 days past due not impaired	8,260,702	10,106,187
31 to 60 days past due not impaired	1,103,165	1,363,160
61 to 90 days past due not impaired	23,627	106,444
91 to 120 days past due not impaired	2,790	3,596
More than 121 days past due not impaired	8,857	151
Impaired	9,399,141	11,579,538
	390,947	429,407
	39,779,291	44,065,737

## Notes to the Financial Statements (cont'd)

31 December 2025

### 16. Trade and other receivables (cont'd)

#### Trade receivables (cont'd)

##### Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of these balances have been renegotiated during the financial year.

##### Receivables that are past due but not impaired

The Group has trade receivables amounting to RM9,399,141 (2024: RM11,579,538) that are past due at the reporting date but not impaired.

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

Movement in allowance accounts:

	Group	
	2025 RM	2024 RM
At 1 January	429,407	464,720
Written off	(36,045)	(34,427)
Reversal of allowance for doubtful debts (Note 6)	(2,415)	(886)
At 31 December	390,947	429,407

Trade receivables that are determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

**Notes to the Financial Statements (cont'd)**

31 December 2025

**17. Cash and bank balances**

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Cash and bank balances	11,195,997	7,609,119	124,377	496,520
Short-term deposits with licensed banks	72,550,000	75,500,000	31,200,000	32,400,000
Cash and cash equivalents, representing total cash and bank balances	83,745,997	83,109,119	31,324,377	32,896,520

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day to three months (2024: one day to three months) depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

The weighted average effective interest rates (per annum) for deposits with licensed banks as at the reporting date were as follows:

	Group		Company	
	2025 %	2024 %	2025 %	2024 %
Interest rate	2.41	2.88	2.55	3.42

**Notes to the Financial Statements (cont'd)**

31 December 2025

**18. Trade and other payables**

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
<b>Current</b>				
<b>Trade payables</b>				
Third parties	37,329,340	42,060,012	-	-
<b>Other payables</b>				
Payroll liabilities	13,440,636	12,753,036	113,686	109,811
Sales tax payable	2,187,518	2,288,572	-	-
Sundry suppliers	2,117,368	2,301,266	-	-
Advance received from customers	2,820,717	3,081,817	-	-
Accrued expenses	7,393,291	8,099,080	1,235,005	1,257,546
Containers refundable deposits	1,160,524	1,421,957	-	-
	29,120,054	29,945,728	1,348,691	1,367,357
Total trade and other payables	66,449,394	72,005,740	1,348,691	1,367,357
Less: Advance received from customers	(2,820,717)	(3,081,817)	-	-
Less: Sales tax payable	(2,187,518)	(2,288,572)	-	-
Add: Lease liabilities (Note 13(b))	532,959	580,883	73,042	17,046
Total financial liabilities carried at amortised cost	61,974,118	67,216,234	1,421,733	1,384,403

**Trade payables**

Trade payables are non-interest bearing. Trade payables are normally settled on 30 to 90 days (2024: 30 to 90 days) terms.

## Notes to the Financial Statements (cont'd)

31 December 2025

### 19. Deferred tax liabilities/(assets)

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
At 1 January	6,853,466	5,893,890	(9,875)	(11,691)
Recognised in profit or loss (Note 9)	(73,856)	959,576	-	1,816
At 31 December	6,779,610	6,853,466	(9,875)	(9,875)
Presented after appropriate offsetting as follows:				
Deferred tax assets	(484,924)	(673,204)	(9,875)	(9,875)
Deferred tax liabilities	7,264,534	7,526,670	-	-
	6,779,610	6,853,466	(9,875)	(9,875)

The components and movements of deferred tax liabilities/(assets) during the financial year prior to offsetting are as follows:

#### Deferred tax liabilities/(assets) of the Group:

	Property, plant and equipment RM	Deductible temporary differences RM	Total RM
At 1 January 2025	8,400,483	(1,547,017)	6,853,466
Recognised in profit or loss	(68,883)	(4,973)	(73,856)
At 31 December 2025	8,331,600	(1,551,990)	6,779,610
At 1 January 2024	7,259,439	(1,365,549)	5,893,890
Recognised in profit or loss	1,141,044	(181,468)	959,576
At 31 December 2024	8,400,483	(1,547,017)	6,853,466

**Notes to the Financial Statements (cont'd)**

31 December 2025

**19. Deferred tax liabilities/(assets) (cont'd)****Deferred tax liabilities/(assets) of the Company:**

	<b>Property, plant and equipment RM</b>	<b>Deductible temporary differences RM</b>	<b>Total RM</b>
At 1 January 2024	771	(12,462)	(11,691)
Recognised in profit or loss	(416)	2,232	1,816
At 31 December 2024, 1 January 2025 and 31 December 2025	355	(10,230)	(9,875)

**20. Share capital**

	<b>Number of ordinary shares</b>		<b>Amount</b>	
	<b>2025</b>	<b>2024</b>	<b>2025 RM</b>	<b>2024 RM</b>
<b>Issued and fully paid, at no par value:</b> At 1 January/31 December	800,000,000	800,000,000	80,000,000	80,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

## Notes to the Financial Statements (cont'd)

31 December 2025

### 21. Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 December 2025 and 31 December 2024 under the single-tier system.

### 22. Related party transactions

- (a) For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.
- (b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Note	2025 RM	2024 RM
<b>Group</b> Rental of premises payable to: - Hup Seng Brothers Holdings Sdn. Bhd.	(i)	102,000	99,850
<b>Company</b> From subsidiary companies: Dividends received and receivable		48,327,000	60,231,000

The Directors are of the opinion that all the transactions above have been entered into the normal course of business and have been established under mutually agreed terms.

Note:

- (i) Certain Directors of the Company and subsidiaries are also Directors and shareholders of Hup Seng Brothers Holdings Sdn. Bhd.
- (c) Compensation of key management during the year was as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Short-term employee benefits	9,465,541	9,648,225	1,569,729	1,575,456
Defined contribution plan	896,166	867,053	80,968	78,703
	10,361,707	10,515,278	1,650,697	1,654,159

## Notes to the Financial Statements (cont'd)

31 December 2025

### 23. Capital commitments

	Group	
	2025 RM	2024 RM
Capital expenditure:		
Approved but not contracted for property, plant and equipment	-	461,209
Contracted but not provided for property, plant and equipment	488,159	1,333,800
	488,159	1,795,009

### 24. Fair value

#### Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value:

	<b>Note</b>
Trade and other receivables (current)	16
Cash and bank balances	17
Trade and other payables (current)	18
Lease liabilities	13(b)

The carrying amounts of the financial assets and liabilities of the Group and of the Company at the reporting date approximate fair values due to the relatively short term maturity of these financial instruments.

The fair values of lease liabilities of the Group and of the Company are estimated by discounting expected future cash flows at market incremental lending rates at the reporting date.

#### Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of assets by valuation technique:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value is unobservable

## Notes to the Financial Statements (cont'd)

31 December 2025

### 24. Fair value (cont'd)

#### Fair value hierarchy (cont'd)

As at 31 December 2025, the Group held the following assets for which fair values are disclosed:

	Total RM	Level 1 RM	Level 2 RM	Level 3 RM
<b>At 31 December 2025</b> Investment properties * (Note 12)	4,140,000	-	-	4,140,000
<b>At 31 December 2024</b> Investment properties * (Note 12)	4,140,000	-	-	4,140,000

\* The valuation method for investment properties is based on comparable market transactions that considers sales of similar properties that have been transacted in the open market.

There were no transfers between the various fair value measurement levels during the financial year.

### 25. Financial risk management objectives and policies

The Group is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer, Head of Treasury and Head of Credit Control. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

#### (a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the Head of Credit Control.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

**Notes to the Financial Statements (cont'd)**

31 December 2025

**25. Financial risk management objectives and policies (cont'd)****(a) Credit risk (cont'd)**

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Days past due					Total RM
	Current RM	1-30 days RM	31-60 days RM	61-90 days RM	>90 days RM	
<b>31 December 2025</b>						
Expected credit loss rate	0.06%	0.13%	0.44%	46.82%	96.67%	
Gross carrying amount	30,005,881	8,271,502	1,108,063	44,425	349,420	39,779,291
Expected credit loss	16,678	10,800	4,898	20,798	337,773	390,947
<b>31 December 2024</b>						
Expected credit loss rate	0.03%	0.03%	0.25%	15.90%	99.05%	
Gross carrying amount	32,067,085	10,109,466	1,366,559	126,568	396,059	44,065,737
Expected credit loss	10,293	3,279	3,399	20,124	392,312	429,407

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the statement of financial position.
- an amount of RM1,348,400 (2024: RM1,337,143) relating to corporate guarantee provided by the Company to several banks for its subsidiaries. As at 31 December 2025 and 2024, the Company has not recognised any financial liability relating to the corporate guarantees given to its subsidiaries as the subsidiaries have not defaulted on any credit facility.

Information regarding credit enhancements for trade receivables is disclosed in Note 16.

## Notes to the Financial Statements (cont'd)

31 December 2025

### 25. Financial risk management objectives and policies (cont'd)

#### (a) Credit risk (cont'd)

##### Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date is as follows:

	Group			
	2025		2024	
	RM	% of total	RM	% of total
<b>By country:</b>				
Malaysia	38,278,388	97.18%	42,167,337	96.63%
Asia	1,102,379	2.80%	1,468,993	3.37%
Other countries	7,577	0.02%	-	0.00%
	39,388,344	100.00%	43,636,330	100.00%
<b>By industry sectors:</b>				
Biscuits manufacturing	1,088,878	2.77%	1,436,988	3.29%
Beverages manufacturing	154,328	0.39%	246,712	0.57%
Trading division	38,145,138	96.84%	41,952,630	96.14%
	39,388,344	100.00%	43,636,330	100.00%

##### Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are disclosed in Note 16. Deposits with banks that are neither past due nor impaired are placed with or entered into with reputable banks with high credit ratings and no history of default.

##### Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 16.

## Notes to the Financial Statements (cont'd)

31 December 2025

### 25. Financial risk management objectives and policies (cont'd)

#### (b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements and maintain available banking facilities at a reasonable level to its overall debt position.

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Trade and other payables, excluding advance received from customers				
- On demand or within 1 year	63,628,677	68,923,923	1,348,691	1,367,357
Lease liabilities				
- On demand or within 1 year	289,500	253,000	27,600	17,600
- Within 2 to 5 years	255,850	351,050	50,000	-
	64,174,027	69,527,973	1,426,291	1,384,957

#### (c) Foreign currency risk

The Group is exposed to transactional currency risk primarily through sales that are denominated in a currency other than the functional currency of the operations to which they relate. Foreign exchange exposures in transactional currencies other than functional currency of the Group entities are kept to an acceptable level. The Group does not engage in any formal hedging activities.

#### Sensitivity analysis of foreign exchange rate changes

	2025		2024	
RM/United States Dollars (USD) exchange rate	+/-	2.00%	+/-	2.00%
USD denominated accounts receivable (RM)		177,182		67,576
Net income (RM)	+/-	2,693	+/-	1,027
RM/Singapore Dollars (SGD) exchange rate	+/-	2.00%	+/-	2.00%
SGD denominated accounts receivable (RM)		2,044,256		1,990,016
Net income (RM)	+/-	31,073	+/-	30,248

## Notes to the Financial Statements (cont'd)

31 December 2025

### 26. Capital management

The Group's objectives of managing capital are to safeguard the Group's ability to continue in operations as a going concern in order to provide fair 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 the optimal capital structure, the Group may, from time to time, adjust the dividend payout to shareholders, return capital to shareholders and issue new shares, where necessary. For capital management purposes, the Group considers shareholders' equity and total liabilities to be the key components in the Group's capital structure. The Group monitors capital on the basis of the gearing ratio. The ratio is calculated as the total liabilities to total equity. Total equity is the sum of total equity attributable to shareholders. The gearing ratio as at 31 December 2025 and 2024, which are within the Group's objectives for capital management, are as follows:

	2025 RM	2024 RM
Total liabilities	83,290,808	87,271,065
Total equity	165,612,950	163,797,281
Gearing ratio	50%	53%

### 27. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

- I. The biscuit manufacturing segment is in the business of manufacture and sales of biscuits.
- II. The beverage manufacturing segment is in the business of manufacture and wholesale of coffee mix and all kinds of foodstuff.
- III. The trading division segment is in the business of sales and distribution of biscuits, confectionery and other foodstuff.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

## 27. Segment information (cont'd)

	Biscuit manufacturing division		Beverage manufacturing division		Trading division		Consolidated	
	2025 RM	2024 RM	2025 RM	2024 RM	2025 RM	2024 RM	2025 RM	2024 RM
<b>Revenue</b>								
Revenue	293,948,719	295,157,186	5,816,050	5,465,307	318,985,637	313,788,545	618,750,406	614,411,038 (A)
<b>Results</b>								
Segment profit	34,712,890	40,120,670	92,699	45,248	33,497,560	35,197,208	68,303,149	75,363,126 (B)
Profit from inter-segment sales							(61,448)	(126,888)
Other income							1,096,715	1,225,282
Finance cost							(3,130)	(1,368)
Unallocated expenses							(2,718,016)	(2,694,028)
Profit before tax							66,617,270	73,766,124
Income tax expense							(16,801,601)	(16,155,189)
<b>Profit net of tax</b>							49,815,669	57,610,935

(A) Revenue reported above represents revenue generated from the reportable segments. Inter-segment sales for the current year is RM224,080,284 (2024: RM219,061,636).

(B) Segment profit represents the profit earned by each segment without allocation of the central administration costs, investment income, financial costs and income tax expense. This is the measure reported to the decision maker for the purposes of resources allocation and assessment of segment performance.

Notes to the Financial Statements (cont'd)

31 December 2025

27. Segment information (cont'd)

	Biscuit manufacturing division		Beverage manufacturing division		Trading division		Consolidated	
	2025 RM	2024 RM	2025 RM	2024 RM	2025 RM	2024 RM	2025 RM	2024 RM
<b>Assets</b>								
Segment assets	133,749,137	131,829,981	7,515,343	7,358,959	76,131,136	78,844,849	217,395,616	218,033,789
Unallocated assets							31,508,142	33,034,557
Total assets							248,903,758	251,068,346
<b>Liabilities</b>								
Segment liabilities	63,247,516	66,997,523	1,325,550	1,104,897	17,217,811	17,691,531	81,790,877	85,793,951
Unallocated liabilities							1,499,931	1,477,114
Total liabilities							83,290,808	87,271,065
<b>Other segment information</b>								
Depreciation	5,321,741	4,938,685	161,566	163,291	1,017,618	1,037,705	6,500,925	6,139,681
Unallocated expense							27,456	30,471
							6,528,381	6,170,152
Additions of non-current assets	5,033,727	19,207,865	6,708	705	693,549	1,134,201	5,733,984	20,342,771
Unallocated additions							1,399	1,999
							5,735,383	20,344,770
Non cash expense other than depreciation	1,522,371	601,203	60,030	7,501	31,948	58,231	1,614,349	666,935
Unallocated expense							-	835
							1,614,349	667,770

**Notes to the Financial Statements (cont'd)**

31 December 2025

**28. Dividends**

	Group and Company	
	2025 RM	2024 RM
<b>Recognised and paid during the financial year:</b>		
Dividends paid on ordinary shares:		
- Third interim single-tier dividend for 2023: 1.5 sen per share	-	11,999,993
- Special single-tier dividend for 2023: 0.5 sen per share	-	4,000,000
- First interim single-tier dividend for 2024: 2 sen per share	-	16,000,000
- Second interim single-tier dividend for 2024: 2 sen per share	-	16,000,000
- Special single-tier dividend for 2024: 1 sen per share	-	8,000,000
- Third interim single-tier dividend for 2024: 1 sen per share	8,000,000	-
- Special single-tier dividend for 2024: 1 sen per share	8,000,000	-
- First interim single-tier dividend for 2025: 2 sen per share	16,000,000	-
- Second interim single-tier dividend for 2025: 2 sen per share	16,000,000	-
	48,000,000	55,999,993
<b>Declared but not recognised as a liability as at 31 December:</b>		
- Third interim single-tier dividend for 2024: 1 sen per share	-	8,000,000
- Special single-tier dividend for 2024: 1 sen per share	-	8,000,000
	-	16,000,000

**29. Authorisation of financial statements for issue**

The financial statements for the year ended 31 December 2025 were authorised for issue in accordance with a resolution of the Directors on 18 March 2026.

# Top 10 Properties of the Group

For the financial year ended 31 December 2025

Location of Property	Description	Tenure of Land	Existing Use	Land Area/ Build-up Area	Approximate Age of Building	Net Book Value as at 31.12.25 RM
<b>Hup Seng Perusahaan Makanan (M) Sdn. Bhd.</b>						
Lot 1336 14-A, Jalan Kilang Kawasan Perindustrian Tongkang Pecah 83010 Batu Pahat Johor Darul Ta'zim	Single storey detached factory an annex with 3 storey office building incorporating a basement area	Freehold	Warehouse/ office	9,940 sq. m/ 13,285.27 sq. m	26 years	9,159,143
PTD 1858 14, Jalan Kilang Kawasan Perindustrian Tongkang Pecah 83010 Batu Pahat Johor Darul Ta'zim	Single storey detached factory an annex with 2 storey office building and other ancillary buildings	60 years leasehold (Expiring 24.05.2040)	Factory/ office	20,234.11 sq. m/ 16,624.98 sq. m	43 years	10,326,176
PTD 1127 HS(D) 38435 (Formerly HS(D) 7577) 4, Jalan Sampan Kawasan Perindustrian Tongkang Pecah 83010 Batu Pahat Johor Darul Ta'zim	Single storey detached factory	60 years leasehold (Expiring 07.11.2085)	Store	4,047.00 sq. m/ 2,091.40 sq. m	-	922,387
PTD 1853 HS(D) 10338 9, Jalan Perahu Kawasan Perindustrian Tongkang Pecah 83010 Batu Pahat Johor Darul Ta'zim	Single storey detached factory cum 2 storey office building	60 years leasehold (Expiring 23.03.2085)	Rented out (Expiring 30.09.2028)	6,647.03 sq. m/ 5,160.60 sq. m	37 years	1,365,047
PTD 1871 HS(D) 11676 1A, Jalan Kapal Kawasan Perindustrian Tongkang Pecah 83010 Batu Pahat Johor Darul Ta'zim	Single storey detached factory	60 years leasehold (Expiring 26.09.2040)	Factory/ warehouse	4,047.00 sq. m/ 1,880.38 sq. m	33 years	581,361

## Top 10 Properties of the Group (cont'd)

For the financial year ended 31 December 2025

Location of Property	Description	Tenure of Land	Existing Use	Land Area/ Build-up Area	Approximate Age of Building	Net Book Value as at 31.12.25 RM
<b>Hup Seng Perusahaan Makanan (M) Sdn. Bhd.</b>						
PTD 1860 HS(D) 12111 3, Jalan Kapal Kawasan Perindustrian Tongkang Pecah 83010 Batu Pahat Johor Darul Ta'zim	3 storey hostel building cum single storey factory building	60 years leasehold (Expiring 21.10.2085)	Foreign worker hostel	4,805.04 sq. m/ 4,264.29 sq. m	35 years	5,018,895
PTD 25836 HS(M) 3056 (Formerly Lot 766 HS(M) 672) 6, 18, 18.1, 18.2 & 18.3 Jalan Kilang Kawasan Perindustrian Tongkang Pecah 83010 Batu Pahat Johor Darul Ta'zim	4 storey factory building cum office and 4 single storey factory building	Freehold	6-Store 18-Store 18.1-Store 18.2-Store 18.3-Store	14,822 sq. m/ 11,492.22 sq. m	28 - 34 years	12,911,211
<b>Hup Seng Hoon Yong Brothers Sdn. Bhd.</b>						
Lot No. 305884, PN149251 (Formerly PT 149442) 12, Hala Rapat Baru 18 Taman Perusahaan Ringan Kinta Jaya 31350 Ipoh Perak Darul Ridzuan	1 1/2 storey detached factory	99 years leasehold (Expiring 25.06.2096)	Branch office/ warehouse	1,586 sq. m/ 12,050 sq. ft.	27 years	783,877
Lot 6574 Mukim of Linau District of Batu Pahat Johor Darul Ta'zim	Industrial land	Freehold	Car park	9,704.38 sq. m	-	2,000,233
<b>In-Comix Food Industries Sdn. Bhd.</b>						
Plo No.94 Kawasan Perindustrian Senai 3 Jalan Cyber 6 81400 Senai Johor Darul Ta'zim	Single storey detached factory incorporating a mezzanine floor	60 years leasehold (Expiring 08.06.2056)	Warehouse/ office/ factory	6,328.94 sq. m/ 5,059 sq. m	28 years	3,533,320

# Statement of Shareholdings

As at 19 March 2026

Issued Share Capital	:	800,000,000
Paid-Up Share Capital	:	RM80,000,000.00
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per Ordinary Share on a poll

## ANALYSIS BY SIZE OF HOLDINGS AS AT 19 MARCH 2026

Holdings	No. of Holders	% of Holders	No. of Shares	% of Shares
1 - 99	262	2.12	7,690	0.00
100 - 1,000	3,327	26.89	1,818,588	0.23
1,001 - 10,000	5,608	45.32	27,257,744	3.41
10,001 - 100,000	2,781	22.47	82,924,487	10.36
100,001 - 39,999,999 (*)	395	3.19	279,990,738	35.00
40,000,000 and above (**)	1	0.01	408,000,753	51.00
<b>Total</b>	<b>12,374</b>	<b>100.00</b>	<b>800,000,000</b>	<b>100.00</b>

\* - Less than 5% of Issued Shares

\*\* - 5% and above of Issued Shares

## LIST OF TOP 30 SHAREHOLDERS AS AT 19 MARCH 2026

Name Of Shareholders	Holdings	Percentage %
1. HSB Group Sdn Bhd (HSB Group Sdn Bhd)	408,000,753	51.00
2. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	11,423,300	1.43
3. Kerk Chian Tung	11,333,333	1.42
4. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Islamic)	10,978,200	1.37
5. Chong Swee Ching	8,040,000	1.01
6. Citigroup Nominees (Tempatan) Sdn Bhd Lembaga Tabung Haji (Eastspring)	7,632,900	0.95
7. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad For Eastspring Investmentssmall-Cap Fund	7,420,600	0.93
8. Kuo Chee Ching	7,222,666	0.90
9. Kerk Kar Han	6,446,666	0.81
10. Kerk Han Meng	5,226,666	0.65
11. Teo Lee Tong	5,173,333	0.65
12. Teo Lee Teck	5,160,000	0.65
13. Lem Leh Lee @ Lim Mok Lee	5,032,002	0.63
14. Mary Kerk Beng Ley	4,666,666	0.58
15. Sim Guat Keow @ Sim Han Che	4,626,666	0.58
16. Kuo Liong Yok	4,233,333	0.53
17. Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (ESPG IV SC E)	4,122,100	0.52
18. Kuo Chee Kian	3,793,333	0.47
19. Kuo Chee Hau	3,560,000	0.45

**Statement of Shareholdings (cont'd)**

As at 19 March 2026

**LIST OF TOP 30 SHAREHOLDERS AS AT 19 MARCH 2026 (cont'd)**

Name Of Shareholders	Holdings	Percentage %
20. Kuo Lee Yong	3,540,000	0.44
21. Kuo Chee Joo	3,500,000	0.44
22. Ng Ee Kim	3,443,333	0.43
23. Kuo Lee Ai	3,406,666	0.43
24. Kerk Ke Yee	3,333,333	0.42
25. Kuo Lee Hun	3,113,333	0.39
26. Wan Lay Hoon	3,066,666	0.38
27. Kuo Chee Yoong	2,766,666	0.35
28. Tan Beng Hong	2,653,333	0.33
29. Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (ESPRING ABSR EQ)	2,475,500	0.31
30. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (EASTSPRINGESG)	2,411,100	0.30

**INFORMATION ON SUBSTANTIAL HOLDER'S HOLDINGS AS AT 19 MARCH 2026**

Name Of Shareholder	Holdings	Percentage %
HSB Group Sdn Bhd (HSB Group Sdn Bhd)	408,000,753	51.00

**LIST OF DIRECTORS WITH REGISTERED SHAREHOLDINGS AS AT 19 MARCH 2026**

Name Of Directors	Direct Interest		Deemed Interest	
	No. of Shares	Percentage %	No. of Shares	Percentage %
1. Kerk Chiew Siong	1,333,333	0.17	11,373,333 #	1.42
2. Kerk Chian Tung	11,333,333	1.42	-	-
3. Teo Lee Teck	5,160,000	0.65	533,333 #	0.07
4. Kerk Kar Han	6,446,666	0.81	500,000 #	0.06
5. Kuo Liong Yok	4,233,333	0.53	3,316,666 #	0.41
6. Kerk Shiang Yih	1,383,999	0.17	-	-
7. Lim Poh Seong	-	-	-	-
8. Dr. Voon Yuen Hoong	-	-	-	-
9. Lee Ting Kiat	-	-	-	-

Note:

# Deemed interested by virtue of his interest pursuant to Section 59(11)(c) of the Companies Act 2016.

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Thirty-Fourth Annual General Meeting (“34th AGM”) of Hup Seng Industries Berhad (“the Company”) will be held at the Mezzanine Floor, The Katerina Hotel, 8, Jalan Zabedah, 83000 Batu Pahat, Johor Darul Ta’zim on Wednesday, 20 May 2026 at 9.00 a.m. for the following purposes:-

## AGENDA

### ORDINARY BUSINESS

1. To receive the audited financial statements of the Company for the financial year ended 31 December 2025 together with the reports of the Directors and auditors thereon.	<b>Please refer to Explanatory Note A</b>
2. To approve the payment of Directors’ fees of RM1,680,000 for the financial year ended 31 December 2025.	<i>Resolution 1</i>
3. To approve the payment of Directors’ benefits in accordance with Section 230(1) of the Companies Act 2016 up to an amount of RM107,000 from 21 May 2026 until the next Annual General Meeting (“AGM”) of the Company.	<i>Resolution 2</i>
4. To re-elect the following Directors who retire by rotation in accordance with Article 103 of the Company’s Constitution and being eligible, offer themselves for re-election:- i. Mr. Kerk Kar Han ii. Mr. Lim Poh Seong iii. Ms. Kerk Shiang Yih	<i>Resolution 3 Resolution 4 Resolution 5</i>
5. To re-appoint Ernst & Young PLT, the retiring auditors, as the auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration.	<i>Resolution 6</i>
6. To transact any other business that can be transacted in an annual general meeting of which due notice shall have been received.	

**FURTHER NOTICE IS HEREBY GIVEN** that for the purpose of determining a member who shall be entitled to attend this 34th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a Record of Depositors as at 8 May 2026 (“General Meeting Record of Depositors”) and only a Depositor whose name appears on the General Meeting Record of Depositors as at 8 May 2026 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

### BY ORDER OF THE BOARD

LEE WAI NGAN (LS0000184)  
TAN KOK AUN (MACS01564)  
Company Secretaries

Kuala Lumpur  
17 April 2026

## Notice of Annual General Meeting (cont'd)

### EXPLANATORY NOTE A

This Agenda item is meant for discussion only as under the provisions of Sections 248(2) and 340(1)(a) of the Companies Act 2016 and the Company's Constitution, the audited financial statements do not require the formal approval of shareholders. As such, this item is not put forward for voting.

### EXPLANATORY NOTE ON ORDINARY BUSINESS

#### (i) Resolution 2 – Directors' Benefits

Section 230(1) of the Companies Act 2016 requires that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. Pursuant thereto, shareholders' approval will be sought at this AGM for the payment of benefits payable to Directors for the period from 21 May 2026 up to the next AGM. The estimated amount of Directors' Benefits for the period from 21 May 2026 up to the next AGM amounts to RM107,000. The benefits are comprised of meeting allowances and overseas trip (if any). In the event that the proposed Directors' benefits payable are insufficient due to an enlarged size of the board of directors, approval will be sought at the next AGM for additional Directors' benefits to meet the shortfall.

### NOTES:

1. To facilitate the orderly conduct of the 34th Annual General Meeting, registration of shareholders and proxies will close promptly at 9:00 a.m. on the day of the meeting. Shareholders are encouraged to arrive early to allow sufficient time for registration. Admission after the close of registration may be permitted at the discretion of the Chairman.
2. A member entitled to attend and vote at the AGM is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus accounts it holds. Where a member is an authorised nominee as defined under SICDA, it may appoint one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
5. The instrument appointing a proxy must be deposited at the Registered Office, 3A Mezzanine Floor, Jalan Ipoh Kecil, 50350 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the 34th AGM or any adjournment thereof. The last date and time for lodging the form of proxy is **Monday, 18 May 2026 at 9.00 a.m.**

## Notice of Annual General Meeting (cont'd)

### NOTES:

6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or by signature in accordance with section 66(2) of the Companies Act 2016. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Registered Office of the Company at 3A, Mezzanine Floor, Jalan Ipoh Kecil, 50350 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the 34th AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
7. A corporate member who has appointed a representative, please deposit the ORIGINAL certificate of appointment with the Registered Office of the Company at 3A, Mezzanine Floor, Jalan Ipoh Kecil, 50350 Kuala Lumpur. The certificate of appointment should be executed in the following manner:
  - (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance to the Section 66(2) of the Companies Act, 2016.
  - (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    - (a) at least two (2) authorised officers, of whom one shall be a director; or
    - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.



合成工業有限公司  
**Hup Seng Industries Berhad**  
 199101015786 (226098-P)  
 (Incorporated in Malaysia)

# Form Of Proxy

CDS Account No.	No. of Shares Held

I/We \_\_\_\_\_ Tel: \_\_\_\_\_  
 (Full name in block, NRIC/Passport/Company No)

of \_\_\_\_\_  
 (Full address)

being a member/members of **Hup Seng Industries Berhad**, hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

\*and / or

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairman of the Meeting, as my/our proxy/proxies to vote for \*me/us and on \*my/our behalf at the Thirty-Fourth Annual General Meeting ("34th AGM") of the Company to be held at held at the Mezzanine Floor, The Katerina Hotel, 8, Jalan Zabedah, 83000 Batu Pahat, Johor Darul Ta'zim on Wednesday, 20 May 2026 at 9.00 a.m. and at every adjournment thereof \*for/against the resolutions to be proposed thereat.

\*My/Our proxy is to vote as indicated below: -

No.	Resolutions	For	Against
Resolution 1	To approve the payment of Directors' fees for the financial year ended 31 December 2025.		
Resolution 2	To approve the payment of Directors' benefits up to an amount of RM107,000 from 21 May 2026 until the next AGM of the Company.		
Resolution 3	To re-elect Mr. Kerk Kar Han as a Director of the Company.		
Resolution 4	To re-elect Mr. Lim Poh Seong as a Director of the Company.		
Resolution 5	To re-elect Ms. Kerk Shiang Yih as a Director of the Company.		
Resolution 6	To re-appoint Ernst & Young PLT as auditors of the Company.		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of such specific directions, your proxy will vote or abstain as he thinks fit.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2026

\_\_\_\_\_  
 Signature of Member(s) or Common Seal

## Notes:

1. To facilitate the orderly conduct of the 34th Annual General Meeting, registration of shareholders and proxies will close promptly at 9:00 a.m. on the day of the meeting. Shareholders are encouraged to arrive early to allow sufficient time for registration. Admission after the close of registration may be permitted at the discretion of the Chairman.
2. A member entitled to attend and vote at the AGM is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus accounts it holds. Where a member is an authorised nominee as defined under SICDA, it may appoint one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

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Stamp

## Hup Seng Industries Bhd

Registration No. 199101015786 (226098-P)

3A, Mezzanine Floor  
Jalan Ipoh Kecil  
50350 Kuala Lumpur

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5. The instrument appointing a proxy must be deposited at the Registered Office, 3A Mezzanine Floor, Jalan Ipoh Kecil, 50350 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the 34th AGM or any adjournment thereof. The last date and time for lodging the form of proxy is **Monday, 18 May 2026 at 9.00 a.m.**
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or by signature in accordance with section 66(2) of the Companies Act 2016. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Registered Office of the Company at 3A, Mezzanine Floor, Jalan Ipoh Kecil, 50350 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the 34th AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
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  - (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    - (a) at least two (2) authorised officers, of whom one shall be a director; or
    - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.



Hup Seng Industries Berhad  
**ANNUAL REPORT 2025**



# 2025 ANNUAL REPORT

Hup Seng Industries Berhad  
199101015786 (226098-P)

3A, Mezzanine Floor,  
Jalan Ipoh Kecil,  
50350 Kuala Lumpur.  
Tel: (03) 4043 5750  
Fax: (03) 4043 5755  
Website: [www.hsib.com.my](http://www.hsib.com.my)

