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CAB CAKARAN CORPORATION BERHAD

Registration No. 200201015998 (583661-W)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:-

PROPOSED ACQUISITION OF ENTIRE EQUITY INTEREST IN CARGILL FEED SDN BHD ("CFSB") BY CAB CAKARAN SDN BHD, A WHOLLY OWNED SUBSIDIARY OF CAB CAKARAN CORPORATION BERHAD ("CAB" OR THE "COMPANY"), FOR AN INITIAL CONSIDERATION OF RM231,000,000 TO BE SATISFIED WHOLLY VIA CASH, SUBJECT TO ADJUSTMENTS ("PROPOSED ACQUISITION")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser

UOBKayHian

UOB KAY HIAN (M) SDN BHD

(Formerly known as UOB Kay Hian Securities (M) Sdn Bhd)
Registration No. 199001003423 (194990-K)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The extraordinary general meeting ("**EGM**") of CAB will be held at the Conference Room, Third Floor, CAB Cakaran Corporation Berhad, Plot 21, Lorong Jelawat 4, Seberang Jaya Industrial Park, Seberang Jaya, 13700 Perai, Penang on Wednesday, 05 November 2025 at 10.30 a.m., or at any adjournment thereof. The Notice of EGM together with the Proxy Form are enclosed in this Circular.

A member who is entitled to attend, participate, speak and vote at the EGM is entitled to appoint a proxy or proxies to attend, participate, speak and vote on his/ her behalf. In such event, the completed and signed Proxy Form should be deposited at the Company's registered office, located at 51-8-A, Menara BHL, Jalan Sultan Ahmad Shah, 10050 George Town, Pulau Pinang not less than twenty-four (24) hours before the time stipulated for holding the EGM or at any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending, participating, speaking and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Proxy Form : Tuesday, 04 November 2025 at 10.30 a.m.

Date and time of the EGM : Wednesday, 05 November 2025 at 10.30 a.m.

This Circular is dated 02 October 2025

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

"Act"	:	The Companies Act 2016
"Board"	:	The Board of Directors of CAB
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
"CAB" or the "Company"	:	CAB Cakaran Corporation Berhad (Registration No. 200201015998 (583661-W))
"CABC" or the "Purchaser"	:	CAB Cakaran Sdn Bhd (Registration No. 199001003020 (194586-V)), a wholly owned subsidiary of the Company
"CAB Group" or the "Group"	:	CAB and its subsidiaries, collectively
"CAB Share(s)" or the "Share(s)"	:	Ordinary share(s) in CAB
"CFSB"	:	Cargill Feed Sdn Bhd (Registration No. 198601000235 (149374-D))
"CFSB Group"	:	CFSB and its subsidiary, collectively
"CFSB Share(s)" or the "Sale Share(s)"	:	Ordinary share(s) in CFSB
"CHMSB" or the "Vendor"	:	Cargill Holdings (Malaysia) Sdn Bhd (Registration No. 199101007116 (217426-K))
"Circular"	:	This circular dated 2 October 2025 in relation to the Proposed Acquisition
"Desa Cargill"	:	Desa Cargill Sdn Bhd (Registration No. 198901007135 (184438-T))
"Director(s)"	:	The director(s) of CAB and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding 6 months of the date on which the terms of the Proposed Acquisition were agreed upon:- i. a director of CAB, its subsidiaries or holding company; and ii. a chief executive of CAB, its subsidiaries or holding company
"EBITDA"	:	Earnings before interest, taxes, depreciation and amortisation
"EGM"	:	Extraordinary general meeting
"EPS"	:	Earnings per share
"EV"	:	Enterprise value
"EV/EBITDA"	:	EV to EBITDA
"FPE"	:	Financial period ended/ ending

DEFINITIONS (CONT'D)

"FYE"	:	Financial year ended/ ending
"Initial Consideration"	:	An initial consideration of RM231,000,000 for the Proposed Acquisition
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	12 September 2025, being the latest practicable date prior to the printing and despatch of this Circular
"LTD"	:	30 July 2025, being the last trading day of CAB Shares immediately preceding the date of the announcement of the Proposed Acquisition
"Major Shareholder(s)"	:	<p>A person who has an interest or interests in one or more voting shares in CAB and the aggregate number of those shares, is:-</p> <ol style="list-style-type: none"> 10% or more of the total number of voting shares in CAB; or 5% or more of the total number of voting shares in CAB where such person is the largest shareholder of CAB. <p>This includes any person who is or was within the preceding 6 months of the date on which the terms of the transactions were agreed upon, a major shareholder of CAB as defined above or any other company which is a subsidiary of CAB or CAB's holding company. For the purpose of this definition, "interest" shall have the meaning of "interest in shares" given in Section 8 of the Act</p>
"MT"	:	Metric tonnes
"NA"	:	Net assets attributable to the owners of the company
"PAT"	:	Profit after tax
"PBT"	:	Profit before tax
"Proposed Acquisition"	:	The proposed acquisition by CABC, of 9,185,000 CFSB Shares from CHMSB, representing 100% equity interest in CFSB for the Initial Consideration of RM231,000,000, subject to adjustments
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"SPA"	:	The conditional share purchase agreement dated 31 July 2025 entered into between CABC and CHMSB in relation to the Proposed Acquisition
"UOBKH" or the "Adviser"	:	UOB Kay Hian (M) Sdn Bhd (formerly known as UOB Kay Hian Securities (M) Sdn Bhd) (Registration No. 199001003423 (194990-K))

All references to "**you**" or "**your(s)**" in this Circular are made to shareholders, who are entitled to register, attend, speak and vote at the EGM. Unless specifically referred to, words denoting the singular shall, where applicable, include the plural and vice versa, and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date, respectively, unless otherwise specified. Any discrepancy in the figures included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding adjustments.

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EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposed Acquisition. Shareholders are advised to read this Circular in its entirety for further details and not to rely solely on this Executive Summary in arriving at a decision on the Proposed Acquisition before voting at the forthcoming EGM of the Company.

Key information	Description	Reference to Circular
Summary of the Proposed Acquisition	The Proposed Acquisition entails the acquisition of 9,185,000 CFSB Shares by CABC, representing 100% equity interest in CFSB, from CHMSB for an Initial Consideration of RM231,000,000 to be satisfied wholly via cash, subject to the adjustment mechanism referenced in Section 2.2 of this Circular.	Section 2
Basis and justification of arriving at the Initial Consideration	<p>The Initial Consideration was determined based on the EV of CFSB Group of RM140.00 million and taking into account the estimated net cash attributable to owners of CFSB Group of approximately RM91.00 million, subject to adjustments in accordance with the SPA, pursuant to negotiated terms agreed on a 'willing-buyer willing-seller' basis. The actual extent of the Estimated Initial Consideration (as defined herein) payable shall be subject to the adjustment mechanism set out in the SPA.</p> <p>In arriving at the EV, the Board had taken into consideration the following:-</p> <ol style="list-style-type: none"> the EV represents a multiple of 4.93 times over EBITDA based on the audited consolidated financial statements of CFSB Group for the FYE 31 May 2024; the rationale and benefits of the Proposed Acquisition; and the future prospects of CFSB and the enlarged CAB Group upon completion of the Proposed Acquisition. 	Section 2.3
Rationale and benefits of the Proposed Acquisition	<p>The Proposed Acquisition will enhance CAB Group's control over a source of animal feeds, supporting consistent feed quality, reducing reliance on external suppliers, and mitigating risks related to raw material price fluctuations. This vertical integration will support its farming operations and enhance production planning.</p> <p>Further, the Proposed Acquisition may create synergy between CFSB and the Company's existing integrated poultry operations, enabling CAB Group to leverage CFSB's technical expertise and feed manufacturing capacity for more efficient supply chain coordination. It also opens opportunities for joint innovation in feed development, enhancing animal health and poultry product quality.</p>	Section 3
Risk factors	<p>The risk factors relating to the Proposed Acquisition include, but are not limited to the following:-</p> <ol style="list-style-type: none"> non-completion of the Proposed Acquisition; business and operational risk; investment risk; and general economic, political and regulatory conditions. 	Section 5

EXECUTIVE SUMMARY (CONT'D)

Key information	Description	Reference to Circular
Approvals required/ obtained	<p>The Proposed Acquisition is subject to the following being obtained:-</p> <ol style="list-style-type: none"> the approval of the shareholders of the Company at the EGM to be convened; the approval of the Ministry of Investment, Trade and Industry or Malaysian Investment Development Authority to remove certain equity conditions in Desa Cargill's manufacturing licence; and the written consents of Westports Malaysia Sdn Bhd and Port Klang Authority in respect of the Proposed Acquisition pursuant to the sub-lease agreement between Westports Malaysia Sdn Bhd and CFSB. <p>The Proposed Acquisition is not conditional upon any other corporate proposal undertaken or to be undertaken by the Company.</p>	Section 8
Interests of Directors, Major Shareholders and/ or persons connected with them	<p>None of the Directors, Major Shareholders and/ or persons connected with them have any interest, whether direct and/ or indirect, in the Proposed Acquisition.</p>	Section 9
Board's recommendation	<p>The Board, after having considered all aspects of the Proposed Acquisition, including but not limited to, the salient terms of the SPA, the rationale, the basis and justification for the Initial Consideration, the prospects of the enlarged CAB Group and the effects of the Proposed Acquisition, is of the opinion that the Proposed Acquisition is in the best interest of the Company.</p> <p>Accordingly, the Board recommends that you vote in favour of the resolution pertaining to the Proposed Acquisition at the forthcoming EGM.</p>	Section 12



CAB CAKARAN CORPORATION BERHAD

Registration No. 200201015998 (583661-W)
(Incorporated in Malaysia)

Registered Office

51-8-A Menara BHL
Jalan Sultan Ahmad Shah
10050 George Town
Pulau Pinang

2 October 2025

Board of Directors

Chuah Ah Bee (*Executive Chairman*)
Chuah Hoon Phong (*Group Managing Director*)
Wijanti Tjendera (*Non-Independent Non-Executive Director*)
Dato' Lim Ghim Chai (*Independent Non-Executive Director*)
Professor Dato' Dr Mohd Fakhruddin Bin Abdul Mukti (*Independent Non-Executive Director*)
Datuk Sr Haji Zakaria Bin Hashim (*Independent Non-Executive Director*)

To: The shareholders of CAB

Dear Sir/ Madam,

PROPOSED ACQUISITION

1. INTRODUCTION

On 31 July 2025, UOBKH had, on behalf of the Board, announced that CABCB, a wholly owned subsidiary of CAB, had on 31 July 2025 entered into a SPA with CHMSB to acquire 9,185,000 CFSB Shares, representing 100% equity interest in CFSB, from CHMSB for the Initial Consideration of RM231,000,000 to be satisfied wholly via cash, subject to the adjustment mechanism referenced in **Section 2.2** of this Circular.

Further details of the Proposed Acquisition are set out in the ensuing sections of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED ACQUISITION AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION TO BE TABLED AT THE EGM. THE NOTICE OF EGM AND THE PROXY FORM ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION TO BE TABLED AT THE EGM.

2. DETAILS OF THE PROPOSED ACQUISITION

Pursuant to the SPA, the Vendor has agreed to sell and the Purchaser has agreed to purchase 9,185,000 Sale Shares, representing 100% equity interest in CFSB, free from all encumbrances and together with all rights, benefits and other entitlements attaching to the Sale Shares, for the Initial Consideration of RM231,000,000 based on the terms and conditions contained in the SPA. A summary of the salient terms of the SPA is set out in **Appendix I** of this Circular.

Upon completion of the Proposed Acquisition, CFSB will be a wholly owned subsidiary of CABC, and an indirect wholly owned subsidiary of CAB, which allows CAB Group to fully consolidate the future earnings of CFSB and expand its existing integrated poultry segment, which in turn is expected to have an overall positive impact to the Group.

2.1 Information on CFSB

CFSB was incorporated in Malaysia on 9 January 1986 as a private company limited by shares under the Companies Act 1965. As at the LPD, the issued share capital of CFSB is RM9,185,000 comprising 9,185,000 CFSB Shares, and CFSB does not have any outstanding convertible securities.

CFSB Group is principally engaged in the manufacture and sale of animal feeds. It produces a range of commercial compound feed tailored to meet the nutritional needs of various livestock and aqua species. Its manufacturing operations are based in Westport, Butterworth, Melaka and Sabah with a total capacity of approximately 370,000 MT per year. CFSB serves a diverse customer base, including commercial farms and retailers, while sourcing its raw materials from both domestic (Malaysia) and international sources (e.g. Australia, Vietnam, China, Singapore, France, Switzerland, Japan and Brazil). This strategic positioning enables CFSB to maintain consistent product quality and support the growing demands of the animal feed industry.

As at the LPD, the directors and shareholder of CFSB and their respective shareholdings in CFSB are as follows:-

Name	Director/ Shareholder	Nationality/ Place of incorporation	Direct		Indirect	
			No. of shares	%	No. of shares	%
CHMSB	Shareholder	Malaysia	9,185,000	100.00	-	-
Siam Chia Ye	Director	Malaysian	-	-	-	-
Kwong Jing Loong	Director	Malaysian	-	-	-	-
Woo Khai Cshoon	Director	Malaysian	-	-	-	-

As at the LPD, CFSB has 1 subsidiary and no associate or joint venture company. Further details on CFSB's subsidiary are as follows:-

Company	Place/ date of incorporation	Share capital	Equity interest	Principal activities
		RM'000	%	
Desa Cargill	Malaysia/ 19 July 1989	6,000	51 ^{*1}	Manufacture and sale of animal feeds

Note:-

^{*1} For information purposes, the remaining 49% equity interest is held by Desa Plus Sdn Bhd, which is based in Kota Kinabalu, Sabah, Malaysia.

A summary of the audited consolidated financial statements of CFSB Group for the past 4 financial years up to the FYE 31 May 2025 is set out below:-

	Audited			
	FYE 31 May 2022	FYE 31 May 2023	FYE 31 May 2024	FYE 31 May 2025
	RM'000	RM'000	RM'000	RM'000
Revenue	504,950	520,945	464,117	390,964
Gross profit (" GP ")	76,761	72,548	83,953	82,294
PBT	24,365	24,946	23,522	22,748
PAT attributable to owners of the company	17,674	17,336	15,590	13,777
PAT attributable to non-controlling interests (" NCI ")	1,469	1,733	2,440	3,676
GP margin (%)	15.20	13.93	18.09	21.05
PBT margin (%)	4.83	4.79	5.07	5.82
Share capital	9,185	9,185	9,185	9,185
Shareholder's fund/ NA	232,982	250,318	180,908	194,685
Equity attributable to NCI	33,477	34,622	36,474	38,827
Current assets	279,032	278,479	207,739	232,834
Current liabilities	51,164	40,988	34,563	41,690
Total borrowings	-	-	-	-
No. of shares in issue ('000 units)	9,185	9,185	9,185	9,185
EPS (RM)	1.92	1.89	1.70	1.50
NA per share (RM)	25.37	27.25	19.70	21.20
Current ratio (times)	5.45	6.79	6.01	5.58
Gearing ratio (times)	-	-	-	-
Cash flow from operating activities	10,755	24,061	28,726	38,843

Please refer to **Appendix II** of this Circular for further details on CFSB Group.

2.2 Adjustment mechanism for the Initial Consideration

The Initial Consideration of RM231,000,000 is subject to the following adjustment mechanism to determine the consideration payable on the Completion Date (as defined herein) ("**Estimated Initial Consideration**"):-

i. with regards to cash:

- the Vendor's projected amount of cash held in CFSB Group as at the Completion Date ("**Estimated Cash**") exceeds RM105,700,000^{*1}, being the sum of RM75,700,000 held by the CFSB and RM30,000,000 held by Desa Cargill ("**Target Cash**"), the Initial Consideration will be increased by the amount equal to the excess;
- the Estimated Cash is less than the Target Cash, the Initial Consideration will be reduced by the amount equal to the shortfall;

Note:-

^{*1} The threshold of RM105,700,000 was derived based on the normalised cash holdings of CFSB Group, taking into consideration future developments, the cash balance and the cash pool held with related company based on the audited financial statement of CFSB Group as at FYE 31 May 2024.

ii. with regards to net debt:

- the Vendor's projected amount of net debt of CFSB Group as at the Completion Date ("**Estimated Net Debt**") exceeds RM0^{*1} ("**Target Net Debt**"), the Initial Consideration will be reduced by the amount equal to the excess; and

Note:-

^{*1} The threshold of RM0 was established based on the Proposed Acquisition being structured on a debt-free basis. Additionally, there is no bank borrowings outstanding based on the audited financial statement of CFSB Group as at FYE 31 May 2024.

iii. with regards to working capital:

- the Vendor's projected amount of working capital of CFSB Group as at the Completion Date ("**Estimated Working Capital**") is less than RM35,000,000^{*1}, being the sum of RM15,000,000 held by CFSB and RM20,000,000 held by Desa Cargill ("**Target Working Capital**"), the Initial Consideration will be reduced by the amount equal to the shortfall;
- the Estimated Working Capital exceeds the Target Working Capital, the Initial Consideration will be increased by the amount equal to the excess.

Note:-

^{*1} The threshold of RM35,000,000 was derived based on the normalised level of working capital required for the operations of CFSB group, taking into consideration the working capital based on the audited financial statement of CFSB Group as at FYE 31 May 2024, which includes the audited net current assets, adjusted for cash and bank balances, other investments, intercompany balances and amount due from CAB Group.

The Vendor shall provide the Purchaser with a draft completion statement setting out the Vendor's good faith estimate of the Estimated Cash, Estimated Net Debt and the Estimated Working Capital as at the Completion Date and the resulting Estimated Initial Consideration, no later than 7 business days prior to the Completion Date (as defined herein) ("**Estimated Completion Statement**").

The Estimated Initial Consideration less deposit of RM11,550,000 ("**Deposit**") shall be paid to the Vendor on Completion Date.

The Estimated Initial Consideration is further subject to post-completion adjustments:-

i. with regards to cash:

- the actual cash as at completion of the Proposed Acquisition ("**Actual Cash**") exceeds the Estimated Cash, the Estimated Initial Consideration will be increased by the amount equal to the excess;
- the Actual Cash is less than the Estimated Cash, the Estimated Initial Consideration will be reduced by the amount equal to the shortfall;

- ii. with regards to net debt:
 - the actual net debt as at completion of the Proposed Acquisition ("**Actual Net Debt**") exceeds the Estimated Net Debt, the Estimated Initial Consideration will be reduced by the amount equal to the excess;
 - the Actual Net Debt is less than the Estimated Net Debt, the Estimated Initial Consideration will be increased by the amount equal to the shortfall; and
- iii. with regards to working capital:
 - the actual working capital as at completion of the Proposed Acquisition ("**Actual Working Capital**") is less than the Estimated Working Capital, the Estimated Initial Consideration will be reduced by the amount equal to the shortfall;
 - the Actual Working Capital exceeds the Estimated Working Capital, the Estimated Initial Consideration will be increased by the amount equal to the excess,

(after such adjustments, the "**Final Consideration**").

No later than 30 business days after the Completion Date, the Vendor shall deliver to the Purchaser a draft completion statement, which reconciles the Actual Cash, Actual Net Debt and Actual Working Capital against the Estimated Cash, Estimated Net Debt and the Estimated Working Capital provided by the Vendor in the Estimated Completion Statement, and sets out the Final Consideration ("**Post-Completion Statement**").

If as a result of an adjustment above:-

- i. the amount of the Estimated Initial Consideration is increased, the Purchaser shall make a payment to the Vendor of a sum equal to that increase; or
- ii. the amount of the Estimated Initial Consideration is reduced, the Vendor shall make a payment to the Purchaser of a sum equal to that reduction,

(in either case, the "**Adjustment Amount**").

Any such payment of the Adjustment Amount shall be made within 5 business days following the day on which the adjustments to the Estimated Initial Consideration and the Final Consideration are finally determined.

2.3 Basis and justification of arriving at the Initial Consideration

The Initial Consideration of RM231.00 million was determined based on an EV of CFSB Group of RM140.00 million and taking into account the estimated net cash attributable to owner of CFSB Group of approximately RM91.00 million, subject to adjustments in accordance with the SPA, pursuant to negotiated terms agreed on a 'willing-buyer willing-seller' basis. The actual extent of the Estimated Initial Consideration payable shall be subject to the adjustment mechanism set out in the SPA, as elaborated in **Section 2.2** of this Circular.

In arriving at the EV, the Board had taken into consideration the following:-

- i. the EV represents a multiple of 4.93 times over the EBITDA based on the audited consolidated financial statements of CFSB Group for the FYE 31 May 2024, computed as follows:-

Details	RM'000
EV*	140,000
EBITDA	
Audited PBT	23,522
Add: Interest expense	71
Depreciation expense	7,883
Amortisation expense	-
Less: Interest income	(3,083)
	28,393
EV/EBITDA (times)	4.93

Note:-

* The enterprise value was calculated by applying a mutually agreed-upon 5x multiple to the company's EBITDA of RM28.40 million as at the audited FYE 31 May 2024. This resulted in an enterprise value of RM141.97 million, which was subsequently rounded to RM140 million.

- ii. the rationale and benefits of the Proposed Acquisition as set out in **Section 3** of this Circular; and
- iii. the future prospects of CFSB and the enlarged CAB Group upon completion of the Proposed Acquisition as detailed in **Section 4.3** of this Circular.

For the purpose of justifying the reasonableness of the Initial Consideration, reference was made to the EV/EBITDA multiples of the comparable companies listed in Malaysia which carry similar principal activities to that of CFSB Group.

EV/EBITDA multiple illustrates the market value of a company's business relative to its historical pre-tax operational cash flow performance, without having regard to the company's capital structure.

The computation of EV/EBITDA multiple is as follows:-

$$\frac{EV}{EBITDA}$$

Where:-

EV	=	market value of common stock (market capitalisation) (+) market value of preferred stock (+) market value of debt (+) non-controlling interest (-) cash and cash equivalent
EBITDA	=	recurring earnings from continuing operations (+) interest (+) taxes (+) depreciation (+) amortisation

The companies selected as comparable each have a market capitalisation of less than RM300 million with principal operations based in Malaysia as they are more likely to have similar scale of business operations, financial metrics and market conditions as CFSB. Additionally, the RM300 million threshold was also set to include an adequate number of companies, ensuring a meaningful sample size for comparison. These companies were also selected based on broadly similar principal activities to CFSB Group (i.e. manufacture and sale of animal feeds), with more than 80.00% of revenue generated from activities similar to the manufacture and sale of animal feeds.

The list of comparable companies has been selected for comparison purposes only and is not exhaustive. Please note that these companies are not directly comparable to CFSB Group due to, among others, scale of operations, profit track record, customer base, financial position, capital structure, risk profile and future prospects.

The details of the comparable companies and their respective EV/EBITDA are set out below:-

Comparable companies	Principal activity	Market capitalisation *1	EV*2	EBITDA *3	EV/EBITDA times
		RM'000	RM'000	RM'000	
Peterlabs Holdings Berhad	Peterlabs Holdings Berhad, through its subsidiaries, is principally involved in the trading, manufacturing and distribution of animal health and nutrition products, and the trading and distribution of consumer goods.	93,573	98,624	8,071	12.22
Yenher Holdings Berhad	Yenher Holdings Berhad's operations comprise mainly of manufacturing, supplying and marketing of health and nutrition products for livestock and companion animals.	228,000	209,579	30,938	6.77
Rhone Ma Holdings Berhad	Rhone Ma Holdings Berhad, through its subsidiaries, is principally involved in the following:- i. Marketing, trading, distribution and manufacturing of animal health products and equipment, and undertaking research and development activities related to animal health, food safety and agriculture in animal health products; ii. Distribution and supply of food ingredients to manufacturers within the food and beverage industry; and iii. Provision of diagnostic laboratory analyses and consultation services to the veterinary, agriculture and food industries, provision of tests and diagnostics services for human healthcare, conduct research and development in biotechnology and distribution of human healthcare and related products, management services and business of livestock.	142,691	150,374	23,901	6.29
CFSB Group (included herein for comparison)					High Low Average 4.93

(Source: Bloomberg and the latest annual reports of the comparable companies)

Notes:-

^{*1} Computed by multiplying the total number of shares in issue with the closing market price of the respective securities of the comparable companies as at the LTD.

^{*2} EV is the sum of market capitalisation (based on the closing market price of the securities of the comparable companies as at the LTD), total borrowings and other debt-like adjustments less cash and cash equivalents based on the latest audited financial statements of the respective comparable companies.

^{*3} EBITDA is based on the latest audited financial statements of the respective comparable companies.

The selected comparable companies are not adjusted for a discount for lack of marketability ("**DLOM**"), as CFSB is a well-known brand with strong market presence and recognition in the industry. Its established brand is expected to enhance overall marketability and attract investor interest, indicating that it is less likely to face the marketability challenges typically associated with smaller or lesser-known companies. As such, no DLOM was applied to the comparable companies.

The Board is of the view that the Initial Consideration is justified as the implied EV/EBITDA multiple of approximately 4.93 times is lower than the average EV/EBITDA multiple of the comparable companies of 8.43 times. It is also below the range of the EV/EBITDA multiple of the comparable companies (6.29 times – 12.22 times).

2.4 Mode of settlement

In accordance with the terms of the SPA, the Initial Consideration of RM231,000,000 shall be satisfied entirely in cash by the Purchaser to the Vendor, subject to the adjustment mechanism as set out in **Section 2.2** of this Circular, in the following manner:-

Payment terms	Timing	Initial Consideration	
		RM'000	%
Deposit	Paid to the Vendor upon execution of the SPA on 31 July 2025.	11,550	5.00
Balance Initial Consideration	Payable to the Vendor on:- i. the last business day of the calendar month in which the day that the last of the Conditions (as defined in Section 3.1 of Appendix I of this Circular) has been fulfilled or waived in writing (" Unconditional Date ") occurs, provided that there are at least 15 business days between the Unconditional Date and the completion date; ii. provided the above does not apply, the last business day of the subsequent calendar month in which the Unconditional Date occurs; or iii. such later date as the Vendor and the Purchaser may agree in writing, (" Completion Date ").	219,450	95.00
		231,000	100.00

2.5 Source of funding

The Initial Consideration shall be satisfied via internally generated funds and/ or bank borrowings, the exact quantum of which will be determined by the Board at a later date upon obtaining all the necessary approval. For illustration purposes and based on management's estimate at this juncture, the indicated quantum of the funding is in the following manner:-

Details	Initial Consideration
	RM'000
Internally generated funds	23,100
Bank borrowings	207,900
Total	231,000

The Proposed Acquisition will be funded primarily via bank borrowings, notwithstanding the Group's existing cash and bank balances as well as short-term deposits. For information purposes, the bank borrowings of the Group as at the LPD, stood at approximately RM334 million. This approach reflects the Group's intention to conserve internal funds for future expansion and development plans.

A key strategic initiative of the Group is the construction of closed chicken houses to progressively replace the existing open-house system. This development will require significant capital investment over the coming years. By utilising bank borrowings to fund the Proposed Acquisition, the Group is able to preserve its financial flexibility and ensure that sufficient internal resources are available to support these initiatives, while also optimising its capital structure.

2.6 Liabilities to be assumed

Save for the Initial Consideration, there are no other liabilities, including contingent liabilities and/ or guarantees to be assumed by CABC pursuant to the Proposed Acquisition.

2.7 Additional financial commitment

There is no additional financial commitment required to put the operations of CFSB on-stream as it is already in operation and generating income and cash flow.

2.8 Information on the Vendor

CHMSB was incorporated in Malaysia on 20 May 1991 as a private limited company. As at the LPD, the issued share capital of CHMSB is RM19,056,998 comprising 19,056,998 ordinary shares. As at the LPD, CHMSB does not have any convertible securities.

The principal activity of CHMSB is investment holding and provision of shared services to related corporations. Through its subsidiaries, CHMSB is involved in the manufacturing and sale of animal feed, as well as the processing, trading, and marketing of vegetable oils and cocoa-related products.

As at the LPD, the directors and shareholder of CHMSB and their respective shareholdings in CHMSB are as follows:-

Name	Designation	Nationality/ Place of incorporation	Direct		Indirect	
			No. of shares	%	No. of shares	%
Cargill Incorporated	Shareholder	United States of America	19,056,998	100.00	-	-
Helen Tan Suet Peng	Director	Malaysian	-	-	-	-
Siam Chia Ye	Director	Malaysian	-	-	-	-

3. RATIONALE AND BENEFITS OF THE PROPOSED ACQUISITION

CAB is principally involved in investment holding and provision of management services. Through its subsidiaries, it is involved in various activities, including but not limited to, poultry farming, poultry hatcheries, poultry processing, breeding and trading of broiler chicken and other farm consumables, wholesale of livestock, meat, poultry products, poultry feed, animal feed nutrition, supplements and feed additives for poultry, making it one of the largest integrated poultry producers in Malaysia. In addition to its integrated poultry segment, the Group is also involved in the trading and retailing of supermarket products, the operation of fast-food restaurants, and fast-food franchising business.

For information purposes, the segmental revenue and results of the Group for the past 3 financial years up to the FYE 30 September 2024 are set out as below:-

	Audited		
	FYE 30 September 2022	FYE 30 September 2023	FYE 30 September 2024
	RM'000	RM'000	RM'000
<u>Segmental Revenue</u>			
Investment holding	-	-	-
Integrated poultry	1,806,945	2,102,241	2,145,522
Fast food business	1,640	1,531	2,485
Retailing	145,442	141,679	148,538
Drone service	252	544	545
Total Revenue	1,954,279	2,245,995	2,297,090
<u>Segmental Results</u>			
Investment holding	6,864	14,339	4,101
Integrated poultry	116,454	241,053	174,856
Fast food business	86	(461)	(762)
Retailing	2,222	(24)	(589)
Drone service	(342)	(720)	(829)
Eliminations	(23,464)	(46,368)	(26,870)
Total Results	101,820	207,819	149,907

Based on the table above, the integrated poultry segment remains the key revenue driver of CAB Group. In FYE 30 September 2024, this segment recorded a revenue increase of approximately RM43.28 million, rising to RM2.15 billion from RM2.10 billion in FYE 30 September 2023. This growth was primarily driven by increase in the sale of processed chicken and further processed products, alongside increased trading volume of animal feed, underscoring the critical role that feed supply plays in supporting CAB Group's operations. As such, the Proposed Acquisition is in line with CAB Group's strategic objective to reinforce and grow its core business (i.e. the integrated poultry segment), as CFSB is mainly involved in the manufacture and sale of animal feeds.

As part of CAB Group's integrated poultry operations, the Group currently manages more than 10 breeder farms across Penang, Kedah, Negeri Sembilan, Melaka, and Johor, and operates over 100 broiler farms throughout the Northern, Southern, and Eastern regions of Peninsular Malaysia. With such a broad farming footprint, securing a reliable and cost-effective supply of animal feed is vital to maintaining operational efficiency and supporting the Group's long-term growth.

Despite the declining PAT of CFSB for the past 4 financial years, the Proposed Acquisition remains strategically sound in view of the potential for operational synergies and long-term value creation. The declining profitability is mainly due to rising ingredient cost and softer demand. Nevertheless, the Proposed Acquisition is expected to offer an additional revenue stream and allow access to CFSB's existing client base, which may offer opportunities for market expansion and cross-selling. CFSB also possesses assets and operational capabilities that could complement our current operations. With appropriate oversight and integration, the acquisition is anticipated to contribute positively over the longer term.

The Proposed Acquisition will enhance CAB Group's control over a source of animal feeds, which is critical in its poultry production. By internalising feed manufacturing, CAB Group aims to improve feed quality consistency, reduce reliance on external suppliers, and mitigate risks related to raw material price fluctuations. This vertical integration will support the Group's existing farming operations and enhance production planning.

Further, the Proposed Acquisition may create synergy between CFSB and the Company's existing integrated poultry operations as the inclusion of CFSB as a subsidiary can allow CAB Group to leverage on CFSB's technical expertise and manufacturing capacity in animal feed, to ultimately enable a more efficient coordination across the supply chain. In addition, it creates opportunities for joint innovation in feed development, ultimately contributing to better animal health and higher poultry product quality.

Premised on the above and barring any unforeseen circumstances, the Board is of the view that the Proposed Acquisition is expected to contribute positively to the financial performance of the Group.

4. INDUSTRY OVERVIEW, OUTLOOK AND FUTURE PROSPECTS

4.1 Overview and outlook of the Malaysian economy

In 2024, Malaysia's economy is forecast to expand between 4.8% and 5.3%. Growth will be propelled by robust domestic demand and recovery in exports. Consumer spending is expected to remain resilient, supported by improvements in labour market conditions and vibrant tourism-related activities. Investment will be driven by new and ongoing projects by both the private and public sectors, supported by the implementation of key national policies and initiatives, including the National Energy Transition Roadmap and the New Industrial Master Plan 2030. Within the domestic-oriented industries, growth is expected to remain resilient propelled by consumer-related activities, particularly in food and beverages as well as transportation segments resulting from flourishing tourism activities. Similarly, the livestock, other agriculture and fishing subsectors are anticipated to grow through concerted efforts undertaken to enhance national food security, among others, by expanding the Large scale smart Paddy Field Programme which covers 79 areas spanning across 35,348 hectares nationwide.

Domestic demand, led by the private sector, remains sturdy and contributes significantly to the overall economic growth. The growth in the first half of 2024 was recorded at 6.5% and is expected to continue the momentum in the second half of the year. Thus, domestic demand is estimated to expand by 6.3% for the whole year with private sector expenditure envisaged to increase by 6.7%. The role of private sector as the key engine of growth is reflected by its high contribution of 5.1 percentage points to GDP growth.

The agriculture sector accelerated to record a growth of 4.5% during the first half of 2024, mainly attributed to robust performance of oil palm subsector. The subsector registered a significant rebound of 10.7%, following higher production of fresh fruit bunches (FFB) and better crude palm oil yield. The rubber subsector also gained 1.3%, as the subsector recovered from the impact of the Pestalotiopsis leaf fall disease as well as benefitting from a favourable weather condition. In addition, the livestock subsector turned around by 5.2%, particularly supported by stable production in the poultry and egg segments, while the fishing subsector expanded further by 4.3%, buoyed by the marine fishing segment.

(Source: Belanjawan 2025 - Economic Outlook, Ministry of Finance Malaysia)

The Malaysian economy expanded by 4.4% in the second quarter of 2025 (1Q 2025: 4.4%), driven by robust domestic demand. Household spending was higher amid positive labour market conditions and income-related policy measures, including the upward revision of minimum wage and civil servant salaries. Of significance, both private and public investments recorded stronger expansion, supported by the realisation of new and existing projects. In the external sector, export growth was slower due mainly to lower commodities-related exports. This was partially offset by continued electrical and electronics ("E&E") exports and robust tourism activity. At the same time, import growth was higher, driven by strong demand for capital goods, reflecting higher investment activities.

On the supply side, growth was driven by the services and manufacturing sectors. The services sector was supported by consumer-related and Government services. Steady growth in domestic-oriented clusters underpinned the performance in the manufacturing sector. Overall growth was weighed down by a contraction in the mining sector amid lower commodities production. On a quarter-on-quarter, seasonally-adjusted basis, growth expanded by 2.1% (1Q 2025: 0.7%).

Similar to other countries, Malaysia's 2025 growth will be affected by tariff outcomes from trade negotiations

BNM expects developments surrounding trade tariffs to affect the global and domestic outlook for the rest of the year.

BNM Governor Dato' Sri Abdul Rasheed Ghaffour says, "The external environment remains challenging. Uncertainty surrounding tariffs continues to linger and the impact will take time to fully materialise. Nonetheless, Malaysia is facing these challenges from a position of strength. Our economy remains on solid footing, supported by resilient domestic demand, continued demand for E&E goods, and a diversified export structure. These fundamentals, alongside continued structural reforms, ensure that Malaysia is well-positioned to navigate the evolving global landscape."

Notwithstanding the external risks, economic growth is firmly supported by resilient domestic demand, serving as a buffer against global headwinds. Employment and wage growth within domestic-oriented sectors and income-related policy measures will continue to support household spending. The expansion in investment activity will be sustained by several factors. This includes the progress of infrastructure projects, continued high realisation of approved private investments and implementation of national master plans. Malaysia's export prospects could be raised by favourable outcomes from remaining trade negotiations, pro-growth policies in major economies, and robust tourism activity. The steady rollout of structural reforms, such as the implementation of announced national master plans and fiscal reform measures, is critical to boost our resilience against future shocks.

(Source: Economic and Financial Developments in Malaysia in the Second Quarter of 2025, Bank Negara Malaysia)

4.2 Overview and outlook of the animal feed and livestock industry in Malaysia

The global consumption of meat currently stands at approximately 350 million tonnes per year, while the demand for milk reaches a staggering 740 million tonnes annually. As the global population continues to grow, so does the need for animal-derived products. It is, therefore, imperative that we ensure a consistent supply of animal feed and its ingredients to support the well-being and productivity of livestock.

The global animal feed market is projected to grow at a compound annual growth rate (CAGR) of 3.3% during 2023 - 2028, as it reached US\$501.9 billion in 2022. The rising demand for meat and animal-based products with the consequent increase in commercial livestock, poultry and aqua farm production represent some of the factors driving the global animal feed market. As for Malaysia, in 2021, the sales value of manufactured prepared animal feeds in Malaysia was approximately RM16.49 billion, more than RM3 billion increase in value compared to the previous year.

In ensuring the long-term survival and growth of this sector, the industry and government is working on a concerted effort to develop the animal feed supply chain on a larger scale. For example, the sorghum and corn cultivation initiatives in dedicated arable land in Malaysia and increased utilisation of palm kernel waste like fermented palm kernel cake as feed additives and high dietary fats, should be pursued to explore the domestic supply chain further. This will promote a sustainable supply and reduce dependence on imported feed in the long run.

(Source: Animal Feed – A Critical Component in the Global Food Chain, Malaysian Investment Development Authority (MIDA))

The livestock industry in Malaysia continues to be a key component of the country's agricultural sector and plays a critical role in food security and economic development. Total trade of Malaysia's livestock industry grew 23.2 per cent or RM254.7 million, to RM1.4 billion in 2023. This growth reflects the increasing demand for livestock and related products to meet domestic consumption and industrial needs.

Chief Statistician Malaysia, Dato' Sri Dr Mohd Uzir Mahidin highlighted, "The livestock industry in Malaysia has shown significant growth and resilience over the years, contributing substantially to the agricultural sector. The poultry sector, particularly chicken and eggs, remained the largest contributor to the livestock subsector, playing a pivotal role in meeting the protein needs of Malaysians. The value of chicken exports is RM726.7 million in 2023, an increase of 27.0 per cent or RM154.4 million as compared to last year. Meanwhile, eggs production in Malaysia continued to exhibits strong performance with exporting RM671.2 million worth of eggs in 2023 and catering to the demands of regional markets."

The government continues to implement initiatives to ensure the sustainability of the livestock sector and strengthen the supply chain. This includes enhancing local production capacity, adopting advanced farming technologies, and diversifying import sources. Additionally, efforts to boost local production, such as expanding cattle and goat farming programs, aim to reduce dependency on imports and support Malaysia's food security objectives.

(Source: Malaysia Trade Statistics Review 2024, Department of Statistics Malaysia)

Overall, the agriculture sector is projected to increase by 2% in 2024, as all subsectors are poised to record positive growths except for forestry and logging. The livestock, other agriculture and fishing subsectors are anticipated to grow through concerted efforts undertaken to enhance national food security, among others, by expanding the Large scale smart Paddy Field Programme which covers 79 areas spanning across 35,348 hectares nationwide. In addition, sustained consumer spending and improved tourism activities are expected to provide further impetus to the subsectors' growth.

The performance of the agriculture sector is expected to remain stable in 2025 with a growth of 1.9% supported by all subsectors, except forestry and logging. Efforts to strengthen the food supply chain and improve resilience in the agrofood industry are expected to further propel the performance of other agriculture, livestock and fishing subsectors. These efforts include intensified research and development, commercialisation and innovation activities as well as measures to manage post-harvest losses.

Improved domestic spending and higher tourist arrivals will also stimulate growth of these subsectors to cater to the growing demand for food items. Furthermore, the national Agrofood Policy 2021 – 2030, which aims to develop sustainable, resilient and high-technology agrofood industry, will provide further support to the subsectors' growth.

(Source: Belanjawan 2025 - Economic Outlook, Ministry of Finance Malaysia)

4.3 Prospects of the enlarged CAB Group

As highlighted in **Section 3** of this Circular, through the Proposed Acquisition, the enlarged CAB Group is expected to be in a stronger position to reinforce its core business in the integrated poultry segment, which has consistently remained the Group's largest revenue contributor.

With the addition of CFSB, a company principally involved in the manufacture and sale of animal feeds, the Group will be able to strengthen its upstream capabilities by internalising feed production. This vertical integration is expected to bring operational benefits, including improved feed quality, reduced procurement costs, and lower exposure to volatility in prices of raw materials. As feed costs are anticipated to rise, direct control over feed production will help CAB Group better manage input costs, safeguard margins, and maintain long-term cost competitiveness in its poultry operations, thereby strengthening its ability to compete effectively against the increased imports of frozen chicken into Malaysia, which has increased the supply in Malaysia, resulting in a significant drop in the selling prices of processed chicken. It will also provide greater flexibility in production planning and inventory management across the Group's extensive network of breeder farms and broiler farms throughout Peninsular Malaysia.

Furthermore, the Proposed Acquisition will support the Group's growing trading volume of animal feeds by ensuring a stable and scalable supply, enabling CAB Group to meet both internal demands and external market opportunities more effectively.

The Proposed Acquisition also opens up opportunities to create synergies across the Group's poultry operations. CAB Group will be able to leverage CFSB's technical expertise and manufacturing capabilities to optimise feed formulation and feed development tailored to its livestock requirements. These synergies are expected to drive improvements in animal health and overall product quality, which are essential to sustaining competitiveness in the poultry industry.

By internalising feed production through the acquisition of CFSB, the Group is taking a critical step toward strengthening the foundation of its poultry supply chain. The Proposed Acquisition aligns with CAB Group's broader strategic objective of ensuring a sustainable and secure supply of chicken products to meet growing customer demand. As part of this strategy, the Group continues to invest in both its upstream and downstream operations including the upgrading and modernisation of existing open house farms to closed house farms, and the expansion of its processed food business.

Taking into consideration the opportunities arising from the Proposed Acquisition and the positive outlook of the local animal feed and livestock industry as detailed in **Section 4.2** of this Circular, the Board views the Proposed Acquisition as favourable as it aligns with the Group's long-term strategic objectives. The Board is also of the opinion that the Proposed Acquisition is expected to contribute positively to the future earnings of the Group, hence enhancing shareholders' value.

Premised on the above and barring any unforeseen circumstances, the Board is optimistic about the future prospects of the Group. The Board will continue to monitor and review the operational and financial performance of the Group, and to introduce measures to strengthen its financial position, if required.

(Source: Management of CAB)

5. RISK FACTORS

The risk factors relating to the Proposed Acquisition include, but are not limited to the following:-

5.1 Non-completion of the Proposed Acquisition

There is a possibility that the Proposed Acquisition may not be completed due to failure in fulfilling the conditions precedent within the timeframe prescribed in the SPA. In the event that the conditions precedent, or even the other terms and conditions in the SPA are not fulfilled, waived or met, the SPA may lapse, and the Company may not be able to complete the Proposed Acquisition.

Although there can be no assurance that the respective conditions precedent can be fulfilled, the management of the Company will, in its reasonable endeavours, take reasonable steps to ensure the conditions precedent are fulfilled and the Proposed Acquisition is completed in a timely manner.

5.2 Business and operational risk

The Proposed Acquisition is subject to inherent risks in the animal feed industry. Some of these risks may include, among others, competition risks, changes in economic, social and political condition, fluctuations in the selling prices and production costs, and disease outbreaks. Any adverse changes in these conditions may have an adverse material effect on the poultry farming and animal feed sector in Malaysia and the Company. In mitigating this risk, CAB Group will adopt prudent management and efficient operating procedures to adapt to any negative changes in these industries. However, no assurance can be given that any changes in these factors will not have any material adverse effect on the Group's business and financial performance.

Upon the completion of the Proposed Acquisition, the existing board of directors of CFSB shall resign. Notwithstanding thereto, all production staff of CFSB will remain in place to ensure the continued smooth operations of the 4 factories. Thereafter, the directors to be appointed to the board of CFSB are Mr Chuah Ah Bee, Mr Chuah Hoon Phong, Mr Chuah Hoon Teng and Mr Tham Yuk Sun, to oversee the overall operations of CFSB.

5.3 Investment risk

The Proposed Acquisition is expected to contribute positively to the future earnings of the Group. However, there is no assurance that the anticipated benefits from the Proposed Acquisition will be realised or that the Company will be able to generate sufficient returns from the Proposed Acquisition to offset the associated cost of investment. Nevertheless, the Board has exercised due care in evaluating the potential risks and benefits associated with the Proposed Acquisition and believes that the Proposed Acquisition, which provides an avenue to the Group to expand its integrated poultry segment and to increase its market presence in the poultry farming industry, will be value accretive to the Group.

5.4 General economic, political and regulatory conditions

Similar to the Group, CFSB is exposed to uncertainties caused by adverse changes in political, economic and regulatory conditions in Malaysia, directly or indirectly, which may materially and adversely affect the prospects of CFSB. Among the uncertainties are changes in the risks of economic downturn, unfavourable monetary and fiscal policy changes, introduction of new rules and regulations, changes in interest rates, inflation, taxation and political leadership.

In order to mitigate such risks, the Group will continue to review the business development strategies of CFSB in response to the changes in political, economic and regulatory conditions.

6. EFFECTS OF THE PROPOSED ACQUISITION

6.1 Issued share capital and substantial shareholders' shareholdings

The Proposed Acquisition will not have any effect on the issued share capital and the substantial shareholders' shareholdings of CAB as it does not involve the issuance of new CAB Shares.

6.2 NA, NA per Share and gearing

For illustration purposes, based on the latest audited consolidated statements of financial position of the Group as at 30 September 2024 and assuming that the Proposed Acquisition was completed at the end of FYE 2024, the pro forma effects of the Proposed Acquisition on the NA, NA per Share and gearing of the Group are as follows:-

	Audited as at 30 September 2024	After the Proposed Acquisition
	RM'000	RM'000
Share capital	145,980	145,980
Treasury shares	(69)	(69)
Reserves	2,107	2,107
Retained earnings	534,606	532,606 ^{*1}
Shareholder's fund/ NA	682,624	680,624
No. of Shares in issue (excluding treasury shares) ('000 units)	701,347	701,347
NA per Share (RM)	0.97	0.97
Total borrowings	371,517	579,417 ^{*2}
Gearing level (times)	0.54	0.85

Notes:-

^{*1} After deducting the estimated expenses in relation to the Proposed Acquisition of approximately RM2.00 million. The details of the estimated expenses are as set out below:-

Details	RM'000
Professional fees	1,123
Other incidental expenses in relation to the Proposed Acquisition	877
Total	2,000

^{*2} Assuming RM207.90 million of the Initial Consideration will be funded via bank borrowings.

6.3 Earnings and EPS

The Proposed Acquisition will not have any immediate effect on the consolidated earnings and EPS of the Group for the FYE 30 September 2025. Barring any unforeseen circumstances, the Proposed Acquisition is expected to contribute positively to the future earnings and EPS of the Group. CAB Group would benefit from the profit contribution from CFSB in the event CFSB perform financially at the current growth potentials.

For illustrative purposes only, the pro forma effects of the Proposed Acquisition on the earnings and the EPS of CAB Group are as follows:-

	Audited as at 30 September 2024	After the Proposed Acquisition
	RM'000	RM'000
PAT attributable to shareholders ^{*1}	75,467	75,467
Add: CFSB's PAT attributable to owners of the company for FYE 31 May 2025	-	13,777
Less: Interest expenses	-	(8,536) ^{*2}
Total PAT	75,467	80,708
No. of Shares (excluding treasury shares) ('000 units)	701,347	701,347
Basic EPS (sen)	10.76	11.51

Notes:-

^{*1} Based on the latest audited consolidated financial results of CAB Group for the FYE 30 September 2024.

^{*2} Being 12 months of interest expenses, assuming 90.00% of the Initial Consideration is funded via bank borrowings with an assumption of 4.30% of interest rate per annum.

7. HIGHEST PERCENTAGE RATIO APPLICABLE

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Paragraph 10.02(g) of the Listing Requirements is 33.84%, which is calculated based on the aggregate value of the consideration in relation to the Proposed Acquisition over the audited NA of CAB Group as at 30 September 2024.

8. APPROVALS REQUIRED/ OBTAINED

The Proposed Acquisition is subject to the following being obtained:-

- the approval of the shareholders of the Company at the EGM to be convened;
- the approval of the Ministry of Investment, Trade and Industry or Malaysian Investment Development Authority to remove certain equity conditions in Desa Cargill's manufacturing licence; and
- the written consents of Westports Malaysia Sdn Bhd and Port Klang Authority in respect of the Proposed Acquisition pursuant to the sub-lease agreement between Westports Malaysia Sdn Bhd and CFSB.

The Proposed Acquisition is not conditional upon any other corporate proposal undertaken or to be undertaken by the Company.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/ OR PERSONS CONNECTED WITH THEM

None of the Directors, Major Shareholders of the Company and/ or persons connected with them have any interest, whether direct and/ or indirect, in the Proposed Acquisition.

10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals/ consents being obtained, the Proposed Acquisition is expected to be completed by the fourth quarter of 2025.

The tentative timetable for the implementation of the Proposed Acquisition are set out below:-

Date	Events
5 November 2025	<ul style="list-style-type: none">• Convening of EGM to obtain the approval of the shareholders of CAB
Early November 2025	<ul style="list-style-type: none">• Fulfilment of the conditions precedent pursuant to the SPA
End November 2025	<ul style="list-style-type: none">• Completion of the Proposed Acquisition

11. PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save as disclosed below, the Board is not aware of any other outstanding corporate exercises, which have been announced but not yet completed as at the LPD:-

- i. On 1 November 2017, CABINDO Poultry Sdn Bhd ("**CABINDO**"), a wholly owned subsidiary of the Company had entered into a Joint Venture Agreement ("**JVA**") with PT Ternak Ayam Terpadu Indonesia ("**PT**"), to form several Joint Venture Companies ("**JV Companies**") for the production of halal poultry products for the Indonesia's consumers. The JVA does not stipulate any terms on the investment amount that are required from CABINDO and PT (collectively referred to as the "**JVA Parties**") and instead, the JVA requires the JVA Parties to facilitate their application to the Badan Koordinasi Penanaman Modal, Indonesia for the incorporation of the JV Companies. As at the LPD, the implementation of the JVA has been deferred until implementation framework is resolved.

12. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, having considered all aspects of the Proposed Acquisition, including but not limited to, the salient terms of the SPA, the rationale, the basis and justification for the Initial Consideration, the prospects of the enlarged CAB Group and the effects of the Proposed Acquisition, is of the opinion that the Proposed Acquisition is in the best interest of the Company and the Proposed Acquisition is:-

- i. fair, reasonable and on normal commercial terms; and
- ii. not detrimental to the interest of the shareholders of the Company.

Accordingly, the Board recommends that you **vote in favour** of the resolution pertaining to the Proposed Acquisition at the forthcoming EGM.

13. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at the Conference Room, Third Floor, CAB Cakaran Corporation Berhad, Plot 21, Lorong Jelawat 4, Seberang Jaya Industrial Park, Seberang Jaya, 13700 Perai, Penang on Wednesday, 05 November 2025 at 10.30 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolution to give effect to the Proposed Acquisition.

A member who is entitled to attend, participate, speak and vote at the EGM is entitled to appoint a proxy or proxies to attend, participate, speak and vote on his/ her behalf. In such event, the completed and signed Proxy Form should be deposited at the Company's registered office, located at 51-8-A, Menara BHL, Jalan Sultan Ahmad Shah, 10050 George Town, Pulau Pinang not less than twenty-four (24) hours before the time stipulated for holding the EGM or at any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending, participating, speaking and voting in person at the EGM should you subsequently wish to do so.

14. FURTHER INFORMATION

Shareholders are advised to refer to the appendices set out in this Circular for further information.

Yours faithfully,
For and on behalf of the Board
CAB CAKARAN CORPORATION BERHAD

CHUAH HOON PHONG
Group Managing Director

APPENDIX I – SALIENT TERMS OF THE SPA

The salient terms of the SPA are as follows:-

1. SALE AND PURCHASE OF THE SALE SHARES

Subject to the terms of the SPA, the Vendor, as legal and beneficial owner of the Sale Shares, agrees to sell to the Purchaser, and the Purchaser agrees to purchase, all of the Sale Shares and not only part of the Sale Shares, free from all encumbrances and together with all attached or accrued rights as of or after the Completion Date for the Initial Consideration, subject to adjustments as detailed in the SPA.

2. CONSIDERATION

- 2.1. On signing (i.e. the date of the SPA), the Purchaser shall pay the Deposit to the Vendor.
- 2.2. At completion, the Purchaser shall pay the Initial Consideration, being **RM231,000,000.00** less the Deposit, to the Vendor. The Initial Consideration is subject to an adjustment mechanism set out in the SPA, which assumes that CFSB and Desa Cargill shall have an agreed level of cash, debt and working capital.

3. CONDITIONS

3.1. Conditional Completion

Completion is conditional on the fulfilment (or, where applicable, waiver) of certain conditions precedent by the Vendor and the Purchaser, as listed below ("**Conditions**"):-

a. Vendor's Conditions

- i. The receipt by CFSB of the written consents of Westports Malaysia Sdn Bhd and Port Klang Authority in respect of the Proposed Acquisition, pursuant to the sub-lease agreement between Westports Malaysia Sdn Bhd and CFSB.
- ii. The receipt by Desa Cargill of the approval of the Ministry of Investment, Trade and Industry or Malaysian Investment Development Authority to remove certain equity conditions stated in its manufacturing licence.

b. Purchaser's Condition

Delivery by the Purchaser to the Vendor of a copy of: (a) the resolution of the shareholder of the Purchaser; and (b) the minutes of the extraordinary general meeting of CAB, approving the Proposed Acquisition.

3.2. Long Stop Date

The Conditions are to be satisfied or waived by the relevant party no later than 4 months from the date of execution of the SPA (or such other date as the Vendor and the Purchaser may agree in writing) ("**Long Stop Date**").

3.3. Reasonable Endeavours to Fulfil

- a. The Vendor shall use its reasonable endeavours to ensure that the Vendor's Conditions shall be fulfilled by Long Stop Date, provided that this shall not give rise to an obligation on the part of the Vendor to assume material expenditure or investment to achieve the same or require it to take such action which would be likely to have such a detrimental effect on the current or future development of any business of the Vendor or the Vendor Group (means the Vendor and its affiliates but excluding CFSB and Desa Cargill) that it would be unreasonable to expect the Vendor to take it. The Vendor shall bear its own costs and expenses incurred in their efforts to fulfil the Vendor's Conditions.

- b. The Purchaser shall use its reasonable endeavours to ensure that the Purchaser's Condition is fulfilled by the Long Stop Date. The Purchaser shall bear its own costs and expenses incurred in their efforts to fulfil the Purchaser's Condition.
- c. Each party shall provide the other party with such information and assistance as the other party may reasonably require and which may be necessary or desirable to procure the satisfaction of the Conditions before the Long Stop Date.

3.4. Termination for Failure to Fulfil Conditions

If any Condition is not satisfied or waived by 5.00 p.m. (Malaysia time) on the Long Stop Date:-

- a. subject to the parties having complied with their obligations under Clause 3.3 above and having in good faith taken all commercially reasonable efforts to procure the fulfilment of the Conditions:-
 - i. the Purchaser or the Vendor may, in its sole discretion, terminate the SPA (other than Clause 18 (Confidentiality and Announcements), 19 (save for Clause 19.1) (General Provisions), 20 (Notices) and 21 (Governing Law and Arbitration) of the SPA ("**Effective Clauses**")); and
 - ii. the Vendor shall transfer the amount equivalent to the Deposit to the Purchaser within 5 business days from the date of termination of the SPA; and
 - iii. neither the Vendor nor the Purchaser shall have any claim against the other party under it, save for any claim arising from antecedent breaches of the SPA; or
- b. the Purchaser has not complied with its obligations under Clause 3.3(b) and/ or 3.3(c) above and/ or taken all commercially reasonable efforts to procure the fulfilment of the Purchaser's Condition:-
 - i. the Vendor may in its sole discretion terminate the SPA (other than the Effective Clauses);
 - ii. the Vendor shall be entitled to retain the Deposit as agreed break fees; and
 - iii. neither the Vendor nor the Purchaser shall have any claim against the other Party under it, save for any claim arising from antecedent breaches of the SPA.

3.5. Unconditional Date

The SPA will become unconditional on the day that the last of the Conditions has been fulfilled or waived in writing.

4. ESTIMATED COMPLETION STATEMENT

- 4.1. The Vendor shall, not later than 7 Business Days prior to the Completion Date, provide the Purchaser with an Estimated Completion Statement.
- 4.2. The Estimated Completion Statement shall be supported by sufficient documentation to validate the estimates, including calculation workings, recent management accounts, bank statements, inventory schedules (including raw materials, work in progress (WIP), and finished goods), and ageing reports for trade receivables and payables

APPENDIX I – SALIENT TERMS OF THE SPA (CONT'D)

- 4.3. For the purpose of determining the consideration payable at completion, the Initial Consideration will be adjusted such that if:-
- a. with regards to cash:
 - i. the Estimated Cash exceeds the Target Cash, the Initial Consideration will be increased by the amount equal to the excess; and
 - ii. the Estimated Cash is less than the Target Cash, the Initial Consideration will be reduced by the amount equal to the shortfall;
 - b. with regards to net debt:
 - i. the Estimated Net Debt exceeds the Target Net Debt, the Initial Consideration will be reduced by the amount equal to the excess; and
 - ii. the Estimated Net Debt is less than the Target Net Debt, the Initial Consideration will be increased by the amount equal to the shortfall; and
 - c. with regards to working capital:
 - i. the Estimated Working Capital is less than the Target Working Capital, the Initial Consideration will be reduced by the amount equal to the shortfall; and
 - ii. the Estimated Working Capital exceeds the Target Working Capital, the Initial Consideration will be increased by the amount equal to the excess.

5. COMPLETION

Completion shall take place on: (a) the last business day of the calendar month in which the Unconditional Date occurs, provided that there are at least 15 business days between the Unconditional Date and such date; (b) where (a) does not apply, the last business day of the subsequent calendar month in which the Unconditional Date occurs; or (c) such later date as the Vendor and the Purchaser may agree in writing.

6. WARRANTY AND INDEMNITY ("W&I") INSURANCE

The SPA contemplates that the Purchaser will obtain W&I insurance to provide cover in respect of any losses it may suffer or incur in connection with the SPA. Subject to limited carve-outs such as fraud or wilful misconduct or gross negligence by the Vendor, its directors, officers or employees and loss arising out of a breach of the fundamental title warranties by the Vendor, the Purchaser's sole recourse and remedy for any claims under the SPA shall be under the W&I insurance policy.

7. POST-COMPLETION ADJUSTMENTS

- 7.1. After establishment of the final completion statement, the Estimated Initial Consideration will be adjusted such that if:-
- a. with regards to cash:
 - i. the Actual Cash exceeds the Estimated Cash, the Estimated Consideration will be increased by the amount equal to the excess;
 - ii. the Actual Cash is less than the Estimated Cash, the Estimated Consideration will be reduced by the amount equal to the shortfall;

APPENDIX I – SALIENT TERMS OF THE SPA (CONT'D)

- b. with regards to net debt:
 - i. the Actual Net Debt exceeds the Estimated Net Debt, the Estimated Initial Consideration will be reduced by the amount equal to the excess;
 - ii. the Actual Net Debt is less than the Estimated Net Debt, the Estimated Initial Consideration will be increased by the amount equal to the shortfall;
 - c. with regards to working capital:
 - i. the Actual Working Capital is less than the Estimated Working Capital, the Estimated Initial Consideration will be reduced by the amount equal to the shortfall; and
 - ii. the Actual Working Capital exceeds the Estimated Working Capital, the Estimated Initial Consideration will be increased by the amount equal to the excess.
- 7.2. If as a result of an adjustment in accordance with Clause 5.1:-
- a. the amount of the Estimated Initial Consideration is increased, the Purchaser shall make a payment to the Vendor of a sum equal to that increase; or
 - b. the amount of the Estimated Initial Consideration is reduced, the Vendor shall make a payment to the Purchaser of a sum equal to that reduction,

Any such payment of the Adjustment Amount shall be made within 5 business days following the day on which the adjustments to the Estimated Initial Consideration and the Final Consideration are finally determined ("**Adjustment Date**"), to the Vendor's nominated bank account or the Purchaser's nominated bank account (as the case may be).

8. NO RIGHTS OF RESCISSION OR TERMINATION

- 8.1 Other than in accordance with Clause 3.4 above or Clause 8.2 below, the Purchaser shall not be entitled to rescind or terminate the SPA in any circumstances whatsoever (whether before or after completion).
- 8.2 The Purchaser may, by written notice given to the Vendor at any time prior to completion, terminate the SPA if there is a breach of any of the fundamental title warranties by the Vendor, provided that the Purchaser shall first provide the Vendor with a reasonable opportunity to make representations in respect of the alleged breach and (if capable of being rectified) provide the Vendor with the opportunity to rectify the alleged breach within 30 days of the Purchaser's notification of the alleged breach. In the event of termination pursuant to this Clause 8.2, the Vendor shall transfer an amount equivalent to the Deposit to the Purchaser's nominated bank account within 5 business days from the date of such termination of the SPA.
- 8.3 This shall not exclude any liability for (or remedy in respect of) fraud, wilful misconduct or gross negligence.

9. EFFECT OF TERMINATION

All rights and obligations of the parties shall cease to have effect immediately upon termination of the SPA, save that:-

- a. the Effective Clauses; and
- b. any provision of the SPA necessary for its interpretation or enforcement,

shall continue in force following termination of the SPA (for whatever reason) and further, unless otherwise expressly provided in the SPA, termination of the SPA (for whatever reason) shall be without prejudice to the rights and liabilities of each of the parties accrued before termination.

APPENDIX II – INFORMATION ON CFSB

1. HISTORY AND BUSINESS

CFSB was incorporated in Malaysia on 9 January 1986 as a private company limited by shares under the Companies Act 1965. In February 2023, CHMSB acquired the remaining 40% equity interest in CFSB from Lembaga Tabung Angkatan Tentera (LTAT), which is overseen by Ministry of Defense, resulting in CFSB becoming a wholly owned subsidiary of CHMSB.

CFSB Group is principally engaged in the manufacture and sale of animal feeds. It produces a range of commercial compound feed tailored to meet the nutritional needs of various livestock and aqua species. Its manufacturing operations are based in Westport, Butterworth, Melaka and Sabah with a total capacity of approximately 370,000 MT per year. CFSB serves a diverse customer base, including commercial farms and retailers, while sourcing its raw materials from both domestic and international sources (e.g. Australia, Vietnam, China, Singapore, France, Switzerland, Japan and Brazil). This strategic positioning enables CFSB to maintain consistent product quality and support the growing demands of the animal feed industry.

CFSB's revenue was entirely generated from Malaysia, being its sole principal market.

CFSB Group has 4 factories with details as set out below:-

Description	Location	Land size	Built-up size	Audited net book value as at 31 May 2025		Ownership	Tenure
		Square feet	Square feet		RM'000		
Butterworth Plant The factory is built together with a pelleting line, four silos, a warehouse, a guard house, a weighbridge, and an office building.	2400, Mukim 1, Tingkat Perusahaan Dua, Prai Industrial Complex, 13600 Prai, Penang	130,949	95,164		7,200	Owned	60 years leasehold expiring on 14 December 2036 and 14 May 2039
West Port Plant The factory is built together with a pelleting line, an extruder line, two silos, a warehouse, a guard house, a weighbridge, and an office building.	Lot 55711, Dry Bulk Terminal, Jalan Mawar, Pulau Indah, West Port, 42009 Klang, Selangor	227,493	79,352		15,328	Sublease from Westports Malaysia Sdn Bhd	30 years expiring on 31 August 2054
Melaka Plant The factory is built together with two pelleting lines, two silos, a warehouse, a guard house, a weighbridge, and an office building.	174, Air Keroh Industrial Area, 75450, Melaka	210,456	117,359		12,175	Owned	99 years leasehold expiring on 30 May 2072

APPENDIX II – INFORMATION ON CFSB (CONT'D)

Description	Location	Land size Square feet	Built-up size Square feet	Audited net book value as at 31 May 2025 RM'000	Ownership	Tenure
Sabah Plant The factory is built together with two pelleting lines, two silos, two warehouses, two guard houses, a weighbridge, and an office building.	Lot 52, Lorong Sebor, Jalan Kelombong off Jalan Tuaran, 88100 Kota Kinabalu, Sabah	103,560	64,799	12,392	Owned	Leasehold expiring on 31 December 2070

The annual production capacity and output of the manufacturing facilities for the past 4 financial years up to the FYE 31 May 2025 are as follows:-

Manufacturing facility(ies)	FYE 31 May											
	2022			2023			2024			2025		
	Production capacity	Production output	Utilisation rate	Production capacity	Production output	Utilisation rate	Production capacity	Production output	Utilisation rate	Production capacity	Production output	Utilisation rate
	MT	MT	%	MT	MT	%	MT	MT	%	MT	MT	%
Butterworth Plant	98,400	47,644	48.42	98,400	31,905	32.42	98,400	32,722	33.25	98,400	31,276	31.78
West Port Plant	100,800	73,356	72.77	100,800	70,644	70.08	100,800	61,762	61.27	100,800	52,518	52.10
Melaka Plant	63,000	56,663	89.94	63,000	51,031	81.00	63,000	38,708	61.44	63,000	36,618	58.12
Sabah Plant	112,200	38,705	34.50	112,200	37,197	33.15	112,200	42,124	37.54	112,200	45,701	40.73

Save for the Sabah Plant, all other plants experienced a downward trend in production output and utilisation rates across the FYEs. In FYE 31 May 2025, utilisation rates were at a lower range, ranging from 31.78% to 58.12%. This was primarily attributable to several major customers opting for toll-mix solution (i.e. customer engaged for toll mixers to mix specific ingredients to create a customized feed product) mainly for broiler feed, as part of their cost-saving measures. In addition, certain customers have switched to alternative complete feed options or more economical feed formulations, which resulted in lower demand for the Group's products.

APPENDIX II – INFORMATION ON CFSB (CONT'D)

The total asset of CFSB Group amounts to approximately RM279.93 million as at 31 May 2025, which comprises the following:-

	RM'000
Property, plant and equipment	47,095
Inventories	29,369
Trade and other receivables	152,853
Other investment	31,740
Cash and cash equivalents	18,872
Total assets	279,929

2. SHARE CAPITAL

As at the LPD, the issued share capital of CFSB is RM9,185,000 comprising 9,185,000 CFSB Shares. As at the LPD, CFSB does not have any convertible securities.

3. DIRECTORS AND SHAREHOLDERS

As at the LPD, the directors and shareholder of CFSB and their respective shareholdings in CFSB are as follows:-

Name	Director/ Shareholder	Nationality/ Place of incorporation	Direct		Indirect	
			No. of shares	%	No. of shares	%
CHMSB	Shareholder	Malaysia	9,185,000	100.00	-	-
Siam Chia Ye	Director	Malaysian	-	-	-	-
Kwong Jing Loong	Director	Malaysian	-	-	-	-
Woo Khai Cshoon	Director	Malaysian	-	-	-	-

4. SUBSIDIARY AND ASSOCIATED COMPANIES

As at the LPD, CFSB has 1 subsidiary and no associate or joint venture company. Further details on CFSB's subsidiary are as follows:-

Company	Place/ date of incorporation	Share capital	Equity interest	Principal activities
		RM'000	%	
Desa Cargill	Malaysia/ 19 July 1989	6,000	51 ^{*1}	Manufacture and sale of animal feeds

Note:-

^{*1} For information purposes, the remaining 49% equity interest is held by Desa Plus Sdn Bhd, which is based in Kota Kinabalu, Sabah, Malaysia.

5. MATERIAL CONTRACTS

As at the LPD, CFSB has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the past 2 years immediately preceding the LPD.

APPENDIX II – INFORMATION ON CFSB (CONT'D)

6. MATERIAL LITIGATION

As at the LPD, CFSB is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and there are none pending or threatened against CFSB Group.

7. MATERIAL COMMITMENTS

As at the LPD, there are no material commitments incurred or known to be incurred by CFSB Group.

8. CONTINGENT LIABILITIES

As at the LPD, there are no contingent liabilities incurred or known to be incurred by CFSB Group.

9. SUMMARY OF FINANCIAL INFORMATION

A summary of the audited consolidated financial statements of CFSB Group for the past 4 financial years up to the FYE 31 May 2025 is set out below:-

	Audited			
	FYE 31 May 2022	FYE 31 May 2023	FYE 31 May 2024	FYE 31 May 2025
	RM'000	RM'000	RM'000	RM'000
Revenue	504,950	520,945	464,117	390,964
GP	76,761	72,548	83,953	82,294
PBT	24,365	24,946	23,522	22,748
PAT attributable to owners of the company	17,674	17,336	15,590	13,777
PAT attributable to NCI	1,469	1,733	2,440	3,676
GP margin (%)	15.20	13.93	18.09	21.05
PBT margin (%)	4.83	4.79	5.07	5.82
Share capital	9,185	9,185	9,185	9,185
Shareholders' funds/ NA	232,982	250,318	180,908	194,685
Equity attributable to NCI	33,477	34,622	36,474	38,827
Current assets	279,032	278,479	207,739	232,834
Current liabilities	51,164	40,988	34,563	41,690
Total borrowings	-	-	-	-
No. of shares in issue ('000 units)	9,185	9,185	9,185	9,185
EPS (RM)	1.92	1.89	1.70	1.50
NA per share (RM)	25.37	27.25	19.70	21.20
Current ratio (times)	5.45	6.79	6.01	5.58
Gearing ratio (times)	-	-	-	-
Cash flow from operating activities	10,755	24,061	28,726	38,843

For the past 4 audited financial years up to the FYE 31 May 2025 ("**Relevant Financial Years**"):-

- There were no significant and specific factors contributing to exceptional performance in the Relevant Financial Years, and no significant changes in the financial performance on a year-to-year basis, whether favourable or adverse;
- There is no accounting policy adopted by CFSB which is peculiar to CFSB because of the nature of its business or the industry it is involved in; and
- There was no audit qualification in the audited financial statements for the Relevant Financial Years.

Commentary on past performance:-**FYE 31 May 2023 vs FYE 31 May 2022**

For the FYE 31 May 2023, CFSB Group recorded revenue of RM520.95 million. This represents an increase of approximately RM16.00 million or 3.17% as compared to the revenue recorded in FYE 31 May 2022 of RM504.95 million. The increase in revenue was mainly attributable to strategic price adjustments implemented in response to rising ingredient costs, complemented by a marginal improvement in product mix driven by increased sales of breeder feed.

For the FYE 31 May 2023, CFSB Group recorded a PBT of RM24.95 million, representing a marginal increase of RM0.58 million or 2.38% compared to RM24.37 million in the FYE 31 May 2022. Overall, the PBT remained relatively consistent between the two financial years.

FYE 31 May 2024 vs FYE 31 May 2023

For the FYE 31 May 2024, CFSB Group recorded revenue of RM464.12 million. This represents a decrease of approximately RM56.83 million or 10.91% as compared to the revenue recorded in FYE 31 May 2023 of RM520.95 million. The decrease in revenue was mainly attributable to a reduction in sales volume of broiler feed, reflecting softer demand during the period due to several major customers opting for toll-mix solution, mainly for broiler feed to lower feed cost and switching to other complete feed options or more economical feed formulations.

For the FYE 31 May 2024, CFSB Group recorded a PBT of RM23.52 million, which represents a decrease of RM1.43 million or 5.73% from the PBT of RM24.95 million recorded in the FYE 31 May 2023. This was largely attributable to lower reversal of impairment loss on trade receivables in FYE 31 May 2024, amounted to RM0.15 million as compared to RM5.49 million in FYE 31 May 2023.

FYE 31 May 2025 vs FYE 31 May 2024

For the FYE 31 May 2025, CFSB Group recorded revenue of RM390.96 million. This represents a decrease of approximately RM73.16 million or 15.76% as compared to the revenue recorded in FYE 31 May 2024 of RM464.12 million. The decrease in revenue was mainly attributable to a pricing adjustment implemented in response to lower ingredient cost, as well as a decrease in revenue of broiler feed.

For the FYE 31 May 2025, CFSB Group recorded a PBT of RM22.75 million, which represents a decrease of RM0.77 million or 3.27% as compared to the PBT of RM23.52 million recorded in the FYE 31 May 2024. This was largely due to the decrease in revenue as explained above, partially offset by bad debt recovery of RM1.61 million and lower cost of ingredients.

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10. AUDITED FINANCIAL STATEMENTS OF CFSB FOR THE FYE 31 MAY 2025

Cargill Feed Sdn. Bhd.
(Registration No. 198601000235 (149374-D))
(Incorporated in Malaysia)
and its subsidiary

**Financial statements for the year
ended 31 May 2025**

Cargill Feed Sdn. Bhd.

(Registration No. 198601000235 (149374-D))

(Incorporated in Malaysia)

and its subsidiary**Directors' report for the year ended 31 May 2025**

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 May 2025.

Principal activities

The Company is principally engaged in the manufacture and sale of animal feeds, whilst the principal activity of the subsidiary is as stated in Note 4 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Ultimate holding company

The Company is a subsidiary of Cargill Inc. of which is incorporated in the State of Delaware, United States of America and regarded by the Directors as the Company's ultimate holding company, during the financial year and until the date of this report.

Subsidiary

The details of the Company's subsidiary are disclosed in Note 4 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owner of the Company	13,777	11,328
Non-controlling interests	3,676	-
	<u>17,453</u>	<u>11,328</u>

Reserves and provisions

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

Dividends

Since the end of the previous financial year, the Company declared a final dividend at 323 sen per ordinary share, totalling RM29,700,000 in respect of the financial year ended 31 May 2025 on 19 August 2025.

Directors of the Company

Directors who served during the financial year until the date of this report are:

Woo Khai Cshoon**
Kwong Jing Loong
Siam Chia Ye

** This Director is also Director of the Company's subsidiary.

Registration No. 198601000235 (149374-D)
--

Directors of the Company (continued)

The name of the Directors of the Company's subsidiary during the financial year until the date of this report are:

Emiliana Chin Yen Ling

Chee Yen Yen

Datuk Bernard Liew Chau Min

Chew Chia Ee

(Appointed on 13 June 2025)

(Resigned on 13 June 2025)

Directors' interests in shares

None of the Directors holding office at 31 May 2025 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

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

No debenture was issued by the Company during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Indemnity and insurance costs

During the financial year, the Directors and officers of the Company and its subsidiary are covered under the Corporate Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as, inter alia, the Directors and officers of the Company and its subsidiary subject to the terms of the policy. The total amount of Corporate Liability Insurance effected for the Directors and officers of Cargill group of companies in Malaysia was RM47,065,003. The total amount of premium paid for the Corporate Liability Insurance by ultimate holding company was RM15,404.

There were no indemnity and insurance costs effected for auditors of the Company and its subsidiary during the financial year.

Registration No. 198601000235 (149374-D)
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Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 May 2025 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Registration No. 198601000235 (149374-D)

Subsequent event

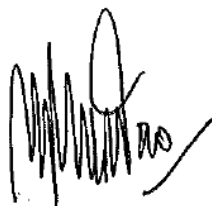
The immediate holding company entered into a conditional share purchase agreement with a third party on 31 July 2025 to sell all the shares in the Company for an initial consideration of RM231,000,000. The proposed disposal is expected to be completed by the fourth quarter of 2025.

Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration of the Group and of the Company during the year are RM132,000 and RM88,000 respectively.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:



.....
Woo Khai Cshoon
Director



.....
Kwong Jing Loong
Director

Kuala Lumpur, Malaysia

Date: 19 August 2025

Cargill Feed Sdn. Bhd.

(Registration No. 198601000235 (149374-D))

(Incorporated in Malaysia)

and its subsidiary**Statements of financial position as at 31 May 2025**

		Group		Company	
	Note	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Assets					
Property, plant and equipment	3	47,095	48,059	34,703	37,224
Investment in a subsidiary	4	-	-	3,060	3,060
Total non-current assets		47,095	48,059	37,763	40,284
Inventories	5	29,369	34,753	19,081	25,467
Trade and other receivables	6	152,853	124,995	138,793	108,841
Other investment	7	31,740	30,682	-	-
Cash and cash equivalents	8	18,872	17,309	757	965
Total current assets		232,834	207,739	158,631	135,273
Total assets		279,929	255,798	196,394	175,557
Equity					
Share capital	9	9,185	9,185	9,185	9,185
Retained earnings		185,500	171,723	148,147	136,819
Equity attributable to owner of the Company		194,685	180,908	157,332	146,004
Non-controlling interests		38,827	36,474	-	-
Total equity		233,512	217,382	157,332	146,004
Liabilities					
Deferred tax liabilities	10	4,727	3,853	3,458	2,953
Total non-current liabilities		4,727	3,853	3,458	2,953
Trade and other payables	11	40,685	33,669	35,136	26,013
Current tax liabilities		1,005	894	468	587
Total current liabilities		41,690	34,563	35,604	26,600
Total liabilities		46,417	38,416	39,062	29,553
Total equity and liabilities		279,929	255,798	196,394	175,557

The notes on pages 11 to 34 are an integral part of these financial statements.

Cargill Feed Sdn. Bhd.

(Registration No. 198601000235 (149374-D))

(Incorporated in Malaysia)

and its subsidiary**Statements of comprehensive income for the year ended
31 May 2025**

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Revenue		390,964	464,117	287,182	358,098
Other income		148	152	1,464	723
Changes in finished goods		(1,565)	(569)	(1,108)	(1,331)
Raw material and consumables used		(307,105)	(379,595)	(225,463)	(290,961)
Staff costs	12	(15,913)	(18,130)	(11,069)	(13,676)
Depreciation	3	(7,407)	(7,883)	(5,729)	(5,907)
Other operating expenses		(39,793)	(37,582)	(32,811)	(30,851)
Results from operating activities		19,329	20,510	12,466	16,095
Finance cost		(29)	(71)	(29)	(71)
Finance income		3,448	3,083	2,131	1,911
Profit before tax	13	22,748	23,522	14,568	17,935
Tax expense	14	(5,295)	(5,492)	(3,240)	(4,272)
Profit and total comprehensive income for the year		<u>17,453</u>	<u>18,030</u>	<u>11,328</u>	<u>13,663</u>
Profit and total comprehensive income attributable to:					
Owner of the Company		13,777	15,590	11,328	13,663
Non-controlling interests		<u>3,676</u>	<u>2,440</u>	-	-
		<u>17,453</u>	<u>18,030</u>	<u>11,328</u>	<u>13,663</u>

The notes on pages 11 to 34 are an integral part of these financial statements.

Cargill Feed Sdn. Bhd.

(Registration No. 198601000235 (149374-D))
(Incorporated in Malaysia)

and its subsidiary

Consolidated statement of changes in equity for the year ended 31 May 2025

/-Attributable to owner of the Company-/

Group	Note	Non-distributable			Distributable			Non-controlling interests		Total equity RM'000
		Share capital RM'000	Retained earnings RM'000	Total RM'000	Share capital RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000	
At 1 June 2023										
Profit and total comprehensive income for the year										
<i>Distributions to owner of the Company</i>										
Dividends to owner of the Company										
Total transaction with owner of the Company										
Dividends to non-controlling interests										
At 31 May 2024/1 June 2024										
Profit and total comprehensive income for the year										
Dividends to non-controlling interests										
At 31 May 2025										

Note 9

The notes on pages 11 to 34 are an integral part of these financial statements.

Cargill Feed Sdn. Bhd.

(Registration No. 198601000235 (149374-D))

(Incorporated in Malaysia)

and its subsidiary**Statement of changes in equity for the year ended
31 May 2025**

	Note	<i>Attributable to owner of the Company</i>		
		<i>Non-distributable</i>	<i>Distributable</i>	
		Share capital RM'000	Retained earnings RM'000	Total RM'000
Company				
At 1 June 2023		9,185	208,156	217,341
Profit and total comprehensive income for the year		-	13,663	13,663
<i>Distribution to owner of the Company</i>				
Dividends to owner of the Company	15	-	(85,000)	(85,000)
Total transaction with owner of the Company		-	(85,000)	(85,000)
At 31 May 2024/1 June 2024		9,185	136,819	146,004
Profit and total comprehensive income for the year		-	11,328	11,328
At 31 May 2025		9,185	148,147	157,332

Note 9

Cargill Feed Sdn. Bhd.

(Registration No. 198601000235 (149374-D))

(Incorporated in Malaysia)

and its subsidiary**Statements of cash flows for the year ended 31 May 2025**

	Note	Group		Company	
		2025	2024	2025	2024
		RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
Profit before tax		22,748	23,522	14,568	17,935
<i>Adjustments for:</i>					
Bad debts (recovered)/expense		(15)	47	(15)	47
Depreciation of property, plant and equipment	3	7,407	7,883	5,729	5,907
Dividend income		-	-	(1,377)	(612)
Income distribution from other investment		(127)	(224)	-	-
Fair value loss on forward foreign exchange contracts		62	60	61	50
Fair value gain on other investment		(931)	(786)	-	-
Finance cost		29	71	29	71
Other interest income		(2,390)	(2,073)	(2,131)	(1,911)
(Reversal of)/Impairment loss on trade receivables		(1,606)	(154)	(1,606)	59
Unrealised loss/(gain) on foreign exchange		135	(161)	154	(105)
Operating profit before changes in working capital		25,312	28,185	15,412	21,441
Change in inventories		5,384	5,494	6,386	3,010
Change in trade and other receivables		6,407	6,800	4,687	6,724
Change in trade and other payables		6,050	(6,547)	8,165	(7,587)
Cash generated from operations		43,153	33,932	34,650	23,588
Tax paid		(4,310)	(5,206)	(2,854)	(4,035)
Net cash from operating activities		38,843	28,726	31,796	19,553
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	(6,443)	(4,376)	(3,208)	(3,553)
(Advances to)/Repayment from holding companies and related companies		(31,876)	66,049	(31,908)	66,035
(Advances to)/Repayment from subsidiary		-	-	(368)	246
Dividend received		-	-	1,377	612
Interest received		2,390	2,073	2,131	1,911
Net cash (used in)/generated from investing activities		(35,929)	63,746	(31,976)	65,251

Registration No. 198601000235 (149374-D)
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Statements of cash flows for the year ended 31 May 2025 (continued)

	Note	Group		Company	
		2025	2024	2025	2024
		RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities					
Dividends paid to owner of the Company	15	-	(85,000)	-	(85,000)
Dividends paid to non-controlling interest		(1,323)	(588)	-	-
Interest paid		(29)	(71)	(29)	(71)
Net cash used in financing activities		<u>(1,352)</u>	<u>(85,659)</u>	<u>(29)</u>	<u>(85,071)</u>
Net increase/(decrease) in cash and cash equivalents		1,562	6,813	(209)	(267)
Effect of exchange rate fluctuations on cash held		1	(6)	1	(6)
Cash and cash equivalents at 1 June	8	<u>17,309</u>	<u>10,502</u>	<u>965</u>	<u>1,238</u>
Cash and cash equivalents at 31 May	8	<u>18,872</u>	<u>17,309</u>	<u>757</u>	<u>965</u>

The notes on pages 11 to 34 are an integral part of these financial statements.

Cargill Feed Sdn. Bhd.

(Registration No. 198601000235 (149374-D))

(Incorporated in Malaysia)

and its subsidiary**Notes to the financial statements**

Cargill Feed Sdn. Bhd. is a private limited liability company, incorporated and domiciled in Malaysia. The address of the principal place of business and registered office of the Company is as follows:

Lot #55711, Dry Bulk Terminal
Jalan Mawar, West Port
Pulau Indah
42009 Klang
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 31 May 2025 comprise the Company and its subsidiary (together referred to as the "Group" and individually referred to as "Group entities").

The Company is principally engaged in the manufacture and sale of animal feeds, whilst the principal activity of the subsidiary is as stated in Note 4 to the financial statements.

The immediate holding company during the financial year was Cargill Holdings (Malaysia) Sdn. Bhd., a company incorporated in Malaysia and the ultimate holding company during the financial year was Cargill Inc., a company incorporated in the State of Delaware, United States of America.

These financial statements were authorised for issue by the Board of Directors on 19 August 2025.

1. Basis of preparation**(a) Basis of accounting**

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Private Entities Reporting Standard ("MPERS") and the requirements of Companies Act 2016 in Malaysia.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

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1. Basis of preparation (continued)

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MPERS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary

Subsidiary is entity, including special purpose entity, controlled by the Company. The financial statements of subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiary are measured in the Company's statement of financial position at cost less any impairment losses. The cost of investment includes transaction costs.

Registration No. 198601000235 (149374-D)
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2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Acquisitions of non-controlling interests

The Group accounts all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iii) Loss of control

Upon the loss of control of a subsidiary, the Group recognises the difference between the proceeds from the disposal of the subsidiary and its carrying amount at the date that the control is lost in profit or loss. The cumulative amount of any exchange differences that relate to a foreign subsidiary recognised in other comprehensive income is not reclassified to profit or loss on disposal of the subsidiary. If the Group retains any interest in the former subsidiary, that investment is accounted for as a financial asset from the date the entity ceases to be a subsidiary, provided that it does not become an associate or a jointly controlled entity. The carrying amount of the investment at the date that the entity ceases to be a subsidiary is regarded as the cost on initial measurement of the financial asset.

(iv) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Registration No. 198601000235 (149374-D)
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2. Significant accounting policies (continued)

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entity at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

In the separate financial statements, all foreign currency differences are recognised in profit or loss.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is recognised initially at the transaction price (including transaction costs except in the initial measurement of a financial asset or financial liability that is subsequently measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction. If the arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

(ii) Subsequent measurement

Debt instruments that meet the following conditions are measured at amortised cost using the effective interest method:

- (a) returns to the holder are determinable, e.g. a fixed amount and/or variable rate of return benchmark against a quoted or observable interest rate;

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2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Subsequent measurement (continued)

(b) there is no contractual provision that could result in the holder losing the principal amount or any interest attributable to the current period or prior periods; and

(c) prepayment option, if any, is not contingent on future events.

Debt instruments that are classified as current assets or current liabilities are measured at the undiscounted amount of the cash or other consideration expected to be paid or received unless the arrangement constitutes, in effect, a financing transaction.

All other financial assets or financial liabilities not measured at amortised cost or cost less impairment are measured at fair value with changes recognised in profit or loss.

All financial assets (except for financial assets measured at fair value through profit or loss) are assessed at each reporting date whether there is any objective evidence of impairment. An impairment loss is measured as follows:

- For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.
- For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or are settled, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset derecognised and the consideration received, including any newly created rights and obligations, is recognised in profit or loss.

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2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) Derecognition (continued)

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment, are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" or "other operating expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

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2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Property, plant and equipment under construction is not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

Long term leasehold land	Over original lease term of 49 - 939 years
Buildings	8 - 35 years
Plant and machinery	4 - 30 years
Motor vehicles	3 - 7 years
Office equipment and computers	3 - 8 years

If there is an indication that there has been a significant change since the last annual reporting date in the pattern by which the Group expects to consume an asset's future economic benefits, the Group would review its present depreciation method and, if current expectations differ, the Group would amend the residual value, depreciation method or useful life to reflect the new pattern.

(e) Leased assets

(i) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of the ownership are classified as operating lease and the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in the profit or loss on a straight-line basis over the term of the lease.

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2. Significant accounting policies (continued)

(f) Inventories

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell.

The cost of inventories is calculated using the first-in-first-out method, and includes the cost of raw materials, direct labour and an appropriate proportion of production overheads.

Raw materials, spare parts, diesel, gas, industrial fuel and packaging materials are stated at the lower of cost of purchase including incidentals and net realisable value. The cost of raw materials and packaging materials are based on first-in-first-out method, while spare parts, diesel, gas and industrial fuel are based on weighted average method.

At each reporting date, the Group assesses whether any inventories are impaired by comparing the carrying amount of each item of inventory or group of similar items with its selling price less costs to complete and sell. If an item of inventory or group of similar items is impaired, the Group reduces the carrying amount of the inventory or the group of similar items to its selling price less costs to complete and sell. That reduction is an impairment loss and it is recognised immediately in profit or loss.

(g) Other investment

Other investment is placement made in financial institution which is designated upon initial recognition as financial assets at fair value through profit or loss.

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances and short-term deposits, which have an insignificant risk of change in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short-term commitments.

Registration No. 198601000235 (149374-D)
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2. Significant accounting policies (continued)

(i) Impairment of non-financial assets

The carrying amounts of non-financial assets (i.e. property, plant and equipment) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or cash-generating units.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(j) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Ordinary shares

Ordinary shares are classified as equity.

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2. Significant accounting policies (continued)

(k) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(l) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

Registration No. 198601000235 (149374-D)
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2. Significant accounting policies (continued)

(m) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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3. Property, plant and equipment

<i>Group</i>	Long term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment and computers RM'000	Capital work-in- progress RM'000	Total RM'000
Cost							
At 1 June 2024	3,240	44,584	100,930	4,664	2,835	40	156,293
Additions	-	-	-	-	-	6,443	6,443
Written-off	-	-	(1,037)	-	-	-	(1,037)
Transfers	(1)	2,632	3,021	136	169	(5,957)	-
At 31 May 2025	3,239	47,216	102,914	4,800	3,004	526	161,699
Accumulated depreciation							
At 1 June 2024	1,565	34,938	68,523	1,220	1,988	-	108,234
Depreciation for the year	45	1,083	5,386	668	225	-	7,407
Written-off	-	-	(1,037)	-	-	-	(1,037)
At 31 May 2025	1,610	36,021	72,872	1,888	2,213	-	114,604
Carrying amounts							
At 1 June 2024	1,675	9,646	32,407	3,444	847	40	48,059
At 31 May 2025	1,629	11,195	30,042	2,912	791	526	47,095

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3. Property, plant and equipment (continued)

<i>Company Cost</i>	Long term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment and computers RM'000	Capital work-in-progress RM'000	Total RM'000
At 1 June 2024	1,577	35,581	76,053	3,357	2,184	40	118,792
Additions	-	-	-	-	-	3,208	3,208
Transfers	-	994	1,424	136	168	(2,722)	-
At 31 May 2025	1,577	36,575	77,477	3,493	2,352	526	122,000

Depreciation and impairment losses

At 1 June 2024	829	28,811	49,411	983	1,522	-	81,556
Accumulated depreciation	-	6	6	-	-	-	12
Accumulated impairment loss	829	28,817	49,417	983	1,522	-	81,568
Depreciation for the year	26	798	4,259	487	159	-	5,729
At 31 May 2025	855	29,609	53,670	1,470	1,681	-	87,285
Accumulated depreciation	-	6	6	-	-	-	12
Accumulated impairment loss	855	29,615	53,676	1,470	1,681	-	87,297

Carrying amounts

At 1 June 2024	748	6,764	26,636	2,374	662	40	37,224
At 31 May 2025	722	6,960	23,801	2,023	671	526	34,703

At year end, the long-term leasehold land has an unexpired lease period of 12 to 904 (2024: 13 to 905) years.

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4. Investment in a subsidiary

	Company	
	2025 RM'000	2024 RM'000
At cost:		
Unquoted shares	<u>3,060</u>	<u>3,060</u>

Details of the subsidiary, which is incorporated in Malaysia, is as follows:

Name of company	Principal activity	Effective ownership interest	
		2025	2024
Desa Cargill Sdn. Bhd.	Manufacture and sale of animal feeds	51%	51%

5. Inventories

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Raw materials	22,759	26,891	13,960	19,966
Goods in transit	2,248	1,744	1,727	821
Finished goods	3,474	5,039	2,795	3,903
Consumables	<u>888</u>	<u>1,079</u>	<u>599</u>	<u>777</u>
	<u>29,369</u>	<u>34,753</u>	<u>19,081</u>	<u>25,467</u>
Recognised in profit or loss:				
Changes in finished goods	1,565	569	1,108	1,331
Raw materials and consumables used	<u>307,105</u>	<u>379,595</u>	<u>225,463</u>	<u>290,961</u>

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6. Trade and other receivables

		Group		Company	
	Note	2025	2024	2025	2024
		RM'000	RM'000	RM'000	RM'000
Trade					
Trade receivables	(a)	56,131	63,047	38,759	44,172
Less: Impairment loss		(3,823)	(5,429)	(1,420)	(3,026)
		52,308	57,618	37,339	41,146
Amount due from subsidiary		-	-	528	325
		52,308	57,618	37,867	41,471
Non-trade					
Deposits		728	495	567	324
Prepayments		771	741	640	609
Other receivables		13	15	1	-
Amount due from ultimate holding company	(b)	-	5	-	-
Amount due from a subsidiary	(c)	-	-	685	316
Amounts due from related company	(d)	99,033	66,121	99,033	66,121
		100,545	67,377	100,926	67,370
		152,853	124,995	138,793	108,841

- (a) The normal trade credit terms granted by the Group and Company for trade receivables range from 30 to 90 days (2024: 30 to 90 days).

Included in trade receivables of the Group are amounts of RM7,108,882 (2024: RM8,954,645) owing by Desa Hatchery Sdn. Bhd., Desa Keningau Livestock Industry Sdn. Bhd. and Desa Cattle (Sabah) Sdn. Bhd.. These companies are related company and subsidiary of Desa Plus Sdn. Bhd., who is the corporate shareholder with 49% interest in the subsidiary. Overdue interest is charged at 6.8% (2024: 6.8%) per annum.

- (b) Amount due from ultimate holding company in the prior year was unsecured, interest free and repayable on demand.
- (c) The amount due from a subsidiary is unsecured, interest free and repayable on demand.
- (d) The amounts due from related company of the Group and Company comprise of advances relating to a cash pool account which is unsecured, has no fixed terms of repayment and bears an average interest rate of 3.57% (2024: 3.57%) per annum.

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7. Other investment

	Group	
	2025 RM'000	2024 RM'000
Current		
At fair value through profit or loss	<u>31,740</u>	<u>30,682</u>
Market value of investment	<u>31,740</u>	<u>30,682</u>

Other investment relates to placement made with a financial institution.

8. Cash and cash equivalents

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Deposits with licensed banks (i)		13,000	12,000	-	-
Cash and bank balances		<u>5,872</u>	<u>5,309</u>	<u>757</u>	<u>965</u>
		<u>18,872</u>	<u>17,309</u>	<u>757</u>	<u>965</u>

- (i) The weighted average interest rate and maturity days at date of placement for the deposits with a licensed bank ranges from 2.3% to 2.4% (2024: 2.3% to 2.4%) per annum and 22 days to 48 days (2024: 24 days to 40 days) respectively.

9. Share capital

	Group and Company	
	Amount RM'000	Number of shares '000
Issued and fully paid with no par value classified as equity instruments		
Ordinary shares:		
At 1 June 2024/31 May 2025	<u>9,185</u>	<u>9,185</u>

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.

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10. Deferred tax liabilities**Recognised deferred tax assets/(liabilities)**

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Group						
Property, plant and equipment	-	-	(5,378)	(4,918)	(5,378)	(4,918)
Provisions	671	1,163	-	-	671	1,163
Other items	-	-	(20)	(98)	(20)	(98)
Tax assets/(liabilities)	671	1,163	(5,398)	(5,016)	(4,727)	(3,853)
Set off of tax	(671)	(1,163)	671	1,163	-	-
Net tax liabilities	-	-	(4,727)	(3,853)	(4,727)	(3,853)
Company						
Property, plant and equipment	-	-	(3,982)	(3,845)	(3,982)	(3,845)
Provisions	541	984	-	-	541	984
Other items	-	-	(17)	(92)	(17)	(92)
Tax assets/(liabilities)	541	984	(3,999)	(3,937)	(3,458)	(2,953)
Set off of tax	(541)	(984)	541	984	-	-
Net tax liabilities	-	-	(3,458)	(2,953)	(3,458)	(2,953)

Movement in temporary differences during the year

	Recognised in profit or loss		
	At 1.6.2024 RM'000	(Note 14) RM'000	At 31.5.2025 RM'000
Group			
Property, plant and equipment	(4,918)	(460)	(5,378)
Provisions	1,163	(492)	671
Other items	(98)	78	(20)
	(3,853)	(874)	(4,727)
Company			
Property, plant and equipment	(3,845)	(137)	(3,982)
Provisions	984	(443)	541
Other items	(92)	75	(17)
	(2,953)	(505)	(3,458)

Registration No. 198601000235 (149374-D)

11. Trade and other payables

		Group		Company	
	Note	2025	2024	2025	2024
		RM'000	RM'000	RM'000	RM'000
Trade					
Trade payables		23,894	17,418	21,026	12,599
Amounts due to related companies	(a)	2,575	2,576	2,397	2,191
		<u>26,469</u>	<u>19,994</u>	<u>23,423</u>	<u>14,790</u>
Non-trade					
Advances from customers		621	1,013	292	610
Other payables		5,296	3,785	4,384	3,049
Accruals		5,026	6,657	4,198	5,760
Forward foreign exchange contracts		85	23	78	17
Amount due to ultimate holding company	(b)	263	363	263	363
Amount due to immediate holding company	(b)	1,716	770	1,545	651
Amounts due to related companies	(a)	1,209	1,064	953	773
		<u>14,216</u>	<u>13,675</u>	<u>11,713</u>	<u>11,223</u>
		<u>40,685</u>	<u>33,669</u>	<u>35,136</u>	<u>26,013</u>

(a) The amounts due to related companies are unsecured, interest free and has credit period of 30 days (2024: 30 days) for trade amounts and has no fixed terms of repayment for non-trade amounts.

(b) The amounts due to ultimate and immediate holding companies are unsecured, interest free and are repayable on demand.

12. Staff costs

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Other staff costs (including Directors' remuneration)	14,117	16,284	9,592	12,119
Defined contribution plan - Employees Provident Fund	1,796	1,846	1,477	1,557
	<u>15,913</u>	<u>18,130</u>	<u>11,069</u>	<u>13,676</u>

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13. Profit before tax

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):				
Auditors' remuneration - KPMG				
PLT	<u>132</u>	<u>129</u>	<u>88</u>	<u>86</u>
Material expenses/(income)				
(Reversal of)/Impairment loss on trade receivables	(1,606)	(154)	(1,606)	59
Bad debts (recovered)/expense	(15)	47	(15)	47
Depreciation of property, plant and equipment	7,407	7,883	5,729	5,907
Directors' remunerations	-	264	-	264
Net loss/(gain) on foreign exchange:				
- realised	168	87	24	68
- unrealised	135	(161)	154	(105)
Rental of motor vehicles	1,137	1,062	963	901
Rental of plant and equipment	59	54	59	54
Rental of premises	520	567	125	173
Rental of land	967	455	967	455
Fair value loss on forward foreign exchange contracts	62	60	61	50
Finance income:				
- income distribution from other investment	(127)	(224)	-	-
- fair value gain on other investment	(931)	(786)	-	-
- other interest income	(2,390)	(2,073)	(2,131)	(1,911)
Dividend income	<u>-</u>	<u>-</u>	<u>(1,377)</u>	<u>(612)</u>

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14. Tax expense

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- Current year	4,557	5,526	2,647	4,233
- (Over)/Under provision in prior year	(136)	230	88	205
	<u>4,421</u>	<u>5,756</u>	<u>2,735</u>	<u>4,438</u>
Deferred tax expense				
- Origination and reversal of temporary differences	742	(51)	593	(20)
- Under/(Over) provision in prior year	132	(213)	(88)	(146)
	<u>874</u>	<u>(264)</u>	<u>505</u>	<u>(166)</u>
	<u>5,295</u>	<u>5,492</u>	<u>3,240</u>	<u>4,272</u>
Reconciliation of tax expense				
Profit before tax	<u>22,748</u>	<u>23,522</u>	<u>14,568</u>	<u>17,935</u>
Income tax using Malaysian tax rate at 24%	5,460	5,645	3,496	4,304
Non-deductible expenses	93	72	74	56
Non-taxable income	<u>(254)</u>	<u>(242)</u>	<u>(330)</u>	<u>(147)</u>
	5,299	5,475	3,240	4,213
(Over)/Under provision in prior year				
- Current tax	(136)	230	88	205
- Deferred tax	132	(213)	(88)	(146)
Tax expense	<u>5,295</u>	<u>5,492</u>	<u>3,240</u>	<u>4,272</u>

15. Dividends

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2024			
Final 2023 ordinary	925.0	<u>85,000</u>	15 August 2023

After the end of the reporting period, the following dividend was recommended by the Directors. This dividend will be recognised in subsequent financial period upon approval by the shareholder of the Company.

	Sen per share	Total amount RM'000
2026		
Final 2025 ordinary	323.0	<u>29,700</u>

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16. Financial instruments

16.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Financial assets and financial liabilities measured at fair value through profit or loss ("FVTPL"); and
- (b) Financial assets and financial liabilities measured at amortised cost ("AC").

	Carrying amount RM'000	FVTPL RM'000	AC RM'000
2025			
Financial assets			
Group			
Trade and other receivables*	152,082	-	152,082
Other investment	31,740	31,740	-
Cash and cash equivalents	18,872	-	18,872
	<u>202,694</u>	<u>31,740</u>	<u>170,954</u>
Company			
Trade and other receivables*	138,153	-	138,153
Cash and cash equivalents	757	-	757
	<u>138,910</u>	<u>-</u>	<u>138,910</u>
Financial liabilities			
Group			
Trade and other payables	<u>(40,685)</u>	<u>(85)</u>	<u>(40,600)</u>
Company			
Trade and other payables	<u>(35,136)</u>	<u>(78)</u>	<u>(35,058)</u>

* excluding prepayments

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16. Financial instruments (continued)**16.1 Categories of financial instruments (continued)**

	Carrying amount RM'000	FVTPL RM'000	AC RM'000
2024			
Financial assets			
Group			
Trade and other receivables*	124,254	-	124,254
Other investment	30,682	30,682	-
Cash and cash equivalents	17,309	-	17,309
	<u>172,245</u>	<u>30,682</u>	<u>141,563</u>
Company			
Trade and other receivables*	108,232	-	108,232
Cash and cash equivalents	965	-	965
	<u>109,197</u>	<u>-</u>	<u>109,197</u>
Financial liabilities			
Group			
Trade and other payables	<u>(33,669)</u>	<u>(23)</u>	<u>(33,646)</u>
Company			
Trade and other payables	<u>(26,013)</u>	<u>(17)</u>	<u>(25,996)</u>

* excluding prepayments

16.2 Net gains and losses arising from financial instruments

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Net gains/(losses) on:				
Financial assets measured at fair value through profit or loss	996	950	(61)	(50)
Financial assets measured at amortised cost	3,550	2,402	3,420	1,977
Financial liabilities measured at amortised cost	156	(148)	153	(135)
	<u>4,702</u>	<u>3,204</u>	<u>3,512</u>	<u>1,792</u>

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17. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Less than one year	2,492	1,103	2,011	640
Between one and five years	6,641	1,894	5,905	871
More than five years	43,226	-	43,226	-
	<u>52,359</u>	<u>2,997</u>	<u>51,142</u>	<u>1,511</u>

The Group and the Company lease a number of land, plant and machinery and motor vehicles under operating leases. The leases typically run for an initial period of 1 to 30 years (2024: 1 to 5 years), with an option to renew the leases after the date of expiration. None of the leases include contingent rentals.

18. Capital commitments

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Property, plant and equipment				
- authorised but not contracted for	13,426	3,829	10,110	1,578
- contracted but not provided for	<u>105</u>	<u>195</u>	<u>105</u>	<u>195</u>
	<u>13,531</u>	<u>4,024</u>	<u>10,215</u>	<u>1,773</u>

19. Related parties

Significant related party transactions

The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Notes 6 and 11.

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Ultimate holding company				
Reimbursable expenses	<u>1,066</u>	<u>1,201</u>	<u>1,066</u>	<u>1,160</u>
Immediate holding company				
Reimbursable expenses	<u>9,641</u>	<u>6,659</u>	<u>8,826</u>	<u>5,855</u>
Subsidiary				
Sales	-	-	(3,175)	(2,438)
Purchases	-	-	-	116
Recoverable expenses	<u>-</u>	<u>-</u>	<u>(1,500)</u>	<u>(1,503)</u>

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19. Related parties (continued)

Significant related party transactions (continued)

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Related companies				
Purchase of property, plant and equipment	1,155	-	270	-
Sales	-	(750)	-	(750)
Purchases	23,199	30,288	20,802	29,239
Interest income	(2,082)	(1,902)	(2,082)	(1,902)
Interest expense	29	71	29	71
Reimbursable expenses	1,322	1,226	1,188	1,090
Technical service fees	3,665	4,147	2,938	3,432
 Related company of Desa Plus Sdn. Bhd.				
- Desa Hatchery Sdn. Bhd.				
Sales	(29,036)	(29,850)	-	-
 Subsidiary of Desa Plus Sdn. Bhd.				
- Desa Cattle (Sabah) Sdn. Bhd.				
Sales	(3,294)	(3,370)	-	-
 Subsidiary of Desa Cattle (Sabah) Sdn. Bhd.				
- Desa Keningau Livestock Industry Sdn. Bhd.				
Sales	<u>(6,055)</u>	<u>(5,678)</u>	<u>-</u>	<u>-</u>
 Key management personnel				
Directors				
- Remunerations	<u>-</u>	<u>264</u>	<u>-</u>	<u>264</u>

20. Subsequent event

The immediate holding company entered into a conditional share purchase agreement with a third party on 31 July 2025 to sell all the shares in the Company for an initial consideration of RM231,000,000. The proposed disposal is expected to be completed by the fourth quarter of 2025.

Cargill Feed Sdn. Bhd.

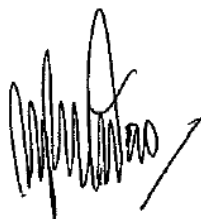
(Registration No. 198601000235 (149374-D))

(Incorporated in Malaysia)

and its subsidiary**Statement by Directors pursuant to
Section 251(2) of the Companies Act 2016**

In the opinion of the Directors, the financial statements set out on pages 5 to 34 are drawn up in accordance with Malaysia Private Entities Reporting Standard and the requirements of the 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 of 31 May 2025 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:



.....
Woo Khai Cshoon
Director



.....
Kwong Jing Loong
Director

Kuala Lumpur, Malaysia

Date: 19 August 2025

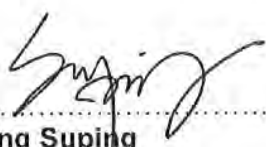
Cargill Feed Sdn. Bhd.

(Registration No. 198601000235 (149374-D))
(Incorporated in Malaysia)

and its subsidiary**Statutory declaration pursuant to
Section 251(1)(b) of the Companies Act 2016**

I, **Siong Suping**, the Officer primarily responsible for the financial management of Cargill Feed Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 5 to 34 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Siong Suping, I/C No: 871202-13-5426, at Kuala Lumpur in the State of Federal Territory on 19 August 2025.


.....
Siong Suping

Before me:



No. 5A, Jalan 53,
Desa Jaya, Kepong
52100 Kuala Lumpur.



KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF CARGILL FEED SDN. BHD.

(Registration No. 198601000235 (149374-D))
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Cargill Feed Sdn. Bhd., which comprise the statements of financial position as at 31 May 2025 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 34.

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 May 2025, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Private Entities Reporting Standard 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 auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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



Cargill Feed Sdn. Bhd.
(Registration No. 198601000235 (149374-D))
Independent Auditors' Report for the
Financial Year Ended 31 May 2025

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 information included in the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard 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 ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- 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.



Cargill Feed Sdn. Bhd.
(Registration No. 198601000235 (149374-D))
Independent Auditors' Report for the
Financial Year Ended 31 May 2025

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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 internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 ability of the Group or of the Company 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.
- 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 gives a true and fair view.
- 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 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.

Other Matter

This report is made solely to the member 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.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya, Selangor

Date: 19 August 2025

Chong Chen Kian
Approval Number: 03232/02/2026 J
Chartered Accountant

APPENDIX III – FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board, and the Directors collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

2. CONSENT

UOBKH, being the Adviser for the Proposed Acquisition, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

3. DECLARATION OF CONFLICT OF INTEREST

UOBKH has given its written confirmation that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the Adviser to CAB for the Proposed Acquisition.

4. MATERIAL COMMITMENTS

Save as disclosed below, as at the LPD, there are no material commitments incurred or known to be incurred by the Group, which upon becoming enforceable, may have a material impact on the financial results or position of the Group:-

	RM'000
Property, plant and equipment:-	
Approved and contracted for	24,039
Authorised but not contracted for	54,909
Total	78,948

5. CONTINGENT LIABILITIES

Save as disclosed below, as at the LPD, there are no contingent liabilities incurred or known to be incurred, which upon becoming enforceable, may have a material impact on the financial results or position of the Group:-

	RM'000
Corporate guarantees to financial institutions and suppliers for banking facilities and/ or credit terms granted to subsidiary companies	885,165

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of CAB at 51-8-A Menara BHL, Jalan Sultan Ahmad Shah, 10050 George Town, Pulau Pinang, during the normal business hours from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the EGM:-

- i. the constitutions of CAB and CFSB;

APPENDIX III – FURTHER INFORMATION (CONT'D)

- ii. the audited consolidated financial statements of CAB Group for the past 2 financial years up to the FYE 30 September 2024 and the latest unaudited consolidated financial statements for the 9-month FPE 30 June 2025;
- iii. the audited consolidated financial statements of CFSB Group for the past 2 financial years up to the FYE 31 May 2025;
- iv. the letter of consent and declaration of conflict of interest referred to in **Section 2** and **Section 3** hereinabove, respectively; and
- v. the SPA as referred to in **Appendix I** of this Circular.

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CAB CAKARAN CORPORATION BERHAD

Registration No. 200201015998 (583661-W)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting ("**EGM**") of CAB Cakaran Corporation Berhad ("**CAB**" or the "**Company**"), which will be held at the Conference Room, Third Floor, CAB Cakaran Corporation Berhad, Plot 21, Lorong Jelawat 4, Seberang Jaya Industrial Park, Seberang Jaya, 13700 Perai, Penang on Wednesday, 05 November 2025 at 10.30 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification the resolution as set out in this notice.

ORDINARY RESOLUTION

PROPOSED ACQUISITION OF ENTIRE EQUITY INTEREST IN CARGILL FEED SDN BHD ("CFSB"), BY CAB CAKARAN SDN BHD ("CABC" OR THE "PURCHASER"), A WHOLLY OWNED SUBSIDIARY OF CAB, FOR AN INITIAL CONSIDERATION OF RM231,000,000 TO BE SATISFIED WHOLLY VIA CASH, SUBJECT TO ADJUSTMENTS ("PROPOSED ACQUISITION")

"**THAT** subject to the approvals from all relevant authorities and/ or parties being obtained in respect of the Proposed Acquisition, approval be and is hereby given for CABC to acquire CFSB at the Initial Consideration of RM231,000,000 to be satisfied wholly via cash upon the terms and subject to the conditions and adjustments set out in the conditional share purchase agreement dated 31 July 2025 entered into between CABC and Cargill Holdings (Malaysia) Sdn Bhd ("**CHMSB**" or the "**Vendor**") ("**SPA**").

AND THAT the Board of Directors of CAB ("**Board**") be and is hereby authorised and empowered to deal with all matters incidental, ancillary to and/ or relating thereto and take all such steps and to execute and deliver and/ or caused to be executed and delivered all the necessary documents, including the SPA, corporate guarantee and all such other agreements, deeds, arrangements, undertakings, indemnities, transfers, extensions, assignments, confirmations, declarations and/ or guarantees to or with any party or parties, and to do all acts, deeds and things as they may consider necessary or expedient or in the best interest of the Company with full power to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required and to deal with all matters relating thereto and to take such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Acquisition."

By Order of the Board,

WONG YEE LIN (MIA15898) (SSM PC No. 201908001793)
HING POE PYNG (MAICSA 7053526) (SSM PC No. 202008001322)
Joint Company Secretaries
Penang

2 October 2025

Notes:-

1. A member entitled to attend, participate, speak and vote at this EGM is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
2. Where a member appoints two (2) proxies, the appointment shall be invalid unless the proportions of shareholdings to be represented by each proxy are specified.
3. Where a member of the Company is an exempt authorised nominee as defined under Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.

4. *The instrument appointing the proxy shall be in writing, executed by or on behalf of the appointor. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.*
5. *The instrument appointing a proxy must be deposited at the Registered Office, 51-8-A, Menara BHL, Jalan Sultan Ahmad Shah, 10050 George Town, Pulau Pinang not less than 24 hours before the time for holding the EGM or at any adjournments thereof PROVIDED that in the event the member(s) duly executes the Proxy Form but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the EGM as his/their proxy. You may also submit the proxy appointment electronically via <https://www.registrar-braxton.com.my> before the Proxy Form submission cut-off time as mentioned in the above. For further information on the electronic submission of Proxy Form, kindly refer to the Administrative Guide for EGM.*
6. *Last date and time for lodging the Proxy Form is on Tuesday, 04 November 2025 at 10.30 a.m.*
7. *For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to the Article 129 of the Company's Constitution and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Securities, a Record of Depositors ("**ROD**") as at 29 October 2025 and only depositors whose names appear on such ROD shall be entitled to attend, participate, speak and vote at this meeting or appoint proxy(ies) to attend, participate, speak and/or vote in his/her behalf.*
8. *All resolutions as set out in this notice of EGM are to be voted by poll.*

**CAB CAKARAN CORPORATION BERHAD**

Registration No. 200201015998 (583661-W)

(Incorporated in Malaysia)

PROXY FORM

CDS Account No.	No. of shares held

I/ We _____ Tel: _____
[Full name in block, NRIC/ Passport/ Company No.]

of _____

being shareholder(s) of **CAB CAKARAN CORPORATION BERHAD** (the "**Company**"), hereby appoint:-

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

and/ or* (*delete as appropriate)

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

or failing him, the Chairperson of the extraordinary general meeting ("**EGM**"), as my/ our proxy to vote for me/ us and on my/ our behalf at the EGM of the Company to be held at the Conference Room, Third Floor, CAB Cakaran Corporation Berhad, Plot 21, Lorong Jelawat 4, Seberang Jaya Industrial Park, Seberang Jaya, 13700 Perai, Penang on Wednesday, 05 November 2025 at 10.30 a.m. or at any adjournment thereof, and to vote as indicated below:-

No.	Ordinary Resolution	For	Against
1.	Proposed Acquisition		

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

Signed this _____ day of _____ 2025

Signature of
Member(s)/Common Seal**Notes:-**

- A member entitled to attend, participate, speak and vote at this EGM is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
- Where a member appoints two (2) proxies, the appointment shall be invalid unless the proportions of shareholdings to be represented by each proxy are specified.
- Where a member of the Company is an exempt authorised nominee as defined under Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
- The instrument appointing the proxy shall be in writing, executed by or on behalf of the appointor. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.

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5. *The instrument appointing a proxy must be deposited at the Registered Office, 51-8-A, Menara BHL, Jalan Sultan Ahmad Shah, 10050 George Town, Pulau Pinang not less than 24 hours before the time for holding the EGM or at any adjournments thereof PROVIDED that in the event the member(s) duly executes the Proxy Form but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the EGM as his/their proxy. You may also submit the proxy appointment electronically via <https://www.registrar-braxton.com.my> before the Proxy Form submission cut-off time as mentioned in the above. For further information on the electronic submission of Proxy Form, kindly refer to the Administrative Guide for EGM.*
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8. *All resolutions as set out in this notice of EGM are to be voted by poll.*

PERSONAL DATA POLICY

By submitting the duly executed Proxy Form, the member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the EGM, and at any adjournment thereof.

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AFFIX
STAMP

The Company Secretaries
CAB CAKARAN CORPORATION BERHAD
51-8-A, Menara BHL
Jalan Sultan Ahmad Shah
10050 George Town
Pulau Pinang

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