



TEO SENG CAPITAL BERHAD

COMPANY NO. : 732762-T



HATCHING FOR THE FUTURE

ANNUAL REPORT

2015





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RITMA PRESTASI SDN BHD Company No. : 629010-U
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EVENTS HIGHLIGHT FOR THE FINANCIAL YEAR ENDED

31 DECEMBER 2015



Event :
Ritma Prestasi Sdn. Bhd.
("Ritma") Kick Start Meeting
Date :
12 January 2015
Venue :
Skypark One City Hotel



Event :
William San Became
Spokesperson of Ritma's
Product - Natural Core
Date :
29 April 2015
Venue :
Ritma Office



Event :
Ritma Pet World KL
Date :
26-28 June 2015
Venue :
**Mid Valley Convention
Centre**



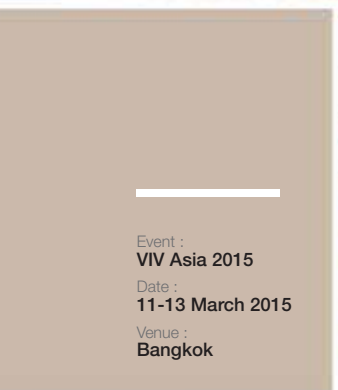
Event :
Seminar by Elanco
Date :
6 August 2015
Venue :
Teo Seng Training Room



Event :
My Pom Club sponsored by
Ritma's products – Natural Core
Date :
8 August 2015
Venue :
Penang



Event :
Annual New Year Dinner
 Date :
23 January 2015
 Venue :
Grand Seaview Restaurant, Batu Pahat



Event :
VIV Asia 2015
 Date :
11-13 March 2015
 Venue :
Bangkok



Event :
Ritma Pet Fiesta
 Date :
10-12 April 2015
 Venue :
SACC, Setia Alam



Event :
Ninth Annual General Meeting
 Date :
25 June 2015
 Venue :
Riverview Hotel



Event :
Livestock Asia Expo and Forum
 Date :
21-23 September 2015
 Venue :
Kuala Lumpur Convention Centre



Event :
Ritma Baytril Seminar
Date :
28 October 2015
Venue :
Pullman Kuala Lumpur



Event :
Corporate Social
Responsibility Program
Date :
30 October 2015
Venue :
M.B.A. Long Hua Senior
Citizens Community



Event :
Ritma Teambuilding Trip
Date :
6-8 November 2015
Venue :
Tanah Aina

Event :
Corporate Social
Responsibility Program
Date :
21 November 2015
Venue :
Kiwanis Special Children
Centre Batu Pahat



CORPORATE INFORMATION



BOARD OF DIRECTORS

Executive Chairman

Lau Jui Peng

Managing Director

Nam Yok San

Executive Director

Na Yok Chee

Lau Joo Han

Non-Executive Director

Tan Sri Lau Tuang Nguang

Dato' Zainal Bin Hassan

Loh Wee Ching

Independent Non-Executive Director

Choong Keen Shian

Frederick Ng Yong Chiang

Dato' Koh Low @ Koh Kim Toon

AUDIT COMMITTEE

Committee Chairman

Choong Keen Shian

Committee Member

Tan Sri Lau Tuang Nguang

Frederick Ng Yong Chiang

Dato' Koh Low @ Koh Kim Toon

SECRETARIES

Wong Wai Foong

(MAICSA 7001358)

Tan Bee Hwee

(MAICSA 7021024)

Lee Choon Seng

(MAICSA 7003453)

Lum Sow Wai

(MAICSA 7028519)

AUDITORS

Crowe Horwath

(AF 1018)

8, Jalan Pesta 1/1

Taman Tun Dr Ismail 1

Jalan Bakri

84000 Muar

Johor Darul Takzim

PRINCIPAL BANKERS

Bangkok Bank Berhad

AmBank (M) Berhad

Hong Leong Bank Berhad

CIMB Bank Berhad

DBS Bank Ltd

CORPORATE WEBSITE

www.teoseng.com.my

REGISTERED OFFICE

201-203, Jalan

Abdullah

84000 Muar

Johor Darul Takzim

Tel : 06-9519992

Fax : 06-9531249

HEAD OFFICE

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83700 Yong Peng,

Johor Darul Takzim

Tel : 07-4672289

Fax : 07-4672923

REGISTRAR

Tricor Investor & Issuing House
Services Sdn. Bhd.

Unit 32-01, Level 32, Tower A

Vertical Business Suite

Avenue 3, Bangsar South

No. 8, Jalan Kerinchi

59200 Kuala Lumpur

Tel : 03-27839299

Fax : 03-27839222

STOCK EXCHANGE LISTING

Bursa Malaysia Securities

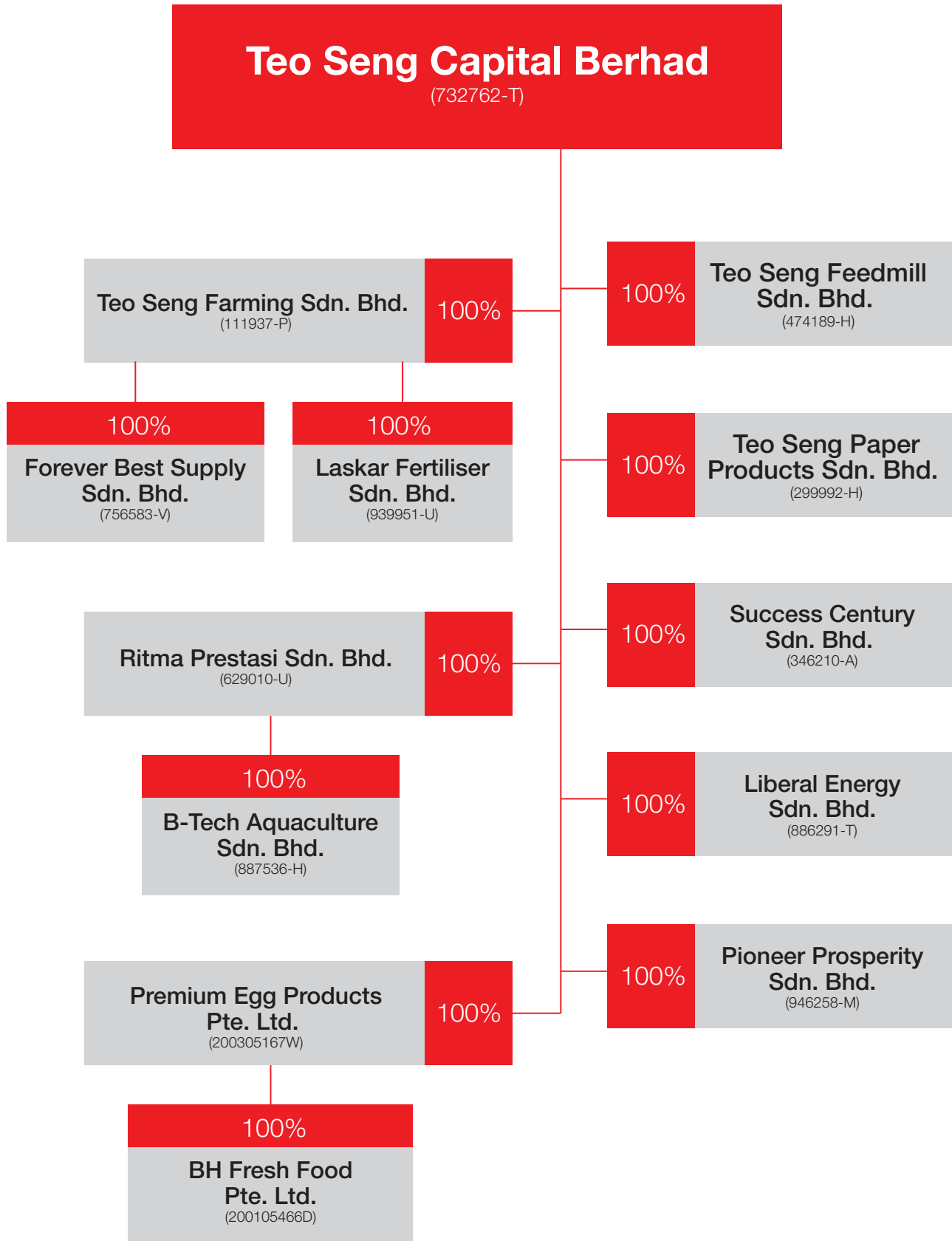
Berhad

Main Market

DATE OF LISTING

29 October 2008

GROUP CORPORATE STRUCTURE



PROFILE OF THE BOARD OF DIRECTORS

LAU JUI PENG

Executive Chairman



Mr. Lau Jui Peng, Malaysian, aged 45, was appointed as the Non-Executive Chairman of the Company on 19 June 2008 and redesignated to Executive Chairman on 27 August 2013. Mr. Lau Jui Peng now represents Leong Hup (Malaysia) Sdn Bhd to sit on the Board of Directors of the Company.

Mr. Lau obtained a Bachelor of Science in Business Administration majoring in marketing from Hawaii Pacific University, United States of America in 1996. Upon his graduation, Mr. Lau worked in a brief stint as an Assistant Manager in a supermarket before joining Leong Hup group of companies. Since then, Mr. Lau has been appointed as the Deputy Chief Executive Officer of Leong Hup Poultry Farm Sdn. Bhd., where he is in charge of the production processes and administration. Mr. Lau is also involved in the production processes and administration of Leong Hup (G.P.S) Farm Sdn. Bhd. Mr. Lau was invited to the Board of Leong Hup Poultry Farm Sdn. Bhd. on 24 December 2004 and subsequently to the Board of Leong Hup (G.P.S) Farm Sdn. Bhd. on 21 March 2007. Besides these two companies, he also sits on the Board of several other subsidiaries of the Company, Leong Hup (Malaysia) Sdn Bhd and Emivest Sdn. Bhd.

Mr. Lau's knowledge and experience in the production processes and management of poultry companies is further augmented by his attendance of several supervisory and management seminars on poultry farm operations and management conducted both locally and overseas.

Mr. Lau is the nephew of Tan Sri Lau Tuang Nguang who is the Non-Executive Director of the Company. Except for certain related party transactions of revenue nature which are necessary for day to day operation of the Company and its subsidiaries and for which he is deemed to be interested, there are no other business arrangements with the Company in which he has personal interest. Mr. Lau has no conviction of any offences within the past ten (10) years. Mr. Lau had attended all of the five (5) Board of Directors' Meetings held in the financial year ended 31 December 2015.

NAM YOK SAN

Managing Director



Mr. Nam Yok San, Malaysian, aged 60, was appointed as the Managing Director of the Company on 19 June 2008. With nearly thirty five (35) over years of experience in poultry farming, of which the past twenty (20) years had been focused on the layer farming business, Mr. Nam in his capacity as the Managing Director of Teo Seng Farming Sdn. Bhd. ("TSF") is responsible to oversee the overall operations and directions of the Group within the layer farming industry.

Mr. Nam was involved in the family business of rearing broiler chickens since it began in 1978, and was one of the founding partners of TSF when it was incorporated on 22 December 1983.

In 1992, under Mr. Nam's stewardship, the TSF Group undertook a strategic change in business direction by shifting its focus from rearing broiler chickens to layer farming. Since then, with his leadership and guidance, the TSF Group had become one of the largest egg producers in the country.

From 1994 to 2008, Mr. Nam served as the Managing Director of Teo Seng Paper Products Sdn. Bhd. ("TSPP") overseeing the overall operations and ensuring that the Company performs its function as another integral limb of the integrated layer farming model which has been adopted for the TSF Group. He has also been appointed as Executive Director in Teo Seng Feedmill Sdn. Bhd. ("TSFM") since 2000. With his vast experience in the industry and his contribution to our Group, Mr. Nam is an invaluable asset of our Group. He also sits on the Board of several other private limited companies in Malaysia and Singapore.

Mr. Nam is a sibling of Mr. Na Yok Chee who is the Executive Director of the Company. Except for certain related party transactions of revenue nature which are necessary for day to day operation of the Company and its subsidiaries and for which he is deemed to be interested, there are no other business arrangements with the Company in which he has personal interest. Mr. Nam has no conviction of any offences within the past ten (10) years. Mr. Nam had attended all of the five (5) Board of Directors' Meetings held in the financial year ended 31 December 2015.

PROFILE OF THE BOARD OF DIRECTORS

NA YOK CHEE

Executive Director



Mr. Na Yok Chee, Malaysian, aged 59, was appointed as the Executive Director of the Company on 19 June 2008. Like Mr. Nam Yok San, Mr. Na has been involved in the family poultry business since 1978 and has played an instrumental role in its transformation from being a broiler chicken business into one of the largest layer farming groups in the country.

With the experience and knowledge that he has gained in the operations and management of our Group for nearly thirty five (35) over years, Mr. Na is primarily responsible to monitor the operation and performance of the brooding, pullet and layer farms of our Group, as well as overseeing any investment and expansion initiatives, including the designing, construction and supervision of all farm buildings.

He currently performs these duties for our Group in his capacity as an Executive Director of TSF, a position he has held since 1983, when he was one of the founding partners of the company. Apart from this, he is also an Executive Director in Teo Seng Feedmill Sdn. Bhd. ("TSFM") and Success Century Sdn. Bhd., which he has held since 2000 and 2008 respectively. Apart from this, he also sits on the Board of several other private limited companies.

Mr. Na is a sibling of Mr. Nam Yok San who is the Managing Director of the Company. Except for certain related party transactions of revenue nature which are necessary for day to day operation of the Company and its subsidiaries and for which he is deemed to be interested, there are no other business arrangements with the Company in which he has personal interest. Mr. Na has no conviction of any offences within the past ten (10) years. Mr. Na had attended all of the five (5) Board of Directors' Meetings held in the financial year ended 31 December 2015.

LAU JOO HAN

Executive Director



Mr. Lau Joo Han, Malaysian, aged 41, was appointed as the Non-Executive Director of the Company on 19 June 2008 and redesignated to Executive Director on 27 August 2013. He was appointed as the Chief Executive Officer and Director of Leong Hup (Malaysia) Sdn Bhd. Currently, Mr. Lau represents Leong Hup (Malaysia) Sdn. Bhd. to sit on the Board of Directors of the Company.

Mr. Lau obtained a Degree of International Trade from Victoria University, Melbourne, Australia in 1999. Throughout his career, he has managed numerous key subsidiaries within the Leong Hup Group and has gained exposure in different levels of poultry integration from upstream to downstream activities.

Besides managing the business of the Group, Mr. Lau has been constantly attending seminars and conferences conducted locally and overseas in order to keep abreast of the latest trends and technologies in the poultry industry.

Mr. Lau is the nephew of Tan Sri Lau Tuang Nguang who is the Non-Executive Director of the Company. Except for certain related party transactions of revenue nature which are necessary for day to day operation of the Company and its subsidiaries and for which he is deemed to be interested, there are no other business arrangements with the Company in which he has personal interest. Mr. Lau has no conviction of any offences within the past ten (10) years. Mr. Lau had attended all of the five (5) Board of Directors' Meetings held in the financial year ended 31 December 2015.

PROFILE OF THE BOARD OF DIRECTORS

TAN SRI LAU TUANG NGUANG

Non-Executive Director



Tan Sri Lau Tuang Nguang, Malaysian, aged 57, was appointed as Non-Executive Director of the Company on 19 November 2009. He was appointed as Audit Committee Member and Remuneration Committee Member of the Company on 27 August 2013. Tan Sri Lau now represents Leong Hup (Malaysia) Sdn Bhd to sit on the Board of Directors of the Company.

Tan Sri Lau has more than thirty five (35) years of experience in the livestock industry. He was appointed as the Executive Chairman of Leong Hup (Malaysia) Sdn Bhd on 26 November 2014. Prior to his appointment to Leong Hup (Malaysia) Sdn Bhd, Tan Sri Lau was appointed on 15 August 1990 as the Executive Director of Leong Hup Holdings Berhad, a company formerly listed on the Main Market of Bursa Malaysia Securities Berhad. He also sits on the Board of PT Malindo Feedmill Tbk, a company listed on Jakarta Stock Exchange and also appointed to the Board of various private limited companies in Malaysia and overseas. In the year of 2004, he was one of the panel advisors of Ministry of Agriculture and Agro Based Industry, a project initiated by the Government for the development of the agriculture industry in the country.

Tan Sri Lau is the uncle to Mr. Lau Jui Peng and Mr. Lau Joo Han who are the Directors of the Company. Except for certain related party transactions of revenue nature which are necessary for day to day operation of the Company and its subsidiaries and for which Tan Sri Lau is deemed to be interested, there are no other business arrangements with the Company in which he has personal interest. Tan Sri Lau has no conviction of any offences within the past ten (10) years. Tan Sri Lau had attended three (3) of the five (5) Board of Directors' Meetings held in the financial year ended 31 December 2015.

DATO' ZAINAL BIN HASSAN

Non-Executive Director



Dato' Zainal Bin Hassan, Malaysian, aged 71, was appointed as the Non-Independent Non-Executive Director of the Company on 19 November 2009, is the representative of Koperasi Permodalan Felda Malaysia Berhad on the Board of Directors of the Company.

Dato' Zainal is the Chairman of few cooperatives in district level, Deputy Chairman to Koperasi Serbausaha Makmur Berhad and member of the Board of Directors of Koperasi Permodalan Felda Malaysia Berhad ("KPF") at national level since the inception of the KPF in the year 1980. With his past experience as the Pahang State Assembly Member from the year 1982 to 1999, Dato' Zainal involved in various committees in Pahang State Level and was also the Committee Chairman of Jawatankuasa Kira-Kira Wang Kerajaan Negeri (PAC) prior to his appointment as the EXCO Kerajaan Negeri Pahang in the year 1999. He holds the position as Internal Auditor to Pertubuhan Peladang Kebangsaan (NAFAS).

Dato' Zainal does not have any family relationship with any Director/ major shareholder of the Company. Except for certain related party transactions of revenue nature which are necessary for day to day operation of the Company and its subsidiaries and for which he is deemed to be interested, there are no other business arrangements with the Company in which he has personal interest. Dato' Zainal has no conviction of any offences within the past ten (10) years. Dato' Zainal had attended all of the five (5) Board of Directors' Meetings held in the financial year ended 31 December 2015.

PROFILE OF THE BOARD OF DIRECTORS

LOH WEE CHING

Non-Executive Director



Mr. Loh Wee Ching, Malaysian, aged 47, was appointed as the Non-Executive Director of the Company on 19 June 2008. He was appointed as member of both Remuneration Committee and Nomination Committee on 27 August 2013. Mr. Loh joined Teo Seng Farming Sdn. Bhd. ("TSF") in 1994 as Sales Manager and he was promoted as the Senior Marketing Manager in 2003. Presently he is the Marketing Director in layer farming division. Prior to joining the Group, he was a Marketing Executive in Telic Corporation Sdn. Bhd., a diversified company which is also involved in the poultry business. His past experience of more than twenty (20) years in marketing and good customer contacts has enabled him to contribute significantly to the Group's marketing strategies. With his assertive marketing skills and excellent customer relationship, he also plays a major role in providing on-the-job training to the marketing team of the subsidiaries of the Company.

Mr. Loh does not have any family relationship with any Director/ major shareholders of the Company. He does not have any conflict of interest with the Company. Mr. Loh has no conviction of any offences within the past ten (10) years. Mr. Loh had attended four (4) of the five (5) Board of Directors' Meetings held in the financial year ended 31 December 2015.

CHOONG KEEN SHIAN

Independent Non-Executive Director



Mr. Choong Keen Shian, Malaysian, aged 59, was appointed as the Independent Non-Executive Director of the Company on 19 June 2008. He is the Chairman of Audit Committee and a member of Nomination Committee of the Company. He was redesignated as Chairman of the Remuneration Committee on 27 August 2013. He graduated with a Bachelor of Science (Hon) degree from University of Malaya in 1981. He worked for more than ten (10) years in the finance and banking industry initially with OCBC Finance Bhd and later with The Pacific Bank Bhd (now known as Malayan Banking Berhad) from 1981 to 1990. During his tenure in the financial industry, he was involved in the credit and credit control management. He joined a property development company, Arena Eksklusif Sdn. Bhd. in 1991 and was involved in project administration. Currently, he is the finance manager of Atlas Edible Ice Sdn. Bhd., a member of The Atlas Ice Group of Company, which is engaged in a wide array of business activities such as oil palm and rubber plantation, tube and block ice manufacturing and investment holdings in Malaysia, Singapore and Indonesia. He is also the director of several other private limited companies within The Atlas Ice Group and several other private limited companies which are involved in the retailing of lighting accessories and lamps.

Mr. Choong does not have any family relationship with any Director/ major shareholder of the Company. He does not have any conflict of interest with the Company. Mr. Choong has no conviction of any offences within the past ten (10) years. Mr. Choong had attended four (4) of the five (5) Board of Directors' Meetings held in the financial year ended 31 December 2015.

PROFILE OF THE BOARD OF DIRECTORS

FREDERICK NG YONG CHIANG

*Independent Non-Executive
Director*



Mr. Frederick Ng Yong Chiang, Malaysian, aged 51, was appointed as the Independent Non-Executive Director of the Company on 19 June 2008. He is a member of the Audit Committee and was redesignated to Nomination Committee Chairman of the Company on 27 August 2013. He has completed the professional course in accountancy and thereafter being accepted as Associate member of the Chartered Institute of Management Accountants, United Kingdom and also a member of the Malaysian Institute of Accountants since 1991. Mr. Frederick Ng has previously worked for Hong Leong Industries Berhad as Project Executive in 1990. He joined Tan Chong Group of Companies in 1992 as the Administration and Accounting Manager of the Group's Papua New Guinea operations. In 1993, he joined The Atlas Ice Group of Companies. He is a Non-Executive Director of The Atlas Ice Company Berhad, the holding company and is in charge of the ice manufacturing companies of the Group in Penang, Kedah and Perlis. He also sits on the Board of several other private limited companies which are involved in the fast moving consumer goods business.

Mr. Frederick Ng does not have any family relationship with any Director/ major shareholder of the Company. He does not have any conflict of interest with the Company. Mr. Frederick Ng has no conviction of any offences within the past ten (10) years. Mr. Frederick Ng had attended all of the five (5) Board of Directors' Meetings held in the financial year ended 31 December 2015.

DATO' KOH LOW @ KOH KIM TOON

*Independent Non-Executive
Director*



Dato' Koh Low @ Koh Kim Toon, Malaysian, aged 63, was appointed as the Independent Non-Executive Director of the Company on 19 November 2009. He was appointed as a member of Audit Committee of the Company on 13 April 2010.

Dato' Koh Low @ Koh Kim Toon has more than thirty (30) years experience and expertise in the furniture industry. He sits on several private limited companies which are involving in plywoods, plantations and fertiliser. Presently, he is actively involved in local as well as overseas investments.

Dato' Koh does not have any family relationship with any Director/ major shareholder of the Company. He does not have any conflict of interest with the Company. Dato' Koh has no conviction of any offences within the past ten (10) years. Dato' Koh had attended all of the five (5) Board of Directors' Meetings held in the financial year ended 31 December 2015.



TEO SENG CAPITAL BERHAD

keeps on learning to grapple with networking. By translating a creative idea into physical and feasible form, we are able to puts perfection in the work, that's where pleasure comes.



CHAIRMAN'S STATEMENT

Teo Seng Capital Berhad ("Teo Seng") always strikes for development even though there are constraints ahead. Some of the limitations are self-imposed; it takes time, courage and hard work to overcome the weaknesses. Be positive to take up the challenges towards the success.

Lau Jui Peng
Chairman

Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present you the Annual Report and Audited Financial Statements of Teo Seng for the financial year ended 31st December 2015 in my capacity as the Chairman of the Group. The report intends to provide comprehensive highlights on Group's financial performance, vision and future direction to the existing and potential shareholders.

FINANCIAL HIGHLIGHTS

Limbo is the most-suitable word to portrait the board's feeling over the 2015 financial results. For the Group, our profitability in fiscal 2015 was mainly impacted by tough external factors such as average lower egg price and volatile exchange rates. Despite such a backdrop, the Group managed to achieve a revenue growth of 8.35%, recorded a turnover of RM412.76 million compared with the preceding year's performance largely due to increase of egg production through farm expansion. The Group's core business for the year remained to record profit after tax of RM41.10 million as compared with RM48.79 million for fiscal year 2014, representing a decrease of 15.76%.

Our results illustrated that our core business is directly correlated with uncontrollable external threats especially egg price and exchange rates ranked the top two among the threats, therefore strengthen our management process, operation effectiveness and cost saving efficiency are the only channel to minimize the threats posted by external factors.

In fiscal year 2015, the net assets per share increase by RM0.11 to RM0.64 per share while the basic earnings per share dropped by RM0.0254 to RM0.1367 per share mainly due to issuing 100 million new ordinary shares (bonus issue) in the Year 2015. The gearing ratio rise slightly to 0.6 times for the current year under review as compared with 0.5 times recorded in fiscal year 2014.

DIVIDEND

Despite the weaken financial performance in fiscal 2015 and unpredictable external threats in year 2016, our Board of Directors once again honoured the Company's dividend policy to consistently distribute dividend for every profit making year practised since publicly listed on Bursa Malaysia Securities Berhad.

The Board of Directors has declared an interim single tier dividend of 12.5% amounting to approximate RM7.5 million which was fully paid on 8th December 2015. Furthermore, the Board of Directors is proposing a final single tier dividend of 5% amounting to approximate RM3 million for the financial year ended 31st December 2015 and subject to shareholders' approval at the Annual General Meeting.

OPERATION REVIEW

In Sept 2015, Teo Seng introduced its first 15 pieces pack "Happy Egg" with the brand name of "Multi-Grains". "Multi-Grains" egg is laid by hens fed exclusively with special formulated multi-grains diet to strengthen its immune system of our laying hens with organic acids, probiotic and essential oils, in result of no antibiotic residue in eggs.

Other than launching of "Multi-Grains" egg, Teo Seng has fully completed its Egg Sanitation plant in April 2015. This investment allows Teo Seng to capture revenue from another business segment where the egg buyer from this group required higher degree of food safety and hygiene such as hospital, hotel, food processor and etc.

To support the layer farming expansion activity, a new paper egg tray machine was bought in April 2015 and shipped from Holland to Malaysia in January 2016. The installation work has commenced since February 2016 and expected to start its production by June 2016. This minimise the risk of supply shortage and eliminate the purchasing threat posed by supplier.

OPERATION REVIEW (cont'd)

On the other hand, the executed expansion plan for feedmill plant is expected to be completed by last quarter of year 2016. The decision of having an additional feedmill plant is very logical and opportune in order to ensure; firstly, the feed quality; secondly, price competitive over feeds; thirdly, to eliminate supply threat and most importantly still, to generate new income source for the group through selling of the excess feeds to open market.

Once again, in the 8th Malaysia Livestock Asia Expo & Forum held in September 2015, Teo Seng Farming Sdn. Bhd, a wholly-owned subsidiary of Teo Seng was awarded the "Outstanding Product Innovation – Farm Product" by Malaysia Livestock Industry Award endorsed by Department of Veterinary Services, Malaysia.

PROSPECTS

Nothing ever stands still at Teo Seng despite we have achieved remarkable results for the past three years as we highly cautious the impact of Good and Services Tax implemented in April 2015, global decline in the crude oil price and the continued pressure on the local currency will in turn affect consumers spending behavior all of which will come to bear on the financial performance of the fiscal year 2016.

We remain focus to execute the massive development plan initiated last year to increase the efficiency, productivity and quantity of the main stream business (egg), supporting business (feed, paper egg tray, animal health product) and by product business (green and waste). In year 2015, the Board of Directors has decided to invest into the related downstream business where the group is looking into food processing industry with our core business product – eggs, where the project is expected to kick start in the second term of the year 2016.

APPRECIATION

On behalf of the Board, I wish to convey our sincere appreciation and thanks to our shareholders for your continued support and trust for the past years. My thanks also go to fellow board members, business partner, associates, and regulatory authorities for their wise counsel, guidance and support throughout the year. Last but equally important, I would like to express my deepest gratitude to all our employees for their unwavering commitment, dedication and loyalty.

The prospect of Teo Seng is in our hand, let us hatch it with sincerity, full commitment and care for a better future.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors (“Board”) of Teo Seng Capital Berhad (“Teo Seng” or “Company”) is committed to ensure that the highest standards of corporate governance being observed throughout the Company and the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders’ value and financial performance of the Group.

The Board is continuously working towards full compliance the Malaysian Code on Corporate Governance 2012 (“MCCG 2012” or the “Code”) in the best interest of the Company and the shareholders.

This corporate governance statement (“Statement”) sets out how the Company has applied the principles set out in the Code (“Principles”) to its particular circumstances, and observed the recommendations supporting the Principles under the Code (“Recommendations”). Where a specific Recommendation of the MCCG 2012 has not been observed during the financial year under review, the non-observation, including the reasons thereof and, where appropriate, the alternative practice, if any, is mentioned in this Statement.

PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1. Clear Functions of The Board and Management

The Board assumes full responsibilities for the overall performance of the Company and its subsidiaries by setting the policies, establishing goals and monitoring the achievement of the goals through strategic action plans and careful stewardship of the Group’s assets and resources.

The matters reserved for the Board to consider are annual business plan, annual budget, dividend policy, merger and acquisition, capital expenditure and corporate exercise. The Board, in carrying out its stewardship responsibility, has delegated certain responsibilities to the Audit Committee, Nomination Committee and Remuneration Committee. All committees have clearly defined terms of reference. The Chairman of various committees will report to the Board the outcome of the committee meetings. The ultimate responsibility for the final decision on all matters, however, rest with the Board.

There is a clear segregation between the roles and responsibilities of the Chairman and Managing Director as set out in the Board Charter. The Chairman is responsible for the operations, leadership and governance of the Board, ensuring its effectiveness and assumes the formal role as the leader in chairing all Board meetings and shareholders’ meeting.

Managing Director is responsible for the management of the Company’s business, organizational effectiveness and implementation of Board strategies, policies and decisions. By virtue of his position as a Board member, he also acts as the intermediary between the Board and Management.

The Board’s oversight on management by delegating day-to-day management of the Company to the Managing Director. This delegation structure is further cascaded by the Managing Director to the Senior Management Team. The Managing Director and Senior Management remain accountable to the Board for the authority being delegated. Structured and regular reporting is made to the Board in areas where the Board is accountable and on the Company’s overall performance.

2. Board Duties and Responsibilities

To ensure effective discharge of the Board’s roles and responsibilities, the Limit of Authority (LOA), based on prescribed financial limits, was formulated and subject to be reviewed from time to time. The LOA serves to optimize operational efficiency and outlines high level duties and responsibilities of the Board and the delegated day-to-day management of the Company to the Managing Director. Structured and regular reporting is made to the Board in areas where the Board is accountable and on the Company’s overall performance. The Chairman of the Board helms the Board and provides leadership and guidance for the Board to meet its goals, and manages the Board’s processes in ensuring the Board discharges of its duties.

To ensure the effective discharge of its function and duties, the principal responsibilities of the Board include the following specific areas:

2.1 Reviewing and adopting a strategic business plan for the Group;

The Board plays an important and active role in the development of the Company’s strategy. Management presents to the Board its recommended strategy and proposed business and regulatory plans for the following year at a dedicated session. The Board reviews and deliberates upon both Management’s and its own perspectives, as well as challenges Management’s views and assumptions, to deliver the best outcome.

2.2 Overseeing the conduct of the Group's businesses to evaluate whether the businesses are being properly managed;

The Board monitoring the implementation of business plans by Management and assessed the performance of Management under the leadership of the Managing Director. The Board is also kept informed of key strategic initiatives, significant operational issues and the Company's performance.

2.3 Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;

Through the Group Internal Auditors ("GIA"), the Board oversees the Enterprise Risk Management (ERM) framework of the Company. The GIA advises the Audit Committee (AC) and the Board on areas of high risk and the adequacy of compliance and control procedures throughout the organization.

The GIA reviews and recommends the annual Corporate Risk Profile which specifies the key enterprise risks for approval by the Board. The GIA also reviews the risk management policies formulated by Management and make relevant recommendations to the Board for approval, particularly with regard to risk oversight structure, accountability for risk management.

Details of the Company's ERM framework are set out in Statement of Risk Management and Internal Control of this Annual Report.

2.4 Succession planning, including appointing, training, fixing of compensation and, where appropriate, replacing senior management;

The Board delegates the planning on succession of key personnel to the Nomination Committee. The Nomination Committee ("NC") is responsible for reviewing candidates for key management positions. It is also responsible for formulating nomination, selection and succession policies for members of the Board and Board Committees and key management personnel. The Remuneration Committee ("RC") is responsible to determine the remuneration for these appointments.

2.5 Developing and implementing an investor relations programme and shareholders' communications policy for the Group,

The Board developed the Investors Relations Policy and shareholders communications policies. The Company had conducted several briefings with potential investors within the guidelines of the policy.

Investor Relations policy is available online at www.teoseng.com.my

2.6 Reviewing the adequacy and integrity of the Group's internal control systems and management information systems, including systems compliance with applicable laws, regulations, rules, directives and guidelines.

The Board is ultimately responsible for the adequacy and integrity of the Company's internal control system. Details pertaining to the Company's internal control system and its effectiveness are available in the Statement of Risk Management and Internal Control of this Annual Report.

3. Code of Ethics

The Board has formalised a Directors' Code of Ethics, setting out the standards of conduct expected from Directors. The Code of Ethics for Directors includes principles relating to Directors' duties, conflicts of interest and dealings in securities. To inculcate good ethical conduct, the Group has established a Code of Conduct for employees. The Code of Conduct serves as a guideline for employee that promotes integrity of information, dealings in securities and conflict of interest. It also sets out prohibited activities or misconducts such as giving /receiving of gifts, bribes, dishonest behaviour and sexual harassment.

Moreover, employees of the Company may confidently and anonymously voice their grievances and raise their concerns of any unlawful or unethical situation or any suspected violation of the Code of Conduct in accordance with the Whistle-Blowing policy administered by the Board of Audit Committee.

The Board emphasizes good faith in reporting, with assurance to the employees that they will not be at risk of any form of victimization, retribution or retaliation. Any attempt to retaliate, victimize or intimidate against any whistle-blower is a serious violation and shall be dealt with serious disciplinary action and procedures.

The dedicated Whistle-Blowing email address is: bs@teoseng.com.my

The Directors' Code of Ethics is available online at www.teoseng.com.my

CORPORATE GOVERNANCE STATEMENT

4. Sustainability of Business

The Board is mindful/aware of the importance of business sustainability and in conducting the Group business, the impact on the environment, social and governance aspect is taken in consideration. The Group also embraces sustainability in its operations.

The Group's activities on corporate social responsibilities for the financial period under review are disclosed under Additional Compliance Information section of this Annual Report.

5. Access To Information and Advice

The Board has unrestricted access to all information within the Company and the advices and services of the Company Secretaries. The Directors may obtain independent professional advice in furtherance of their duties whenever necessary at the Company's expense.

In addition to the quarterly Board reports, the Board makes public release through Bursa Malaysia Securities Berhad and kept informed of various requirements and updates issued by various regulatory authorities.

Board members are provided with updates on operational, financial and corporate issues as well as minutes of meetings of the various Board Committees prior to the meetings to enable Directors to obtain further explanations/clarifications if necessary, in order to ensure the effectiveness of the proceeding of the meetings. The Board members received the board papers at least 3 days before the board meetings whilst highly sensitive corporate proposals are circulated during the meeting.

The Board may seek independent professional advice at the Company's expense in discharging its various duties for the Company. Individual Directors may also obtain independent professional or other advice in fulfilling their duties, subject to approval by the Chairman or the Board, and depending on the quantum of the fees involved.

6. Qualified and Competent Company Secretaries

The Company Secretaries of the Company are qualified to act as company secretary under Section 139A of the Companies Act 1965 and members of The Malaysian Institute of Chartered Secretaries and Administrators.

The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of its functions. The Company Secretaries through the Board ensure that the Company complies with regulatory requirements, adherence to board policies and procedures, rules, relevant laws and best practices on corporate governance. The Company Secretaries ensure that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are recorded and maintained in the statutory register of the Company. The Company Secretaries also keep abreast of the evolving capital market environment, regulatory changes and developments in corporate governance through continuous training and update the Board timeously.

7. Board Charter

The Board Charter is the primary document setting out the roles and responsibilities of the Board. The Board Charter takes into consideration all the applicable laws, rules and regulations as well as best practices. The Company's Board Charter covers inter-alia, the objectives of the Board, duties and responsibilities, powers, roles of the Chairman and Managing Director. It serves as a reference and primary induction literature in providing Board members and Management insight into the function of the Board of Directors of the Company. Board specific reserved matters covering areas such as strategy and business planning, finance and controls, people, compliance, support and assurance and others are entrenched in the Company's Board Charter.

The Company's Board Charter are adopted by the Board and will be reviewed from time to time to ensure that it remains consistent with the Board's objectives and current laws and practices.

The Company's Board Charter is available online at www.teoseng.com.my

PRINCIPLE 2 - STRENGTHEN COMPOSITION OF THE BOARD

During the financial period under review, the Board consisted of ten (10) members comprising of one (1) Executive Chairman, One (1) Managing Director and two (2) Executive Directors, three (3) Non-Executive Directors and three (3) Independent Non-Executive Directors. This composition fulfills the requirements as set in the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad which require that one third (1/3) of the Board members are Independent Non-Executive Directors. The profile of each Director is presented on page 7 to page 11 of this Annual Report. The Directors, with their diverse backgrounds and

CORPORATE GOVERNANCE STATEMENT

specialisations, collectively bring with them a wide range of experience and expertise in relevant fields such as poultry farming, financing, business administration, corporate planning, development and marketing which are vital for the strategies success of the Group. The Board Mix and Skillsets Matrix are set out as below:

Directors	Gender	Age	Strategy And Entrepreneurship	Legal And Regulatory Requirements	Corporate Governance, Risk Management And Internal Controls	Audit, Accounting, Financial Reporting And Taxation	Human Capital	Sales And Marketing	Production And Quality Assurance
Lau Jui Peng	M	45	√	√		√			√
Nam Yok San	M	60	√	√		√	√	√	
Na Yok Chee	M	59	√	√					√
Lau Joo Han	M	41	√	√			√		
Tan Sri Lau Tuang Nguang	M	57	√	√		√			
Dato' Zainal Bin Hassan	M	71	√	√	√				
Loh Wee Ching	M	47	√	√			√	√	
Choong Keen Shian	M	59	√	√	√		√		
Frederick Ng Yong Chiang	M	51	√	√	√	√	√		
Dato' Koh Low @ Koh Kim Toon	M	63		√	√			√	

1. Nomination Committee - Selection and Assessment of Directors

The NC is primarily responsible for the proposing of new nominees for the Board and for assessing the performance of the members of the Board on an on-going basis.

The following are the members of the Nomination Committee:

Mr Frederick Ng Yong Chiang	Chairman
Mr Choong Keen Shian	Member
Mr Loh Wee Ching	Member

The function of the NC, amongst others, is to recommend to the Board, candidates for directorships or Board Committee members. In addition, the Committee reviews the profile of the skills and experience of each individual director of the Board of Directors and various Committees and to assess the effectiveness of the Board as a whole.

NC's other function includes reviewing the Board's succession plans. NC is mindful of the importance of succession planning for the members of the Board and key personnel Management and NC is always keep in view of suitable candidates for those roles.

Annually, the NC reviews the overall composition of the Board in terms of appropriate size, required mix of knowledge, skills, experiences and core competencies and adequacy of balance between Executive Directors and Independent Non-Executive Directors. As part of the recruitment process and annual assessment of directors, the NC will review the professionalism, integrity, honesty, competency, commitment, contribution and performance and ensure no conflict of interest arises that would impair their ability to represent the interest of the Company's Shareholders and stakeholders and to fulfill the responsibilities of a director. The NC will also consider a mix of Board members that represent a diversity of background and experience.

The NC also evaluated the effectiveness of the Board as a whole, the various Committees and assessing the contribution of each individual director annually by using peer assessment and self assessment methods. Good and effective communications were established among Board members and Board Committee members on official and unofficial basis and major policies and corporate proposals are discussed and scrutinized before putting to a vote. All members of the Board and Committees have been diligent and exercised due reasonable care in discharging their duties and responsibilities.

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In order to achieve the above, NC also reviews and recommends the suitable training programmes to the members of the Board. For the financial year ended 31 December 2015, the Committee held (1) meeting. The Committee meets in a need basis.

1.1 Board Gender Diversity Policies

The Board has always placed gender diversity as an agenda in strengthening the performance of its Board and Board Committees. The Board is of the view that while it is important to promote gender diversity, the normal selection criteria of a Director, based on effective blend of competencies, skills, extensive experience and knowledge in areas identified by the Board, should remain a priority so as not to compromise on qualification, experience and capabilities.

2. Re-election of Directors

In accordance with the Article 103 of the Company's Articles of Association, all Directors who are appointed by the Board are subject to re-election by the shareholders at the next Annual General Meeting held following their appointments.

Directors who are subject to re-appointment or re-election at the Annual General Meeting ("AGM") will be assessed by the Nomination Committee, whose recommendations will be submitted to the Board for decision, and thereafter to be tabled to shareholders for approval at the AGM.

At this forthcoming AGM, the three directors who will be retiring by rotation are Lau Joo Han, Tan Sri Lau Tuang Nguang and Dato' Koh Low @ Koh Kim Toon, whilst Dato' Zainal Bin Hassan will be retiring in accordance with Section 129 of the Companies Act, 1965. All of them, being eligible, offer themselves for re-election.

3. Remuneration Committee

The Remuneration Committee is primarily responsible for the development and review of the remuneration policy and packages for the Board members. The remuneration policy aims to attract and retain Directors necessary for proper governance and the smooth running of the Company.

The following are the members of the Remuneration Committee:

Mr Choong Keen Shian	Chairman
Tan Sri Lau Tuang Nguang	Member
Mr Loh Wee Ching	Member

The duties and responsibilities of the Committee are as follows:

- recommend to the Board of Directors, the remuneration of the Executive Directors in all its forms, drawing from outside advice as necessary and the Executive Directors shall play no part in decisions on their own remuneration.
- determine of remuneration packages of Non-Executive Directors, would be carried out by the Board of Directors as a whole and the individuals concerned would abstain from discussing their own remuneration.

The details of Directors' Remuneration payable to the Directors of the Company for the financial year ended 31 December 2015 are as follows:

Category	Fee (RM)	Salaries & Other Emoluments (RM)	Total (RM)
Executive Director	0	721,203	721,203
Non-Executive Director	120,000	0	120,000
Total	120,000	721,203	841,203

Range of Remuneration	Executive Director	Number of Directors Non-Executive Director	Total
Below RM50,000	2	6	8
RM350,001 to RM400,000	2	0	2
Total	4	6	10

PRINCIPLE 3 - REINFORCE INDEPENDENCE OF THE BOARD

The Board adopted the concept of independence in tandem with the definition of Independent Director of the Main Board Listing Requirements of Bursa Malaysia Securities Berhad. The Board carries out annual assessment to ensure the effectiveness of the independence of its Independent Directors. The Board is satisfied with the level of independence demonstrated by all the Non-Executive Directors, and their ability to act in the best interest of the Company. One third of the total number of members of the Board are Non-Executive Independent Directors.

The Board acknowledge of the Code's recommendation that the tenure of an Independent Director should not exceed a cumulative of nine years. None of the Company's Non-Executive will reach the nine-year term limit stipulated under the Malaysia Code on Corporate Governance 2012 ("MCCG 2012") until 2017. The Board would deliberate on the policy on the tenure of an Independent Director in due course.

The position of Chairman and Managing Director are held by two different individuals. The Chairman, who is a non-independent executive director, is responsible for ensuring the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure that contributions from Directors are forthcoming on matters being deliberated and that no Board members dominates discussion. As for the Managing Director, supported by fellow Executive Directors and an Executive Management team, he implements the Group's strategies, policies and decisions adopted by the Board and oversees the operations and business development of the Group.

The Board is aware of the MCCG 2012, which recommends the appointment of an Independent Non-Executive Director as Board Chairman. The Board thus far is satisfied with appointment of Executive Chairman in view of his vast experience and knowledge in livestock industry which is beneficial to the Group and the amount of time he has spent in fulfilling his responsibilities. Although the independent directors do not form a majority in the Board, their presence is sufficient to provide the necessary checks and balances on the decision-making process of the Board. The significant contributions of the independent directors in the decision-making process are evidenced in their participation as members of the Board's various committees. The Executive Chairman will ensure that procedural rules are followed in the conduct of meetings and that decisions made are formally recorded and adopted.

PRINCIPLE 4 - FOSTER COMMITMENT OF DIRECTORS

1. Time Commitment

The Board conducts at least four (4) meetings in each financial year. An annual meeting calendar is prepared and circulated to the Directors before the beginning of each year to enable the Directors to facilitate in their time planning. Additional meetings are held as and when required. Scheduled Board meetings are structured with pre-set agenda. Board and Board Committees papers, which were prepared by Management, provide the relevant facts and analysis for the convenience of Directors. The meeting agenda, the relevant reports and Board papers are furnished to Directors and Board Committees members before the meeting to allow the Directors sufficient time to peruse for effective discussion and decision making during meetings.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities. Details of the Board members' attendance at Board meeting for the financial year ended 31 December 2015 were as follows:

Directors	Board of Directors Meeting	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting
Lau Jui Peng	5/5	-	-	-
Nam Yok San	5/5	-	-	-
Na Yok Chee	5/5	-	-	-
Lau Joo Han	5/5	-	-	-
Tan Sri Lau Tuang Nguang	3/5	3/5	-	1/1
Dato' Zainal Bin Hassan	5/5	-	-	-
Loh Wee Ching	4/5	-	1/1	1/1
Choong Keen Shian	4/5	4/5	1/1	1/1
Frederick Ng Yong Chiang	5/5	5/5	1/1	-
Dato' Koh Low @ Koh Kim Toon	5/5	5/5	-	-

CORPORATE GOVERNANCE STATEMENT

2. Directors' Training

In compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Directors are mindful that they shall receive appropriate training which may be required from time to time to keep abreast with the current developments of the industry as well as the new statutory and regulatory requirements. The Board identifies the training needs of the Company's directors based on feedback provided by the NC during the annual board evaluation. The Directors will continue to receive appropriate training or education to fulfill the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

During the financial year ended 31 December 2015, the Directors attended internal briefings by the Company Secretary on amendments to the Listing Requirements, rules and regulations of relevant authorities and updates on Financial Reporting Standard by the Group Accountant. Respective Directors have participated in certain seminars, training programmes during the financial year ended 31 December 2015 which include:

Directors	List of Training / Conference / Seminar / Workshop Attended / Participated	Date
Lau Jui Peng	Master Class™ Staff Appraisal & Performance Management	25 & 26 March 2015
Nam Yok San	Master Class™ Staff Appraisal & Performance Management	25 & 26 March 2015
Na Yok Chee	Master Class™ Staff Appraisal & Performance Management	25 & 26 March 2015
Lau Joo Han	MIA 2016 Budget Seminar: Summary & Highlights for Corporate Accountants	19 November 2015
Tan Sri Lau Tuang Nguang	MIA 2016 Budget Seminar: Summary & Highlights for Corporate Accountants	19 November 2015
Dato' Zainal Bin Hassan	Seminar Percukaian Kebangsaan 2015	09 November 2015
Loh Wee Ching	Master Class™ Staff Appraisal & Performance Management	25 & 26 March 2015
Choong Keen Shian	MIA Mastering GST Tax Codes – A Study of Customs Recommended Tax Codes	04 December 2015
Frederick Ng Yong Chiang	MIA International Accountants conference 2015 Half Day Bursa Malaysia CG Breakfast Series with Directors "Future of Auditor Reporting - The Game Changer for Boardroom." MIA 2016 Budget Seminar: Summary & Highlights for Corporate Accountants	26 & 27 October 2015 21 September 2015 19 November 2015
Dato' Koh Low @ Koh Kim Toon	MIA 2016 Budget Seminar: Summary & Highlights for Corporate Accountants	19 November 2015

PRINCIPLE 5 - UPHOLD INTEGRITY IN FINANCIAL REPORTING

The Board is responsible for ensuring that financial statements prepared for each financial year give a true and fair view of the Group's state of affairs. The Directors took the due care and reasonable steps to ensure that the requirements of accounting standards were fully met. Quarterly financial statements were reviewed by Audit Committee and approved by the Board of Directors prior to their release to Bursa Malaysia Securities Berhad.

The Audit Committee ("AC") considered several factors, which included adequacy of experience and resources of the firm and the professional staff assigned to the audit, independence of Messrs. Crowe Horwath and the level of non-audit services to the Company for the financial year 2015. The Audit Committee undertakes an annual assessment of suitability and independence of the external auditors. In assuring the independence of the external auditors, the AC requires written assurance by the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independent criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants. Having assessed their performance, the Audit Committee will recommend their re-appointment decision to the Board, upon which the shareholders' approval will be sought at the Annual General Meeting.

The Group applies the Auditor Independence Policy which requires the audit partner be subject to a five-year rotation.

PRINCIPLE 6 - RECOGNISE AND MANAGE RISK

The Board regards risk management and internal control as an integral part of the overall management processes in the Group to safeguard Shareholders' investments and the Company's assets. Accordingly, the Directors are obliged to ensure that the internal control system are existed and practiced within the Group. The Audit Committee assists the Board in fulfilling this obligation by reviewing the effectiveness and adequacy of the system.

The following key reporting systems and procedures that have been in place within the Group:

1. regular and comprehensive information provided to AC and the Board covering financial and cashflow performance.
2. regular visits to operating units by members of the Board and senior management.
3. regular internal audit visits, which monitor compliance with procedures and assess the integrity of financial information.
4. defined delegation of responsibility to the Board of Directors and Management of the Group including authorisation level for all aspects of the business.

Recognising the importance of having risk management processes and practices, the Board has formalised a risk management framework to enable Management to identify, evaluate, control, monitor and report to the Board the principal business risk faced by the Group on an ongoing basis, including remedial measures to be taken to address the risks.

Further details relating to the review on internal control system are set out in the Statement on Risk Management and Internal Control on page 25 to page 27 of the Annual Report.

PRINCIPLE 7 - ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

To ensure timely and high quality disclosure, the Company has established a corporate disclosure policy to ensure accurate, clear, timely disclosure of material information. To augment the process of disclosure, the Board has earmarked a section on the Company's website, where information on the Company's announcements to the regulators, the salient features of the Board Charter and the Company's Annual Report may be accessed.

PRINCIPLE 8 - STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND ITS SHAREHOLDERS

1. Shareholders Participation At General Meeting

The Annual General Meeting ("AGM") is the principal forum for dialogue and interaction with shareholders. At the AGM, the Board provides opportunities for shareholders to raise questions pertaining to the business activities of the Group. The Chairman and where appropriate, the Executive Director and External Auditors are available to provide explanations on queries raised during the meetings as well as to discuss with Shareholders, invited attendees and members of the press. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. The Notice of AGM is circulated at least twenty-one (21) days before the date of the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed.

2. Poll Voting

The Board noted the Recommendation 8.2 of the MCCG 2012 states that the board should encourage poll voting. In line with this recommendation, the Executive Chairman will inform the shareholders of their rights to demand poll vote at the commencement of the general meeting.

3. Communication and Engagement with Shareholders and Prospective Investors

The Group recognises the need to inform the shareholders of all significant developments concerning the Group on a timely basis with strict adherence to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Shareholders and prospective investors are kept informed of all major development within the Group by way of announcements via the Bursa Link, the Company's Annual Reports, website and other circulars to shareholders with an overview of the Teo Seng Group's financial and operational performance. The Company always maintains transparency in business activities and to continuously keep the shareholders and the prospective investors well informed on the Company's activities.

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ADDITIONAL COMPLIANCE INFORMATION

Compliance With The Code

The Board considers that the Group has complied substantially with the principles and recommendations as stipulated in the MCGG 2012 throughout the financial year 2015. The Board will endeavour to improve and enhance the procedures from time to time.

Corporate Social Responsibility

Our Group believes the improvement in the conditions surrounding our stakeholders, employees, society and the environment is vital to the growth of the Group. Our corporate social responsibility covers the following keys areas:-

1. Employee welfare and development

Company provided trainings to the employees. The training comprises both technical and soft skills. For the financial year ended 31 December 2015, there were:-

- Staff Appraisal & Performance Management training held at Grand Paragon, Johor Bahru on 25 March 2015 to 26 March 2015
- Seminar by Elanco at Teo Seng Training Room on 6 August 2015
- Ritma Baytril Seminar held at Pullman Kuala Lumpur on 28 October 2015
- Train the Trainer training held at Grand Paragon, Johor Bahru on 24 November 2015 to 25 November 2015
- Human Resource Management skills held at Grand Paragon, Johor Bahru on 24 November 2015 to 25 November 2015

Apart from training, employees are also provided with medical and healthcare insurance, adequate and compensation programmes which commensurate with their rank and level of employments. Further, the Group acknowledges the needs to provide a healthy and balanced lifestyle to its employees. In this aspect, various initiatives, such as annual dinner and social events were organised by our major subsidiary throughout the year. Through these programmes, we aim to attract and maintain various talents in our Company.

2. Occupational health and safety

The Group is committed to provide and ensure a safe and healthy environment at all times. It continues to implement various ongoing health and safety programmes to educate employees on various aspects of safety practices. One of the implementation is the setting up of Safety Committee where it encourages employees to participate in the safety process for the betterment of all concerned. As Teo Seng Group recognises the importance of the greenery, our employees are working in an environment that is close to the mother of nature. The Group will continue to emphasize on the importance of health and safety at the work place.

3. Providing Opportunities for Re-Employment of Retirees

Company provides re-employment opportunities for employees or people who have passed their retirement age and who wish to continue working.

4. Community

During the financial year, we strive to remain company trustworthy and reliable in implementing social activities that are closely linked to local communities in whatever way we find possible by providing the financial aid and material assistance to both non-government organization and old folk home.

Throughout the financial year, our Corporate Social Responsibility Programme engagement stretches with organized a social visit to old folk home named M.B.A Long Hua Senior Citizens Community on 30 October 2015 with the sake of hope to bring cheer and happiness to the old folks. Company aim of adding value to the communities by donating a cash contribution and some material assistance provided for instance their daily necessities. On top of that, continuous efforts are taken in later date by providing some sponsorship to Kiwanis Special Children Centre, Peserai, Johor on 21 November 2015 in conjunction with their Children' Day. Around 50 sets of stationery hampers donated to light up the activity.

5. Papers Recycle

We fully recognise the preservation of nature and the global ecosystem is vital for the happiness and survival of the humanity into the future. We collected waste papers such as old magazines, old newspapers and used carton boxes for Teo Seng Paper Products Sdn. Bhd., a wholly owned subsidiary of Teo Seng Capital Berhad to manufacture and market the environmental friendly paper egg trays.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible to ensure that financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

In preparation of financial statement for the year ended 31 December 2015, the Directors are also responsible for the adoption of suitable accounting policies and their consistent use in the financial statements supported where necessary by reasonable and prudent judgments.

OTHER INFORMATION

Share Buy Back

During the financial year ended 31 December 2015, the Company bought back 209,000 of its own shares from the open market:

Month	No of Shares Purchased	Highest Price Per Share (RM)	Lowest Price Per Share (RM)	Average Price Per Share (RM)	Total Consideration Paid (RM)
May 2015	139,000	1.8700	1.7500	1.8388	253,639.20
June 2015	70,000	1.7700	1.7500	1.7593	122,598.00

All the shares purchased were financed by internally generated funds and were retained by the Company as treasury shares.

Depository Receipt Programme (“DRP”)

The Company did not sponsor any DRP during the financial year ended 31 December 2015.

Profit Guarantee

During the financial year, there was no profit guarantee given by the Company.

Options, Warrants or Convertible Securities

Pursuant to the Bonus Issue Exercise, the Company has issued 50,000,000 Warrants on 30 January 2015 which were listed on the Main Market of Bursa Malaysia Securities Berhad on 9 February 2015. The exercise period commenced on 30 January 2015 and it will mature within (5) years i.e. to be expired on 29 January 2020.

During the financial year ended 31 December 2015, 1,225 units of warrants were exercised and converted into 1,225 new ordinary shares of RM0.20 each and the outstanding warrants remained unexercised were 49,998,775.

The Company has not issued any option and other convertible securities in respect of the financial year ended 31 December 2015.

Sanctions and/or Penalties

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

Non-Audit Fees

The amount of non-audit fees paid to the external auditors is RM 5,800 for the financial year ended 31 December 2015.

Variation in Results

No variances of more than 10% between the audited results for the financial year ended 31 December 2015 and the unaudited results previously announced.

Material Contracts

There were no material contracts entered into or subsisting between the Company and its subsidiaries involving directors' and major shareholders' interest during the financial year ended 31 December 2015.

Recurrent Related Party Transactions of a Revenue Nature

The details of the recurrent related party transactions of revenue or trading in nature undertaken by the Company during the financial year are disclosed in Note 32 to the financial statements.

Revaluation Policy

The Group's revaluation policy on landed properties are stated in Note 5.1 (h) to the financial statements.

Utilisation of Proceeds

No proceeds were raised by the Company from any corporate proposals during the financial year ended 31 December 2015.

This Statement on Corporate Governance is made in accordance with the minutes of Board of Directors' Meeting on 5 April 2016.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

Board's Responsibilities

The Board acknowledges its responsibility for Group's system of risk management, internal control and for reviewing its effectiveness whilst the role of the management is to implement the Board's policies on risk management and control effectiveness.

Due to limitation inherent in any internal control system, internal control in Teo Seng Capital Berhad is designed to manage rather than eliminate the risk of failure to achieve the overall business objective. It noted that internal control can only provide reasonable but not absolute against material misstatement or loss regarding:

- (a) The safeguarding of Group's assets against unauthorised use or disposition
- (b) The maintenance of proper accounting records and the reliability of financial information used within the business or for publication.

Risk Management Framework

The Board confirms that there is a continuous process for identifying, evaluating and managing the significant risks faced by the Group which was put in place in the current financial year under review.

The process is regularly reviewed by the Board and is in accordance with the guideline as contained in the Publication Statement on Risk Management and Internal Control: Guideline for Directors of Public Listed Company, as referred to in Practice Note 9 – Internal Control and Corporate Governance Statement of the Main Market Listing Requirements. The Board acknowledges that all the areas of Teo Seng Group's business activities involve some degree of risk. The Teo Seng Group is committed to ensure that there is an effective risk management framework which allows management to manage risks within defined parameters and standards, and promotes profitability of Teo Seng Group's operations in order to enhance shareholders' value.

The key features and processes of Risk Management of the Group can be summarised as below:

(i) Operational Risk Management Programme

Each business unit is considered as a **risk control unit** which helps control and minimises risk on its **day-to-day operations**. As far as poultry farming activities are concerned, the followings are part of our **"ongoing risk management process and program"**:-

- Stringent **disease control** program and procedure using "Sprinkle" and "Shower" system before entering farm;
- **Outsiders are strictly prohibited** from entering farm except with special purposes, i.e. site visit by bankers, external or internal auditing purposes;
- Farms were converted into **"Closed-House System"** instead of "Opened House System" to avoid disease carriers, e.g. wild birds and animals from entering farm;
- Animal feeds will be subjected to **lab test** on sample basis to ensure it fits for poultry's consumption;
- Group of experienced **veterinarians are** available to prevent risk of disease;
- Enrolment to Central Packing Station is registered/recorded in compliance to the ISO 22000 requirement i.e. hygiene control;
- Continuous review and update of precautionous programmes to prevent occurrence of possible risks

All these daily risk control measurements for poultry farming activities of Teo Seng Group are strictly enforced by Head of Farm & Office Management Team.

(ii) Financial Risk Management Program

Financial risks are managed by Financial Controller and Operating Committee together with relevant business units.

Key process to financial risk management are conducted on Daily/Monthly/Quarterly and Yearly basis in order to manage risk for poultry farming activities of Teo Seng Group of Companies.

In term of internal control procedure for performance reporting, individual business units are responsible to prepare the monthly or quarterly management reports for review by Financial Controller and Operating Committee.

As for Quarterly and/or Yearly financial performance reporting, the Group Accounts are prepared by Accountant, reviewed and approved by Financial Controller and Operating Committee prior to tabling to Audit Committee.

These financial performance reporting and related matters will then further reviewed on quarterly basis by Audit Committee and as it maybe (through Audit Committee Meeting) and Board of Directors before the announcement made to Bursa Malaysia Securities Berhad.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

Operating Committee is responsible for creating a risk-aware culture within Teo Seng Group and for the identification and evaluation of significant risks applicable to their areas of business, together with the design and operation of suitable internal controls. Where areas for improvement in the system are identified, the Board considers the recommendations made by the Audit Committee and the internal auditors.

The Board will pursue its ongoing process of identifying, assessing and managing key business, operational and financial risks faced by its business units as well as regularly reviewing planned strategies to determine whether risks are mitigated and well-managed, and to ensure compliance with the guidelines issued by the relevant authorities. This is to ensure Teo Seng Group is able to respond effectively to the constantly changing business environment in order to protect and enhance stakeholders' interests and shareholders' value.

The professionalism and competency of staff are enhanced through a proper planned training, developed programs and a stringent recruitment process. A performance appraisal system of staff is in place, with established targets and accountability and is reviewed on half yearly basis. Action plans are prepared to ensure the staff gain required skills to execute their responsibilities.

The Company has its own Code of Conduct for Employee. All staff are required to strictly adhere to this Code during their employment.

INTERNAL AUDIT FUNCTION

The Internal Auditor reports to the Audit Committee and performs a scheduled reviews of operations and compliance with policies and procedures to assess effectiveness of internal controls. The Audit Committee reviews and scrutinises reports issued by the Internal Auditor and conducts its own assessment on the adequacy of Internal Auditor's scope of work and resources annually.

The Internal Auditor submits the audit findings and recommendations to improve the internal controls to the Board of Audit Committee for review, response and implementation of any corrective actions, which will enhance the internal control aspects of the relevant areas under review.

The internal audit function is outsourced and internal audit fees incurred for the assignments conducted for the Group is RM68,600 for the financial year under review.

Internal Control and Key Processes

Internal Audit plays a critical role in the objective assessment of the Group's business processes by providing the Audit Committee with reasonable independent assurance on the effectiveness and integrity of the Group's System of risk management and internal control. The key elements of the Group's internal control system are described below :-

- **Organisation Structure**
The Group has in place an organisation structure with key responsibilities clearly defined for the Board, Committees of the Board and Executive Management of the Group's operating units.
- **Standard Operating Policies**
Standard Operating Policies and Procedures that document how transactions are captured and recorded where internal controls are applied for all Group's major subsidiaries.
- **Board Approval**
The Board review quarterly reports from Operating Committee on the key operating performance, legal, environmental and regulatory matters. Financial performance is deliberated at the monthly Operating Committee Meeting, then tabled to Audit Committee and Board on a quarterly basis.

All major decisions require the final approval of the Board and are only made after appropriate in-depth analysis. The Board receives regular and comprehensive information in relation to all business within the Group.

Limit of Authority provides a sound framework of authority and accountability within the organisation and facilitates quality and timely corporate decision making at the appropriate levels in the organisation's hierarchy.

- **Quarterly Executive Committee Meeting**
Quarterly Executive Committee Meetings are held and are attended by all Executive Directors and Senior Management to discuss the Group's operational matters.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

REVIEW OF EFFECTIVENESS

The Board has received assurance from the Managing Director and Financial Controller that the Group's risk management and internal control system is operating adequately and effectively in all material aspect based on the risk management and internal control system of the Company.

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors has reviewed this statement for the inclusion in the annual report for the financial year ended 31 December 2015 and reported that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of internal controls of the Group.

CONCLUSIONS

There was no material internal control failure which has resulted in material losses or contingencies during the financial year.

The Board is of the view that the system of internal controls being instituted throughout Teo Seng Group is sound and effective.

For the financial year under review and up to the date of this report, the Board is satisfied with the Group's system of risk management and internal control, and will continue to review the adequacy and integrity of the Group's internal control. There are no material losses, contingencies and/or uncertainties that have arisen from any inadequacy or failure of the Group's system of risk management and internal control that would require separate disclosure in the Group's Annual Report.

This statement is made in accordance with a minute of Board of Directors' Meeting on 5 April 2016.

AUDIT COMMITTEE'S REPORT

The members of the Audit Committee as at the date of this report are as follows:

Chairman	
Choong Keen Shian	Independent Non-Executive Director
Members	
Frederick Ng Yong Chiang	Independent Non-Executive Director
Dato' Koh Low @ Koh Kim Toon	Independent Non-Executive Director
Tan Sri Lau Tuang Nguang	Non-Executive Director

TERMS OF REFERENCE

Composition of The Audit Committee

The Audit Committee shall be appointed by the Board from amongst their numbers, which fulfils the following requirements:-

- (1) The Audit Committee must be composed of no fewer than 3 members. In the event of any vacancy in the Audit Committee resulting in the non-compliance of the above, the Company must fill the vacancy within 3 months.
- (2) All the Audit Committee members must be financially literate, with at least one member:-
 - (i) must be a member of the Malaysian Institute of Accountants; or
 - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
 - (a) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (b) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
 - (iii) fulfils such other requirements as prescribed or approved by the Exchange.
- (3) No alternate director shall be appointed as a member of the Audit Committee.
- (4) The member of the Audit Committee shall elect a Chairman from among themselves who shall be an Independent Director. The Chairman of the Audit Committee should engage on a continuous basis with senior management, the head of internal audit and the external auditors in order to be kept informed of matters affecting the company.

All members of the Audit Committee, including the Chairman, will hold office only so long as they serve as Directors of the Company. The Board must review the term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether the Audit Committee has carried out its duties in accordance with its terms of reference.

Secretary of the Audit Committee

The Company Secretaries of the Company shall be the Secretaries of the Audit Committee.

Duties and Responsibilities of the Audit Committee

The following are the main duties and responsibilities of the Audit Committee collectively:

- (1) Review the following and report the same to the Board of the Company:
 - (i) with the external auditors, the audit plan;
 - (ii) with the external auditors, his evaluation of the system of internal controls;
 - (iii) with the external auditors, his audit report;
 - (iv) the assistance given by the employees of the Company to the external auditors and the internal auditors;
 - (v) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - (vi) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - (vii) the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:
 - (a) changes in or implementation of major accounting policy changes;
 - (b) significant and unusual events; and
 - (c) compliance with accounting standards and other legal requirements;

AUDIT COMMITTEE'S REPORT

- (viii) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - (ix) any letter of resignation from the external auditors and any questions of resignation or dismissal; and
 - (x) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment;
- (2) Oversee the Company's internal control structure to ensure operational effectiveness and efficiency, reduce risk of inaccurate financial reporting, protect the Company's assets from misappropriation and encourage legal and regulatory compliance;
 - (3) Assist the Board in identifying the principal risks in the achievement of the Company's objectives and ensuring the implementation of appropriate systems to manage these risks;
 - (4) Recommend to the Board on the appointment and re-appointment of the external auditors and their audit fee, after taking into consideration the independence and objectivity of the external auditors and the cost effectiveness of the audit;
 - (5) Discuss with the external auditors before the audit commences the nature and scope of the audit and ensure co-ordination where more than one audit firm is involved;
 - (6) Discuss problems and reservations arising from the audits and any matter the auditors may wish to discuss in the absence of the management where necessary;
 - (7) Review the external auditor's management letter and management's response therein;
 - (8) In relation to the internal audit function:-
 - (i) review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - (ii) review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - (iii) review any appraisal or assessment of the performance of members of the internal audit function;
 - (iv) approve any appointment or termination of senior staff members of the internal audit function; and
 - (v) take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
 - (9) Consider the major findings of internal investigations and management's response; and
 - (10) Consider other matters as defined by the Board.

Rights of the Audit Committee

In carrying out its duties and responsibilities, the Audit Committee will:

- (1) have the authority to investigate any matter within its terms of reference;
- (2) have the resources which are required to perform its duties;
- (3) have full and unrestricted access to any information pertaining to the Company;
- (4) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (5) be able to obtain independent professional or other advice and to invite outsiders with relevant experience and expertise to attend the Audit Committee meetings (if required) and to brief the Audit Committee; and
- (6) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

AUDIT COMMITTEE'S REPORT

Conduct of Meetings

- (1) The Audit Committee will meet at least four (4) times in each financial year although additional meetings may be called at any time, at the discretion of the Chairman of the Audit Committee.
- (2) The quorum shall consist of a majority of Independent committee members and shall not be less than two.
- (3) Recommendations to the Audit Committee are submitted to the Board for approval.
- (4) The Company Secretaries shall be in attendance at each Audit Committee meeting and record the proceedings of the meeting thereat.
- (5) Minutes of each meeting shall be kept as part of the statutory record of the Company upon confirmation by the Board and a copy shall be distributed to each member of the Audit Committee.
- (6) The Managing Director and other appropriate officer may be invited to attend where their presence are considered appropriate as determined by the Audit Committee Chairman.
- (7) The internal auditors and/or external auditors have the right to appear and be heard at any meeting of the Audit Committee and are recommended to attend each Audit Committee meeting.
- (8) Upon the request of the internal auditors and/or external auditors, the Audit Committee Chairman shall also convene a meeting of the Audit Committee to consider any matter the auditor(s) believes should be brought to the attention of the Board or the shareholders.
- (9) The Audit Committee must be able to convene meetings with external auditors without the presence of the executive board members and management at least twice a year and whenever deemed necessary.
- (10) Where the Audit Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Audit Committee must promptly report such matter to Bursa Malaysia Securities Berhad.
- (11) The attendance of any particular Audit Committee meeting by other directors and employees of the Company shall be at the Audit Committee's invitation and discretion and must be specific to the relevant meeting.

Attendance at Meetings

Details of the attendance of the Committee members for the financial year ended 31 December 2015 are as follows:

Name of Member	Number of Meetings Attended
Choong Keen Shian	4/5
Tan Sri Lau Tuang Nguang	3/5
Frederick Ng Yong Chiang	5/5
Dato' Koh Low @ Koh Kim Toon	5/5

The Financial Controller, Group Accountant and/or internal auditors shall attend the meetings upon invitation by the Chairman of the Committee. However, at least once a year a Committee shall meet the external auditors.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

1. Financial Reporting

- Reviewed the quarterly and annual financial statements including announcements, taking into consideration the external audit findings and recommendations, and recommended them to the Board for their approval. The reviews, together with discussions with the external auditors, were to ensure that the financial reporting and disclosures are in compliance with the provisions of the Companies Act 1965, Main Listing Requirement and applicable Accounting Standards in Malaysia
- Reviewed the cashflow assumptions and working papers in order to determine the recoverability of major assets.

AUDIT COMMITTEE'S REPORT

2. External Audit

- Adopted a collaborative approach in working with the external auditors. Reviewed and approved the external audit plan including the scope and fee for the annual audit.
- Reviewed the results of the external audit and reported issues arising from their audits of the quarterly and annual accounts, made recommendations to the Board for the implementation of remedial actions where necessary.
- Held two meetings with the external auditors without the presence of management and internal audit.
- Reviewed the performance of the external auditors and made recommendations to the Board for their re-appointment and remuneration.
- Regularly reviewed all non-audit services carried out by the external audit firm to ensure their independence is not impaired.
- The AC is of the opinion that the external auditors remain independent when carrying out the audit assignments within the Group, within the meaning of the provisions of the Bye-Laws on Professional Independence of the Malaysian Institute of Accountants. In addition, to the best of the AC's knowledge, the AC is not aware of any non-audit services that had compromised the external auditors' independence.

3. Risks and Controls

- The Group's major business risks and remedial actions were reported and deliberated at the AC each quarter; a summary of which was reported to the Board.

4. Internal Audit

- Reviewed and supported the Group Internal Audit ("GIA") annual budget and resourcing plan.
- Reviewed internal audit reports issued by GIA on the adequacy, effectiveness and efficiency of risk management, operational and compliance issues, and governance processes across the Group.

5. Annual Reporting

- Reviewed and recommended the Statement on Internal Control and AC Report to the Board for approval.
- Reviewed on a quarterly basis the related party transactions entered into by Teo Seng Group pursuant to the shareholders mandate on RRPT procured at the 9th AGM of the Company held on 25 June 2015 and the reporting of these transactions in the 2015 Annual Report.

6. Others

- Reviewed status of resolution of external and internal audit issues every quarter.
- Reviewed latest accounting and reporting standards and policies, where applicable to Teo Seng Group.
- Reviewed current matters in relation to compliance with legal, regulatory and statutory requirements.

INTERNAL AUDIT FUNCTION

The internal audit function is under the purview of GIA who is independent and reports directly to the AC. GIA provides independent, objective assurance on areas of operations reviewed, and makes recommendations based on best practices that will improve and add value to the Group. GIA identifies, coordinates and conducts audits that are carried out throughout the Group.

GIA adopts a systematic and disciplined approach to evaluate the adequacy and effectiveness of the risk management, financial, operational, compliance and governance processes. Structured risk based and strategic-based approaches are adopted in identifying the internal audit activities that are aligned with the Group's strategic plans to ensure those risks facing the Group are adequately reviewed.

In addition, international standards and best practices are adopted to further enhance the relevancy and effectiveness of the internal audit activities.

A total of seven internal audit assignments were completed during the year. The areas of coverage included finance, sales and collection, marketing, inventory and production. The audit reports of these assignments provide independence and objective assessment of the following:

- Adequacy, effectiveness and efficiency of the internal control systems to manage operations and safeguard the Group's assets and shareholders' value; and
- Adequacy and effectiveness of the risk management operations, governance and compliance functions to identify, manage and address potential risks facing the Group.

The internal audit reports were issued to management for their comments and agree on action plans with deadlines to complete the necessary preventive and corrective actions. The reports were tabled at each AC meetings and the summary of the key findings to the AC for due deliberation to ensure that the management undertakes to carry out the agreed remedial actions.

The total cost incurred by GIA in 2015 was RM68,600

FINANCIAL STATEMENTS

for the financial year ended 31 December 2015

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DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM	Company RM
Profit after tax for the financial year	41,101,705	6,385,830
Attributable to :		
Owners of the Company	40,996,264	6,385,830
Non-controlling interests	105,441	-
	<u>41,101,705</u>	<u>6,385,830</u>

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

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

An interim single tier dividend of 12.5% equivalent to 2.5 sen per ordinary share amounting to RM 7,494,806 in respect of the financial year ended 31 December 2015 was declared on 16 November 2015 and subsequently paid on 8 December 2015. The payment was made to the shareholders whose name appeared on the Company's Records of Depositors on 1 December 2015.

At the forthcoming Annual General Meeting, a final single tier dividend of 5.0% equivalent to 1.0 sen per ordinary share in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the financial year ending 31 December 2016.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year other than those disclosed in the statements of changes in equity and Note 26 to the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up share capital from RM 40,000,000 to RM 60,000,245 by way of :

- (i) an issuance of 100,000,000 new ordinary shares of RM 0.20 each via the bonus issue on the basis of one (1) bonus share for every two (2) existing ordinary shares held.
- (ii) an issuance of 1,225 new ordinary shares of RM 0.20 each for cash arising from the exercise of Warrants 2015/2020 at the exercise price for RM 1.35 per warrant as disclosed in Note 16 to the financial statements.

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

There were no issues of debentures during the financial year.

TREASURY SHARES

During the financial year, the Company has purchased 209,000 of its issued ordinary shares from the open market at prices ranging from RM 1.75 to RM 1.87 per share in May and June 2015. The total consideration paid for the purchase was RM 376,237. The ordinary shares purchased are held as treasury shares in accordance with Section 67A of the Companies Act 1965 and are presented as a deduction from equity.

As at 31 December 2015, the Company held as treasury shares a total of 209,000 of its 300,001,225 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM 376,237. Relevant details on the treasury shares are disclosed in Note 17 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

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

WARRANTS

The salient features of the Warrants are set out in Note 16 to the financial statements.

HOLDING COMPANIES

The Company is a subsidiary of Advantage Valuations Sdn. Bhd.. The directors regard Leong Hup (Malaysia) Sdn. Bhd. as its intermediate holding company, Leong Hup International Sdn. Bhd. as its penultimate holding company and Emerging Glory Sdn. Bhd. as its ultimate holding company. These holding companies are incorporated in Malaysia.

DIRECTORS

The directors who served since the date of the last report are as follows :

Tan Sri Lau Tuang Nguang	Loh Wee Ching
Lau Jui Peng	Choong Keen Shian
Lau Joo Han	Frederick Ng Yong Chiang
Nam Yok San	Dato' Koh Low @ Koh Kim Toon
Na Yok Chee	Dato' Zainal Bin Hassan

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares and warrants of the Company and its related corporations during the financial year are as follows :

The Company

		Number of Ordinary Shares of RM 1.00 Each			
		Balance At 01.01.2015	Bought	Sold	Balance At 31.12.2015
Tan Sri Lau Tuang Nguang	- Direct	-	20,000	-	20,000
	- Indirect	124,400	62,200	(186,600)	-
Lau Jui Peng	- Indirect	104,730,838	52,365,420	(880,000)	156,216,258
Nam Yok San	- Indirect	102,984,001	51,492,002	(882,000)	153,594,003
Na Yok Chee	- Direct	1,901,450	950,725	-	2,852,175
	- Indirect	102,656,001	51,452,502	-	154,108,503

		Number of Warrants				
		Balance At 01.01.2015	Entitled	Exercised	Disposed	Balance At 31.12.2015
Tan Sri Lau Tuang Nguang	- Indirect	-	31,100	-	(31,100)	-
Lau Jui Peng	- Indirect	-	26,182,716	-	(167,000)	26,015,716
Nam Yok San	- Indirect	-	25,746,007	-	(159,500)	25,586,507
Na Yok Chee	- Direct	-	475,362	-	(475,362)	-
	- Indirect	-	25,684,757	-	(102,500)	25,582,257

| DIRECTORS' REPORT

DIRECTORS' INTERESTS (cont'd)**Immediate Holding Company – Advantage Valuations Sdn. Bhd.**

		Number of Ordinary Shares of RM 1.00 Each			
		Balance At 01.01.2015	Bought	Sold	Balance At 31.12.2015
Tan Sri Lau Tuang Nguang	- Direct	1	-	-	1
Lau Jui Peng	- Indirect	5,097	-	-	5,097
Nam Yok San	- Indirect	4,900	-	-	4,900
Na Yok Chee	- Indirect	4,900	-	-	4,900

Intermediate Holding Company – Leong Hup (Malaysia) Sdn. Bhd.

		Number of Ordinary Shares of RM 1.00 Each			
		Balance At 01.01.2015	Bought	Sold	Balance At 31.12.2015
Lau Jui Peng	- Indirect	313,089	-	-	313,089

Penultimate Holding Company – Leong Hup International Sdn. Bhd.

		Number of Ordinary Shares of RM 1.00 Each			
		Balance At 01.01.2015	Bought	Sold	Balance At 31.12.2015
Lau Jui Peng	- Indirect	735,633	2	-	735,635

Ultimate Holding Company – Emerging Glory Sdn. Bhd.

		Number of Ordinary Shares of RM 1.00 Each			
		Balance At 01.01.2015	Bought	Sold	Balance At 31.12.2015
Tan Sri Lau Tuang Nguang	- Direct	14,999	-	-	14,999
Lau Jui Peng	- Indirect	20,002	-	-	20,002
Lau Joo Han	- Direct	10,001	-	-	10,001

The other directors holding office at the end of the financial year had no interest in shares and warrants of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 32 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps :
 - (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables ; and
 - (ii) to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

- (b) At the date of this report, the directors are not aware of any circumstances :
 - (i) that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company ; or
 - (ii) which would render the values attributed to the current assets in the financial statements misleading ; or
 - (iii) which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate ; or
 - (iv) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

- (c) At the date of this report, there does not exist :
 - (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other persons ; or
 - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

- (d) In the opinion of the directors :
 - (i) no contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due ; and
 - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, to affect substantially the results of the operations of the Group and of the Company for the financial year.

| DIRECTORS' REPORT

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors dated 5 April 2016

LAU JOO HAN

NAM YOK SAN

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169 (15) OF THE COMPANIES ACT 1965

We, Lau Joo Han and Nam Yok San, being two of the directors of Teo Seng Capital Berhad, state that, in the opinion of the directors, the financial statements set out on pages 41 to 102 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 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 December 2015 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 35, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors dated 5 April 2016

LAU JOO HAN

NAM YOK SAN

STATUTORY DECLARATION
PURSUANT TO SECTION 169 (16) OF THE COMPANIES ACT 1965

I, Nam Yok San, being the director primarily responsible for the financial management of Teo Seng Capital Berhad, do solemnly and sincerely declare that the financial statements and supplementary information set out on pages 41 to 103, are to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by Nam Yok San at Muar in Johor Darul Takzim on this 5 April 2016

Before me
Commissioner For Oaths

NAM YOK SAN

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TEO SENG CAPITAL BERHAD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Teo Seng Capital Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 41 to 102.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following :

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' report of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 8 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TEO SENG CAPITAL BERHAD

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 35 on page 103 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Horwath

Firm No. : AF 1018

Chartered Accountants

Ng Kim Kiat

Approval No. : 2074/10/16 (J)

Chartered Accountant

Date : 5 April 2016

Muar, Johor Darul Takzim

STATEMENTS OF FINANCIAL POSITION
AT 31 DECEMBER 2015

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	6	221,621,147	160,408,276	1,047,047	804,126
Investment property	7	931,106	-	-	-
Investment in subsidiaries	8	-	-	71,383,485	69,174,607
Other investment	9	15,665	10,855	-	-
Deferred tax assets	10	-	105,000	-	-
Long term receivable	11	-	-	3,912,699	3,812,699
		222,567,918	160,524,131	76,343,231	73,791,432
CURRENT ASSETS					
Biological assets	12	34,643,161	28,538,168	-	-
Inventories	13	19,821,453	19,066,325	-	-
Trade and other receivables	11	58,616,864	47,517,409	2,622,522	580,042
Derivative assets	14	102,193	96,459	-	-
Deposits, bank and cash balances	15	30,239,488	39,738,646	291,264	1,018,581
		143,423,159	134,957,007	2,913,786	1,598,623
TOTAL ASSETS		365,991,077	295,481,138	79,257,017	75,390,055
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16	60,000,245	40,000,000	60,000,245	40,000,000
Treasury shares	17	(376,237)	-	(376,237)	-
Reserves	18	132,037,766	118,296,115	13,309,196	34,416,763
Equity attributable to owners of the Company		191,661,774	158,296,115	72,933,204	74,416,763
Non-controlling interests		-	101,849	-	-
TOTAL EQUITY		191,661,774	158,397,964	72,933,204	74,416,763
NON-CURRENT LIABILITIES					
Bank borrowings	19	11,528,167	3,675,136	-	-
Hire purchase payables	20	12,034,386	4,592,479	7,872	-
Deferred tax liabilities	10	16,225,870	10,564,000	-	-
		39,788,423	18,831,615	7,872	-
CURRENT LIABILITIES					
Trade and other payables	21	41,249,664	43,241,823	6,223,976	973,292
Bank borrowings	19	84,986,342	65,290,915	-	-
Hire purchase payables	20	7,187,893	4,292,967	91,965	-
Derivative liabilities	14	86,073	-	-	-
Tax payable		1,030,908	5,425,854	-	-
		134,540,880	118,251,559	6,315,941	973,292
TOTAL LIABILITIES		174,329,303	137,083,174	6,323,813	973,292
TOTAL EQUITY AND LIABILITIES		365,991,077	295,481,138	79,257,017	75,390,055

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
REVENUE	22	412,758,475	380,933,165	8,460,000	25,360,000
INVESTMENT REVENUE	23	292,708	234,438	80,812	37,807
OTHER INCOME		7,691,022	2,754,207	-	13,000
NET CHANGES IN FAIR VALUE OF BIOLOGICAL ASSETS		6,104,993	5,077,574	-	-
CHANGES IN INVENTORIES		755,128	1,298,902	-	-
PURCHASE OF TRADING MERCHANDISE, RAW MATERIALS, LIVESTOCKS AND POULTRY FEEDS		(272,228,916)	(230,506,773)	-	-
DEPRECIATION		(13,235,647)	(11,401,753)	(177,145)	(110,689)
STAFF COSTS		(47,434,941)	(44,032,750)	(1,177,796)	(1,255,134)
FINANCE COSTS	25	(4,808,488)	(3,851,035)	(114,175)	(25,908)
OTHER EXPENSES		(39,174,072)	(34,154,513)	(685,866)	(803,581)
PROFIT BEFORE TAX	26	50,720,262	66,351,462	6,385,830	23,215,495
TAX EXPENSE	27	(9,618,557)	(17,559,127)	-	-
PROFIT AFTER TAX		41,101,705	48,792,335	6,385,830	23,215,495
OTHER COMPREHENSIVE INCOME					
Items that may be reclassified subsequently to profit or loss					
- Fair value changes of available-for-sale financial assets		4,810	4,305	-	-
- Foreign currency translation differences		577,672	58,069	-	-
TOTAL OTHER COMPREHENSIVE INCOME		582,482	62,374	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		41,684,187	48,854,709	6,385,830	23,215,495
PROFIT AFTER TAX ATTRIBUTABLE TO :					
Owners of the Company		40,996,264	48,620,216	6,385,830	23,215,495
Non-controlling interests		105,441	172,119	-	-
		41,101,705	48,792,335	6,385,830	23,215,495
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :					
Owners of the Company		41,578,746	48,682,590	6,385,830	23,215,495
Non-controlling interests		105,441	172,119	-	-
		41,684,187	48,854,709	6,385,830	23,215,495
EARNINGS PER ORDINARY SHARE (SEN)					
Basic	28	13.67	16.21		
Diluted	28	13.31	Not applicable		

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Group

	Note	Non-distributable						Distributable			Total equity	
		Share capital	Treasury shares	Share premium	Reverse acquisition reserve	Foreign exchange translation reserve	Revaluation reserve	Fair value reserve	Retained profits	Attributable to owners of the Company		Non-controlling interests
		RM	RM	RM	RM	RM	RM	RM	RM	RM		RM
At 1 January 2014		40,000,000	-	8,010,827	(26,078,000)	(119,862)	4,031,856	3,526	106,765,178	132,613,525	(70,270)	132,543,255
Profit after tax for the financial year		-	-	-	-	-	-	-	48,620,216	48,620,216	172,119	48,792,335
Other comprehensive income for the financial year												
- Fair value changes of available-for-sale financial assets		-	-	-	-	-	-	4,305	-	4,305	-	4,305
- Foreign currency translation differences		-	-	-	-	58,069	-	-	-	58,069	-	58,069
Total comprehensive income for the financial year		-	-	-	-	58,069	-	4,305	48,620,216	48,682,590	172,119	48,854,709
Contributions by and distributions to owners of the Company :												
- Dividends by the Company	29	-	-	-	-	-	-	-	(23,000,000)	(23,000,000)	-	(23,000,000)
At 31 December 2014 / At 1 January 2015		40,000,000	-	8,010,827	(26,078,000)	(61,793)	4,031,856	7,831	132,385,394	158,296,115	101,849	158,397,964
Profit after tax for the financial year		-	-	-	-	-	-	-	40,996,264	40,996,264	105,441	41,101,705
Other comprehensive income for the financial year												
- Fair value changes of available-for-sale financial assets		-	-	-	-	-	-	4,810	-	4,810	-	4,810
- Foreign currency translation differences		-	-	-	-	577,672	-	-	-	577,672	-	577,672
Total comprehensive income for the financial year		-	-	-	-	577,672	-	4,810	40,996,264	41,578,746	105,441	41,684,187
Contributions by and distributions to owners of the Company :												
- Purchase of treasury shares		-	(376,237)	-	-	-	-	-	-	(376,237)	-	(376,237)
- Bonus issue		20,000,000	-	(8,010,827)	-	-	-	-	(11,989,173)	-	-	-
- Exercise of warrants		245	-	1,409	-	-	-	-	-	1,654	-	1,654
- Dividends by the Company	29	-	-	-	-	-	-	-	(7,494,806)	(7,494,806)	-	(7,494,806)
		20,000,245	(376,237)	(8,009,418)	-	-	-	-	(19,483,979)	(7,869,389)	-	(7,869,389)
Changes in subsidiary's ownership interests that do not result in a loss of control	8(b)	-	-	-	-	-	-	-	(343,698)	(343,698)	(207,290)	(550,988)
Total transactions with owners		20,000,245	(376,237)	(8,009,418)	-	-	-	-	(19,827,677)	(8,213,087)	(207,290)	(8,420,377)
At 31 December 2015		60,000,245	(376,237)	1,409	(26,078,000)	515,879	4,031,856	12,641	153,553,981	191,661,774	-	191,661,774

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

Company

	Note	Non-distributable			Distributable	
		Share capital RM	Treasury shares RM	Share premium RM	Retained profits RM	Total equity RM
At 1 January 2014		40,000,000	-	8,010,827	26,190,441	74,201,268
Profit after tax/Total comprehensive income for the financial year		-	-	-	23,215,495	23,215,495
Contributions by and distributions to owners of the Company :						
- Dividends	29	-	-	-	(23,000,000)	(23,000,000)
At 31 December 2014 / 1 January 2015		40,000,000	-	8,010,827	26,405,936	74,416,763
Profit after tax/Total comprehensive income for the financial year		-	-	-	6,385,830	6,385,830
Contributions by and distributions to owners of the Company :						
- Purchase of treasury shares		-	(376,237)	-	-	(376,237)
- Bonus issue		20,000,000	-	(8,010,827)	(11,989,173)	-
- Exercise of warrants		245	-	1,409	-	1,654
- Dividends	29	-	-	-	(7,494,806)	(7,494,806)
Total transactions with owners		20,000,245	(376,237)	(8,009,418)	(19,483,979)	(7,869,389)
At 31 December 2015		60,000,245	(376,237)	1,409	13,307,787	72,933,204

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
CASH FLOWS FROM /(FOR) OPERATING ACTIVITIES				
Profit before tax	50,720,262	66,351,462	6,385,830	23,215,495
Adjustments for :				
Allowance for impairment losses on trade receivables	141,342	409,073	-	-
Allowance for slow moving inventories	11,709	41,763	-	-
Bad debts written off	8,764	71,198	-	-
Depreciation - investment property	1,554	-	-	-
Depreciation - property, plant and equipment	13,234,093	11,401,753	177,145	110,689
Dividends income	(175)	(230)	(7,500,000)	(25,000,000)
Fair value loss/(gain) on derivatives	80,339	(79,734)	-	-
Gain on disposal of property, plant and equipment	(495,287)	(354,396)	-	-
Inventories written down	7,643	170,639	-	-
Property, plant and equipment written off	1,354,892	116,999	-	7,093
Reversal of allowance for slow moving inventories	(39,508)	(274,422)	-	-
Reversal of allowance for impairment losses on trade receivables	(109,840)	(174,174)	-	-
Unrealised (gain)/loss on foreign exchange	(106,927)	51,102	-	-
Interest expenses	4,808,488	3,851,035	114,175	25,908
Interest income	(292,708)	(234,438)	(80,812)	(37,807)
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	69,324,641	81,347,630	(903,662)	(1,678,622)
Changes in Working Capital				
Biological assets	(6,104,993)	(5,077,574)	-	-
Inventories	(734,972)	(1,236,621)	-	-
Trade and other receivables	(2,544,520)	(11,621,322)	(2,127,979)	342,702
Trade and other payables	(4,962,190)	13,768,401	5,250,684	135,059
CASH FROM/(FOR) OPERATIONS	54,977,966	77,180,514	2,219,043	(1,200,861)
Interest paid	(4,808,488)	(3,851,035)	(114,175)	(25,908)
Interest received	292,708	234,438	80,812	37,807
Tax paid	(14,023,329)	(9,647,110)	(14,501)	-
Tax refund	319,123	-	-	1,837
NET CASH FROM/(FOR) OPERATING ACTIVITIES	36,757,980	63,916,807	2,171,179	(1,187,125)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (cont'd)

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Dividends received		175	230	7,500,000	25,000,000
Subscription of additional shares in subsidiaries		-	-	(2,208,878)	(110,000)
Acquisition of subsidiary, net of cash and cash equivalents	8(a)	(26,449,060)	-	-	-
Acquisition of non-controlling interests		(550,988)	-	-	-
Proceeds from disposal of property, plant and equipment		506,877	1,077,491	-	-
Purchase of property, plant and equipment	6(g)	(27,818,962)	(23,172,833)	(240,066)	(124,494)
Purchase of investment property		(932,660)	-	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(55,244,618)	(22,095,112)	5,051,056	24,765,506
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Exercise of warrants		1,654	-	1,654	-
Purchase of treasury shares		(376,237)	-	(376,237)	-
Net decrease in fixed deposits pledged		473,929	55,854	-	-
Net movements in bankers' acceptances		16,625,000	(9,295,000)	-	-
Drawdown of term loans		12,948,931	4,400,000	-	-
Repayment of term loans		(1,937,101)	(1,889,790)	-	-
Repayment of hire purchase payables		(6,378,665)	(7,167,498)	(80,163)	-
Dividends paid		(7,494,806)	(23,000,000)	(7,494,806)	(23,000,000)
NET CASH FROM/(FOR) FINANCING ACTIVITIES		13,862,705	(36,896,434)	(7,949,552)	(23,000,000)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(4,623,933)	4,925,261	(727,317)	578,381
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		(4,312,924)	51,174	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		39,176,345	34,199,910	1,018,581	440,200
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	30	30,239,488	39,176,345	291,264	1,018,581

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows :

Registered office : 201-203, Jalan Abdullah
84000 Muar
Johor Darul Takzim

Principal place of business : Lot PTD 25740, Batu 4
Jalan Air Hitam
83700 Yong Peng
Johor Darul Takzim

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 5 April 2016.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 8. There have been no significant changes in the nature of these principal activities during the financial year.

3. HOLDING COMPANIES

The Company is a subsidiary of Advantage Valuations Sdn. Bhd.. The directors regard Leong Hup (Malaysia) Sdn. Bhd. as its intermediate holding company, Leong Hup International Sdn. Bhd. as its penultimate holding company and Emerging Glory Sdn. Bhd. as its ultimate holding company. These holding companies are incorporated in Malaysia.

4. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act 1965 in Malaysia.

4.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any) :

FRSs and/or IC Interpretations (including the Consequential Amendments)

Amendments to FRS 119 : Defined Benefit Plans – Employee Contributions

Annual Improvements to FRSs 2010 – 2012 Cycle

Annual Improvements to FRSs 2011 – 2013 Cycle

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

4. BASIS OF PREPARATION (cont'd)

- 4.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year :

FRSs and/or IC Interpretations (including the Consequential Amendments)		Effective date
FRS 9	: Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
Amendments to FRS 10 and FRS 128 (2011)	: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to FRS 11	: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128 (2011)	: Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to FRS 101	: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to FRS 116 and FRS 138	: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 127 (2011)	: Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to FRSs 2012 – 2014 Cycle		1 January 2016

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

- 4.3 MASB has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRSs”), that are to be applied by all entities other than private entities; with the exception of entities that are within the scope of MFRS 141 (Agriculture) and IC Interpretation 15 (Agreements for Construction of Real Estate), including its parent, significant investor and venturer (herein called “transitioning entities”).

As further announced by MASB on 28 October 2015, the transitioning entities are allowed to defer the adoption of MFRSs to annual periods beginning on or after 1 January 2018.

Accordingly, as a transitioning entity as defined above, the Group has chosen to defer the adoption of MFRSs and will only prepare its first set of MFRS financial statements for the financial year ending 31 December 2018. The Group is currently assessing the possible financial impacts that may arise from the adoption of MFRSs and the process is still ongoing.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Critical Accounting Estimates And Judgements

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

(a) Depreciation of Property, Plant And Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors’ actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.1 Critical Accounting Estimates And Judgements (cont'd)

(b) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made.

(c) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value in use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(d) Biological Assets

The cost of layers is amortised to write off such cost to their net realisable values over their economic egg-laying lives. Management estimates the useful economic lives of these livestock is 80 weeks. This is common life expectancies applied in the layer industry. Changes in the expected mortality rates of layers could impact the economic useful lives and future amortisation charges could be revised.

(e) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(f) Classification Between Investment Properties And Owner-occupied Properties

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(g) Impairment of Trade And Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(h) Revaluation of Properties

Certain properties of the Group are reported at valuation which is based on valuations performed by independent professional valuers.

The independent professional valuers have exercised judgement in determining discount rates, estimates of future cash flows, capitalisation rate, terminal year value, market freehold rental and other factors used in the valuation process. Also, judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuation estimates.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.1 Critical Accounting Estimates And Judgements (cont'd)

(i) Impairment of Available-for-sale Financial Assets

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

(j) Fair Value Estimates For Certain Financial Assets And Financial Liabilities

The Group carries certain financial assets and financial liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

5.2 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between :

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary ; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed off (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.2 Basis of Consolidation (cont'd)

Business combinations from 1 April 2011 onwards

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

Business combinations before 1 April 2011

All subsidiaries are consolidated using the purchase method. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Non-controlling interests are initially measured at their share of the fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition.

5.3 Investment In Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

5.4 Property, Plant And Equipment And Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses, if any.

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.

Freehold land, farm and poultry buildings are stated at cost or revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

For freehold land and factory buildings, revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.4 Property, Plant And Equipment And Depreciation (cont'd)

Freehold land is not depreciated whilst capital work-in-progress are not depreciated until they are completed and put into use. Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are :

Leasehold land	Over the lease period of 93 years
Farm and poultry buildings	2% - 20%
Factory buildings	1% - 3%
Plant and machinery	5% - 20%
Fish pond and equipment	5% - 10%
Egg layer conveyor and cages system	5%
Motor vehicles, electrical installation, furniture, fittings, equipment, renovation and hostel	2% - 33%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and 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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

5.5 Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on the straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties are 50 years.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)****5.6 Assets Under Hire Purchase**

Assets acquired under hire purchase are capitalised in the financial statements as property, plant and equipment and the correspondence obligations are treated as hire purchase payables. The assets capitalised are measured at the lower of the fair value of the leased assets and the present value of the minimum lease payments and are depreciated on the same basis as owned assets. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of charge on the hire purchase outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

5.7 Impairment**(a) Impairment of Financial Assets**

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be an objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity into profit or loss.

With the exception of available-for-sale debt instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which FRS 136 – Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value in use, which is measured by reference to discounted future cash flow using a pre-tax discount rate. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rate basis.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.7 Impairment (cont'd)

(b) Impairment of Non-financial Assets (cont'd)

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

5.8 Biological Assets

Biological assets comprise pullet and layers which are stated at the lower of amortised cost and net realisable value.

Cost of pullet and layers includes cost of purchase of day-old-chick plus all attributable costs in growing them to the point of commercial laying. The total cost, after deducting estimated residual value, is amortised over the layer's estimated economic life.

Net realisable value represents the estimated selling price less the estimated costs to completion and the estimated costs necessary to make the sale.

5.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average or first-in-first-out bases, as applicable.

Costs of eggs include costs of materials, direct labour and appropriate farm overheads. Costs of egg trays, fertiliser and work-in-progress comprise the costs of materials, direct labour and appropriate factory overheads.

Costs of poultry feeds, trading merchandise, raw materials (determined on "first-in-first-out" method), consumables and medication (determined on "weighted average" method), comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs to completion and the estimated costs necessary to make the sale.

5.10 Financial Instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.10 Financial Instruments (cont'd)

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

(i) Financial Assets At Fair Value Through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

Financial assets at fair value through profit or loss could be presented as current assets or non-current assets. Financial assets that are held primarily for trading purposes are presented as current assets whereas financial assets that are not held primarily for trading purposes are presented as current assets or non-current assets based on the settlement date.

(ii) Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

(iii) Loans And Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

(iv) Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.10 Financial Instruments (cont'd)

(b) Financial Liabilities

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(c) Equity Instruments

Equity instruments classified as equity are measured at cost and are not remeasured subsequently.

(i) Ordinary Shares

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are sold, the difference between the sales consideration and the carrying amount of the treasury shares are shown as a movement in equity. When the consideration received is more than the carrying amount, the credit difference arising is taken to the share premium account. Where the consideration received is less than the carrying amount, the debit difference is offset against reserves.

(d) 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 the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or 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.

(e) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amount initially recognised less cumulative amortisation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.11 Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows :

Level 1 : Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date ;

Level 2 : Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly ; and

Level 3 : Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

5.12 Borrowing Costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

5.13 Income Taxes

Income tax for the reporting period comprises current tax and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.14 Earnings Per Ordinary Share

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

5.15 Cash And Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

5.16 Revenue And Other Income

(a) Sale of Goods

Revenue is measured at the fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of goods and services tax, returns, cash and trade discounts.

(b) Management Fee Income

Management fee income from subsidiaries is recognised on accrual basis upon services rendered.

(c) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

(d) Government Grant

Government grants are recognised at their fair value when there is reasonable assurance that they will be received and all conditions attached will be met.

Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis over the period necessary to match them with the related expenses which they are intended to compensate for. These grants are presented as other income in profit or loss.

Grant that compensate the Group for the cost of an asset are recognised as deferred grant income in the statement of financial position and are amortised to profit or loss on a systematic basis over the expected useful life of the relevant asset.

(e) Interest Income

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

(f) Rental Income

Rental income is recognised on accrual basis unless collectability is in doubt, in which case the recognition of such income is suspended. Subsequent to suspension, income is recognised on the receipt basis until all arrears have been paid.

5.17 Employee Benefits

(a) Short-term Benefits

Wages, salaries, paid annual leave, paid sick leave, bonuses, social security costs and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Define Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.18 Related Parties

A party is related to an entity (referred to as the "reporting entity") if :

- (a) A person or a close member of that person's family is related to a reporting entity if that person :
 - (i) has control or joint control over the reporting entity ;
 - (ii) has significant influence over the reporting entity ; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the reporting entity.

- (b) An entity is related to a reporting entity if any of the following conditions applies :
 - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
 - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including its director (whether executive or otherwise) of that entity.

5.19 Operating Leases

Leases in which the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line method over the lease period.

5.20 Functional And Foreign Currencies

(a) Functional And Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.20 Functional And Foreign Currencies (cont'd)

(b) Transactions and balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss except for differences arising from the translation of available-for-sale equity instruments which are recognised in other comprehensive income.

(c) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

5.21 Operating Segments

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

6. PROPERTY, PLANT AND EQUIPMENT

Group

	* Freehold Land, Farm And Poultry Buildings	* Leasehold Land, Freehold Land And Factory Buildings	Plant And Machinery	Fish Pond And Equipment	Egg Layer Conveyor And Cages System	Motor Vehicles, Electrical Installation, Furniture, Fittings, Equipment, Renovation And Hostel	Capital Work-in- Progress	Total
	RM	RM	RM	RM	RM	RM	RM	RM
At Cost / Valuation								
At 1 January 2015	94,237,670	19,379,051	48,832,697	889,988	46,702,497	36,621,149	5,096,793	251,759,845
Additions	5,449,506	75,496	3,602,264	-	9,650,520	6,500,841	22,042,169	47,320,796
Acquisition of Subsidiary	-	25,104,361	3,238,122	-	-	-	-	28,342,483
Disposals	-	-	(10,000)	-	-	(1,984,434)	-	(1,994,434)
Write Off	(2,147,729)	-	(1,738,427)	-	(2,701,666)	(549,832)	-	(7,137,654)
Reclassification	6,060,811	-	2,686,798	-	3,217,323	572,420	(12,537,352)	-
Foreign Exchange Differences	-	3,269,845	411,263	-	-	237,561	-	3,918,669
At 31 December 2015	103,600,258	47,828,753	57,022,717	889,988	56,868,674	41,397,705	14,601,610	322,209,705
Representing :								
At Valuation	-	10,512,166	-	-	-	-	-	10,512,166
At Cost	103,600,258	37,316,587	57,022,717	889,988	56,868,674	41,397,705	14,601,610	311,697,539
	103,600,258	47,828,753	57,022,717	889,988	56,868,674	41,397,705	14,601,610	322,209,705
Less : Accumulated Depreciation								
At 1 January 2015	26,240,452	1,006,444	26,830,148	166,069	13,520,884	23,587,572	-	91,351,569
Charge For The Financial Year	2,694,317	364,880	3,134,809	66,549	2,616,066	4,357,472	-	13,234,093
Acquisition of Subsidiary	-	1,335,660	1,887,092	-	-	-	-	3,222,752
Disposals	-	-	(9,999)	-	-	(1,972,845)	-	(1,982,844)
Write Off	(1,818,639)	-	(912,155)	-	(2,596,334)	(455,634)	-	(5,782,762)
Foreign Exchange Differences	-	178,970	249,331	-	-	117,449	-	545,750
At 31 December 2015	27,116,130	2,885,954	31,179,226	232,618	13,540,616	25,634,014	-	100,588,558
Representing :								
At Valuation	-	687,190	-	-	-	-	-	687,190
At Cost	27,116,130	2,198,764	31,179,226	232,618	13,540,616	25,634,014	-	99,901,368
	27,116,130	2,885,954	31,179,226	232,618	13,540,616	25,634,014	-	100,588,558
Carrying Amount								
At 31 December 2015	76,484,128	44,942,799	25,843,491	657,370	43,328,058	15,763,691	14,601,610	221,621,147
Representing :								
At Valuation	-	9,824,976	-	-	-	-	-	9,824,976
At Cost	76,484,128	35,117,823	25,843,491	657,370	43,328,058	15,763,691	14,601,610	211,796,171
	76,484,128	44,942,799	25,843,491	657,370	43,328,058	15,763,691	14,601,610	221,621,147

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

6. PROPERTY, PLANT AND EQUIPMENT (cont'd)

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

	Freehold Land, Farm And Poultry Buildings			Leasehold Land, Freehold Land And Factory Buildings			
	Freehold Land	Farm and Poultry Buildings	Total	Freehold Land	Leasehold Land	Factory Buildings	Total
	RM	RM	RM	RM	RM	RM	RM
At Cost / Valuation							
At 1 January 2015	29,749,513	64,488,157	94,237,670	8,425,529	1,878,243	9,075,279	19,379,051
Additions	3,969,916	1,479,590	5,449,506	-	-	75,496	75,496
Acquisition of Subsidiary	-	-	-	-	-	25,104,361	25,104,361
Write Off	-	(2,147,729)	(2,147,729)	-	-	-	-
Reclassification	-	6,060,811	6,060,811	-	-	-	-
Foreign Exchange Differences	-	-	-	-	-	3,269,845	3,269,845
At 31 December 2015	33,719,429	69,880,829	103,600,258	8,425,529	1,878,243	37,524,981	47,828,753
Representing :							
At Valuation	-	-	-	4,343,530	-	6,168,636	10,512,166
At Cost	33,719,429	69,880,829	103,600,258	4,081,999	1,878,243	31,356,345	37,316,587
	33,719,429	69,880,829	103,600,258	8,425,529	1,878,243	37,524,981	47,828,753
Less : Accumulated Depreciation							
At 1 January 2015	-	26,240,452	26,240,452	-	123,052	883,392	1,006,444
Charge For The Financial Year	-	2,694,317	2,694,317	-	20,509	344,371	364,880
Acquisition of Subsidiary	-	-	-	-	-	1,335,660	1,335,660
Write Off	-	(1,818,639)	(1,818,639)	-	-	-	-
Foreign Exchange Differences	-	-	-	-	-	178,970	178,970
At 31 December 2015	-	27,116,130	27,116,130	-	143,561	2,742,393	2,885,954
Representing :							
At Valuation	-	-	-	-	-	687,190	687,190
At Cost	-	27,116,130	27,116,130	-	143,561	2,055,203	2,198,764
	-	27,116,130	27,116,130	-	143,561	2,742,393	2,885,954
Carrying Amount							
At 31 December 2015	33,719,429	42,764,699	76,484,128	8,425,529	1,734,682	34,782,588	44,942,799
Representing :							
At Valuation	-	-	-	4,343,530	-	5,481,446	9,824,976
At Cost	33,719,429	42,764,699	76,484,128	4,081,999	1,734,682	29,301,142	35,117,823
	33,719,429	42,764,699	76,484,128	8,425,529	1,734,682	34,782,588	44,942,799

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**6. PROPERTY, PLANT AND EQUIPMENT (cont'd)****Group**

	* Freehold Land, Farm And Poultry Buildings	* Leasehold Land, Freehold Land And Factory Buildings	Plant And Machinery	Fish Pond And Equipment	Egg Layer Conveyor And Cages System	Motor Vehicles, Electrical Installation, Furniture, Fittings, Equipment, Renovation And Hostel	Capital Work-in-Progress	Total
	RM	RM	RM	RM	RM	RM	RM	RM
At Cost / Valuation								
At 1 January 2014	84,721,629	19,186,561	45,528,415	889,988	38,551,799	33,266,200	2,539,891	224,684,483
Additions	5,826,720	57,860	1,416,892	-	8,407,617	3,745,793	10,289,559	29,744,441
Disposals	(590,104)	-	(32,000)	-	-	(557,458)	-	(1,179,562)
Write Off	(273,811)	-	(2,299)	-	(1,091,774)	(134,955)	-	(1,502,839)
Reclassification	4,553,236	134,630	1,921,689	-	834,855	288,247	(7,732,657)	-
Foreign Exchange Differences	-	-	-	-	-	13,322	-	13,322
At 31 December 2014	94,237,670	19,379,051	48,832,697	889,988	46,702,497	36,621,149	5,096,793	251,759,845
Representing :								
At Valuation	-	10,512,166	-	-	-	-	-	10,512,166
At Cost	94,237,670	8,866,885	48,832,697	889,988	46,702,497	36,621,149	5,096,793	241,247,679
	94,237,670	19,379,051	48,832,697	889,988	46,702,497	36,621,149	5,096,793	251,759,845
Less : Accumulated Depreciation								
At 1 January 2014	23,922,982	790,543	24,016,458	99,520	12,380,922	20,575,270	-	81,785,695
Charge For The Financial Year	2,539,498	215,901	2,823,749	66,549	2,177,488	3,578,568	-	11,401,753
Disposals	-	-	(18,658)	-	-	(437,809)	-	(456,467)
Write Off	(222,028)	-	(1,438)	-	(1,037,526)	(124,848)	-	(1,385,840)
Reclassification	-	-	10,037	-	-	(10,037)	-	-
Foreign Exchange Differences	-	-	-	-	-	6,428	-	6,428
At 31 December 2014	26,240,452	1,006,444	26,830,148	166,069	13,520,884	23,587,572	-	91,351,569
Representing :								
At Valuation	-	593,138	-	-	-	-	-	593,138
At Cost	26,240,452	413,306	26,830,148	166,069	13,520,884	23,587,572	-	90,758,431
	26,240,452	1,006,444	26,830,148	166,069	13,520,884	23,587,572	-	91,351,569
Carrying Amount								
At 31 December 2014	67,997,218	18,372,607	22,002,549	723,919	33,181,613	13,033,577	5,096,793	160,408,276
Representing :								
At Valuation	-	9,919,028	-	-	-	-	-	9,919,028
At Cost	67,997,218	8,453,579	22,002,549	723,919	33,181,613	13,033,577	5,096,793	150,489,248
	67,997,218	18,372,607	22,002,549	723,919	33,181,613	13,033,577	5,096,793	160,408,276

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

6. PROPERTY, PLANT AND EQUIPMENT (cont'd)

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

	Freehold Land, Farm And Poultry Buildings			Leasehold Land, Freehold Land And Factory Buildings			
	Freehold Land	Farm And Poultry Buildings	Total	Freehold Land	Leasehold Land	Factory Buildings	Total
	RM	RM	RM	RM	RM	RM	RM
At Cost / Valuation							
At 1 January 2014	25,395,582	59,326,047	84,721,629	8,425,529	1,878,243	8,882,789	19,186,561
Additions	4,944,035	882,685	5,826,720	-	-	57,860	57,860
Disposals	(590,104)	-	(590,104)	-	-	-	-
Write Off	-	(273,811)	(273,811)	-	-	-	-
Reclassification	-	4,553,236	4,553,236	-	-	134,630	134,630
At 31 December 2014	29,749,513	64,488,157	94,237,670	8,425,529	1,878,243	9,075,279	19,379,051
Representing :							
At Valuation	-	-	-	4,343,530	-	6,168,636	10,512,166
At Cost	29,749,513	64,488,157	94,237,670	4,081,999	1,878,243	2,906,643	8,866,885
	29,749,513	64,488,157	94,237,670	8,425,529	1,878,243	9,075,279	19,379,051
Less : Accumulated Depreciation							
At 1 January 2014	-	23,922,982	23,922,982	-	102,543	688,000	790,543
Charge For The Financial Year	-	2,539,498	2,539,498	-	20,509	195,392	215,901
Write Off	-	(222,028)	(222,028)	-	-	-	-
At 31 December 2014	-	26,240,452	26,240,452	-	123,052	883,392	1,006,444
Representing :							
At Valuation	-	-	-	-	-	593,138	593,138
At Cost	-	26,240,452	26,240,452	-	123,052	290,254	413,306
	-	26,240,452	26,240,452	-	123,052	883,392	1,006,444
Carrying Amount							
At 31 December 2014	29,749,513	38,247,705	67,997,218	8,425,529	1,755,191	8,191,887	18,372,607
Representing :							
At Valuation	-	-	-	4,343,530	-	5,575,498	9,919,028
At Cost	29,749,513	38,247,705	67,997,218	4,081,999	1,755,191	2,616,389	8,453,579
	29,749,513	38,247,705	67,997,218	8,425,529	1,755,191	8,191,887	18,372,607

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**6. PROPERTY, PLANT AND EQUIPMENT (cont'd)****Company**

	Motor Vehicles And Office Equipment RM	Total RM
At Cost		
At 1 January 2015	1,147,537	1,147,537
Additions	420,066	420,066
At 31 December 2015	1,567,603	1,567,603
Less : Accumulated Depreciation		
At 1 January 2015	343,411	343,411
Charge For The Financial Year	177,145	177,145
At 31 December 2015	520,556	520,556
Carrying Amount		
At 31 December 2015	1,047,047	1,047,047

	Office Equipment RM	Total RM
At Cost		
At 1 January 2014	1,040,745	1,040,745
Additions	117,992	117,992
Write Off	(11,200)	(11,200)
At 31 December 2014	1,147,537	1,147,537
Less : Accumulated Depreciation		
At 1 January 2014	236,829	236,829
Charge For The Financial Year	110,689	110,689
Write Off	(4,107)	(4,107)
At 31 December 2014	343,411	343,411
Carrying Amount		
At 31 December 2014	804,126	804,126

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

6. PROPERTY, PLANT AND EQUIPMENT (cont'd)

- (a) The freehold land and factory buildings of certain subsidiaries were last revalued by the directors in March 2014 based on professional appraisals by an independent valuer using the open market value basis.
- (b) If the Group's revalued property, plant and equipment were measured using the cost model, the carrying amounts would be as follows :

	Group	
	2015 RM	2014 RM
Carrying Amount		
Freehold Land	1,326,102	1,326,102
Factory Buildings	4,101,183	4,177,434
	5,427,285	5,503,536

- (c) Certain property, plant and equipment of certain subsidiaries with carrying amount of RM 2,609,854 (2014 : RM 5,174,297) have been pledged to licensed banks as security for banking facilities granted to the Group (Note 19(a)).
- (d) The following property, plant and equipment were acquired under hire purchase instalment plans (Note 20(a)) :

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Carrying Amount				
Plant And Machinery	4,365,318	2,364,189	-	-
Egg Layer Conveyor And Cages System	14,849,563	9,558,545	-	-
Motor Vehicles	5,600,913	3,691,713	202,381	-
Capital Work-in-progress	2,262,190	-	-	-
	27,077,984	15,614,447	202,381	-

These leased assets have been pledged as security for the related finance lease liabilities of the Group and of the Company.

- (e) Motor vehicles with carrying amount of RM 28,933 (2014 : RM 9,231) are held in trust and registered under third party's name.
- (f) The title of the freehold land with carrying amount of RM 761,250 (2014 : RM 710,125) are in the process of being issued to the Group by the relevant authority.
- (g) Purchase of property, plant and equipment are as follows :

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Cost of property, plant and equipment purchased	47,320,796	29,744,441	420,066	117,992
Amount financed through hire purchase	(16,689,445)	(6,952,539)	(180,000)	-
Unpaid balance included under sundry payables (Note 21(d))	(5,172,410)	(2,363,021)	-	-
Cash disbursed in respect of purchased in previous financial year	2,360,021	2,743,952	-	6,502
Cash disbursed for purchase of property, plant and equipment	27,818,962	23,172,833	240,066	124,494

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

7. INVESTMENT PROPERTY

	Group	
	2015 RM	2014 RM
At Cost		
Additions	932,660	-
At 31 December	932,660	-
Less : Accumulated Depreciation		
Charge For The Financial Year	1,554	-
At 31 December	1,554	-
Net Carrying Amount	931,106	-
Represented by :		
Leasehold Shophouse	931,106	-

The carrying amount of the investment property approximately its fair value.

8. INVESTMENT IN SUBSIDIARIES

	Company	
	2015 RM	2014 RM
Unquoted Shares, At Cost		
- In Malaysia	69,934,600	68,934,602
- Outside Malaysia	1,448,885	240,005
	71,383,485	69,174,607

The details of the subsidiaries are as follows :

Name of Subsidiary	Principal Place of Business	Effective Equity Interest		Principal Activities
		2015 %	2014 %	
Direct Subsidiaries :				
Teo Seng Farming Sdn. Bhd.	Malaysia	100	100	Investment holding and poultry farming.
Teo Seng Feedmill Sdn. Bhd.	Malaysia	100	100	Manufacturing and marketing of animal feeds.
Success Century Sdn. Bhd.	Malaysia	100	100	Poultry farming.

8. INVESTMENT IN SUBSIDIARIES (cont'd)

Name of Subsidiary	Principal Place of Business	Effective Equity Interest		Principal Activities
		2015 %	2014 %	
Direct Subsidiaries :				
Ritma Prestasi Sdn. Bhd.	Malaysia	100	100	Distribution of pet food, medicine and other animal health related products.
Teo Seng Paper Products Sdn. Bhd.	Malaysia	100	100	Manufacturing and marketing of egg trays.
Liberal Energy Sdn. Bhd.	Malaysia	100	100	General trading and generation of energy by establishment of bio gas plants.
Pioneer Prosperity Sdn. Bhd.	Malaysia	100	100	Dormant.
* Premium Egg Products Pte. Ltd.	Singapore	100	100	Wholesaler, importers, exporters of eggs products.
Indirect Subsidiaries :				
Forever Best Supply Sdn. Bhd.	Malaysia	100	60	To carry on business of organic fertiliser, allied products of fertiliser, products of fertiliser of chemical processing and transportation. However, the Company has ceased its business operations since September 2015.
Laskar Fertiliser Sdn. Bhd.	Malaysia	100	100	Dealing in fertiliser, conduct research on the fertilisers and agricultural business process and to carry on the business of processing of value added products and farm produces.
B-Tech Aquaculture Sdn. Bhd.	Malaysia	100	100	General trading and aquaculture, livestock and poultry activities. During the financial year, the Company has temporarily ceased its business operations.
* BH Fresh Food Pte. Ltd.	Singapore	100	-	To carry on business of production, processing, preserving and wholeselling of meat and meat related products.

* These subsidiaries were audited by other firms of chartered accountants.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

8. INVESTMENT IN SUBSIDIARIES (cont'd)

- (a) On 24 April 2015, Premium Egg Products Pte. Ltd. ("PEP"), a wholly-owned subsidiary of the Company, entered into :
- (i) a conditional sale and purchase agreement to acquire 1,400,000 ordinary shares in BH Fresh Food Pte Ltd ("BHFF"), representing 100% of the equity interest in BHFF for a total cash consideration of SGD 9.80 million (equivalent to approximately RM 26.40 million) ("Proposed Acquisition"); and
 - (ii) a conditional agreement to dispose of the business and certain assets of BHFF, on an "as-is-where-is" basis, for a total cash consideration of SGD 1.80 million (equivalent to approximately RM 4.85 million) ("Proposed Disposal").

The Proposed Acquisition and Proposed Disposal (collectively referred to as "Proposals") were inter-conditional upon each other and should be completed concurrently. The Proposals were completed on 26 May 2015. As a result, BHFF became a wholly-owned indirect subsidiary of the Company.

The acquisition of this subsidiary enables the Group to expand its business operations in Singapore.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition :

	Group RM
Property, Plant And Equipment	25,119,731
Cash And Bank Balances	10,940
Trade And Other Receivables	4,962,730
Trade And Other Payables	(9,909)
Deferred Tax Liabilities	(3,623,492)
Fair Value of Net Identifiable Assets Acquired	26,460,000
Total Purchase Consideration, To Be Settled By Cash	26,460,000
Less : Cash And Cash Equivalents of Subsidiary Acquired	(10,940)
Net Cash Outflow For Acquisition of Subsidiary	26,449,060

The acquired subsidiary has contributed profit after tax of RM 190,291 to the Group.

There were no acquisitions of new subsidiary in last financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

8. INVESTMENT IN SUBSIDIARIES (cont'd)

- (b) On 26 May 2015, Teo Seng Farming Sdn. Bhd. ("TSF"), a wholly-owned subsidiary of the Company, acquired an additional 40% equity interests in Forever Best Supply Sdn. Bhd. ("Forever") for RM 550,988 in cash, increasing its ownership from 60% to 100%. The carrying amount of Forever's net assets in the Group's financial statements on the date of the acquisition was RM 518,225. The Group recognised a decrease in non-controlling interests of RM 207,290 and a decrease in retained profits of RM 343,698.

The following summarises the effect of changes in the equity interests in Forever that is attributable to the owners of the Company :

	Group RM
Equity Interest At 1 January 2015	752,774
Share of Post Acquisition Loss	(3,033)
Effect of Increase In The Company's Ownership Interest	207,290
Equity Interest At 31 December 2015	957,031

There were no acquisitions of non-controlling interests in last financial year.

- (c) On 30 November 2015, the Company subscribed 400,000 new ordinary shares of SGD 1.00 each in Premium Egg Products Pte. Ltd. at par for a total cash consideration of SGD 400,000 (equivalent to approximately RM 1.21 million).
- (d) On 2 December 2015, the Company subscribed 999,998 new ordinary shares of RM 1.00 each in Liberal Energy Sdn. Bhd. at par for a total cash consideration of RM 999,998.

9. OTHER INVESTMENT

	Group	
	2015 RM	2014 RM
At Fair Value		
Quoted Shares In Malaysia	15,665	10,855
Market Value of Quoted Shares	15,665	10,855

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

10. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2015 RM	2014 RM
At 1 January	(10,459,000)	(8,287,000)
Recognised In Profit or Loss	(1,684,000)	(2,140,000)
Acquisition of Subsidiary	(3,623,492)	-
(Under) Provision In Prior Years	-	(32,000)
Foreign Exchange Differences	(459,378)	-
At 31 December	(16,225,870)	(10,459,000)
Presented After Appropriate Offsetting As Follows :		
Deferred Tax Assets	-	105,000
Deferred Tax Liabilities	(16,225,870)	(10,564,000)
	(16,225,870)	(10,459,000)

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

(i) Deferred tax liabilities

	Revaluation Surplus of Properties RM	Excess of Capital Allowances Over Depreciation RM	Total RM
At 1 January	(877,000)	(10,653,000)	(11,530,000)
Recognised in profit or loss	45,000	(1,442,000)	(1,397,000)
Acquisition of subsidiary	(3,623,492)	-	(3,623,492)
Foreign exchange differences	(459,378)	-	(459,378)
At 31 December	(4,914,870)	(12,095,000)	(17,009,870)

(ii) Deferred tax assets

	Unused Tax Losses RM	Unabsorbed Capital Allowances RM	Other Temporary Differences RM	Total RM
At 1 January	262,000	735,000	74,000	1,071,000
Recognised in profit or loss	(262,000)	(11,000)	(14,000)	(287,000)
At 31 December	-	724,000	60,000	784,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

10. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

- (b) At the end of the reporting period, the Group has unused tax losses and unabsorbed capital allowances (stated at gross) of approximately RM 1,204,000 (2014 : RM 728,000) and RM 559,000 (2014 : RM 1,314,000) respectively that are available for offset against future taxable profits of the subsidiaries in which the losses arose. No deferred tax assets are recognised in respect of this item as it is not probable that taxable profits of the subsidiaries will be available against which the deductible temporary differences can be utilised. The unused tax losses and unabsorbed capital allowances do not expire under current tax legislation. However, the availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act 1967 and guidelines issued by the tax authority.

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
NON-CURRENT				
Long Term Receivable				
Amount Due From Subsidiaries	-	-	3,912,699	3,812,699
CURRENT				
Trade Receivables				
Amount Due From Related Companies	3,995,540	3,434,039	-	-
Amount Due From Related Parties	232,592	2,482,709	-	-
Other Trade Receivables	37,948,623	37,734,495	-	-
	42,176,755	43,651,243	-	-
Less : Allowance For Impairment Losses	(603,285)	(734,228)	-	-
	41,573,470	42,917,015	-	-
Other Receivables				
Amount Due From Subsidiaries	-	-	2,019,396	-
Deposits	7,636,875	2,067,640	53,663	50,688
Prepayments	1,757,820	1,413,592	14,196	8,588
Goods And Services Tax Receivable	4,634,281	-	-	-
Tax Recoverable	2,327,491	809,366	535,267	520,766
Sundry Receivables	686,927	309,796	-	-
	17,043,394	4,600,394	2,622,522	580,042
	58,616,864	47,517,409	2,622,522	580,042
Allowance For Impairment Losses :				
At 1 January	734,228	499,329	-	-
Additions During The Financial Year	141,342	409,073	-	-
Reversal During The Financial Year	(109,840)	(174,174)	-	-
Written Off During The Financial Year	(177,021)	-	-	-
Foreign Exchange Differences	14,576	-	-	-
At 31 December	603,285	734,228	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

11. TRADE AND OTHER RECEIVABLES (cont'd)

- (a) The Group's normal trade terms range from cash term to 150 days (2014 : cash term to 150 days).
- (b) The non-trade amount due from subsidiaries (current) are unsecured, interest free, repayable on demand and to be settled in cash except for the advances to subsidiaries of RM 1,998,196 (2014 : RM NIL) which bear interest at 3.7% (2014 : NIL) per annum.

12. BIOLOGICAL ASSETS

	Group	
	2015 RM	2014 RM
At Cost Less Accumulated Amortisation		
Pullets	6,503,335	7,267,915
Layers	28,139,826	21,270,253
	34,643,161	28,538,168

13. INVENTORIES

	Group	
	2015 RM	2014 RM
At Cost		
Raw Materials	6,517,645	6,398,968
Trading Merchandise	8,722,238	8,696,131
Poultry Feeds	1,220,699	1,003,798
Egg Trays	476,538	630,121
Eggs	1,090,073	1,149,200
Medication	624,299	517,086
Fertiliser	291,253	1,017
Consumables	665,571	500,699
Work-in-progress	227,101	211,068
	19,835,417	19,108,088
Less : Allowance For Slow-moving Inventories	(13,964)	(41,763)
	19,821,453	19,066,325

14. DERIVATIVE ASSETS/(LIABILITIES)

	Group			
	2015		2014	
	Contract/ Notional Amount RM	Derivative Assets/ (Derivative Liabilities) RM	Contract/ Notional Amount RM	Derivative Assets/ (Derivative Liabilities) RM
Derivative Assets				
Forward Currency Contracts	3,851,757	102,193	6,284,000	96,459
Derivative Liabilities				
Forward Currency Contracts	6,970,840	(86,073)	-	-

The Group does not apply hedge accounting.

- (a) Forward currency contracts are used to hedge the Group's sales and purchases denominated in Euro, Singapore Dollar and United States Dollar for which firm commitments existed at the end of the reporting period. The settlement dates on forward currency contracts range between 1 to 3 months (2014 : 1 to 4 months) after the end of the reporting period.
- (b) The Group has recognised a loss of RM 80,339 (2014 : gain of RM 79,734) arising from fair value changes of derivatives during the financial year as disclosed in Note 26. The fair value changes were attributed to changes in the foreign exchange spot and forward rates. The method and assumptions applied in determining the fair values of derivatives are disclosed in Note 34.4.

15. DEPOSITS, BANK AND CASH BALANCES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Cash and bank balances	30,239,488	39,264,717	291,264	1,018,581
Fixed deposits with licensed banks	-	473,929	-	-
	30,239,488	39,738,646	291,264	1,018,581

- (a) At 31 December 2014, the fixed deposits with licensed banks of the Group bore average effective interest rate at 3.1% per annum. The fixed deposits have maturity periods ranging from 30 to 365 days for the Group.
- (b) At 31 December 2014, the fixed deposits with licensed banks of the Group of RM 473,929 has been pledged to licensed banks as security for banking facilities granted to the Group (Note 19(a)).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

16. SHARE CAPITAL

	Group And Company			
	2015		2014	
	Number of Shares	RM	Number of Shares	RM
Ordinary Shares of RM 0.20 Each				
Authorised				
At 1 January	500,000,000	100,000,000	250,000,000	50,000,000
Created During The Financial Year	-	-	250,000,000	50,000,000
At 31 December	500,000,000	100,000,000	500,000,000	100,000,000
Issued And Fully Paid-up				
At 1 January	200,000,000	40,000,000	200,000,000	40,000,000
Bonus Issue	100,000,000	20,000,000	-	-
Exercise of Warrants	1,225	245	-	-
At 31 December	300,001,225	60,000,245	200,000,000	40,000,000

During the financial year, the Company increased its issued and paid-up share capital from RM 40,000,000 to RM 60,000,245 by way of :

- an issuance of 100,000,000 new ordinary shares of RM 0.20 each via the bonus issue on the basis of one (1) bonus share for every two (2) existing ordinary shares held.
- an issuance of 1,225 new ordinary shares of RM 0.20 each for cash arising from the exercise of Warrants 2015/2020 at the exercise price for RM 1.35 per warrant.

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

Warrants 2015/2020

A total of 50,000,000 warrants were issued by the Company on 30 January 2015 on the basis of one (1) warrant for every four (4) existing ordinary shares held. Each warrant entitles the holder the right to subscribe for one (1) new ordinary share of RM 0.20 each in the Company ("Share") at an exercise price of RM 1.35 per new ordinary share. At the end of the reporting period, the number of outstanding warrants was 49,998,775. The warrants will expire on 29 January 2020.

The Warrants are constituted by a Deed Poll dated 14 January 2015 ("Deed Poll").

The salient features of the Warrants 2015/2020 are as follows :

- The Warrants can be exercised at any time within five (5) years commencing on and including the date of issuance of the Warrants and ending on the date preceding the fifth (5th) anniversary of the date of issuance, or if such day is not a market day, then it shall be the market day immediately preceding the said non-market day. Any Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.
- Subject to the provisions to be included in the Deed Poll, each Warrant shall entitle the registered holder to subscribe for one (1) new Share at the Exercise Price during the Exercise Period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

16. SHARE CAPITAL (cont'd)

- (c) The new Shares to be issued upon exercise of the Warrants shall, upon allotment and issuance, rank equally in all respects with the then existing Shares, save and except that they shall not be entitled to any dividend, right, allotment and/or other distribution that may be declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to the date of allotment and issuance of the new Shares to be issued upon exercise of the Warrants.
- (d) The Warrant holders are not entitled to any voting rights or to participate in any distribution and/or offer of further securities in the Company until and unless such Warrant holders are issued with new Shares upon exercise of the Warrants.
- (e) The Exercise Price and/or number of Warrants in issue may be subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll.

17. TREASURY SHARES

During the financial year, the Company has purchased 209,000 of its issued ordinary shares from the open market at prices ranging from RM 1.75 to RM 1.87 per share in May and June 2015. The total consideration paid for the purchase was RM 376,237. The ordinary shares purchased are held as treasury shares in accordance with Section 67A of the Companies Act 1965.

Of the total 300,001,225 issued and fully paid-up ordinary shares at the end of the reporting period, 209,000 ordinary shares are held as treasury shares by the Company. None of the treasury shares were resold or cancelled during the financial year.

18. RESERVES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Non-Distributable				
Fair Value Reserve	12,641	7,831	-	-
Foreign Exchange Translation Reserve	515,879	(61,793)	-	-
Revaluation Reserve	4,031,856	4,031,856	-	-
Reverse Acquisition Reserve	(26,078,000)	(26,078,000)	-	-
Share Premium	1,409	8,010,827	1,409	8,010,827
	(21,516,215)	(14,089,279)	1,409	8,010,827
Distributable				
Retained Profits	153,553,981	132,385,394	13,307,787	26,405,936
	132,037,766	118,296,115	13,309,196	34,416,763

- (a) **Fair Value Reserve**
The fair value reserve represents the cumulative fair value changes (net of tax, where applicable) of available-for-sale financial assets until they are disposed of or impaired.
- (b) **Foreign Exchange Translation Reserve**
The foreign exchange translation reserve arose from the translation of the financial statements of foreign subsidiaries.
- (c) **Revaluation Reserve**
The revaluation reserve represents the surpluses arising from the revaluation of certain property, plant and equipment, net of deferred tax effect.
- (d) **Share Premium**
The share premium reserve represents the premium paid on subscription of ordinary shares in the Company over and above the par value of the shares issued, net of transaction costs (if any). The share premium reserve is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

19. BANK BORROWINGS

		Group	
		2015 RM	2014 RM
Current			
Secured	- Bank Overdrafts	-	88,372
	- Bankers' Acceptances	5,315,000	9,747,000
	- Term Loans	1,104,838	522,547
Unsecured	- Bankers' Acceptances	70,110,000	49,053,000
	- Revolving Credit	5,000,000	5,000,000
	- Term Loans	3,456,504	879,996
		84,986,342	65,290,915
Non-Current			
Secured	- Term Loans	474,069	748,463
Unsecured	- Term Loans	11,054,098	2,926,673
		11,528,167	3,675,136
		96,514,509	68,966,051
Total Bank Borrowings			
Secured	- Bank Overdrafts	-	88,372
	- Bankers' Acceptances	5,315,000	9,747,000
	- Term Loans	1,578,907	1,271,010
Unsecured	- Bankers' Acceptances	70,110,000	49,053,000
	- Revolving Credit	5,000,000	5,000,000
	- Term Loans	14,510,602	3,806,669
		96,514,509	68,966,051

- (a) The secured bank borrowings of the Group are secured by the followings :
- (i) Certain property, plant and equipment of certain subsidiaries (Note 6(c)) ;
 - (ii) Fixed deposits with licensed banks of certain subsidiaries (Note 15(b)) ; and
 - (iii) Corporate guarantee by the Company.
- (b) The security arrangements of the unsecured bank borrowings of the Group are as follows :
- (i) Corporate guarantee by the Company ; and
 - (ii) Negative pledge on subsidiaries' assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

19. BANK BORROWINGS (cont'd)

(c) The average effective interest rate (% per annum) at the end of the reporting period for bank borrowings were as follows :

	Group	
	2015 %	2014 %
Bank Overdrafts	-	8.6
Bankers' Acceptances	4.7	4.9
Revolving Credit	5.3	5.6
Term Loans	5.1	6.9

(d) At the end of the reporting period, the term loans of the Group are repayable as follows :

	Group	
	2015 RM	2014 RM
Current		
Not Later Than One Year	4,561,342	1,402,543
Non-Current		
Later Than One Year And Not Later Than Two Years	4,930,773	1,365,365
Later Than Two Years And Not Later Than Five Years	6,367,498	2,309,771
Later Than Five Years	229,896	-
	11,528,167	3,675,136
	16,089,509	5,077,679

20. HIRE PURCHASE PAYABLES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Minimum Hire Purchase Payments				
Not Later Than One Year	8,269,443	4,797,827	94,908	-
Later Than One Year And Not Later Than Five Years	13,096,807	5,087,252	7,905	-
	21,366,250	9,885,079	102,813	-
Less : Future Finance Charges	(2,143,971)	(999,633)	(2,976)	-
Present Value of Hire Purchase Payables	19,222,279	8,885,446	99,837	-
Current				
Not Later Than One Year	7,187,893	4,292,967	91,965	-
Non-Current				
Later Than One Year And Not Later Than Five Years	12,034,386	4,592,479	7,872	-
	19,222,279	8,885,446	99,837	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

20. HIRE PURCHASE PAYABLES (cont'd)

- (a) The hire purchase payables of the Group are secured by the Group's plant and machinery, egg layer conveyor and cages system, motor vehicles and capital work-in-progress under hire purchase whilst the hire purchase payables of the Company are secured by the Company's motor vehicles under hire purchase (Note 6(d)).
- (b) The hire purchase payables of the Group of RM 16,627,940 (2014 : RM 6,831,023) are guaranteed by the Company.
- (c) The hire purchase payables of the Group and of the Company at the end of the reporting period bear effective interest rates ranging from 3.9% - 7.1% and 5.1% - 5.2% (2014 : 4.5% - 7.3% and NIL) per annum respectively. The interest rates are fixed at the inception of the hire purchase arrangements.

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Trade Payables				
Amount Due To Related Companies	2,532,892	3,014,089	-	-
Amount Due To Related Parties	428,890	-	-	-
Other Trade Payables	19,758,256	17,978,131	-	-
	22,720,038	20,992,220	-	-
Other Payables				
Amount Due To Director of Subsidiary	-	149,012	-	-
Amount Due To Subsidiary	-	-	5,904,384	202,962
Amount Due To Related Companies	107,641	64,400	111	50,000
Amount Due To Related Parties	-	512,405	-	-
Accruals	8,860,303	16,231,804	286,963	701,673
Deposit Payables	274,415	-	-	-
Goods And Services Tax Payables	187,568	-	4,533	-
Sundry Payables	9,099,699	5,291,982	27,985	18,657
	18,529,626	22,249,603	6,223,976	973,292
	41,249,664	43,241,823	6,223,976	973,292

- (a) The normal trade terms granted to the Group range from cash term to 90 days (2014 : cash term to 90 days).
- (b) The non-trade amounts due to director of subsidiary, related companies and related parties are unsecured, interest free and repayable on demand. The amount owing is to be settled in cash.
- (c) The amount due to subsidiary is unsecured, interest free, repayable on demand and to be settled in cash which bears interest at 3.7% (2014 : 3.5%) per annum at the end of the reporting period.
- (d) Included in sundry payables of the Group is an amount of RM 5,172,410 (2014 : RM 2,363,021) payable for the purchase of property, plant and equipment (Note 6(g)).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

22. REVENUE

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Sale of Goods	412,758,300	380,932,935	-	-
Dividend Income From :				
Subsidiaries	-	-	7,500,000	25,000,000
Other Investment	175	230	-	-
Management Fee	-	-	960,000	360,000
	412,758,475	380,933,165	8,460,000	25,360,000

23. INVESTMENT REVENUE

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Interest Income From :				
Fixed Deposits With Licensed Banks	32,932	86,277	-	-
Advance To Subsidiaries	-	-	60,850	28,240
Others	259,776	148,161	19,962	9,567
	292,708	234,438	80,812	37,807

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

24. DIRECTORS' REMUNERATION

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Executive Directors of The Company				
Salaries And Other Emoluments	6,433,320	7,733,677	599,069	958,506
Pension Costs - Defined Contribution Plan	346,680	467,927	120,939	163,806
Social Security Costs	3,630	3,719	1,195	1,240
	6,783,630	8,205,323	721,203	1,123,552
Non-Executive Directors of The Company				
Fee	120,000	120,000	120,000	120,000
Salaries And Other Emoluments	613,085	600,257	-	10,000
Pension Costs - Defined Contribution Plan	115,058	105,632	-	-
Social Security Costs	1,859	1,240	-	-
	850,002	827,129	120,000	130,000
	7,633,632	9,032,452	841,203	1,253,552
Executive Directors of The Subsidiaries				
Salaries And Other Emoluments	6,773,227	6,474,168	-	-
Pension Costs - Defined Contribution Plan	715,179	718,432	-	-
Social Security Costs	4,295	4,663	-	-
	7,492,701	7,197,263	-	-
Non-Executive Directors of The Subsidiaries				
Fee	72,000	72,000	-	-
Salaries And Other Emoluments	104,000	48,000	-	-
	176,000	120,000	-	-
	7,668,701	7,317,263	-	-
Total Directors' Remuneration	15,302,333	16,349,715	841,203	1,253,552
Analysed As Follow :				
Total Executive Directors' Remuneration	14,276,331	15,402,586	721,203	1,123,552
Total Non-Executive Directors' Remuneration	1,026,002	947,129	120,000	130,000
	15,302,333	16,349,715	841,203	1,253,552

24. DIRECTORS' REMUNERATION (cont'd)

(b) The number of the Company's directors with total remuneration falling in bands of RM 150,000 are as follows :

	Company	
	2015	2014
	Number of Directors	
Executive Directors :		
RM 1,350,001 - RM 1,500,000	-	1
RM 1,500,001 - RM 1,650,000	3	1
RM 2,000,001 - RM 2,150,000	1	-
RM 2,400,001 - RM 2,550,000	-	1
RM 2,700,001 - RM 2,850,000	-	1
Non-Executive Directors :		
RM 1 - RM 150,000	4	4
RM 150,001 - RM 300,000	1	1
RM 450,001 - RM 600,000	1	1

25. FINANCE COSTS

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Interest Expenses on Financial Liabilities				
Not At Fair Value Through Profit or Loss :				
Bank Overdrafts	11,686	27,083	-	-
Bankers' Acceptances	3,132,816	2,680,169	-	-
Hire Purchase	849,620	600,802	6,835	-
Revolving Credit	243,730	263,575	-	-
Term Loans	5 70,636	279,406	-	-
Advance From Subsidiary	-	-	107,340	25,908
	4,808,488	3,851,035	114,175	25,908

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

26. PROFIT BEFORE TAX

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
This Is Arrived At After Charging :				
Allowance For Impairment Losses On Trade Receivables	141,342	409,073	-	-
Allowance For Slow Moving Inventories	11,709	41,763	-	-
Audit Fees				
- Statutory Audit	188,617	125,327	26,000	21,000
- Non-statutory Audit				
- Current	56,600	10,000	-	10,000
- Underprovision In Prior Years	-	15,000	-	15,000
Bad Debts Written Off	8,764	71,198	-	-
Depreciation				
- Investment Property	1,554	-	-	-
- Property, Plant And Equipment	13,234,093	11,401,753	177,145	110,689
Fair Value Loss On Derivatives	80,339	-	-	-
Inventories Written Down	7,643	170,639	-	-
Lease Rental	127,112	-	-	-
Property, Plant And Equipment Written Off	1,354,892	116,999	-	7,093
Rental Expenses	368,808	272,762	-	-
Staff Costs (Including Key Management Personnel As Disclosed In Note 32(c))	47,434,941	44,032,750	1,177,796	1,255,134
Unrealised Loss On Foreign Exchange	-	51,102	-	-
And Crediting :				
Bad Debts Recovered	(800)	-	-	-
Fair Value Gain On Derivatives	-	(79,734)	-	-
Gain On Disposal of Property, Plant And Equipment	(495,287)	(354,396)	-	-
Government Grants	(128,997)	-	-	-
Insurance Compensation	(9,509)	(65,408)	-	(13,000)
Rental Income	(69,597)	(905)	-	-
Reversal of Allowance For Impairment Losses On Trade Receivables	(109,840)	(174,174)	-	-
Reversal of Allowance For Slow Moving Inventories	(39,508)	(274,422)	-	-
Realised Gain On Foreign Exchange	(4,503,876)	(1,216,499)	-	-
Service Income	(938,610)	-	-	-
Unrealised Gain On Foreign Exchange	(106,927)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

27. TAX EXPENSE

(a) Components of Tax Expense

	Group	
	2015 RM	2014 RM
Current Tax Expense		
- Malaysian Tax	10,857,709	14,827,000
- Foreign Tax	622,589	306,599
- (Over)/Underprovision In Prior Years	(3,583,208)	232,451
	7,897,090	15,366,050
Deferred Tax Expense		
- Relating To Origination of Temporary Differences	1,684,000	2,140,000
- Underprovision In Prior Years	-	32,000
	1,684,000	2,172,000
Real Property Gains Tax	37,467	21,077
	9,618,557	17,559,127

(b) A reconciliation of income tax expense applicable to the profit before tax at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows :

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit Before Tax	50,720,262	66,351,462	6,385,830	23,215,495
Tax At Malaysian Statutory Income Tax Rate of 25%	12,680,000	16,590,000	1,596,000	5,804,000
Effects of Differential In Tax Rates of Subsidiaries	(309,000)	(251,000)	-	-
Tax Effect of Non-taxable Income	(369,000)	(115,000)	(1,875,000)	(6,250,000)
Tax Effect of Non-deductible Expenses	1,250,298	1,203,599	279,000	446,000
Effect of Tax Incentive	(185,000)	(205,000)	-	-
Deferred Tax Assets Not Recognised During The Financial Year	233,000	56,000	-	-
Utilisation of Deferred Tax Assets Previously Not Recognised	(136,000)	(5,000)	-	-
Real Property Gains Tax	37,467	21,077	-	-
(Over)/Underprovision In Prior Years :				
- Current Tax Expense	(3,583,208)	232,451	-	-
- Deferred Tax Expense	-	32,000	-	-
	9,618,557	17,559,127	-	-

The statutory tax rate will be reduced to 24% from the current financial year's rate of 25%, effective year of assessment 2016.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**27. TAX EXPENSE (cont'd)**

	Group	
	2015 RM	2014 RM
Income Tax Savings During The Financial Year Arising From :		
Utilisation of Tax Losses Previously Not Recognised As Deferred Tax Assets	30,000	-

- (c) Subject to the agreement of the Inland Revenue Board, at the end of the reporting period, the Group has unutilised reinvestment allowances of approximately RM 2,100,000 (2014 : RM 2,100,000) that are available for offsetting against future taxable profits.

28. EARNINGS PER ORDINARY SHARE**(a) Basic Earnings Per Ordinary Share**

	Group	
	2015 RM	2014 RM
Profit Attributable To Owners of The Company	40,996,264	48,620,216
	2015 Units	2014 Units
Weighted Average Number of Ordinary Shares In Issued :		
Ordinary Shares At 1 January	200,000,000	200,000,000
Effect of Bonus Issue	100,000,000	100,000,000
Effect of Exercise of Warrants	836	-
Effect of Treasury Shares Held	(121,917)	-
Weighted Average Number of Ordinary Shares At 31 December	299,878,919	300,000,000
Basic Earnings Per Ordinary Share (Sen)	13.67	16.21

(b) Diluted Earnings Per Ordinary Share

	Group	
	2015 RM	
Profit Attributable To Owners of The Company	40,996,264	
	2015 Units	
Weighted Average Number of Ordinary Shares For Basic Earnings Per Share	299,878,919	
Effect of Dilution of Warrants	8,247,221	
Weighted Average Number of Ordinary Shares For Diluted Earnings Per Share Computation	308,126,140	
Diluted Earnings Per Ordinary Share (Sen)	13.31	

For financial year 2014, the diluted earnings per ordinary share equals the basic earnings per ordinary share as the Company did not have any dilutive potential ordinary shares then.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

29. DIVIDENDS

	Group And Company	
	2015 RM	2014 RM
In Respect of The Financial Year Ended 31 December 2013		
A Final Single Tier Dividend of 7.5% on 200,000,000 Ordinary Shares of RM 0.20 Each	-	3,000,000
In Respect of The Financial Year Ended 31 December 2014		
An Interim Single Tier Dividend of 25% on 200,000,000 Ordinary Shares of RM 0.20 Each	-	10,000,000
A Special Single Tier Dividend of 25% on 200,000,000 Ordinary Shares of RM 0.20 Each	-	10,000,000
In Respect of The Financial Year Ended 31 December 2015		
An Interim Single Tier Dividend of 12.5% on 299,792,225 Ordinary Shares of RM 0.20 Each	7,494,806	-
	7,494,806	23,000,000

At the forthcoming Annual General Meeting, a final single tier dividend of 5.0% equivalent to 1.0 sen per ordinary share in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the financial year ending 31 December 2016.

30. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following :

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Deposits, Bank And Cash Balances	30,239,488	39,738,646	291,264	1,018,581
Less : Bank Overdrafts	-	(88,372)	-	-
	30,239,488	39,650,274	291,264	1,018,581
Less : Deposits Pledged To Licensed Banks (Note 15(b))	-	(473,929)	-	-
	30,239,488	39,176,345	291,264	1,018,581

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

31. COMMITMENTS

31.1 Capital Commitments

	Group	
	2015 RM	2014 RM
Authorised But Not Contracted For		
Purchase of Property, Plant And Equipment	-	7,144,000
Contracted But Not Provided For		
Purchase of Property, Plant And Equipment	27,976,000	2,877,000

31.2 Operating Lease Commitments

Leases As Lessee

Operating lease payments are for rentals payable for land rent in Singapore. The land leases period are for 39 years from 1 April 2011. The rentals are subject to an escalation clause but the amount of the rental increase is not to exceed a certain percentage. At the end of the reporting period, the total of future minimum lease payments under non-cancellable operating leases are as follows :

	Group	
	2015 RM	2014 RM
Not Later Than One Year	242,812	-
Later Than One Year And Not Later Than Five Years	1,112,387	-
Later Than Five Years	22,986,499	-
	24,341,698	-

32. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities with the same group of companies.

(b) Significant Related Party Transactions And Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year :

32. SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

(b) Significant Related Party Transactions And Balances (cont'd)

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Subsidiaries				
- Advances To	-	-	2,298,196	-
- Advances From	-	-	(5,701,422)	-
- Dividend Income Received/ Receivable	-	-	(7,500,000)	(25,000,000)
- Management Fee	-	-	(960,000)	(360,000)
Other Related Companies				
- Sale of Goods	(11,459,870)	(10,735,171)	-	-
- Purchase of Goods	16,127,248	24,079,584	-	-
Related Parties				
- With Companies Where Lau Brothers # Are Directors/ Shareholders				
- Sale of Goods	(11,456,578)	(12,794,137)	-	-
- Purchase of Goods	13,959,510	10,458,658	-	-
- With Company Where Spouse of Mr. Nam Yok San Is A Director				
- Transport Charges	5,235,813	5,669,790	-	-
- With Company Where A Director Of Subsidiary Mr. Tan Chau King Is A Director				
- Sale of Goods	(96,188)	(250,919)	-	-

Lau Brothers are Dato' Lau Bong Wong, Lau Chia Nguang, Datuk Lau Chir Nguan, Dato' Lau Eng Guang, Lau Hai Nguan and Tan Sri Lau Tuang Nguang collectively.

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

No expense was recognised during the financial year for bad or doubtful debts in respect of the amounts due from the related parties.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

32. SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

(c) Compensation of Key Management Personnel

The compensation of key management personnel who are the executive directors of the Group and of the Company are detailed in Note 24(a).

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Salaries And Other Emoluments	13,206,547	14,207,845	599,069	958,506
Pension Costs - Defined Contribution Plan	1,061,859	1,186,359	120,939	163,806
Social Security Costs	7,925	8,382	1,195	1,240
	14,276,331	15,402,586	721,203	1,123,552

33. OPERATING SEGMENTS

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

The Group is organised into three main reportable segments as follows :

- (i) Investment holding.
- (ii) Trading of pet food, medicine and other related products.
- (iii) Poultry farming.

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

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

- (b) Each reportable segment assets is measured based on all assets of the segment other than tax-related assets.
- (c) Each reportable segment liabilities is measured based on all liabilities of the segment other than borrowings and tax-related liabilities.
- (d) Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) head office expenses.

Transactions between reportable segments are carried out on agreed terms between both parties. Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties. The effects of such inter-segment transactions are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

33. OPERATING SEGMENTS (cont'd)

Business Segments

	Investment Holding	Trading of Pet Food, Medicine And Other Related Products	Poultry Farming	Others	Consolidation Adjustments	Group
	RM	RM	RM	RM	RM	RM
2015						
Revenue						
- External Revenue	-	148,576,898	264,181,577	-	-	412,758,475
- Inter-Segment Revenue	8,460,000	18,153,953	512,180,966	-	(538,794,919)	-
Consolidated Revenue	8,460,000	166,730,851	776,362,543	-	(538,794,919)	412,758,475
Results						
Segment Profit Before Interest And Tax	6,419,193	10,304,644	46,689,628	41,886	(8,219,309)	55,236,042
Investment Revenue						292,708
Finance Costs						(4,808,488)
Consolidated Profit Before Tax						50,720,262
Tax Expense						(9,618,557)
Consolidated Profit After Tax						41,101,705
Assets						
Segment Assets	78,721,750	111,307,193	418,798,075	7,802,510	(252,981,607)	363,647,921
Unallocated Assets :						
Income Producing Assets						15,665
Tax Recoverable						2,327,491
Consolidated Total Assets						365,991,077
Liabilities						
Segment Liabilities	6,223,976	51,247,608	138,807,083	4,918,544	(143,635,604)	57,561,607
Unallocated Liabilities :						
Borrowings						115,736,788
Tax Payable						1,030,908
Consolidated Total Liabilities						174,329,303
Other Segment Items						
Capital Expenditure	420,066	1,095,020	47,291,089	1,657,125	(3,142,504)	47,320,796
Depreciation	177,145	1,057,006	11,934,947	66,549	-	13,235,647
Non-Cash Items (Other Than Depreciation)	-	39,246	172,495	(84,210)	725,596	853,127

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

33. OPERATING SEGMENTS (cont'd)

Business Segments (cont'd)

	Investment Holding	Trading of Pet Food, Medicine And Other Related Products	Poultry Farming	Others	Consolidation Adjustments	Group
	RM	RM	RM	RM	RM	RM
2014						
Revenue						
- External Revenue	-	140,234,725	240,665,854	32,586	-	380,933,165
- Inter-Segment Revenue	25,360,000	12,245,522	444,395,399	758,758	(482,759,679)	-
Consolidated Revenue	25,360,000	152,480,247	685,061,253	791,344	(482,759,679)	380,933,165
Results						
Segment Profit Before Interest And Tax	23,203,596	8,307,860	64,194,852	(488,657)	(25,249,592)	69,968,059
Investment Revenue						234,438
Finance Costs						(3,851,035)
Consolidated Profit Before Tax						66,351,462
Tax Expense						(17,559,127)
Consolidated Profit After Tax						48,792,335
Assets						
Segment Assets	74,869,289	50,220,481	332,996,087	12,077,455	(175,976,324)	294,186,988
Unallocated Assets :						
Income Producing Assets						484,784
Tax Recoverable						809,366
Consolidated Total Assets						295,481,138
Liabilities						
Segment Liabilities	973,292	27,362,990	113,513,283	8,194,455	(96,238,197)	53,805,823
Unallocated Liabilities :						
Borrowings						77,851,497
Tax Payable						5,425,854
Consolidated Total Liabilities						137,083,174
Other Segment Items						
Capital Expenditure	117,992	446,895	28,190,363	989,191	-	29,744,441
Depreciation	110,689	647,157	10,358,405	285,502	-	11,401,753
Non-Cash Items (Other Than Depreciation)	7,093	(41,422)	29,206	(16,811)	(18)	(21,952)

33. OPERATING SEGMENTS (cont'd)

Geographical Information

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

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

Group	Revenue		Non-Current Assets	
	2015 RM	2014 RM	2015 RM	2014 RM
Malaysia	293,705,047	265,778,273	193,509,864	159,604,950
Singapore	109,985,628	105,705,451	29,042,389	803,326
Others	9,067,800	9,449,441	-	-
	412,758,475	380,933,165	222,552,253	160,408,276

Major Customers

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

34. FINANCIAL INSTRUMENTS

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

34.1 Financial Risk Management Policies

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

(a) Market Risk

(i) Foreign Currency Risk

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

34. FINANCIAL INSTRUMENTS (cont'd)

34.1 Financial Risk Management Policies (cont'd)

(a) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

Foreign Currency Exposure

	Euro	Hong Kong Dollar	Singapore Dollar	United States Dollar	Others	Ringgit Malaysia	Total
	RM	RM	RM	RM	RM	RM	RM
Group							
2015							
Financial Assets							
Other Investment	-	-	-	-	-	15,665	15,665
Trade And Other Receivables (N1)	-	844,573	9,721,251	-	-	31,694,573	42,260,397
Derivative Assets	-	-	-	102,193	-	-	102,193
Cash And Bank Balances	4,339	2,828	8,511,376	7,610	23,042	21,690,293	30,239,488
	4,339	847,401	18,232,627	109,803	23,042	53,400,531	72,617,743
Financial Liabilities							
Bank Borrowings	-	-	-	-	-	(96,514,509)	(96,514,509)
Hire Purchase Payables	-	-	(262,551)	-	-	(18,959,728)	(19,222,279)
Trade And Other Payables (N2)	-	-	(1,996,411)	(3,974,706)	(23,862)	(34,792,702)	(40,787,681)
Derivative Liabilities	(86,073)	-	-	-	-	-	(86,073)
	(86,073)	-	(2,258,962)	(3,974,706)	(23,862)	(150,266,939)	(156,610,542)
Net Financial (Liabilities)/ Assets	(81,734)	847,401	15,973,665	(3,864,903)	(820)	(96,866,408)	(83,992,799)
Less : Net Financial (Assets)/ Liabilities Denominated In The Respective Entities' Functional Currencies	-	-	(16,157,914)	-	-	96,866,408	80,708,494
Less : Forward Currency Contracts (Contracted Notional Principal)	6,970,840	-	-	3,851,757	-	-	10,822,597
Currency Exposure	6,889,106	847,401	(184,249)	(13,146)	(820)	-	7,538,292

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

34. FINANCIAL INSTRUMENTS (cont'd)

34.1 Financial Risk Management Policies (cont'd)

(a) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)
Foreign Currency Exposure (cont'd)

	Singapore Dollar RM	United States Dollar RM	Others RM	Ringgit Malaysia RM	Total RM
Group					
2014					
Financial Assets					
Other Investment	-	-	-	10,855	10,855
Trade And Other Receivables (N1)	7,803,747	151,839	-	35,271,225	43,226,811
Derivative Assets	96,459	-	-	-	96,459
Deposits, Bank And Cash Balances	12,214,843	4,911	36,564	27,482,328	39,738,646
	20,115,049	156,750	36,564	62,764,408	83,072,771
Financial Liabilities					
Bank Borrowings	-	-	-	(68,966,051)	(68,966,051)
Hire Purchase Payables	(124,093)	-	-	(8,761,353)	(8,885,446)
Trade And Other Payables (N2)	(1,404,521)	(3,191,298)	(64,233)	(38,581,771)	(43,241,823)
	(1,528,614)	(3,191,298)	(64,233)	(116,309,175)	(121,093,320)
Net Financial Assets/ (Liabilities)	18,586,435	(3,034,548)	(27,669)	(53,544,767)	(38,020,549)
Less : Net Financial (Assets)/ Liabilities Denominated In The Respective Entities' Functional Currencies	(19,146,163)	-	-	53,544,767	34,398,604
Less : Forward Currency Contracts (Contracted Notional Principal)	(6,284,000)	-	-	-	(6,284,000)
Currency Exposure	(6,843,728)	(3,034,548)	(27,669)	-	(9,905,945)

N1 - Excluding deposits, prepayments and certain receivables

N2 - Excluding certain payables

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

34. FINANCIAL INSTRUMENTS (cont'd)

34.1 Financial Risk Management Policies (cont'd)

(a) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

Foreign Currency Risk Sensitivity Analysis

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

	Group	
	2015 RM	2014 RM
Effects on Profit After Tax		
Euro/RM		
- Strengthened By 5%	258,341	-
- Weakened By 5%	(258,341)	-
HKD/RM		
- Strengthened By 5%	31,778	-
- Weakened By 5%	(31,778)	-
SGD/RM		
- Strengthened By 5%	(6,909)	(256,640)
- Weakened By 5%	6,909	256,640
USD/RM		
- Strengthened By 5%	(493)	(113,796)
- Weakened By 5%	493	113,796

(ii) Interest Rate Risk

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

The Group's fixed rate receivables and borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined FRS 7 since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk that based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 19.

Interest rate risk sensitivity analysis

Any reasonably possible change in the interest rates of floating rate term loans at the end of the reporting period does not have material impact on the profit after tax of the Group and hence, no sensitivity analysis is presented.

34. FINANCIAL INSTRUMENTS (cont'd)

34.1 Financial Risk Management Policies (cont'd)

(a) Market Risk (cont'd)

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group manages its exposure to equity price risk by maintaining a portfolio of equities with different risk profiles.

Equity price risk sensitivity analysis

Any reasonably possible change in the prices of quoted investments at the end of the reporting period does not have material impact on the profit after tax of the Group and hence, no sensitivity analysis is presented.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 150 days, which are deemed to have higher credit risk, are monitored individually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified (where applicable). Impairment is estimated by management based on prior experience and the current economic environment.

The Company provides financial guarantee to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit Risk Concentration Profile

At the end of the reporting period, there were no significant concentrations of credit risk other than the trade amounts due from related companies and related parties of RM 4,228,132 (2014 : RM 5,916,748).

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables at the end of the reporting period is as follows :

	Group	
	2015 RM	2014 RM
Malaysia	31,007,646	34,960,799
Singapore	9,721,251	7,803,747
Hong Kong	844,573	-
Others	-	152,469
	41,573,470	42,917,015

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

34. FINANCIAL INSTRUMENTS (cont'd)

34.1 Financial Risk Management Policies (cont'd)

(b) Credit Risk (cont'd)

(ii) Exposure To Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below. As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

(iii) Ageing Analysis

The ageing analysis of trade receivables is as follows :

	Gross Amount RM	Individual Impairment RM	Carrying Amount RM
Group			
2015			
Not Past Due	38,758,583	-	38,758,583
Past Due :			
- Less Than 3 Months	2,388,534	(127,463)	2,261,071
- 3 To 6 Months	464,869	(24,425)	440,444
- Over 6 Months	564,769	(451,397)	113,372
	42,176,755	(603,285)	41,573,470
2014			
Not Past Due	40,058,490	(97,292)	39,961,198
Past Due :			
- Less Than 3 Months	2,833,762	(58,253)	2,775,509
- 3 To 6 Months	305,162	(169,754)	135,408
- Over 6 Months	453,829	(408,929)	44,900
	43,651,243	(734,228)	42,917,015

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

34. FINANCIAL INSTRUMENTS (cont'd)

34.1 Financial Risk Management Policies (cont'd)

(c) Liquidity Risk

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

Maturity analysis

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

	Interest Rate	Carrying Amount	Contractual Undiscounted Cash Flows	Within 1 year	1-5 Years	Over 5 Years
	%	RM	RM	RM	RM	RM
Group						
2015						
Non-Derivative Financial Liabilities						
Trade And Other Payables (N1)	-	40,787,681	40,787,681	40,787,681	-	-
Bank Borrowings						
- Bankers' Acceptances	4.7	75,425,000	75,425,000	75,425,000	-	-
- Revolving Credit	5.3	5,000,000	5,000,000	5,000,000	-	-
- Term Loans	5.1	16,089,509	16,089,509	4,561,342	11,298,271	229,896
Hire Purchase Payables	3.9 - 7.1	19,222,279	21,366,250	8,269,443	13,096,807	-
Derivative Financial Liabilities						
Forward Currency Contracts (Gross Settled)	-	86,073				
- Gross Payments	-		6,970,840	6,970,840	-	-
		156,610,542	165,639,280	141,014,306	24,395,078	229,896
2014						
Non-Derivative Financial Liabilities						
Trade And Other Payables (N1)	-	43,241,823	43,241,823	43,241,823	-	-
Bank Borrowings						
- Bank Overdrafts	8.6	88,372	88,372	88,372	-	-
- Bankers' Acceptances	4.9	58,800,000	58,800,000	58,800,000	-	-
- Revolving Credit	5.6	5,000,000	5,000,000	5,000,000	-	-
- Term Loans	6.9	5,077,679	5,162,696	1,456,647	3,706,049	-
Hire Purchase Payables	4.5 - 7.3	8,885,446	9,885,079	4,797,827	5,087,252	-
		121,093,320	122,177,970	113,384,669	8,793,301	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

34. FINANCIAL INSTRUMENTS (cont'd)

34.1 Financial Risk Management Policies (cont'd)

(c) Liquidity Risk (cont'd)

	Interest Rate	Carrying Amount	Contractual Undiscounted Cash Flows	Within 1 Year	1-5 Years
	%	RM	RM	RM	RM
Company					
2015					
Non-Derivative Financial Liabilities					
Trade And Other Payables (N1)	-	6,219,443	6,219,443	6,219,443	-
Hire Purchase Payables	5.1 - 5.2	99,837	102,813	94,908	7,905
Financial Guarantee Contracts In Relation To Corporate Guarantee Given To Certain Subsidiaries	-	*	113,228,522	113,228,522	-
		6,319,280	119,550,778	119,542,873	7,905
2014					
Non-Derivative Financial Liabilities					
Trade And Other Payables (N1)	-	973,292	973,292	973,292	-
Financial Guarantee Contracts In Relation To Corporate Guarantee Given To Certain Subsidiaries	-	*	75,631,692	75,631,692	-
		973,292	76,604,984	76,604,984	-

N1 - Excluding certain payables

* The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised since the fair value on initial recognition was not material.

34.2 Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period was as follows :

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

34. FINANCIAL INSTRUMENTS (cont'd)

34.2 Capital Risk Management (cont'd)

	Group	
	2015 RM	2014 RM
Bank Borrowings	96,514,509	68,966,051
Hire Purchase Payables	19,222,279	8,885,446
	115,736,788	77,851,497
Less : Fixed Deposits With Licensed Banks	-	(473,929)
Less : Cash And Bank Balances	(30,239,488)	(39,264,717)
Net Debt	85,497,300	38,112,851
Total Equity	191,661,774	158,397,964
Debt-to-equity Ratio	0.45	0.24

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

Under the requirement of Bursa Malaysia Practice Note No.17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) more than 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM 40 million. The Company has complied with this requirement.

34.3 Classification of Financial Instruments

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Financial Assets				
<u>Available-for-sale Financial Assets</u>				
Other Investment	15,665	10,855	-	-
<u>Loans And Receivables Financial Assets</u>				
Trade And Other Receivables (N1)	42,260,397	43,226,811	2,019,396	-
Deposits, Bank And Cash Balances	30,239,488	39,738,646	291,264	1,018,581
	72,499,885	82,965,457	2,310,660	1,018,581
<u>Fair Value Through Profit or Loss</u>				
Derivative Assets	102,193	96,459	-	-
Financial Liabilities				
<u>Other Financial Liabilities</u>				
Trade And Other Payables (N2)	40,787,681	43,241,823	6,219,443	973,292
Bank Borrowings	96,514,509	68,966,051	-	-
Hire Purchase Payables	19,222,279	8,885,446	99,837	-
	156,524,469	121,093,320	6,319,280	973,292
<u>Fair Value Through Profit or Loss</u>				
Derivative Liabilities	86,073	-	-	-

N1 - Excluding deposits, prepayments and certain receivables

N2 - Excluding certain payables

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

34. FINANCIAL INSTRUMENTS (cont'd)

34.4 Fair Value Information

The fair values of the financial assets and financial liabilities of the Group and of the Company that maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period :

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM		
Group								
2015								
Financial Assets								
Other Investments								
- Quoted Shares	15,665	-	-	-	-	-	15,665	15,665
Derivative Assets :								
- Forward Currency Contracts	-	102,193	-	-	-	-	102,193	102,193
Financial Liabilities								
Hire Purchase Payables	-	-	-	-	19,133,380	-	19,133,380	19,222,279
Term Loans	-	-	-	-	16,089,509	-	16,089,509	16,089,509
Derivative Liabilities :								
- Forward Currency Contracts	-	86,073	-	-	-	-	86,073	86,073
Group								
2014								
Financial Assets								
Other Investments								
- Quoted Shares	10,855	-	-	-	-	-	10,855	10,855
Derivative Assets :								
- Forward Currency Contracts	-	96,459	-	-	-	-	96,459	96,459
Financial Liabilities								
Hire Purchase Payables	-	-	-	-	9,037,761	-	9,037,761	8,885,446
Term Loans	-	-	-	-	5,077,679	-	5,077,679	5,077,679
Company								
2015								
Financial Liabilities								
Hire Purchase Payables	-	-	-	-	99,659	-	99,659	99,837

34. FINANCIAL INSTRUMENTS (cont'd)

34.4 Fair Value Information (cont'd)

(a) Fair Value of Financial Instruments Carried at Fair Value

- (i) The fair values above have been determined using the following basis :
- (aa) The fair values of quoted investments is determined at their quoted closing bid prices at the end of the reporting period.
- (bb) The fair values of forward currency contracts are determined using forward exchange rates at the end of the reporting period with the resulting value discounted back to present value.
- (ii) There were no transfer between level 1 and level 2 during the financial year.

(b) Fair Value of Financial Instruments Not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis :

- (i) The fair values of hire purchase payables and term loans are determined by discounting the relevant cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates (per annum) used to discount the estimated cash flows are as follows :

	Group		Company	
	2015 %	2014 %	2015 %	2014 %
Hire Purchase Payables	3.9 - 7.2	4.3 - 6.8	5.4	-
Term Loans	5.1	6.9	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

35. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the retained profits of the Group and of the Company at the end of the reporting period into realised and unrealised profits are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants, as follows :

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Total Retained Profits of The Company And Its Subsidiaries				
- Realised	200,036,727	166,974,235	13,307,787	26,405,936
- Unrealised	(16,199,282)	(10,430,368)	-	-
	183,837,445	156,543,867	13,307,787	26,405,936
Less : Consolidation Adjustments	(30,283,464)	(24,158,473)	-	-
At 31 December	153,553,981	132,385,394	13,307,787	26,405,936

TOP 10 PROPERTIES OWNED

BY TEO SENG CAPITAL BERHAD AND ITS SUBSIDIARIES

(Pursuant to Appendix 9C Part A (25) of Main Market Listing Requirements)

LIST OF PROPERTY, PLANT AND EQUIPMENT							
No.	Location	Description	Tenure	Land Area	Age of Building (Years)	Net Book Value (RM'000)	Date of Acquisition / Revaluation
1.	6 Chin Bee Crescent Singapore 619892	2- Storey JTC Detached Factory	Leasehold expiring on 31st March 2050	26.58 sq ft	4	27,419	May-15
2.	GM561 Lot 1862 GM564 Lot 1287 GM650 Lot 1288 GM666 Lot 462 Mukim Chaah Bahru Batu 4.1/2, Jalan Paloh Daerah Batu Pahat, Johor.	Layer 13	Freehold	18.70A	3	5,686	Jun-13 Apr-13 Jun-13 Jul-13
3.	HS(D) 62613 PTD 29431 Mukim Tanjung Sembrong Batu 4, Jalan Air Hitam Johor.	Central Packing Station 1	Freehold	4.2387A	4	5,666	Nov -12
4.	HS(M) 16560 PTD 30302 Mukim Tanjung Sembrong, Tempat Yong Peng – A.Hitam Road Daerah Batu Pahat, Johor.	Feedmill Plant	Freehold	5.74A	15	5,423	*Mar-09
5.	Lot 83, 89, 90 PTD 2513-2517 Jalan Kg Kangkar Baru Daerah Batu Pahat, Johor.	Layer Farm 9	Freehold	48.05A	10	4,870	*May-08
6.	GM 455 Lot 4163 GM 456 Lot 4164 GM 1242 Lot 834 HS(D) 20359 Lot PTD 3547 All in Mukim Cha'ah Bahru Daerah Batu Pahat, Johor.	Layer Farm 1 Layer Farm 1B	Freehold Freehold	15.78A 13A	7 7	4,819	*Oct-07 *Oct-07 *Oct-07 Oct-09
7.	HS(M) 9807 PTD 25740 Mukim Tanjung Sembrong, Tempat Yong Peng – A.Hitam Road Daerah Batu Pahat, Johor.	Central Packing Station 2 and Corporate Office Building	Freehold	4.19A	9 8	4,814	*Mar-09 Sep-94
8.	Lot 3893(678) Mukim Chaah Baru Daerah Batu Pahat, Johor.	Layer Farm 12	Freehold	9A	4	3,976	Sep-12

TOP 10 PROPERTIES OWNED

BY TEO SENG CAPITAL BERHAD AND ITS SUBSIDIARIES

(Pursuant to Appendix 9C Part A (25) of Main Market Listing Requirements)

LIST OF PROPERTY, PLANT AND EQUIPMENT							
No.	Location	Description	Tenure	Land Area	Age of Building (Years)	Net Book Value (RM'000)	Date of Acquisition / Revaluation
9.	Lot 7087, 7088, 7090 GM4168 Lot156 Mukim Tanjong Sembrong Batu 5, Jalan Air Hitam Daerah Batu Pahat Johor	Layer Farm 8	Freehold Freehold	16.40A 7.249A	11 6	3,925	*May-08 Sep-09
10.	GM 503 Lot 3660 GRN 81499 Lot 3667 HS (M) 12 MLO 201 GM 873 Lot 3830 All in Mukim Chaah Bahru Daerah Batu Pahat, Johor.	Layer Farm 5 Layer Farm 5B	Freehold Freehold	20.97A 5.687A 3.450A	20 6 6	3,915	*Jun-95 *Jun-95 Apr-10 Apr-10

*Date of Revaluation.

ANALYSIS OF SHAREHOLDINGS

AS AT 4TH APRIL 2016

Authorised Capital : RM100,000,000.00 divided into 500,000,000 ordinary shares of RM0.20 each
 Issued and Paid-up Capital : RM59,958,445.00 (excluding 209,000 Treasury Shares of RM0.20 each) divided into 299,792,225 ordinary shares of RM0.20 each
 Class of Shares : Ordinary shares of RM0.20 each
 Voting Shares : One vote per ordinary share

ANALYSIS BY SIZE SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	% #
Less than 100	46	1.10	1,938	0.00
100 to 1,000	894	21.35	403,055	0.13
1,001 to 10,000	2,246	53.63	11,721,825	3.91
10,001 to 100,000	842	20.10	26,251,895	8.76
100,001 to 14,989,610	159	3.80	108,044,509	36.04
14,989,611 and above	1	0.02	153,369,003	51.16
Total	4,188	100.00	299,792,225	100.00

Note: # Excluding 209,000 Treasury Shares

THIRTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Advantage Valuations Sdn. Bhd.	153,369,003	51.16
2	Amanahraya Trustees Berhad	7,511,500	2.51
3	Koperasi Permodalan Felda Malaysia Berhad	7,207,500	2.41
4	Lau Joo Keat	4,150,500	1.38
5	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (Pheim)	3,939,000	1.31
6	Citigroup Nominees (Asing) Sdn. Bhd. CEP for Pheim Sicav-Sif	3,371,000	1.12
7	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for RHB Capital Fund (200189)	3,200,000	1.07
8	Na Yok Chee	2,852,175	0.95
9	Na Hap Cheng	2,796,789	0.93
10	Nam Hiok Yong	2,584,873	0.86
11	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koh Kim Chui (Margin)	2,413,500	0.81
12	Lau Joo Kiang	2,137,949	0.71
13	Amanahraya Trustees Berhad Public Optimal Growth Fund	2,000,000	0.67
14	Leong Hup Holdings Sdn. Bhd.	1,927,255	0.64
15	HSBC Nominees (Asing) Sdn. Bhd. BBH And Co Boston For Pheim Asean Equity Fund (TCSB)	1,890,000	0.63
16	Amanahraya Trustees Berhad Public Islamic Growth & Income Fund	1,808,700	0.60
17	Lee Kim Piew	1,780,000	0.59

ANALYSIS OF SHAREHOLDINGS

AS AT 4TH APRIL 2016

THIRTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
18	Citigroup Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persaraan (Diperbadankan) (CIMB Equities)	1,704,100	0.57
19	Wong Lee Ping	1,513,780	0.51
20	Ng Lee Ping	1,500,000	0.50
21	Tong Seh Industries Supply Sdn. Berhad	1,500,000	0.50
22	Khoo Liong Hoo	1,425,000	0.48
23	PM Nominees (Tempatan) Sdn. Bhd For Bank Kerjasama Rakyat Malaysia Berhad	1,378,600	0.46
24	HSBC Nominees (Asing) Sdn. Bhd Exempt An for Morgan Stanley & Co. LLC (Client)	1,234,900	0.41
25	Leong Ai Hsia	1,100,000	0.37
26	Lai Chong Koo	1,092,000	0.37
27	Citigroup Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persaraan (Diperbadankan) (MYBK AM SC E)	1,050,000	0.35
28	Amnah Binti Ibrahim	1,049,300	0.35
29	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Boon Chai	1,000,000	0.33
30	Soh Kian	1,000,000	0.33
Total		221,487,424	73.88

SUBSTANTIAL SHAREHOLDERS

As Per Register of Substantial Shareholdings

Shareholders	No of Shares Held			
	Direct	%	Indirect	%
Advantage Valuations Sdn. Bhd.	153,369,003	51.16	-	-
Leong Hup (Malaysia) Sdn. Bhd.	-	-	153,989,003 ¹	51.37
Unigold Capital Sdn. Bhd.	-	-	153,369,003 ¹	51.16
Leong Hup International Sdn Bhd	-	-	153,989,003 ²	51.37
Clarinden Investments Pte Ltd	-	-	153,989,003 ³	51.37
Emerging Glory Sdn Bhd	-	-	156,216,258 ³	52.11
Dato' Lau Bong Wong	-	-	156,216,258 ⁴	52.11
CW Lau & Sons Sdn Bhd	-	-	156,216,258 ⁴	52.11
Lau Joo Hong	-	-	156,216,258 ⁵	52.11
Lau Jui Peng	-	-	156,216,258 ⁵	52.11
Lau Joo Heng	-	-	156,216,258 ⁵	52.11
Na Hap Cheng	3,186,589	1.06	153,381,003 ^{6&7}	51.16
Nam Yok San	-	-	153,594,003 ^{6&7}	51.23
Na Yok Chee	2,852,175	0.95	154,308,503 ^{6&7}	51.47

ANALYSIS OF SHAREHOLDINGS

AS AT 4TH APRIL 2016

DIRECTORS' INTEREST

As Per Register of Directors' Shareholdings

Directors	No of Shares Held			
	Direct	%	Indirect	%
Lau Jui Peng	-	-	156,216,258 ⁵	52.11
Nam Yok San	-	-	153,594,003 ^{6&7}	51.23
Na Yok Chee	2,852,175	0.95	154,308,503 ^{6&7}	51.47
Tan Sri Lau Tuang Nguang	20,000	0.01	-	-
Dato' Zainal Bin Hassan	-	-	-	-
Dato' Koh Low @ Koh Kim Toon	-	-	-	-
Lau Joo Han	-	-	-	-
Loh Wee Ching	-	-	-	-
Choong Keen Shian	-	-	-	-
Frederick Ng Yong Chiang	-	-	-	-

Notes

1. Deemed interested by virtue of its/his interest in Advantage Valuations Sdn. Bhd. and/or subsidiaries pursuant to Section 6A(4) of the Companies Act, 1965 ("the Act").
2. Deemed interested by virtue of its interest in Leong Hup (Malaysia) Sdn. Bhd. and/or subsidiaries pursuant to Section 6A(4) of the Act.
3. Deemed interested by virtue of their interest in Leong Hup International Sdn. Bhd. and/or subsidiaries pursuant to Section 6A(4) of the Act.
4. Deemed interested by virtue of their interest in Emerging Glory Sdn. Bhd. pursuant to Section 6A(4) of the Act.
5. Deemed interested by virtue of their interest in CW Lau & Sons Sdn. Bhd. pursuant to Section 6A(4) of the Act.
6. Deemed interested by virtue of their interest in Unigold Capital Sdn. Bhd. pursuant to Section 6A(4) of the Act.
7. Deemed interested by virtue of his indirect equity interest in Teo Seng Capital Berhad via his spouse and/or children.

ANALYSIS OF WARRANTS HOLDINGS

AS AT 4TH APRIL 2016

No of Warrants Issued : 50,000,000
 No of Warrants Exercised : 1,225
 No of Warrants Unexercised : 49,998,775
 Exercise Price Per Warrants : RM1.35
 Exercise Period of Warrants : 30/01/2015 to 29/01/2020

ANALYSIS BY SIZE WARRANTS HOLDERS

Size of Warrants Holdings	No. of Warrants Holders	%	No. of Warrants	%
Less than 100	614	39.26	18,474	0.04
100 to 1,000	206	13.17	98,694	0.20
1,001 to 10,000	391	25.00	1,991,975	3.98
10,001 to 100,000	301	19.25	9,935,979	19.87
100,001 to 2,499,937	51	3.26	12,392,146	24.79
2,499,938 and above	1	0.06	25,561,507	51.12
Total	1,564	100.00	49,998,775	100.00

THIRTY LARGEST WARRANTS HOLDERS

No.	Name	No. of Warrants	%
1	Advantage Valuations Sdn. Bhd.	25,561,507	51.12
2	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Twee Yong	1,030,500	2.06
3	Lau Joo Keat	666,750	1.33
4	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ronie Tan Choo Seng (Margin)	600,000	1.20
5	Maybank Nominees (Tempatan) Sdn Bhd Chua Chin Chyang	490,000	0.98
6	Lau Joo Pern	471,750	0.94
7	Sim Keng Chor	450,000	0.90
8	Lai Chong Koo	386,000	0.77
9	Chen Yoke Faa	370,000	0.74
10	Mohana Krishnan A/L Ramachandran	350,000	0.70
11	Leong Hup Holdings Sdn Bhd	321,209	0.64
12	Choong Wai Kee	300,000	0.60
13	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tay Bee Geok (Tjj / Ken)	299,300	0.60
14	Jenna Lau Sai Cheng	260,000	0.52
15	Ng Lee Ping	250,000	0.50
16	Tong Seh Industries Supply Sdn Berhad	250,000	0.50
17	Lenny Mahdalena Johan	225,000	0.45
18	Maybank Nominees (Tempatan) Sdn Bhd Sia Lum Wah	220,000	0.44
19	Johstar The Plastic Man (M) Sdn Bhd	213,000	0.43
20	Low Eng Guan	212,125	0.43

ANALYSIS OF WARRANTS HOLDINGS

AS AT 4TH APRIL 2016

THIRTY LARGEST WARRANTS HOLDERS

No.	Name	No. of Warrants	%
21	Nam Hiok Yong	203,562	0.41
22	Lau Joo Kiang	200,000	0.40
23	Leong Ai Hsia	200,000	0.40
24	Lim Sze Hock	200,000	0.40
25	Bong Ng Youn	194,750	0.39
26	Tan Boon Chai	187,400	0.37
27	Maybank Nominees (Asing) Sdn Bhd Lee Chen Teng	177,500	0.36
28	Tan Lay Guat	170,000	0.34
29	Teo Sek Ching	160,000	0.32
30	Alexander Chia Jhet-Wern	156,250	0.31
Total		34,776,603	69.55

DIRECTORS' INTEREST

As Per Register of Directors' Warrants Holdings

Directors	No of Warrants Held			
	Direct	%	Indirect	%
Lau Jui Peng	-	-	26,015,716 ¹	52.03
Nam Yok San	-	-	25,586,507 ^{2&3}	51.17
Na Yok Chee	-	-	25,582,257 ^{2&3}	51.17
Tan Sri Lau Tuang Nguang	-	-	-	-
Dato' Zainal Bin Hassan	-	-	-	-
Dato' Koh Low @ Koh Kim Toon	-	-	-	-
Lau Joo Han	-	-	-	-
Loh Wee Ching	-	-	-	-
Choong Keen Shian	-	-	-	-
Frederick Ng Yong Chiang	-	-	-	-

Notes

1. Deemed interested by virtue of their interest in CW Lau & Sons Sdn. Bhd. pursuant to Section 6A(4) of the Act.
2. Deemed interested by virtue of their interest in Unigold Capital Sdn. Bhd. pursuant to Section 6A(4) of the Act.
3. Deemed interested by virtue of his indirect equity interest in Teo Seng Capital Berhad via his spouse and/or children.

NOTICE OF TENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Tenth Annual General Meeting of the Company will be held at Jasmine A & B Conference Room, Fourth Floor, Riverview Hotel, 29 Jalan Bentayan, 84000 Muar, Johor on Tuesday, 24 May 2016 at 11.30 a.m to transact the following businesses:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company and of the Group and the Reports of the Directors and the Auditors thereon for the financial year ended 31 December 2015. *(Please refer Explanatory Note 1)*
2. To approve the payment of final dividend of 5.0% in respect of the financial year ended 31 December 2015 under the single-tier systems; [Resolution 1]
3. To approve Directors' fees for the financial year ended 31 December 2015; [Resolution 2]
4. To re-elect the following Directors who retire pursuant to Article 103 of the Company's Articles of Association:
 - 4.1 Mr Lau Joo Han [Resolution 3]
 - 4.2 Tan Sri Lau Tuang Nguang [Resolution 4]
 - 4.3 Dato' Koh Low @ Koh Kim Toon [Resolution 5]
5. To consider and, if thought fit, pass the following resolution pursuant to Section 129 of the Companies Act, 1965: [Resolution 6]

"THAT Dato' Zainal Bin Hassan, retiring in accordance with Section 129 of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting."
6. To re-appoint Messrs Crowe Horwath as auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. [Resolution 7]

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:

7. **ORDINARY RESOLUTION** [Resolution 8]
PROPOSED ISSUANCE OF NEW ORDINARY SHARES OF RM0.20 EACH PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965 *(Please refer Explanatory Note 2)*

"THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965, to issue new ordinary shares of RM0.20 each in the Company from time to time and upon such terms and conditions to such persons and for such purposes as the Directors may deem fit PROVIDED THAT the aggregate number of new ordinary shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total issued share capital of the Company and that such authority shall unless revoked or varied by an ordinary resolution by the shareholders of the Company in general meeting commence upon the passing of this resolution until the conclusion of the next annual general meeting of the Company AND THAT the Directors are further authorised to do all such things and upon such terms and conditions as the Directors may deem fit and expedient in the best interest of the Company to give effect to the issuance of new ordinary shares under this resolution including making such applications to Bursa Malaysia Securities Berhad for the listing of and quotation for the new ordinary shares to be issued pursuant to this resolution."

NOTICE OF TENTH ANNUAL GENERAL MEETING

8. **ORDINARY RESOLUTION**
PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

[Resolution 9]
(Please refer
Explanatory Note 3)

"THAT, subject to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, the Company and/or its subsidiary companies ("the Group") be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related party as set out in Part B Section 2 of the Circular to Shareholders dated 28 April 2016 ("the Related Party") provided that such transactions and/or arrangements are:-

- (a) necessary for the day-to-day operations;
- (b) undertaken in the ordinary course of business and at arm's length basis and on normal commercial terms which are not more favourable to the Related Party than those generally available to the public; and
- (c) are not prejudicial to the minority shareholders of the Company

("the Shareholders' Mandate")

AND THAT such approval, shall continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which the Shareholders' Mandate is passed, at which time it will lapse, unless by a resolution passed at such AGM whereby the authority is renewed; or
- (b) the expiration of the period within the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting;

whichever is earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate."

9. **ORDINARY RESOLUTION**
PROPOSED RENEWAL OF AUTHORISATION TO ENABLE TEO SENG CAPITAL BERHAD TO PURCHASE UP TO 10% OF THE ISSUED AND PAID-UP ORDINARY SHARE CAPITAL OF THE COMPANY

[Resolution 10]
(Please refer
Explanatory Note 4)

"THAT, subject always to the compliance with all applicable laws, guidelines, rules and regulations and the approval of all relevant authorities, the Company be and is hereby authorised to purchase such amount of ordinary shares of RM0.20 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

- (i) the aggregate number of shares purchased does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company as quoted on Bursa Malaysia Securities Berhad as at the point of purchase;
- (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall be backed by an equivalent amount of retained profits and share premium; and

NOTICE OF TENTH ANNUAL GENERAL MEETING

- (iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends.

THAT the authority conferred by this resolution will commence after the passing of this ordinary resolution and will continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting ("AGM") at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

AND THAT authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act 1991 of Malaysia, and the entering into all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the purchased shares or to resell the shares or distribute the shares as dividends) in accordance with the requirements and/or guidelines of Main Market Listing Requirements of Bursa Malaysia Securities Berhad and all other relevant governmental and/or regulatory authorities."

- 10. To transact any other business that may be transacted at an annual general meeting of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT the final dividend of 5.0%, in respect of the financial year ended 31 December 2015 under the single-tier systems, if approved by the shareholders at the Tenth Annual General Meeting, will be paid on 22 July 2016.

The entitlement date for the dividend payment is on 11 July 2016.

NOTICE OF TENTH ANNUAL GENERAL MEETING

A depositor shall qualify for entitlement to the dividend only in respect of:-

- (a) Shares transferred into the Depositor's Securities Account before 5.00 p.m. on 11 July 2016 in respect of transfers; and
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By order of the Board

LEE CHOON SENG (MAICSA 7003453)
LUM SOW WAI (MAICSA 7028519)
WONG WAI FOONG (MAICSA 7001358)
TAN BEE HWEE (MAICSA 7021024)
Secretaries

Yong Peng
28 April 2016

NOTES:

- (i) For the purpose of determining a member who shall be entitled to attend and vote at the Tenth Annual General Meeting, the Company shall be requesting the Record of Depositors as at 17th May 2016. Only a depositor whose name appears on the Record of Depositors as at 17th May 2016 shall be entitled to attend and vote at the said meeting as well as for appointment of proxy(ies) to attend and vote on his/her stead.
- (ii) A member entitled to attend and vote at this meeting is entitled to appoint a proxy/(proxies or attorney) or authorised representative to attend and vote in its stead.
- (iii) A proxy may but need not be a member of the Company, an advocate, an approved company auditor or a person approved by the Registrar of Companies. The provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- (iv) A member is entitled to appoint not more than two (2) proxies.
- (v) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (vi) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for the multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

NOTICE OF TENTH ANNUAL GENERAL MEETING

NOTES (cont'd):

- (vii) Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- (viii) The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the Company at 201-203, Jalan Abdullah, 84000 Muar, Johor, not less than forty-eight (48) hours before the time for holding the meeting i.e. before 11.30 a.m., 22 May 2016.
- (ix) If the appointer is a corporation, this form shall be executed under its common seal or under the hand of its officer or attorney duly authorised.
- (x) If this Proxy Form is signed under the hands of an officer duly authorised, it should be accompanied by a statement reading "signed as authorised officer under Authorisation Document which is still in force, no notice of revocation having been received". If this Proxy Form is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under Power of Attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed in the Proxy Form.

EXPLANATORY NOTES

1. Item 1 of the Agenda

This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. Item 7 of the Agenda

The proposed resolution 8 is the renewal of the mandate obtained from the members at the last Annual General Meeting and if passed, will give the Directors authority to issue new ordinary shares up to an amount not exceeding 10% of the issued share capital of the Company for such purposes as the Directors would consider to be in the best interest of the Company. This would avoid any delay and cost involved in convening a general meeting to specifically approve such an issue of shares. This authority will commence from the date of this Annual General Meeting and, unless earlier revoked or varied by the shareholders of the Company at a subsequent general meeting, expire at the next annual general meeting.

The previous mandate was not utilised and accordingly no proceeds were raised.

The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions.

3. Item 8 of the Agenda

The proposed resolution 9, if passed, will allow the Group to continue to enter into recurrent related party transactions made on an arm's length basis and on normal commercial terms and which are not prejudicial to the interests of the minority shareholders. Please refer to Part B of the Circular to Shareholders dated 28 April 2016 for further information.

4. Item 9 of the Agenda

The proposed resolution 10, if passed, will allow the Company to purchase its own shares up to 10% of the total issued and paid-up capital of the Company by utilising the funds allocated which shall not exceed the earnings and/or share premium of the Company. Please refer to Part A of the Circular to Shareholders dated 28 April 2016 for further information.

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TEO SENG CAPITAL BERHAD
(Company No.732762-T)

PROXY FORM

CDS Account No. of Authorised Nominee#

#applicable to shares held through nominee account

I / We _____ NRIC No. _____

of _____

being a member(s) of **TEO SENG CAPITAL BERHAD** (732762-T) hereby appoint _____

_____ NRIC No. _____

of _____

or failing him / her _____ NRIC No. _____

of _____

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Tenth Annual General Meeting of the Company to be held at Jasmine A & B Conference Room, Forth Floor, Riverview Hotel, 29 Jalan Bentayan, 84000 Muar, Johor on Tuesday, 24 May 2016 at 11.30 a.m. and at any adjournment thereof. The proxy is to vote in the manner indicated below, with an "X" in the appropriate spaces. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

Item	Agenda	Resolution	FOR	AGAINST
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2015 and the Reports of Directors and Auditors thereon.			
	Ordinary Resolutions			
2.	To approve the payment of final dividend of 5.0%, in respect of the financial year ended 31 December 2015 under single-tier systems..	1		
3.	To approve Directors' fees for the financial year ended 31 December 2015.	2		
4.1	To re-elect Mr Lau Joo Han who retires as a Director of the Company pursuant to Article 103 of the Company's Articles of Association.	3		
4.2	To re-elect Tan Sri Lau Tuang Nguang who retires as a Director of the Company pursuant to Article 103 of the Company's Articles of Association.	4		
4.3	To re-elect Dato' Koh Low @ Koh Kim Toon who retires as a Director of the Company pursuant to Article 103 of the Company's Articles of Association.	5		
5.	To re-appoint Dato' Zainal Bin Hassan in accordance with Section 129 of the Companies Act, 1965.	6		
6.	To re-appoint Messrs. Crowe Horwath as auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	7		
7.	Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965.	8		
8.	Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	9		
9.	Proposed Renewal of Authorisation to enable Teo Seng Capital Berhad to Purchase up to 10% of the Issued and Paid-up Ordinary Share Capital of the Company.	10		

Signed this _____ day of _____ 2016

Signature of Member/Common Seal

Number of shares held : _____

Date : _____

For appointment of two proxies, percentage of shareholdings to be represented by the proxies :

	No of shares	Percentage
Proxy 1		%
Proxy 2		%
		%

Notes:-

- (i) For the purpose of determining a member who shall be entitled to attend and vote at the Tenth Annual General Meeting, the Company shall be requesting the Record of Depositors as at 17th May 2016. Only a depositor whose name appears on the Record of Depositors as at 17th May 2016 shall be entitled to attend and vote at the said meeting as well as for appointment of proxy(ies) to attend and vote on his/her stead.
- (ii) A member entitled to attend and vote at this meeting is entitled to appoint a proxy/(proxies or attorney) or authorised representative to attend and vote in its stead.
- (iii) A proxy may but need not be a member of the Company, an advocate, an approved company auditor or a person approved by the Registrar of Companies. The provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- (iv) A member is entitled to appoint not more than two (2) proxies.
- (v) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (vi) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for the multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
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- (viii) The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the Company at 201-203, Jalan Abdullah, 84000 Muar, Johor, not less than forty-eight (48) hours before the time for holding the meeting i.e. before 11.30 a.m., 22 May 2016.
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- (x) If this Proxy Form is signed under the hands of an officer duly authorised, it should be accompanied by a statement reading "signed as authorised officer under Authorisation Document which is still in force, no notice of revocation having been received". If this Proxy Form is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under Power of Attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed in the Proxy Form.

Fold this flap for sealing

Then fold here


Postage

The Company Secretary
TEO SENG CAPITAL BERHAD
(Company No. 732762-T) (Incorporated in Malaysia)

201-203, Jalan Abdullah
84000 Muar, Johor,
Malaysia.

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(A Subsidiary of Teo Seng Capital Berhad)

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