



**LAY HONG BERHAD**

(198301011738 (107129-H)) Incorporated in Malaysia

**ANNUAL  
REPORT  
2021**

OUR

# MISSION

## TO PROMOTE

A healthier lifestyle and diet among Malaysians by developing highly nutritious and hygienic products utilizing the highest quality processing standards.



## TO BECOME

An increasingly important supplier of processed chicken, chicken related products and eggs by expanding market share, developing new products, and building trust and reliability among consumers.



## TO PROVIDE

A caring and rewarding environment for our employees, one which can help fulfill their career goals and inculcate a sense of participation, team spirit and loyalty which will benefit all.



## TO WORK

Diligently and consistently to enhance value for our shareholders, to deliver our products fresh on time to our partners and consumers, and to be a responsible corporate citizen.



# TABLE OF

# CONTENTS

3	Corporate Information	31	Corporate Governance Overview Report	44	Financial Statements
4	Group Financial Highlights	36	Audit Committee Report	140	Analysis of Shareholdings
5	Group Structure and Operations	40	Statement on Risk Management and Internal Control	143	Analysis of Warrant Holdings
6	Management Discussion and Analysis	42	Additional Compliance Information	146	List of Top Ten Properties
13	Director's Profile	43	Statement of Directors' Responsibility in relation to the Financial Statements	147	Notice of Annual General Meeting
18	Key Senior Management				Form of Proxy
21	Sustainability Statement				

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Dato' Yap Hoong Chai**
*Executive Chairman*
**Dato' Yeap Weng Hong**
*Executive Director*
**Dato' Yap Chor How**
*Executive Director*
**Ng Kim Tian**
*Executive Director*
**Yeap Fock Hoong**
*Non-Independent Non-Executive  
Director*
**Gan Lian Peng**
*Independent Non-Executive  
Director*
**Lim Teck Seng**
*Independent Non-Executive  
Director*
**Tan Chee Hau**
*Independent Non-Executive  
Director*
**Tadaaki Ito**
*Non-Independent Non-Executive  
Director*
**Yasuhito Igarashi**
*(Alternate Director to Tadaaki Ito)*

### AUDIT COMMITTEE

**Gan Lian Peng**
*Chairman*
**Lim Teck Seng**
**Tan Chee Hau**

### NOMINATING COMMITTEE

**Gan Lian Peng**
*Chairman*
**Lim Teck Seng**
**Tan Chee Hau**

### REMUNERATION COMMITTEE

**Gan Lian Peng**
*Chairman*
**Lim Teck Seng**
**Tan Chee Hau**

### EMPLOYEES' SHARES ISSUANCE SCHEME COMMITTEE

**Executive Director (Chairman)**
**Finance Director**
**Human Resources Manager**

### COMPANY SECRETARIES

**Wong Yuet Chyn**

(MAICSA 7047163)

(SSM PC 202008002451)

**Lee Wee Hee**

(MAICSA 0773340)

(SSM PC 201908004010)

### AUDITORS

**Tai, Yapp & Co PLT**

No. 3-2, Jalan Indrahana 2

Off Jalan Kuchai Lama

58200 Kuala Lumpur

Wilayah Persekutuan (KL)

### REGISTERED OFFICE

No. 2-1, Jalan Sri Hartamas 8

Sri Hartamas

50480 Kuala Lumpur

Wilayah Persekutuan (KL)

T: 03 6201 1120

F: 03 6201 3121

### SHARE REGISTRAR

**Securities Services  
(Holdings) Sdn Bhd**

Level 7, Menara Milenium

Jalan Damanlela

Pusat Bandar Damansara

Damansara Heights

50490 Kuala Lumpur

Wilayah Persekutuan (KL)

T: 03 2084 9000

F: 03 2094 9940

### CORPORATE OFFICE

No. 2 Level 10-12, Wisma Lay Hong

Jalan Empayar, Off Persiaran

Sultan Ibrahim / KU1

41150 Klang

Selangor Darul Ehsan

T: 03 3343 4888

F: 03 3343 8839

### PRINCIPAL BANKERS

AmBank (M) Berhad

Bank of China (Malaysia) Berhad

Bank Pertanian Malaysia Berhad

Hong Leong Bank Berhad

Malayan Banking Berhad

### STOCK EXCHANGE LISTING

**Bursa Malaysia**
**Securities Berhad**

Main Market

Stock Name : LAYHONG

Stock No : 9385

### WEBSITE

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

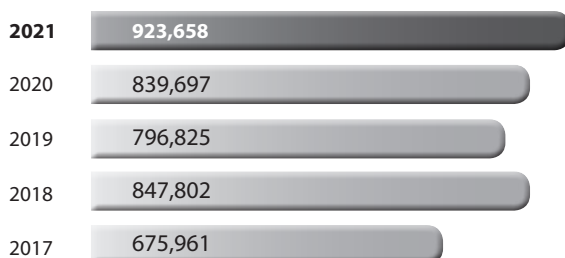
## GROUP FINANCIAL HIGHLIGHTS

	2021 RM'000	2020 RM'000	2019 RM'000 Restated*	2018 RM'000	2017 RM'000
Revenue	<b>923,658</b>	839,697	796,825	847,802	675,961
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	<b>65,384</b>	64,531	47,178	81,290	52,891
Net profit for the financial year	<b>5,242</b>	5,576	1,403	31,554	19,406
Profit attributable to the owners of the Company	<b>3,182</b>	3,398	7,267	27,399	18,255
Total assets	<b>944,278</b>	850,808	820,196	797,082	628,038
Net assets (NA)	<b>456,502</b>	371,687	371,725	362,756	316,297
Share capital	<b>145,621</b>	145,621	145,621	130,109	121,750
NA per share **	<b>0.69</b>	0.56	0.56	0.55	0.48
Basic earnings per share (sen)**	<b>0.48</b>	0.51	1.11	4.47	4.91

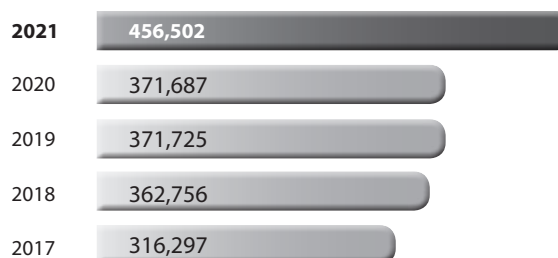
\* Financial year ("FY") 2018 results has been restated due to the first time adoption of MFRS 141 Biological assets.

\*\* Based on number of ordinary shares of RM0.20 each after adjusting for Bonus Issue and Share Split in FY 2017.

### REVENUE (RM'000)



### NET ASSETS (RM'000)

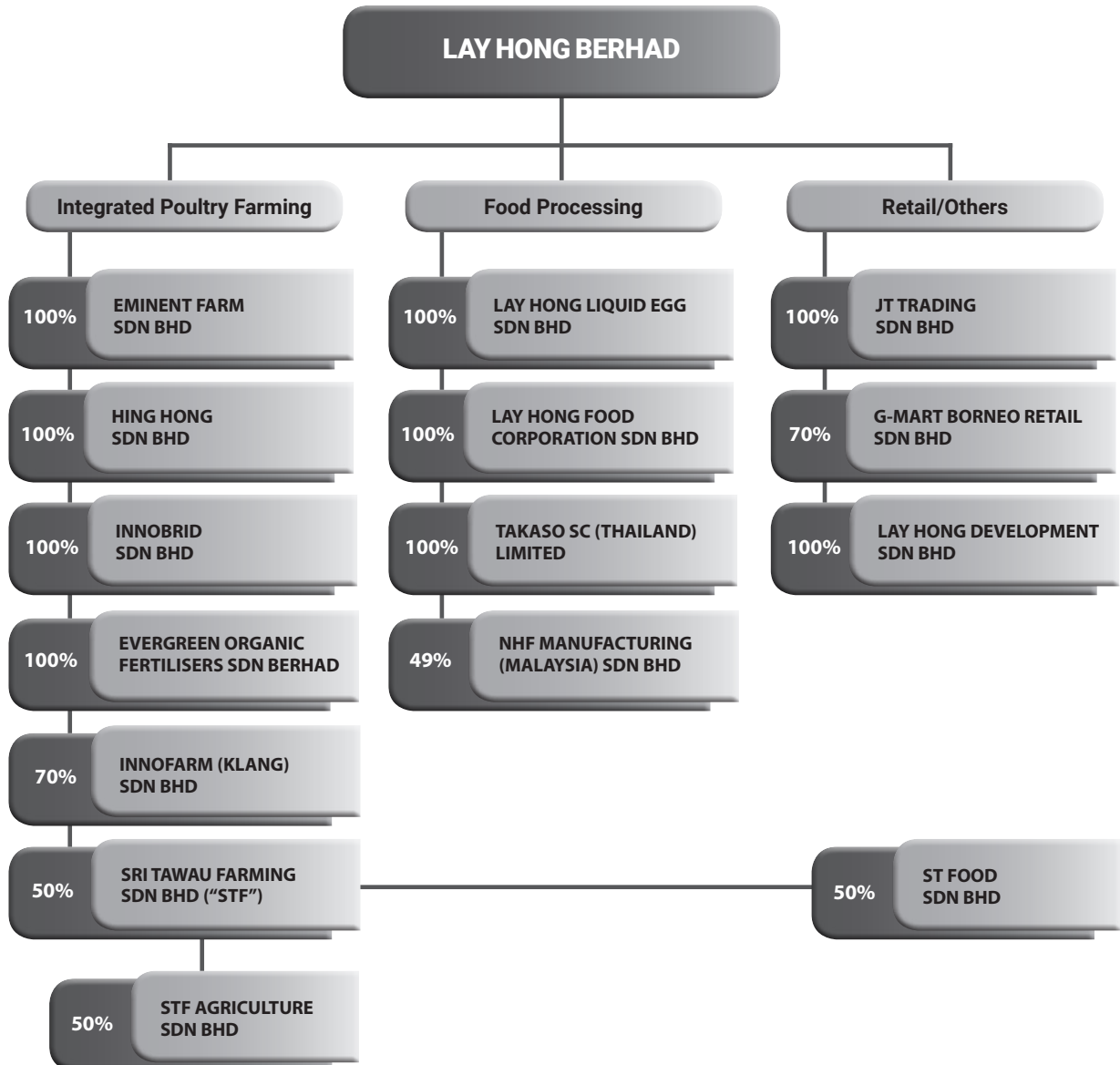


### NET ASSETS PER SHARE (RM'000)



# GROUP STRUCTURE AND OPERATIONS

AS AT 3 AUGUST 2021



# MANAGEMENT DISCUSSION AND ANALYSIS

## DEAR SHAREHOLDERS

On behalf of the Board of Directors, I would like to thank you for the continuous trust and support for Lay Hong Berhad (the “**Company**”) and its subsidiaries (the “**Group**”). We are in the business of integrated poultry farming, food manufacturing and retail business for the past 6 decades. Our operations are located both in Peninsular Malaysia and Sabah. This section is to provide shareholders with an overview of the business operations of the Group, financial review of financial year (“**FY**”) 2021 and the Group’s business expectations for 2022.

## CORE BUSINESS

There has been no change to the Group’s core activities in FY2021, namely: -

- 1) Integrated livestock farming
- 2) Food manufacturing
- 3) Retail business

## EXTERNAL FACTOR

FY2021 had been a challenging year for the Group as Malaysia and the world are still grasping with the Novel Coronavirus (“**Covid-19**”) pandemic. With it, came the imposition of Movement Control Order (“**MCO**”) or lockdowns across all economy sectors. Essential services such as ours are given the reprieve to continue operate but with restrictions and standard operating procedures (“**SOP**”) to follow. With the various type of lockdowns, restaurants, and food manufacturing sectors were badly affected due to the reduced footfall in restaurants and disrupted outputs in food manufacturers due to capacity restrictions.

## GROUP FINANCIAL RESULTS

	2021 RM'000	2020 RM'000
Revenue	923,658	839,697
Profit before tax (“ <b>PBT</b> ”)	9,698	14,097
Profit after tax (“ <b>PAT</b> ”)	5,242	5,576
Total borrowings	290,058	299,343
Shareholder funds attributable to owners of the Company	405,337	334,207
Share Capital	145,621	145,621
No. of shares	660,289	660,289
Gearing ratio (times)	0.72	0.89
Basic Earnings per shares (“ <b>EPS</b> ”) (sen)	0.48	0.51
Net assets per share (RM)	0.69	0.56

Revenue for the FY2021 increased by 10.00% or RM83.96 million from RM839.70 million to RM923.66 million. The increase in revenue were primarily due to MCO where revenue had increased in particular for our food manufacturing division as more people are required to stay home to work and cooked. The retail business also benefited from the MCO due to the fear of food shortages further contributed to the increase sales.

Despite the increase in revenue, the Group’s PBT recorded a marginal decline of 5.99% or RM0.33 million from RM5.58 million to RM5.24 million. The decrease was primarily due to the gradual increase of feed cost which represented a significant cost element to the Group. Besides that, the Group also recorded a negative fair value adjustment of approximately RM12.46 million from its revaluation of biological assets. This negative valuation was attributable to the lower average selling price (“**ASP**”) of eggs and at the point of writing, the ASP of eggs has improved.

# MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

## GROUP FINANCIAL RESULTS (CONT'D)

### GROUP FINANCIAL POSITION

The Group's financial position as of 31 March 2021 was RM944.28 million in total assets and shareholders' equity of RM405.34 million, respectively. Total liabilities of the Group stood at RM487.78 million in FY2021 of which, the Group's gross borrowing was at RM290.06 million. This represents a decrease of RM9.28 million when compared with FY2020. Gross gearing ratio was 0.72 times which was an improvement from the 0.89 times recorded in FY2021. The Group's net assets value per share for FY2021 was RM0.61 times which was higher than RM0.51 per share recorded in FY2020.

## BUSINESS REVIEW

### INTEGRATED LIVESTOCK FARMING

The Group's integrated livestock farming division (upstream division) was divided primarily into two (2) segments i.e Layer and Broiler.

#### Layer

Revenue increased slightly from RM213.85 million to RM227.01 million due to the completion of one additional layer house in Jeram, Selangor whilst the ASP of table eggs was slightly lower at RM0.307 compared to RM0.315 per egg in the previous year.

The functional eggs branded under "NUTRIPLUS", revenue remain flat from RM77.48 million to RM78.55 million year on year due to lack of promotional activities being carried out because of the continuing of various MCOs.

The number of layer farms (Parent stock breeders and layers) now owned by the Group in FY2021 are as follows:-

#### *Parent Stock Breeder Farm and Hatchery locations*

Locations		Capacity per month (Day Old Chick)	Type
1	Lot 1632 & 1633, Ijok, Selangor	150,000	Environment controlled House ("ECH")
2	Lot 1640, Ijok, Selangor	32,000	ECH
		182,000	



# MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

## BUSINESS REVIEW (CONT'D)

### INTEGRATED LIVESTOCK FARMING (Cont'd)

#### Layer (Cont'd)

##### Layer Farm locations

Locations		Capacity per day (Eggs)	Type
1	Lot 4857, Kapar Selangor	165,000	Open House
2	Lot 1555 & 1868, Jeram Selangor	480,000	ECH
3	Lot 1821, Jeram, Selangor	240,000	ECH
4	Lot 1822, Jeram, Selangor	480,000	ECH
5	Lot 1847, Jeram, Selangor	240,000	ECH
6	Lot 1954, Jeram, Selangor	240,000	ECH
7	Lot 2809, Jeram, Selangor	480,000	ECH
8	Lot 1717-1720, Jasin, Melaka	390,000	ECH/Open House
9	Lot 4847 & 4848, Kapar, Selangor	180,000	Open House
10	Tuaran, Sabah	78,000	Open House
11	Tamparuli, Sabah	240,000	ECH
		3,213,000	

#### Broiler

In FY2021, the Group harvested a total of 40.29 million kilogram ("kg") of broilers compared to 45.51 million kg recorded in the previous year due to lower productivity at some of the older farms in Tanjong Karang, Selangor and Kampong Serusup in Kota Kinabalu, Sabah. Due to this, the sales had accordingly recorded a decline of 5.07% or RM10.26 million from RM202.36 million to RM192.10 million. The ASP for FY2021 was at RM4.77 per kg against RM4.55 per kg. The increase in ASP was also due to restriction in operation in farms thus affecting productivity during the various MCOs period.

The number of broiler farms (Parent stock breeders and broilers) owned by the group in FY2021 as follows:-

##### Parent Stock Breeder Farm and Hatchery locations

Location		Capacity per month (Day Old Chick)	Type
1	Bukit Belimbing/Bukit Rotan, Selangor	1,600,000	ECH
2	Papar, Sabah	900,000	ECH
		2,500,000	

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## BUSINESS REVIEW (CONT'D)

### INTEGRATED LIVESTOCK FARMING (Cont'd)

#### Broiler (Cont'd)

##### *Broiler Farm*

Location		Capacity per cycle (Day Old Chick)	Type
1	Tanjung Karang, Selangor (10 farms)	2,308,000	ECH
2	Behrang, Perak	750,000	ECH
3	Kampung Indai, Sabah	70,000	ECH
4	Kampung Serusup, Sabah	300,000	ECH
5	Tawau, Sabah	100,000	ECH
6	Sandakan, Sabah	210,000	ECH
7	Bongawan, Sabah	50,000	ECH
8	Keningau, Sabah	80,000	ECH
9	Tamparuli, Sabah	240,000	ECH
		4,108,000	

## FOOD MANUFACTURING

The Group's food manufacturing division (downstream division) was divided primarily into two (2) segments i.e processed chicken products and pasteurised liquid egg.

#### Processed chicken products

In FY2021, the Group recorded a higher revenue of RM361.84 million compared to RM328.77 million recorded in FY2020. Due to the pandemic, a lot of companies implemented the work from home concept for their employees, thus forcing them to consume more foods in home. This has indirectly increased the sales of our Group's products. The sale of the additional products manufactured by our joint venture co with NH Food Limited, Japan has also contributed to the increase in revenue.

Currently, the Group operates one large chicken processing/manufacturing plant in Bagan Tengkorak, Tanjung Karang and another 4 smaller regional slaughtering plants in Sabah, located in Kota Kinabalu, Keningau, Tawau and Sandakan. The needs of these smaller plants are to overcome logistic issues faced in Sabah.

#### Pasteurised Liquid Egg

The Group currently has two pasteurised liquid egg plant in operations. These plants are located at Meru, Klang and Iskandar Halal Hub, Pasir Gudang, Johor and have a combined capacity to pasteurise up to 1,350 metric tonnes of customized liquid egg products per month running at 20 hours per workday. The products include pasteurised egg white, yolk, whole egg, liquid egg with salt or sugar or other ingredients. Currently, approximately 13.00% percent of the total eggs produced by the Group are pasteurised into liquid egg and sold to local industrial consumers and export markets.

In FY2021, this segment produced 4.23 million kg as compared with 5.08 million kg in FY2020. As pasteurised eggs are normally consumed by commercial players such as confectionaries and restaurants, the customers were also affected by the imposition of various MCOs thus resulted to the lower pasteurised eggs product being sold during the year under review.

The revenue generated from this segment was RM28.21 million compared to that of RM35.64 million recorded in the previous year.

# MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

## RETAIL BUSINESS

The Group's retail business cover Peninsular Malaysia and Sabah only. Presently, the Group operates the following type of retail stores:

No	Branded under	Type	No of Stores
1	G-Mart	Supermarkets	17
2	MYSHOP	Retail shops	44
3	JT Trading	Retail shops	4
Total Stores			65

The on-going pandemic has changed the shopping behaviour of consumers. Previously, they would like to go to big hypermarkets with their family members and spent a few hours to shop for a week's supplies or longer. Now with the fear of contracting Covid, the consumer would go alone only and just buy whatever is needed urgently and leave the store as soon as the products are purchased. With this drastic change in behaviour, the group capitalises on this and expanded the stores from 41 stores to 44 stores in FY2021. The outlet is branded under "MYSHOP" and they are of either 1 or 2 shop fronts type with an area of approximately 3000-5000 square feet ("sq ft") and located in small suburban areas catering only for the local populace.

Beside the above, the Group also operates 17 Supermarket outlets branded under the 'G-Mart'. This type of stores is much larger which has a shopping area of between 20,000 to 40,000 sq ft area. Similarly, due to MCO, the business has also recorded increase in daily sales contributed by similar reasons above.

For FY2021, the combined retail business revenue had recorded an increase from RM215.29 million in FY2020 to RM230.60 million. Total contribution to group profit during the financial year was RM1.95 million compared to a loss of RM1.44 million recorded in the previous year.

## ANTICIPATED OR KNOWN RISKS

### Credit Risk and Default In Payment By Customers

Generally, the credit terms granted to customers ranges from 45 days to 180 days. Our customers have varying degrees of credit risk profiles which exposes the Group to the risk of slow or non-payment by them. In the event that the customers default on their payments, our operating cash flows, financial health and performance could be adversely affected.

We are aware of our exposure to the above and we mitigate this by putting in place prudent credit management policies in our Group through the application of credit approvals, credit limits and monitoring procedures on an on-going basis. We perform credit evaluation on all our customers and an appropriate credit limit is then allocated to each customer based on our assessment of their risk profile. In addition, we also emphasize on close monitoring and collection of accounts on an on-going or monthly basis to minimize the risk of default.

Although there has been no material collection problem on trade receivables or material bad debts written off in the past, there is no guarantee that all our customers will be able to fulfil their debts obligation as and when the debts become due or that our Group will not encounter collection problem in the near future. Any default or delay in our collection of debts which lead to impairment loss on trade receivables or bad debts may have an impact on our financial performance.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### ANTICIPATED OR KNOWN RISKS (CONT'D)

#### Foreign Currencies Risk

The Group's certain raw materials such as corn and soya bean are transacted in United State Dollar while approximately 15% of our sales are transacted in Singapore dollars. As such, the Group's is exposed to foreign exchange risk. Any favourable or unfavourable fluctuation in foreign exchange rate may have an adverse/favourable impact to the Group's financial performance and profitability.

The Group does not enter any financial instruments to hedge against any foreign currency as the transactions are deemed insignificant. However, for purchases of corn and soya, the Group takes a three (3) to six (6) months position with the local importer who in turn took the foreign currency risk upon themselves. The Group will pay a small premium on the risk pass to them.

Despite the effort to minimize the foreign exchange risk, there can be no assurance that any future significant fluctuations in foreign currency will not have an impact to our financial performance.

#### Disease Outbreaks

The Group's operate in the livestock industry and tend to expose to the risk of infectious disease outbreaks such as Newcastle disease, Avian Influenza, salmonella infectious, etc. Therefore, the management has taken pre-caution measure such as implementation of strict procedures and policy in all the farms and diversifying its operations over a different geographical area. Presently, the Group's farm operations are in Perak, Selangor, Melaka and Sabah.

Besides, the Group also continue upgrading its existing open house farms to environmental controlled house to minimize the impact of disease transmission.

### FORWARD LOOKING STATEMENT

The Group is an integrated poultry farmer cum food manufacturer and retail stores operator. This means the Group has almost everything inhouse from animal feed production, breeding of both layer and broiler parent and feed stocks right up to the harvesting of table eggs / broilers to slaughtering and processing of downstream chicken products and the final distribution of all its branded products to the retail market. All the chicken products offered for sale are certified "HALAL" by approved authorities. The Group also converts its chicken waste to produce organic fertilizer for sale and at the same time conserve the environment.

Moving forward, to maintain its status as a leading producer of eggs and chicken products in Malaysia, the Group would continuously seek new farming and chicken processing methods to reduce cost and increase efficiency. Almost all the farms are environmental Controlled Closed House.

However, the Group's would like to caution that the raw material cost of poultry feed namely soybean meal and corn were traded at record highs, thus this will likely affect the Group's profitability in the ensuing years ahead. The Management of the Group's will take whatever necessary measures to maintain its profitability.

# MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

## DIVIDEND

The management would take the following factors into consideration before recommending for any dividend payment:

- 1) financial results of the Group;
- 2) cash position of the Group;
- 3) projected levels of capital expenditure and other investment plans, if any;
- 4) prevailing interest rate;
- 5) gearing ratio of the Group; and
- 6) the current on-going Covid-19 pandemic plus the continual rise in inflation and commodity prices.

After carefully considering the above, the Board of Directors do not recommend any declaration of dividend for the financial year ended 31 March 2021 in order to conserve cash.

## ACKNOWLEDGEMENT AND APPRECIATION

On behalf the Board of Directors, I would like to thank you for your continued support of our goals, our leadership, and your patience as we strive to achieve our goals.

Finally, and most importantly, we would like to take this opportunity to express our gratitude and thanks to the management and staff of the Group for their enduring commitment and resolve to be the best in the business. Our dedication to deliver value and quality to our customers shall always be our culture.

In April 2021, our substantial shareholder NH Food Limited, Japan changed its corporate nominee. This has resulted in Mr Hideki Fujii being replaced by Mr Tadaaki Ito. We would like to take this opportunity to welcome Mr Tadaaki to our board and thank you Mr Fujii for his invaluable contribution during his tenure with Lay Hong Berhad.

**DATO YAP HOONG CHAI**  
EXECUTIVE CHAIRMAN

## DIRECTOR'S PROFILE

### DATO' YAP HOONG CHAI

**Executive Chairman**

*Malaysian, aged 71, Male*

**Dato' Yap Hoong Chai** is a founder of the Lay Hong Berhad Group. He was appointed to the Board of Directors ("**Board**") of the Company on 27 September 1983.

Under his stewardship since inception, the Group has grown from a small family business into one of Malaysia's largest and most successful integrated poultry farming and food processing player. He has served as a Past President of the Selangor Livestock Association, Egg Division and a Past Chairman of Layer unit for the Federation of Livestock Farmers' Associations of Malaysia.

He is the brother of Dato' Yeap Weng Hong and Mr Yeap Fock Hoong, and the father of Dato' Yap Chor How, who are also Directors of the Company.

He has no other directorship in any public company and listed corporation.

He is a director and shareholder in Innofarm Sdn Bhd in which is a substantial shareholder of the Company and Mackan Holdings Sdn Bhd which is a major shareholder of certain subsidiary companies of the Group.

He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

He has attended all four (4) Board Meetings held during the financial year.

### DATO' YEAP WENG HONG

**Executive Director**

*Malaysian, aged 63, Male*

**Dato' Yeap Weng Hong** was appointed to the Board of the Company on 18 April 1986.

He has more than 30 years of experience in integrated poultry farming and is currently in-charge of the Group's farm activities and new projects in the Group.

He is the brother of Dato' Yap Hoong Chai and Mr Yeap Fock Hoong, who are also Directors of the Company.

He has no other directorship in any public company and listed corporation.

He is a director and shareholder in Innofarm Sdn Bhd in which is a substantial shareholder of the Company and Mackan Holdings Sdn Bhd which is a major shareholder of certain subsidiary companies of the Group.

He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

He has attended all four (4) Board Meetings held during the financial year.

## DIRECTOR'S PROFILE (CONT'D)

### **DATO' YAP CHOR HOW**

#### **Executive Director**

*Malaysian, aged 44, Male*

**Dato' Yap Chor How** was appointed to the Board of the Company on 3 October 2013. He initially joined in year 2002 as a Production Executive and in 2005 he was promoted to Marketing Director.

He graduated from University of Melbourne with a Bachelor of Commerce honour degree.

He is the eldest son of Dato' Yap Hoong Chai, the major shareholder and Executive Director of the Company. He is also a nephew to Dato' Yeap Weng Hong and Mr Yeap Fock Hoong who are presently Directors of the Board of the Company.

He has no other directorship in any public company and listed corporation.

He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

He has attended all four (4) Board Meetings held during the financial year.

### **NG KIM TIAN**

#### **Executive Director**

*Malaysian, aged 67, Male*

**Mr Ng Kim Tian** was appointed to the Board of Director on 3 October 2013. He initially joined on 1 September 2000 as General Manager - Finance and in year 2002, promoted to Finance Director. He is responsible for the Group's corporate services function inter-alia, treasury, accounting, finance, human resources, and information technology.

He is a certified public accountant by training. Prior to joining the Company, he was the Chief Financial Officer of a diversified public listed group that has three listed companies in their stable namely Olympia Industries Bhd, Duta Land Berhad (previously known as Mycom Berhad) and Ayer Itam Tin Berhad. From 1986 to 1994, he served as a Group Financial Controller in Lion Land Berhad. From 1976 to 1994, he has served in various capacities in the field of auditing and finance. He started his initial career as an Audit Trainee with an accounting practice.

He is not connected with any of the existing controlling or substantial shareholders or directors of the Company.

He has no other directorship in any public company and listed corporation.

He has attended all four (4) Board Meetings held during the financial year.

## DIRECTOR'S PROFILE (CONT'D)

### YEAP FOCK HOONG

#### **Non-Independent Non-Executive Director**

*Singaporean, aged 67, Male*

**Mr Yeap Fock Hoong** was appointed to the Board of the Company on 18 January 1994.

He is the brother of Dato'Yap Hoong Chai and Dato'Yeap Weng Hong, who are also Directors of the Company.

He has no other directorship in any public company and listed corporation.

He is a director and shareholder in Innofarm Sdn Bhd which is a substantial shareholder of the Company and Mackan Holdings Sdn Bhd which is a major shareholder of certain subsidiary companies of the Group.

He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

He has attended all four (4) Board Meetings held during the financial year.

### GAN LIAN PENG

#### **Independent Non-Executive Director**

*Malaysian, aged 69, Male*

**Mr Gan Lian Peng** was appointed to the Board of the Company on 3 October 2013. He was appointed the Chairman of Audit Committee on 25 November 2013. Subsequently, he was appointed the Chairman of Remuneration Committee and Nominating Committee on 26 May 2014 and 15 June 2017 respectively.

He is a Fellow of the Chartered Association of Certified Accountants, Associate Member of the Institute of Chartered Secretaries and Administrators and Member of the Malaysian Institute of Accountants. He served in various capacities in the auditing, hire purchase and leasing industries. He was Accounts and Administration Manager of a subsidiary of Inchcape Group and Accountant/Credit Control Manager of Tractors Malaysia Holdings Berhad. From 1998 to 2001, he was Branch Manager of Asia Commercial Finance Berhad and subsequently as Branch Manager of Affin Bank.

He has no family relationship with any director and/or major shareholders.

He has no other directorship in any public company and listed corporation.

He has attended all four (4) Board Meetings held during the financial year.



## DIRECTOR'S PROFILE (CONT'D)

### TAN CHEE HAU

**Independent Non-Executive Director**

*Malaysian, aged 53, Male*

**Mr Tan Chee Hau** was appointed to the Board of the Company on 15 June 2017.

He graduated from RMIT University, Melbourne, Australia with a Bachelor of Business (Accountancy & Finance) with Distinction in 1991, and he obtained his Chartered Accountant (CA) membership and Certified Practising Accountant (CPA) membership from Malaysian Institute of Accountants (MIA) and CPA Australia respectively in 1995. He has more than 29 years of experience in Corporate and Debt Restructuring, Corporate Finance, Private Equity and Accounting, and has worked for many companies/firms including as Director & Co-Head of Corporate Finance of an Investment Bank, Head of Corporate Finance in several listed and private companies, Investment Director in a Private Equity company, and Auditor in an International Accounting Firm. He has advised many companies on listings, restructuring, mergers and acquisitions, equity and debt issuance, fund raising, etc. He is presently involved in corporate finance advisory works and also sits on the Board of Perak Corporation Berhad and several private companies.

He has no family relationship with any director and/or major shareholders.

He has attended all four (4) Board Meetings held during the financial year.

### LIM TECK SENG

**Independent Non-Executive Director**

*Malaysian, aged 51, Male*

**Mr Lim Teck Seng** was appointed to the Board of the Company on 6 September 2018.

He graduated from University of Nebraska in Lincoln, the United States of America with a Degree in Bachelor of Science of Business Administration (Major in Finance). He was formerly the Chairman of JF Apex Securities Berhad and Group Executive Director of Apex Equity Holdings Berhad before he left the group on 31 March 2018. He was with Apex Group of Companies for 9 years. Before he joined Apex Group, he worked as the Vice President (Dealing-Equity Market) of MIDF Amanah Investment Bank Berhad in 2007.

He was formally a Non-Executive Director of Goodway Integrated Industries Berhad, Non-Independent Non-Executive Director of OCR Group Berhad, Executive Director of Pengasut Heights Berhad, Non-Independent Non-Executive Director of YFG Berhad and Group Chief Executive Officer of D'nonce Technology Bhd. Presently, he sits on the Board of Asia Poly Holdings Berhad and European Credit Investment Bank Ltd.

He has no family relationship with any director and/or major shareholders.

He has attended all four (4) Board Meetings held during the financial year.

## DIRECTOR'S PROFILE (CONT'D)

### TADAAKI ITO

#### **Non-Independent Non-Executive Director**

*Japanese, aged 56, Male*

**Mr Tadaaki Ito** was appointed to the Board of the Company on 1 April 2021.

He graduated from University of Aoyama Gakuin, Japan with Bachelor Degree of Arts. He gained expertise and grew his career at the meats division in NH Foods Ltd. for nearly three decades. Currently he is serving as the Executive Officer and General Manager of Administrative Division, Overseas Business Division in NH Foods Ltd.

He has no family relationship with any director and/or major shareholders.

He has no other directorship in any public company and listed corporation.

Since he was appointed as Non-Independent Non-Executive Director on 1 April 2021, he has not attended any Board Meetings held during the financial year.

### YASUHITO IGARASHI

#### **Alternate Director to Mr Tadaaki Ito**

*Japanese, aged 50, Male*

**Mr Yasuhito Igarashi** was appointed as an alternate director of Mr Tadaaki Ito on 1 April 2021, having previously served as an alternate director to Mr Hideki Fujii from 23 September 2020 to 31 March 2021.

He graduated from Tokyo Institute of Technology with Bachelor Degree of Biological Science. He has been responsible in Research and Product Development Department for Ham and Sausages in NH Foods Ltd., Tokyo and Osaka. Formerly he held the position of General Director of NH Foods Vietnam JSC.

He has no family relationship with any director and/or major shareholders.

#### **Notes :**

- (1) *Dato' Yap Hoong Chai, Dato' Yeap Weng Hong, Dato' Yap Chor How, Ng Kim Tian, Yeap Fock Hoong and Gan Lian Peng were publicly reprimanded and fined by Bursa Malaysia Securities Berhad on 20 June 2017 for breaching regulations in regard to the Company response to unusual market activity queries on 2 November 2015 and 19 January 2016.*
- (2) *None of the Directors have been convicted of any offences other than traffic offences, if any, within the past 5 years and there were no public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2021.*

## KEY SENIOR MANAGEMENT

### YAP CHOR WEN

Director of Operations/ Lay Hong Food Corporation Sdn Bhd  
Malaysian/Male/41

#### Date of Appointment

- 24 January 2005

#### Academic/Professional Qualifications

- Bachelor of Science (University of Melbourne, Australia)
- Bachelor of Commerce (University of Melbourne, Australia)

#### Working Experience

- 2004 – Joined Optus (telco) as Sales & Marketing Trainee
- 2005 – Joined Lay Hong Berhad as Management Trainee
- 2006 – Promoted to Production Manager
- 2009 – Promoted to Operation Manager
- 2011 – Promoted to Head of Operation
- 2015 – Promoted to Director of Operation

#### Present Directorship

- Listed Entity : Nil
- Other Public Companies : Nil

### BONG KIM FUI

General Manager, Operations/ STF Agriculture Sdn. Bhd.  
Malaysian/Female/46

#### Date of Appointment

- 6 October 2003

#### Academic/Professional Qualifications

- Bachelor In Accountancy (University of Otago, New Zealand)
- Member of Malaysia Institute of Accountant (MIA)

#### Working Experience

- 1997 – Joined Law & Co as Auditor
- 2001 – Joined Brake Master Industries Sdn. Bhd. as Accounts Executive
- 2003 – Joined Sri Tawau Farming Sdn. Bhd. as Accountant
- 2006 – Re-designated to Finance & Administration Manager
- 2009 – Promoted to Operation Manager in STF Agriculture Sdn. Bhd.
- 2012 – Promoted to General Manager, Operations

#### Present Directorship

- Listed Entity : Nil
- Other Public Companies : Nil

## KEY SENIOR MANAGEMENT (CONT'D)

### WONG YEN TIEN

General Manager, Operations/ G-mart Borneo Retail Sdn. Bhd.  
Malaysian/Male/53

#### Date of Appointment

- 1 August 2014

#### Academic/Professional Qualifications

- Diploma in Retail

#### Working Experience

- 1992 – Joined IMM Megamart Singapore as Retail Supervisor
- 1997 – Joined Carrefour Singapore as Asst. Department Head
- 1999 – Joined Dairyfarm Singapore as Asst. Division Head
- 2000 – Transferred to Dairyfarm Malaysia as Category Manager
- 2003 – Joined Lotus Shanghai as Asst. Operation Head
- 2006 – Joined Giant Retail Sdn. Bhd. as Senior Manager
- 2014 – Joined ST Food Sdn. Bhd. as Senior Manager, Operations – 99 Wholesales Business, Sabah
- 2016 – Transferred to G-mart Borneo Retail Sdn. Bhd. and promoted as General Manager, Operations

#### Present Directorship

- Listed Entity : Nil
- Other Public Companies : Nil

### ONG YONG THYE

Senior Manager - Purchasing & Feedmill/Lay Hong Berhad  
Malaysian/Male/58

#### Date of Appointment

- 15 October 1990

#### Academic/Professional Qualifications

- The Association of Accounting Technicians
- The Chartered Association of Certified Accountants
- The Association of International Accountants

#### Working Experience

- 1989 – Joined Sri Ternak Wilayah Sdn. Bhd. as Accounts Supervisor
- 1990 – Joined Lay Hong Sdn. Bhd. as Assistant Accountant
- 1997 – Redesignated to Manager - Purchasing
- 2004 – Promoted to Senior Manager - Purchasing & Feedmill

#### Present Directorship

- Listed Entity : Nil
- Other Public Companies : Nil

## KEY SENIOR MANAGEMENT (CONT'D)

### CHAN WEI KHUEN

Financial Controller /Lay Hong Berhad

Malaysian/Male/40

#### Date of Appointment

- 4 May 2020

#### Academic/Professional Qualifications

- Fellow Member of The Chartered Association of Certified Accountants (FCCA)
- Member of Malaysia Institute of Accountant (MIA)

#### Working Experience

- 2007 – Joined Mazar, Malaysia and last position held was Audit Manager
- 2010 – Joined Central Asia Mineral and Exploration LLC, Mongolia and last held position was Finance Manager
- 2013 – Joined DGB Asia Berhad and last held position was Group Finance Manager
- 2014 – Joined Kronologi Asia Berhad and last held position was Group Corporate Finance Manager
- 2020 – Joined Lay Hong Berhad as Financial Controller

#### Present Directorship

- Listed Entity : Nil
- Other Public Companies : Nil

#### Notes :

- (1) None of the key senior management have family relationship with any other Directors and/or major shareholders of the Company.
- (2) None of the key senior management has a personal interest in any business arrangement involving the Group.
- (3) Other than traffic offences, if any, the key senior management has not been convicted of any offence within the past 5 years and have not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2021.

# SUSTAINABILITY STATEMENT

## COMMITMENT TO SUSTAINABILITY

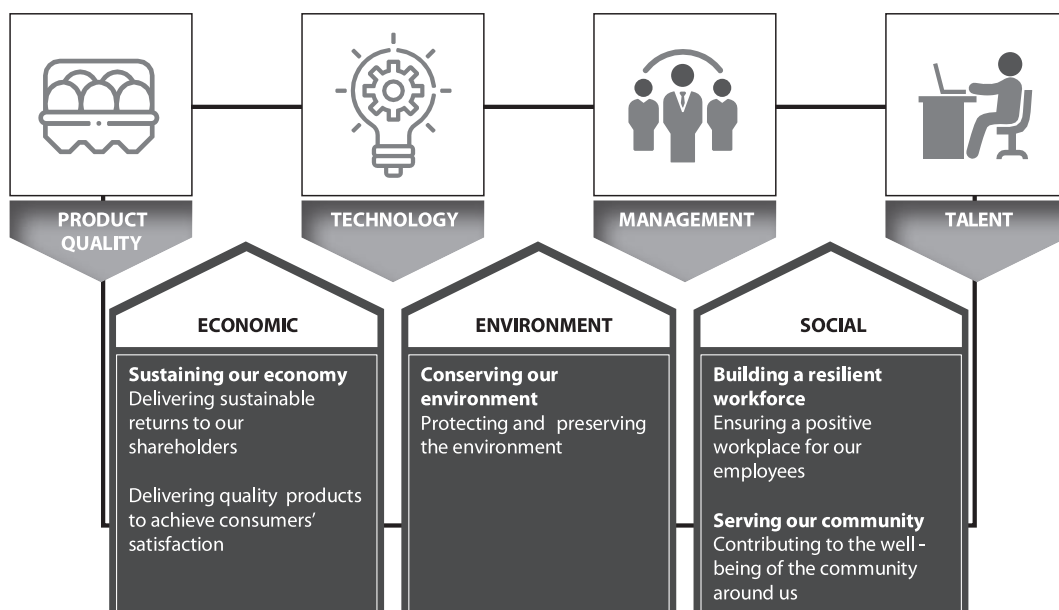
Sustainability has always been a pillar of the Group’s culture as we strived to achieve continuing growth and profitability in a safe, caring and sustainable environment. We recognise that sustainability practices are fast gaining importance as a criterion in investors’ investment decisions.

In line with Bursa Malaysia Securities Berhad’s Sustainability Reporting Guide, the Group’s sustainability practices are to ensure that economic, environmental and social risks and opportunities are tied in with our governance framework and social responsibilities. This enables our corporate success and behaviour to be judged and measured by the public.

In this respect, our mission, as a responsible corporate citizen, is to ensure high standards of governance across our business to promote responsible business practices, manage environmental impacts, and meet the social needs of the community in which we operate, which is in line with our corporate culture.



The Group continued success in maintaining a sustainable business and generating long-term shareholder value is influenced by several internal and external factors. Each material factor presents unique risks and opportunities to our organisation and is a key consideration in our approach to strategies formulation and execution as it substantially influences the assessments and decisions of our stakeholders. We regularly review these factors to assess their impacts on our business model over the near, medium and long term.



# SUSTAINABILITY STATEMENT

(CONT'D)

## OUR SCOPE OF REPORTING

This Statement covers Lay Hong Berhad and its subsidiaries. Information disclosed in this Statement encompasses our core activities related to integrated livestock farming and food manufacturing. This statement covers data which had been compiled internally from 1 April 2020 to 31 March 2021. Where available and relevant, historical data of the preceding year has been included for comparison.

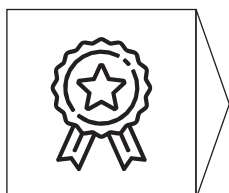


INTEGRATED LIVESTOCK FARMING	FOOD MANUFACTURING	RETAIL OPERATION
<ul style="list-style-type: none"> <li>Commercial Layers</li> <li>Broilers</li> <li>Breeders</li> </ul>	<ul style="list-style-type: none"> <li>Chicken related products</li> <li>Egg related products</li> </ul>	<ul style="list-style-type: none"> <li>Supermarket</li> <li>Retail store</li> <li>Distribution Centers</li> </ul>

## SUSTAINABILITY GOVERNANCE

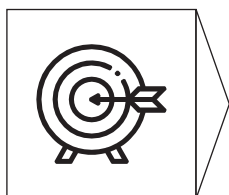
### Vision, Mission and Core Value

Our vision and mission are the cornerstones of our commitment to the sustainability of the Group. Our core values are the guiding principles that we are upholding in day-to-day operations and conducting ourselves to support our vision and shape our culture.



### VISION

To be one of the leader in Integrated Livestock Farmer and Food Manufacturer in Malaysia



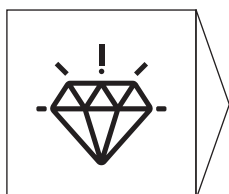
### MISSION

To promote a healthier lifestyle and diet among Malaysians by developing highly nutritious and hygienic products utilizing the highest quality processing standards.

To become an increasingly important supplier of processed chicken, chicken related products and eggs by expanding market share, developing new products, and building trust and reliability among consumers.

To provide a caring and rewarding environment for our employees, one which can help fulfil their career goals and inculcate a sense of participation, team spirit and loyalty which will benefit all.

To work diligently and consistently to enhance value for our shareholders, to deliver our products fresh on time to our partners and customers, and to be a responsible corporate citizen.



### CORE VALUES

- Professionalism
- Integrity
- Responsiveness
- Innovative
- Excellence Customer Service

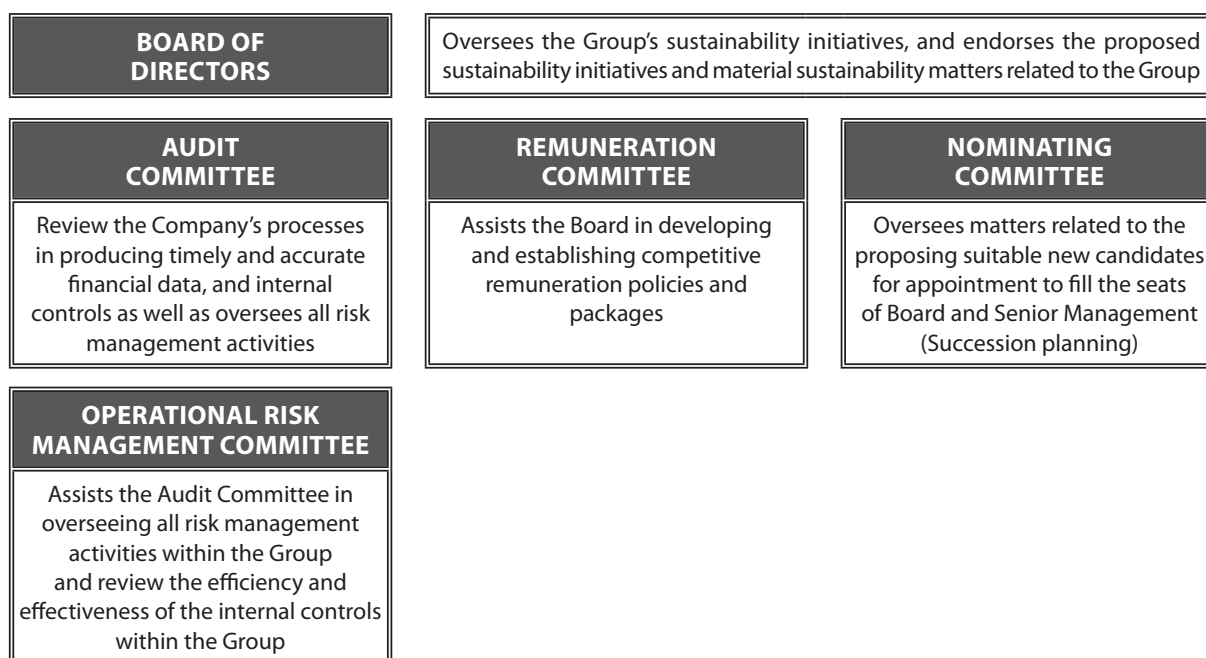
# SUSTAINABILITY STATEMENT (CONT'D)

## SUSTAINABILITY GOVERNANCE (CONT'D)

### Corporate Governance

Sustainability is embedded in our organisational approach and is led from the top. The Board of Directors ("Board") plays a vital guidance and oversight role in advancing sustainability across the organisation with the assistance from the Senior Management to oversee the implementation of the organisation's sustainability approach and ensures that key targets are being met.

The Board also acknowledges that risk management and internal control are integral to our corporate governance and that it is responsible for establishing a sound risk management framework and internal control system as well as to ensure their adequacy and effectiveness. The review of the adequacy and effectiveness of the risk management framework and the system of internal control is delegated by the Board to the Operational Risk Management Committee, and ultimately Audit Committee. The Group's performance is also tracked with the assistance of the Nominating and Remuneration Committee.



The responsibility of the Board to promote and embed sustainability in the Group includes overseeing the following:-

- Stakeholders engagement
- Materiality assessment and identification of sustainability risks and opportunities relevant to us
- Management of material sustainability risks and opportunities

### Ethical Business Practices

The Board recognises the importance of ethical business conduct across the operations to maintain our stakeholders' trust. Our businesses are conducted with integrity through good governance as mentioned by the Group's Code of Ethics for Directors which based on two elements namely:-

- i) fiduciary duties; and
- ii) use of reasonable care, skills and diligence.

Good governance is the bedrock of our business, led by ethical business practices and integrity. We have embedded the highest standards of governance in our business not only by complying with the law but through processes and directives that continue to reinforce the principles.

During the financial year, the Group's adopted the Anti-Bribery & Corruption policy. This demonstrates the commitment by the Group's to observe and uphold the zero-tolerance position on "bribery and corruption".



# SUSTAINABILITY STATEMENT

(CONT'D)

## STAKEHOLDERS ENGAGEMENT

We continued to engage our stakeholders actively throughout the fiscal year as part of our sustainability assessment process. Engagement with stakeholders allows us to gain a more complete understanding of our materiality issues and matters whilst, we are also able to capture the key aspects and impacts of our sustainability journey.

The table below lists our key stakeholder groups and their respective areas of interest as well as methods by which we engage them.

<b>Shareholders</b>	<ul style="list-style-type: none"> <li>• Annual &amp; Extraordinary General Meetings</li> <li>• Press releases</li> <li>• Bursa announcements</li> <li>• Quarterly report</li> <li>• Annual report</li> <li>• Timely update on corporate website</li> </ul>	<ul style="list-style-type: none"> <li>• Financial and operational performance</li> <li>• Dividend policy</li> <li>• Return on investments</li> </ul>
<b>Government</b>	<ul style="list-style-type: none"> <li>• Compliances to laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Operation regulations</li> <li>• Bursa listing requirements</li> <li>• Companies Act</li> <li>• Labour law</li> <li>• Taxations</li> <li>• Department of Islamic Development Malaysia (JAKIM)</li> <li>• Occupational Safety and Health Act, 1994</li> </ul>
<b>Board of directors</b>	<ul style="list-style-type: none"> <li>• Board meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate strategy</li> <li>• Corporate governance</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Technical and skills trainings</li> <li>• Performance appraisal</li> <li>• Dialogues between employers and employees</li> </ul>	<ul style="list-style-type: none"> <li>• Occupational safety &amp; health</li> <li>• Remuneration policy</li> <li>• Career development</li> <li>• Performance review</li> <li>• Fair employment practices</li> </ul>
<b>Financial Institutions</b>	<ul style="list-style-type: none"> <li>• Bursa announcements</li> <li>• Quarterly report</li> <li>• Annual report</li> <li>• Timely update on corporate website</li> </ul>	<ul style="list-style-type: none"> <li>• Financial and operational performance</li> <li>• Funding requirement</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Regular meetings</li> <li>• Marketing activities</li> <li>• Sponsorship activities</li> </ul>	<ul style="list-style-type: none"> <li>• Customer satisfactions</li> <li>• After-sales services</li> <li>• Quality assurance</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Regular meetings</li> <li>• Quality audit on services and products</li> <li>• Contract negotiation</li> </ul>	<ul style="list-style-type: none"> <li>• Services and products' quality</li> <li>• Legal compliances</li> </ul>
<b>Communities</b>	<ul style="list-style-type: none"> <li>• Community events</li> </ul>	<ul style="list-style-type: none"> <li>• Social contribution</li> <li>• Job opportunities</li> <li>• Donation and financial aid</li> </ul>
<b>Analyst/Media</b>	<ul style="list-style-type: none"> <li>• Annual &amp; Extraordinary General Meetings</li> <li>• Press conferences and media releases</li> </ul>	<ul style="list-style-type: none"> <li>• Financial and operational performance</li> <li>• General announcements</li> </ul>

# SUSTAINABILITY STATEMENT (CONT'D)

## MATERIAL SUSTAINABILITY MATTERS

### Economic

#### Shareholders

Our shareholders are the ultimate owners of the Company and as such, they are entitled to timely and quality information on the Group's financial performance and position. Apart from the Annual General Meeting where shareholders are encouraged to ask questions to the Board and Executive Management on business operations, and the financial performance and position of the Group, the Group's corporate website at [www.layhong.com.my](http://www.layhong.com.my) also provide a link on investor relations where quarterly and annual financial statements, announcements, financial information, annual reports, circulars/statements to shareholders and other pertinent information are uploaded on a timely basis when available.

#### Consumers & Products

The Group is committed to see that not only our shareholders' interests are taken care of but also those of our consumers and suppliers. For our consumers, we will supply quality poultry products which meet their satisfaction and expectations through continual improvements in technology and processes as the case may be.

CONSUMERS' SATISFACTION
Internationally recognised best practices and international quality accreditation
Experienced management and equipped with industry knowledge and comprehensive training
Prompt delivery and reliable customer service
Efficient after-sales service, create an integrated and resilient workforce

In order to ensure that our products are of consistent standard and quality, our production process is accredited by ISO 9001 : 2015 "Quality Management System" in:-

- Sales and Marketing of Nutriplus Chicken Eggs
- Sales and Marketing of Pasteurized Liquid Egg
- Manufacturing of Pasteurized Liquid Egg
- Sales and Marketing of Chicken Eggs, Chicken Cut Parts, Chicken Nuggets, Frankfurters, and Fried Chicken as well as ISO 22000 : 2015 "Food Safety Management System".

Additionally, our Group is in compliance with all relevant laws and regulations governing food safety and quality:-

- myGAP (Malaysian Good Agricultural Practices) certification by Department of Veterinary Services under Ministry of Agriculture and Agro-Based Industry Malaysia for livestock sector
- Veterinary Health Mark (VHM) certification for chilled/frozen chicken, frankfurters & liquid eggs
- Hazard Analysis and Critical Control Point (HACCP) certification for food processing
- Good Manufacturing Practices (GMP) certification for production of ready feed and food processing
- Makanan Selamat Tanggungjawab Industry (MESTI) certification by Ministry of Health Malaysia for food processing
- Halal certification for chilled chicken, frankfurters, liquid egg & nuggets

## SUSTAINABILITY STATEMENT (CONT'D)

### MATERIAL SUSTAINABILITY MATTERS (CONT'D)

#### Economic (Cont'd)

##### Consumers & Products (Cont'd)

All of our products are Halal certified and complied with requirements of Malaysia Standard (MS 1500: 2009) and Halal Manual Certification by Department of Islamic Development Malaysia (JAKIM). Pursuant to this, Halal Toyyiban Assurance Management System has been established with the mission of:-

- To ensure the integrity of Halal processing by continuously and consistently monitored on the compliance to the Syariah (Islamic Law)
- To ensure compliance to all guidelines issued by Malaysian authorities such as Halal Assurance Management System of Malaysia Halal Certification produced by Department of Islamic Development Malaysia (JAKIM)
- To ensure compliance to the Malaysia Standard MS 1500 : 2019 Halal Food Production, Preparation, Handling and Storage – General Guideline (Second Revision) produced by SIRIM

We are also proudly awarded by The BrandLaureate for BESTBRANDS Award for “Most Favourite Brand - Consumer Egg” for the year of 2016-2017. In this context, Lay Hong’s products are marketed under two brands namely Nutriplus and Wise Choice which are registered for trademark. Besides, the Group has achieved other commendable awards regionally and received accreditation from our business partners throughout the years. Our products quality with international quality accreditation had gained us as one of the market leaders in this industry. Plus, Lay Hong possesses teams of well-equipped employees with industry knowledge who are able to manage and deliver consumers’ expectation.

In terms of processing, our high technology air-chilled chicken processing facilities is able to reduce the hazard of cross contamination and ensure the highest quality chicken products for the consumers. This is also to ensure that we are able to achieve, sustain and continually improve the business relevant standard that directly impacts our business continuity.

Other than that, we are aware of new technologies to improve our business processes. In this regard, we will endeavour to keep abreast with more technological and bio-technological advances and innovations in the fields of renewable energy, greening, materials, intelligence and electronic systems, transport and food science.

In terms of business development, continuous efforts are ongoing through aggressive marketing campaigns to maintain our market dominance and achieve an even greater market acceptance.

##### Suppliers

To our suppliers, we are committed to enhance our processes and engage with our suppliers to identify and manage risks, increase productivity and efficiency within the supply chain, underpinned by values of integrity and transparency. We look to create value, by looking for opportunities to collaborate and to share best practices with our suppliers. In compliance with ISO 9001 : 2015, every procurement involved in the operation processes are being closely monitored. Hence, our suppliers are filtered through careful selection ensuring only the ones with appropriate criteria are met are engaged.

## SUSTAINABILITY STATEMENT (CONT'D)

### MATERIAL SUSTAINABILITY MATTERS (CONT'D)

#### Environment

##### Operations

As our business involves mass production of poultry products in which is heavily regulated by the various regulatory bodies, the Group is conscious of complying with all applicable environmental laws, guidelines and regulations in relation to treatment of farm effluents and waste water. The Group is committed that the business does not generate any major environmental concerns.

Our standard operating procedures for environmental management includes:-

- Preserving, conserving, minimising wastage of resources and ensuring that the work environment is free from contamination and pollution hazards;
- Complying with all acts, rules, regulations and orders of the Department of Environment; and
- Communicating clearly to all employees, customers and suppliers to instill in them the environmental awareness culture and values of our Group.

##### Waste Management

Proper waste disposal has wide-ranging implications on the environment and the surrounding communities' health. Eliminating waste altogether is obviously the ideal scenario though it is a daunting goal for the industry. The Group seeks to contribute whatever extent feasible towards the eventual realisation of total safe waste elimination. The Group has in place proper waste treatment facilities at its chicken processing plants to prevent environmental contamination from its production effluents. Wastes from the poultry rearing activity are also recycled into organic fertilisers by using Harmless Bio-fermentation System DZR-50, thus reducing environmental contamination and contributing to lesser use of chemical fertilisers.

Paper recycling initiatives are already in progress by encouraging the employees to prioritise electronic means to share and store documents, and to reduce printing or photocopying, otherwise, to use double-sided printing. In addition, the Group uses recycled waste paper as raw materials for the paper egg containers used in transporting egg products. In this context, our Company was certified by SGS in purchasing of post-consumer paper material, manufacture and sales of FSC Recycled egg trays by using Transfer System.

Additionally, other materials such as furnishing and fixture are recycled or reused where possible.

Waste segregation has been done by placing different bins in and around our farm. Waste segregation is planned to be fully implemented in the coming years throughout the Group where recycling stations will be set up in convenient locations.

##### Water Saving Initiatives

Water is a limited resource, and as the world continues to advance and the global population continues to grow, an increasing strain is being placed on the supply of clean water. Water conservation is therefore an area that our Group is working hard on, both improving the efficiency with which we use our water, as well as working to educate our employees and the public about the need to conserve it.

##### Energy Saving

Lighting has been identified as having low energy consumption. Nevertheless, action has been taken to reduce the overall energy consumed by lighting. Furthermore, management will be initiating the provision of reminders to switch off lighting when not in use.

All lights in and around our office and farm have been converted to energy saving Light Emitting Diodes ("LED") lighting system in stages. Where lighting in and around our office facilities need to be replaced, we have converted them to LED. LED is a practical replacement for standard lights as they have a lower energy consumption, longer lifetime, improved brightness, smaller size, faster switching, and greater durability and reliability. Asides to this, our Group has invested into 216kWp Photovoltaic Diesel Hybrid System which already installed at one of our layer farm with the purpose of energy saving.

## SUSTAINABILITY STATEMENT (CONT'D)

### MATERIAL SUSTAINABILITY MATTERS (CONT'D)

#### Social

The Group recognised that employees are our greatest assets hence we proactively provide opportunities for growth and development for talent in the organisation through targeted development plans and succession planning. Ensuring our long-term sustainability, we continuously invest time and effort in recruiting (internal and external), upskilling, engaging and rewarding talents/employees of the organisation accordingly.

#### Succession Planning

For critical and leadership roles, succession planning is vital to our long-term performance as part of our Group's sustainability move. Our executive Committee will review the Group's human resources plan including the succession management framework and activities, human resources initiatives such as jobs and salary review, and the annual manpower budget. The succession planning across the Group is implemented by stages where the training programme is designed specifically for management staff.

#### Safe Workplace

The Group believes that the safety and well-being of its employees is the foundation of its success. Hence we strive to provide a safe and healthy environment for our employees and to ensure safe practices in all aspects of our business operations. The Group has in place a policy that highlights our commitment to:-

- prevent infectious disease, injury and ill health to our employees;
- ensure compliance to laws and regulations in relation to occupational safety and health;
- set targets and measures to drive occupational safety and health performance across the organisation; and
- promote a culture where all employees share the commitment to prevent harm to the safety and health of our employees, contractors and the general public.

The Group is regularly engaging and educating employees to inculcate a culture of safety and compliance through safety and health training. In this respect, the Group places utmost importance on continuous compliance with all relevant health and safety laws and regulations such as Occupational Safety and Health Act, 1994 and our Safety Officers are registered with Department of Occupational Safety and Health ("**DOSH**").

Safety Induction Training were conducted for all of our newly joined employees. The programme is designed to train employees to become fully aware on the safety and health measures and to meet the DOSH's guidelines. Workers are equipped with safety protective wear and equipment for protection against virus, bacteria, dust, water and other particles, and gloves for the handling of chemicals or other potentially hazardous materials. Furthermore, safety and health briefings and bio-securities screening are compulsorily conducted to all farm visitors on the awareness of safety and health before entering to the farm.

Due to the ongoing Covid-19 pandemic, the Group had adopted a Covid 19 workplace safety measure policy in order to detect earlier contamination, if any.

## SUSTAINABILITY STATEMENT (CONT'D)

### MATERIAL SUSTAINABILITY MATTERS (CONT'D)

#### Social (Cont'd)

##### Talent Motivation and Skill Development

The Group also recognises that the Industrial Revolution 4.0 will place pressure in organisations to continuously upskill and reskill their workforce, to stay relevant and productive. Employees are encouraged to attend internal or external training or pursue professional development to enhance their knowledge and skill for career enhancement and personal development, in the field of poultry farming practices, human resource management, technical skills, and others.

In the context of Halal, Halal Awareness Training is conducted internally to all level of Lay Hong's staff. The awareness program is to ensure Halal Assurance Management System is accepted and implemented successfully. In addition to awareness, annual training plan is designed to improve knowledge and skill of all staff involved in the production and processing.

In the appointment and recruitment process, we pride ourselves on being an employer that provides equal opportunities and continuously seek to promote it regardless of religious belief, age, marital status, gender, family status or any disability. Our commitment in that respect applies to all areas of the working environment, all employment activities, resource allocation and all employment terms and conditions. Every employee is given an equal opportunity to rise up in their careers through hard work and dedication.

We draw strength from the diversity and inclusiveness that is prevalent in our workplace. As at 31 March 2021, the total number of employees stood at 2,715 employees (2020: 2674 employees), of which 39% (2020: 38%) is female and the remaining 61% (2020: 62%) is male.

Having a diverse team of employees, across age, gender and industry experience, encourages open-minded dialogues, broadens our positive influence and reach, helps bridge gaps, and brings in new perspectives and strategies.

##### Corporate Social Responsibility

As we are deeply rooted in the community we operate, we actively engage in community outreach programmes and activities. We are proud of having the privilege to serve various segments of the community towards providing for social empowerment and helping to make a positive difference for people across all walks of life. We have from time to time made donations to various charitable organisation such as Kiwanis Club of Klang, old folks home as well as miscellaneous contribution, both in monetary and in kinds, to surrounding neighbourhood where our factories and farms are located.

Aside from this, we also ensure that the welfare and wellbeing of senior staff with the age over 60 are not neglected. It is a commitment by Lay Hong to provide employment opportunities to them ever since we commenced our business operations, and as at 31 March 2021, approximately 1.7% (2018: 1.8%) of the Group's workforce is over the age of 60. We acknowledge that the senior staff could contribute positively to the Company even after their retirement and that the valuable experience, skills and mastery in their industries can still be gainfully utilised. In this respect, the Group is proud that it has been a strong source of employment for these senior staff for past years. This has raised the quality of life of these senior staff as there is greater income stability and consequently, better and improved living standards and conditions.

# SUSTAINABILITY STATEMENT

(CONT'D)

## OUR COMMITMENT

As a responsible corporate citizen, the Group shall endeavour to undertake sustainable and responsible practices to add value to sustainable business growth, environmental stewardship and social responsibility.

Rewarding our shareholder	Sustaining long term value	Advancing our business	Investing in our human resources	Contributing to society
Dividend	Investment in our resources to ensure long-term benefits to our various stakeholders	Reinvestment in our core business	Competitive remuneration, compensation, benefits and trainings	Continued upliftment of our society's well-being through taxes and donations

## CORPORATE GOVERNANCE OVERVIEW REPORT

The Board of Directors ("**Board**") presents this Statement to provide shareholders and investors with an overview of the application of the Principles set out in the Malaysian Code on Corporate Governance ("**CG**") ("**MCCG**") by Lay Hong Berhad ("**Lay Hong**" or the "**Company**") and should be read together with the CG Report 2021 of Lay Hong ("**CG Report**") which accompanies this Annual Report and is also available on Lay Hong's website at [www.layhong.com.my](http://www.layhong.com.my) ("**Lay Hong's Website**"). The CG Report provides the details on how Lay Hong has applied each Practice as set out in the MCCG during the financial year ended 31 March 2021 ("**FY 2021**").

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

#### (a) BOARD RESPONSIBILITIES

The roles and responsibilities of the Board and Management, the Board Committees and the individual Directors are set out in the Board Charter which is accessible through Lay Hong's Website. The Board Charter will be reviewed on an annual basis or whenever required.

It is the primary governance responsibility of the Board to provide stewardship and directions for the management of Lay Hong and its subsidiaries ("**the Group**"). The Board's responsibilities in respect of the stewardship of the Company include review and approve the strategic plans and key business initiatives, corporate governance and internal control frameworks. While the Board sets the platform of strategic planning and policies, the Executive Directors are responsible for implementing the operational and corporate decisions while the Independent Non-Executive Directors ensure corporate accountability by providing unbiased and independent views, advice and judgement and challenging the Management's assumptions and projections in safeguarding the interests of shareholders and investors.

The Board has defined the roles and responsibilities for its Directors. In discharging their fiduciary responsibilities, the Directors deliberate and review the financial performance, the execution of strategic plans, the principal risks faced and the effectiveness of management mitigation plans, the appraisal of Executive Management, and Senior Management succession plan as well as the integrity of management information and systems of internal control of the Group.

The day-to-day management of the business operations of Lay Hong is led by the Executive Directors and a team of Key Senior Management. The Board is constantly updated by the team on the implementation of all business and operational initiatives and significant operational and regulatory challenges faced.

The Board is led by the Executive Chairman, one of the founding members of the Group and with his extensive experience in the business and operations of the Group, he can ensure the effective functioning of the Board. The role of the Chairman is defined and set out in the Board Charter and is further explained in the CG Report.

The Chairman facilitates the effective contributions of all Directors and promotes constructive and respectful relations between Board members and between Board and Management. The Board has well-defined descriptions for responsibilities of the Board Chairman, Executive Directors, and the individual Board Members. The roles and responsibilities of the Chief Financial Officer is currently carried out by the Executive Director in charge of the Group's corporate services function inter-alia, treasury, accounting, finance, human resources, and information technology.

In furtherance of the above and to ensure orderly and effective discharge of its functions and responsibilities, the Board has established the following Board committees:

- Audit Committee ("**AC**")
- Nominating Committee ("**NC**")
- Remuneration Committee ("**RC**")
- Employees' Shares Issuance Scheme Committee ("**SIS**")



# CORPORATE GOVERNANCE OVERVIEW REPORT (CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### (a) BOARD RESPONSIBILITIES (Cont'd)

The Board has defined the terms of reference for each Committee and the Chairman of these respective committee report and update to the Board on significant matters and salient matters deliberated in the Committees.

The Board is supported by two (2) External Company Secretaries. Both Company Secretaries of Lay Hong are qualified to act as Company Secretary under Section 235 of the Companies Act 2016, of which one is a Fellow Member and the other, an Associate Member of the Malaysian Institute of Chartered Secretaries & Administrators. The Company Secretaries provide the required support to the Board in carrying out its duties and stewardship role, providing the necessary advisory role with regards to the Company's constitution, Board's policies and procedures as well as compliance with all regulatory requirements, codes, guidance and legislation.

Continuous training is vital for the Directors in discharging their duties effectively. All Directors are encouraged to attend appropriate external training programmes to gain insight and keep abreast with developments and issues relevant to the Group's business especially in the areas of corporate governance and regulatory requirements.

The external training programmes, seminars and/or conferences attended by the Directors in office at the end of FY 2021 were as follows:

No	Name	Training Programmes/Seminars/Conferences
1	Dato'Yap Hoong Chai	Nil
2	Dato'Yeap Weng Hong	Nil
3	Dato'Yap Chor How	Nil
4	Ng Kim Tian	<ul style="list-style-type: none"> <li>Inflation bull or bear whip on commodities and currency</li> </ul>
5	Yeap Fock Hoong	Nil
6	Gan Lian Peng	Nil
7	Tan Chee Hau	<ul style="list-style-type: none"> <li>The New Normal Amid Covid-19: Leverage on Regional Experiences</li> <li>APAC Tax – Insights into opportunities</li> <li>Solar Private Venture Investment: A boon to Companies in Malaysia</li> <li>National Export Day 2020 – Transforming Crisis into Opportunities</li> <li>Navigating the Market with Structured Warrants</li> <li>Overview in Semiconductor Sector and Future Technology Trends</li> <li>Smart Automation Grant</li> </ul>
8	Lim Teck Seng	<ul style="list-style-type: none"> <li>Awareness Training on Anti-Bribery Management System</li> </ul>

The Board (via the NC and with assistance of the Company Secretaries) continuously evaluate and determine the training needs for the Directors to build their knowledge so that they stay vigilant with the development of the Group's business and industry that may affect their roles and responsibilities.

# CORPORATE GOVERNANCE OVERVIEW REPORT (CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### (b) BOARD COMPOSITION

Lay Hong is led and managed by a diverse and experienced Board of Directors with a mix of suitably qualified and experienced professionals that are relevant to the business to carry out its responsibilities in an effective and competent manner.

The current Board is drawn from different ethnic, cultural and socio-economic backgrounds and their ages range from 44 to 71 years to ensure that diverse viewpoints are considered in the decision-making process.

The profile of each Director is set out in the Director's Profile of this Annual Report.

The Board currently has nine members, including three Independent Directors. The Board takes cognizance of the recommendation that at least half of the Board comprise of independent directors and although the Board has not made any decision at this juncture, going forward, the Board will review and deliberate on the merits of the recommendation vis-a-vis, the Group's size, structure, and dynamics during the coming financial year.

During the FY 2021, the Board through its NC conducted an annual review of the Board's size, composition and balance and concluded that the Board's dynamics are healthy and effective. The present members of the Board possess the appropriate skills, experience and qualities to steer the Group forward. The NC is also satisfied that the existing structure, size, composition, current mix of skills, competence, knowledge, experience and qualities of the existing Board members are appropriate to enable the Board to carry out its responsibilities effectively. The Board will continue to monitor and review the Board size and composition and will nominate new members as and when the need arises.

The Board has also adopted the best practices for assessing the independence of Independent Directors annually and the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. When the Board retains an Independent Director, who has served in that capacity for more than nine (9) years, the Board would justify its decision and seek shareholders' approval. The re-election of Directors provides an opportunity for shareholders to renew their mandate conferred to the Directors. The Constitution of the Company provides that all directors shall retire by rotation once in every three (3) years or at least one-third (1/3) of the Board shall retire but shall be eligible to offer themselves for re-election at the Annual General Meeting ("AGM"). The above provisions are adhered to by the Board at every AGM.

At the forthcoming 2021 AGM, Dato'Yap Hoong Chai, Mr. Ng Kim Tian and Mr. Gan Lian Peng are due to retire by rotation under Clause 134 of the Constitution of the Company and being eligible have offered themselves for re-election. Mr. Tadaaki Ito is due to retire under Clause 119 of the Constitution of the Company and has offered himself for re-election. Following the NC's review on the performance of the three Directors and having noted their significant and valued contributions to the Board, the NC has recommended their re-election to the Board and the Board has concurred with such recommendation and is recommending that shareholders re-elect the said Directors at the forthcoming 2021 AGM.

### (c) REMUNERATION

The Board (via the RC) will ensure that the Group's levels of remuneration commensurate with the skills and responsibilities expected of Senior Management as well as the Directors and that it must be sufficient to attract and retain talent needed to run the Group successfully. The Board determines the remuneration of the Directors and each individual Director is required to abstain from discussing his/her own remuneration.

The RC is guided by market norms and industry practices when making recommendations for the compensation and benefits of Directors and Senior Management. The RC's recommended remuneration for Directors and Senior Management is subject to the Board's approval as it is the ultimate responsibility of the Board to approve the remuneration of the Directors and Senior Management.

In relation to the fees and allowances for the Non-Executive Directors, it will be presented at the AGM for shareholders' approval.

# CORPORATE GOVERNANCE OVERVIEW REPORT (CONT'D)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### (c) REMUNERATION (Cont'd)

The details of the remuneration of Directors on named basis for the FY 2021 is as follows:

	Directors' Fees (RM)	Salaries, other emoluments and benefits (RM)	Total (RM)
<b>Executive Directors</b>			
Dato'Yap Hoong Chai	39,000	1,487,219	1,526,219
Dato'Yeap Weng Hong	35,000	828,757	863,757
Dato'Yap Chor How	35,000	1,193,714	1,228,714
Ng Kim Tian	35,000	879,521	914,521
<b>Subtotal</b>	<b>144,000</b>	<b>4,389,211</b>	<b>4,533,211</b>
<b>Non-Executive Directors</b>			
Gan Lian Peng	39,000	–	39,000
Yeap Fock Hoong	35,000	–	35,000
Tan Chee Hau	35,000	–	35,000
Lim Teck Seng	35,000	–	35,000
<i>Former director</i>			
Hideki Fujii ( <i>Resigned on 31 March 2021</i> )	35,000	–	35,000
<b>Subtotal</b>	<b>179,000</b>	<b>–</b>	<b>179,000</b>
<b>Grand Total</b>	<b>323,000</b>	<b>4,389,211</b>	<b>4,712,211</b>

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### (a) AUDIT COMMITTEE

The AC currently comprises of three members, all of whom are Independent Directors. The AC Chairman is Mr Gan Lian Peng. Although none of the current members of the AC is a former key audit partner involved in auditing the Group, the Group does not have the policy as stipulated in Practice 8.2 that the said key audit partner observed a cooling-off period of at least two years before being appointed a member of the AC.

The AC has policies and procedures to review, assess and monitor the performance, suitability and independence of the external auditors.

Prior to the commencement of the annual audit, the AC will seek confirmation from the external auditors as to their independence. This confirmation would be re-affirmed by the external auditors to the AC upon their completion of the annual audit. These confirmations were made pursuant to the Independence Guidelines of the Malaysian Institute of Accountants.

Further details on the work performed by AC in furtherance of its oversight role are set out in the AC Report in this Annual Report.

## CORPORATE GOVERNANCE OVERVIEW REPORT (CONT'D)

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

#### (b) RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

During FY 2021, the Board and AC were assisted by the Executive Directors and its Finance Department to maintain its risk management system, which is reviewed and updated constantly to safeguard shareholders' investments and the Group's assets.

The Group's internal audit function has been outsourced to an external consultant which reports directly to the AC.

The internal audit function currently reviews and appraises the risk management and internal control processes of the Group. The Statement on Risk Management and Internal Control set out in this Annual Report provides an overview of the Group's approach to ensure the effectiveness of the risk management and internal processes within the Group.

### PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

#### (a) COMMUNICATION WITH STAKEHOLDERS

Lay Hong is committed to upholding high standards of transparency and promotion of investor confidence through the provision of comprehensive, accurate and quality information on a timely and even basis.

#### (b) CONDUCT OF GENERAL MEETINGS

As stated earlier, the Board recognises the importance of communications with its shareholders and will take additional measures to encourage shareholders' participation at general meetings as recommended by the MCCG.

This includes the Chairman highlighting to shareholders and proxy holders, their right to speak up at general meetings, the conduct of poll voting for all resolutions tabled at general meetings and a review of the performance of the Group during the AGM.

To ensure effective participation and engagement with shareholders at the AGM in 2020, all Directors, including members of AC, NC and RC, attended and participated in the said virtual AGM.

In line with the best CG practice, the Notice of the 37th AGM and Annual Report are sent out to shareholders at least 28 days before the date of the meeting to allow sufficient time for shareholders to consider the proposed resolutions to be tabled at the AGM.

## AUDIT COMMITTEE REPORT

### MEMBERS OF AUDIT COMMITTEE

The Audit Committee (“AC” or the “Committee”) of Lay Hong Berhad (“Lay Hong” or the “Company”) is comprised wholly of Non-Executive Directors as follows:

**Gan Lian Peng**

*Chairman, Independent Non-Executive Director*

**Tan Chee Hau**

*Member, Independent Non-Executive Director*

**Lim Teck Seng**

*Member, Independent Non-Executive Director*

Mr Gan Lian Peng is a member of the Malaysian Institute of Accountants.

Mr Gan Lian Peng meets the requirement of Paragraph 15.09 (1)(c)(i) of Main Market Listing Requirements (“MMLR”) in that he is a Chartered Accountant and a member of the Malaysian Institute of Accountants.

### SECRETARY

The secretary to the AC is the Company Secretary of the Company.

### TERMS OF REFERENCE

The AC has discharged its function and carried out its duties as set out in the Terms of Reference (“TOR”).

The detailed TOR of the AC outlining the composition, duties and functions, authority and procedures of the AC are published and available on the Company’s website at [www.layhong.com.my](http://www.layhong.com.my).

### MEETINGS AND MINUTES

#### Attendance at Meetings

The record of attendance of the members of the AC for meetings held during the financial year ended 31 March 2021 (“FY 2021”) are as follows:

AC Member	Designation	Number of Committee Meetings attended
Gan Lian Peng	Independent Non-Executive Director	4/4
Tan Chee Hau	Independent Non-Executive Director	4/4
Lim Teck Seng	Independent Non-Executive Director	4/4

The quorum of the meeting is two (2).

## AUDIT COMMITTEE REPORT (CONT'D)

### MEETINGS AND MINUTES (CONT'D)

#### Meetings

The AC will meet at least four (4) times a year although additional meetings may be called at any time at the discretion of the Committee. The record of attendance of the members of the AC is shown above.

The meetings are pre-scheduled and are timed just before the Company's Board of Directors' ("**Board**") meetings. The Agenda carries matters that need to be deliberated, reviewed or decided on and reported to the Board. Notices and AC papers are circulated to all members prior to the meeting with sufficient time allocated for them to prepare themselves for deliberation on the matters being raised.

If the need arises, the Chairman has the discretion to call for the attendance of Management, internal auditors and external auditors during such meetings.

During its AC meetings, the AC shall review the risk management and internal control processes, the Interim and Year-end Financial Report, the Internal and External Audit Plans and Reports, Related Party Transactions/Recurrent Related Party Transactions ("**RRPT**"), and all other areas within the scope of responsibilities of the AC under its TOR.  
Minutes

The Company Secretary shall be the Secretary of the AC which shall provide the necessary administrative and secretarial services for the effective functioning of the Committee. The minutes of the meetings are circulated to the Committee and to all members of the Board.

### SUMMARY OF ACTIVITIES

In respect of the FY 2021, the AC in discharging its duties and functions carried out activities which are summarised broadly as follows:

#### a. Internal Audit

The AC knows an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the systems of internal control.

The internal audit function was outsourced to Moore Stephens Associates PLT ("**Moore Stephens**") for the Company and its subsidiaries ("**Group**") for the FY 2021.

The internal auditor reports directly to the AC on a quarterly basis by presenting its Internal Audit Reports during the AC meetings, whereby relevant issues identified in the Internal Audit Reports will be discussed with the Management in the meeting. Rectification work, if necessary will be performed and follow-up will be carried out by internal auditor for the purpose of reporting at the subsequent AC meeting.

During the financial year the following internal audit reports were tabled for discussion and review:-

- i. Credit Control – West Malaysia
- ii. Broiler Farm – Tanjung Malim, Perak
- iii. Information Technology General Control – Head Quarter
- iv. Layer Farms and Distribution Centre

FY 2021, the cost incurred for internal audit function was RM50,668.

## AUDIT COMMITTEE REPORT (CONT'D)

### SUMMARY OF ACTIVITIES (CONT'D)

#### b. Financial Reporting

In overseeing and discharging its responsibilities in respect of financial reporting, the AC:

- i. Reviewed the financial positions, quarterly interim financial reports, and announcements for the respective financial quarters prior to submission to the Board for consideration and approval.
- ii. Ensured the quarterly reports and Audited Financial Statements (“**AFS**”) were prepared in compliance with the Malaysian Financial Reporting Standards (“**MFRS**”) and International Financial Reporting Standards (“**FRS**”) in Malaysia, and the Requirements of the Companies Act 2016 Malaysia while the quarterly reports took into consideration Paragraph 9.22 including Appendix 9B of the MMLR;
- iii. Reviewed the various Board’s Policies and Procedures, Board Charter, procedures for RRPT;
- iv. Reviewed the External Auditors’ Audit Plan (“**Audit Plan**”) for the FY 2021 which covered the engagement and reporting requirements, audit approach, areas of audit emphasis, significant events during the financial year, communication with the management, engagement team, the reporting and deliverables as well as the proposed audit fees;
- v. Reviewed the External Auditors’ audit findings and recommendations and the AFS for the FY 2021;
- vi. Reviewed proposed renewal of shareholders’ mandate for RRPT entered into by the Company and its subsidiaries during its AC meetings;
- vii. Considered the performance of External Auditors, reviewed the independence of External Auditors and recommended to the Board for re-appointment;
- viii. To ensure the integrity of the financial information, received assurance from the Executive Directors and Executive Director in charge of Finance, that:-
  - Appropriate accounting policies had been adopted and applied consistently;
  - The going concern basis applied in the AFS was appropriate;
  - Prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the MFRSs and FRSs;
  - Adequate controls and processes were in place for effective and efficient financial reporting and relevant disclosures under MFRSs and FRSs and Listing Requirements; and
  - The consolidated AFS and the Quarterly Condensed Consolidated Financial Statements did not contain material misstatements and gave a true and fair view of the financial position.
- ix. Reviewed the AC Report, CG Overview Statement, CG Report and Statement on Risk Management and Internal Control for publication in the 2020 Annual Report; and
- x. Reviewed the Statement on Risk Management and Internal Control together with the External Auditors and received assurance from the Executive Directors and Executive Director in charge of Finance that the Group’s risk management and internal control systems are operating adequately and effectively in all material aspects before recommending the Statement to the Board.

## AUDIT COMMITTEE REPORT (CONT'D)

### SUMMARY OF ACTIVITIES (CONT'D)

#### c. External Audit

Messrs. Tai, Yapp & Co Plt (“TYC”) is the External Auditors for the Group except for Lay Hong Development Sdn Bhd and Takaso SC (Thailand) Limited. TYC led by their engagement partner presented their External Audit Plan for FY 2021 and had declared and confirmed that they were independent and would be independent through their audit engagement.

For the FY 2021, the AC met with the External Auditors in the absence of Management in order to had the opportunity to assess the co-operation extended by the Management to the External Auditors, their attitude and readiness to provide documentation and explanations, as well as the adequacy of resources in the Group’s Finance Department.

There were no areas of major concern raised by TYC that warranted escalation to the Board. The External Auditors were also informed by the AC that should there be any significant incidents or matters detected during their audits or reviews which warrant their knowledge or intervention, it shall be reported to the AC accordingly.

The non-audit fees payable to the External Auditors was RM11,800 for the FY 2021. The non-audit fees were in respect of services rendered in respect of review of the Statement on Risk Management and Internal Control and review of Group reporting was not accrued.

The AC carried out an assessment of the performance and suitability of TYC based on the quality of services and relationship with Management, AC, external auditors and Board. The AC has been generally satisfied with the independence, performance, and suitability of TYC based on the assessment and are recommending to the Board and shareholders for approval for the re-appointment of TYC as External Auditors for the financial year ending 31 March 2022.

### CG PRACTICES

Apart from discharging its duties with respect to the internal audit, financial reporting and external audit, the AC also reviewed the disclosures made in respect of the financial results and Annual Report of the Company in line with the principles and spirit set out in the Malaysian Code on CG, other applicable laws, rules, directives, and guidelines.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) which requires listed companies to maintain a sound system of risk management and internal control to safeguard shareholders’ investment and the Group’s assets, the Board of Directors (“**Board**”) of Lay Hong Berhad is pleased to present the following Statement on Risk Management and Internal Control.

## BOARD’S RESPONSIBILITY

The Board acknowledges its responsibility for the adequacy and integrity of the Group’s system of internal controls. The system of internal controls, by its nature, can only provide reasonable and not absolute assurance against any material loss or fraud. It is also recognised that risks cannot be eliminated. As such, the systems and procedures put in place are aimed at minimising and managing risks.

## RISK MANAGEMENT FRAMEWORK

The Board confirms that there is an ongoing process in identifying, evaluating and managing significant risks faced by the Group; that the process has been in place up to the date of this statement; that this process is reviewed by the Board and is in accordance with the Statement on Risk Management and Internal Control: Guidance for Directors of Public Listed Companies.

Risk Management Committee is in place to identify key risks facing the Group and to formulate appropriate measures to address those risks. The Risk Management Committee comprises the Executive Chairman and senior management team and is supported by a sub-committee comprising operational managers of major departments. During the year, all major risks that have an impact on the Group such as market, economic, legislative and financial risks, have been identified, prioritised and monitored closely on an on-going basis. The risk assessment process includes areas of protection of livestock against adverse climatic conditions, increase in raw material costs and diseases as well as recruitment and retention of employees and impairment of receivables.

The internal audit function reports directly to the Audit Committee (“**AC**”). The internal audit function reviews critical business processes and identifies internal control gaps, assesses the effectiveness and adequacy of the existing state of internal control and recommends possible improvements to the internal control process. The results of audits and recommendations for improvement were tabled at the AC meetings for discussion and assessment. Key and significant issues were reported to the Board by the Chairman of the AC for further actions and continuous monitoring by management.

## INTERNAL CONTROL

Internal audit plays a critical role in the objective assessment of the Group’s business processes by providing the AC 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 Operation Policies**

Standard operating policies and procedures that document how transactions are captured and recorded where internal controls are applied exist for all Group’s major subsidiaries.

- **Board Approval**

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 businesses within the Group.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

### INTERNAL CONTROL (CONT'D)

- **Monthly Executive Committee Meeting**

Monthly Executive Committee meetings are held and are attended by all Executive Directors and senior management to discuss the Group's operational matters.

- **Detailed Budgeting Process**

Detailed annual budgets are prepared by the finance department and approved by the Management. The monitoring of actual performance against what is budgeted is performed on a timely basis. When major variances are observed, further investigation was performed, and follow-up management actions are taken where necessary.

### REVIEW BY THE EXTERNAL AUDITORS

As required by Paragraph 15.23 of Bursa Securities MMLR, the external auditors have conducted a limited assurance review on this Statement on Risk Management and Internal Control for inclusion in this Annual Report. Their limited assurance engagement was performed in accordance with ISAE3000 (Revised 2015), Assurance Engagement other than Audits or Review of Historical Financial Information and Audit and Assurance Practice Guide ("AAPG") 3 and Guidance for Auditors on the Review of Directors' Statement on Internal Control.

Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this statement is not prepared, in all material aspects, in accordance with disclosure required by paragraphs 41 and 42 of the Statement of Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate. AAPG3 does not require the external auditors to consider whether this statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control system.

### CONCLUSION

The Board is of the view that the system of risk management and internal control in place throughout the Group for the year under review, and up to the date of approval of this Statement, is sound and effective, providing reasonable assurance that the structure and operation of controls are appropriate for the Group's operations.

Implementation measures are continuously taken to strengthen the system of risk management and internal control to safeguard shareholders' investments and the Group's assets.

## ADDITIONAL COMPLIANCE INFORMATION

In compliance with the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, the following additional information are provided:

### Audit/Non-Audit Fee

The amount of audit and non-audit fees incurred by the Company and Group for the financial year ended 31 March 2021 was as follows:-

Detail of fee	Group RM	Company RM
Statutory Audit remuneration	272,000	80,000
Non Audit remuneration	11,800	11,800

### Material Contracts

To the best of the Board's knowledge, there were no material contracts entered into by the Company and/or its subsidiaries with any of the major Shareholders nor Directors in office as at 31 March 2021 except as disclose in the notes to the financial statements.

### Shares Issuance Scheme ("SIS")

The Company's shareholders had approved the SIS at an Extraordinary General Meeting held on 18 May 2015. The SIS was implemented on 12 January 2016 to grant share options to eligible Directors and employees of the Company.

On 12 January 2016, the Company had made the first offer of 5,250,000 new SIS Options pursuant to the SIS to the eligible employees and Directors at the exercise price of RM5.81. Subsequently after the subdivision of shares in ratio of 5:1 and bonus issue of 1:1 on 14 October 2016, it has resulted in the number of shares offered to become 52,500,000 at an exercise price of RM0.581.

Total number of SIS Options granted, exercised, lapsed and outstanding under the SIS is set out in the table below:

Description	Number of Options (Since the Effective Date to 31 March 2021)	
	Grand Total	Directors / Senior Management
(a) Granted	52,500,000	8,900,000
(b) Exercised	38,200,000	6,950,000
(c) Lapsed	14,300,000	1,950,000
(d) Outstanding	-	-

The Scheme had expired on 11 January 2021 and any share granted that are not excised had lapsed.

## STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

This statement is prepared as required by the Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are required by the Companies Act 2016 ("**the Act**") to prepare financial statements for each financial year so as to give a true and fair view of the financial position of the Group and of the Company and the results and cash flows of the Group and of the Company as at end of the financial year.

During the preparation of the financial statements for the financial year ended 31 March 2021, the Directors have ensured that:-

- the Group and the Company have adopted appropriate accounting policies and are consistently applied;
- judgements and estimates that are prudent and reasonable have been used;
- all applicable Malaysian Financial Reporting Standards and International Financial Reporting Standards in Malaysia have been complied with;
- the accounting and other records required by the Act are properly kept and disclosed with reasonable accuracy at any time, the financial position of the Group and of the Company which enable them to ensure the financial statements comply with the Act; and
- the financial statements have been prepared on the going concern basis.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities and material misstatements, as described more fully in the corporate governance section of this report. Such system, by their nature, can only provide reasonable and not absolute assurance against material misstatement, loss and fraud.

# FINANCIAL

# STATEMENTS

45	Directors' Report	62	Consolidated Statement of Changes in Equity
50	Independent Auditors' Report to the Members	64	Statement of Changes in Equity
55	Consolidated Statement of Financial Position	65	Consolidated Statement of Cash Flows
57	Statement of Financial Position	68	Statement of Cash Flows
59	Consolidated Statement of Profit or Loss and Other Comprehensive Income	70	Notes To The Financial Statements
61	Statement of Profit or Loss and Other Comprehensive Income	139	Statement By Director
		139	Statutory Declaration

## DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Group and of the Company for the year ended 31 March 2021.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are that of integrated livestock farming and investment holding. The principal activities and details of the subsidiary companies are disclosed in Note 7 to the financial statements.

There have been no significant changes in the nature of these activities during the year.

### RESULTS

	<b>Group RM</b>	<b>Company RM</b>
Profit for the year	5,241,856	3,600,389
Attributable to :-		
Owners of the company	3,182,455	3,600,389
Non-controlling interests	2,059,401	-
	5,241,856	3,600,389

### DIVIDEND

Since the end of the previous financial year, the Company paid the following dividend:

	<b>RM</b>
Final single tier tax exempt dividend of 0.75 sen per ordinary in respect of the financial year ended 31 March 2020 was paid on 12 November 2020.	4,952,169

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

### ISSUE OF SHARES AND DEBENTURES

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

There were no debentures issued during the financial year.

# DIRECTORS' REPORT

(CONT'D)

## INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnities have been given or insurance premium paid, during or since the end of the year for any person who is or has been the directors, officers or auditors of the Group and of the Company.

## DIRECTORS

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

Dato' Yap Hoong Chai	
Dato' Yeap Weng Hong	
Yeap Fock Hoong	
Ng Kim Tian	
Dato' Yap Chor How	
Gan Lian Peng	
Tan Chee Hau	
Lim Teck Seng	
Tadaaki Ito	(Appointed on 1 April 2021)
Yasuhito Igarashi	(Appointed on 23 September 2020 and resigned on 31 March 2021 as Alternate Director for Hideki Fujii, Re-appointed on 1 April 2021 as Alternate Director for Tadaaki Ito)
Hideki Fujii	(Resigned on 31 March 2021)
Ryuichi Nitta	(Resigned on 15 September 2020 as Alternate Director for Hideki Fujii)

The name of the Director of the subsidiary companies (excluding Directors who are also the Directors of the Company) who served during the year and until the date of this report is:

Yip Kim Hoong

## SHARE ISSUANCE SCHEME

The Company's shareholders have approved the Share Issuance Scheme (SIS) at an Extraordinary General Meeting held on 18 May 2015. The SIS was implemented on 12 January 2016 to grant share options to eligible Directors and employees of the Company and had expired on 11 January 2021.

The salient features and other terms of the SIS are disclosed in Note 18 to the financial statements.

The options granted to take up unissued ordinary shares are as follows:

Grant Date	Expired date	Exercise price	[----- Number of options -----]			Balance as 31.3.21
			Balance as 1.4.20	Granted/ allocated	Lapsed	
12.1.2016	11.1.2021	RM0.581	14,300,000	-	(14,300,000)	-

## DIRECTORS' REPORT (CONT'D)

### DIRECTORS' INTEREST

The shareholdings in the Company of those who were directors as at the end of the year, as recorded in the Register of Directors' Shareholdings kept by the Company are as follows:-

Holding Company Lay Hong Berhad	[----- Number of Ordinary Shares -----]			Balance as at 31.3.21
	Balance as at 1.4.20	Acquired	(Disposed)	
Dato' Yap Hoong Chai				
- direct	7,774,500	1,610,200	-	9,384,700
- indirect*	216,022,360	957,300	-	216,979,660
Dato' Yeap Weng Hong	4,072,000	-	-	4,072,000
Yeap Fock Hoong	120,000	-	-	120,000
Dato' Yap Chor How	6,283,700	-	-	6,283,700

\* Deemed interested in shares held by his spouse, children, siblings and spouse children and also by virtue of its shareholdings in Innofarm Sdn Bhd.

Holding company Lay Hong Berhad	[----- Number of Warrants -----]				Balance as at 31.3.21
	Balance as at 1.4.20	Acquired	Exercised	(Disposed)	
Dato' Yap Hoong Chai					
- indirect	20,888,100	-	-	(19,484,915)	1,403,185
Dato' Yeap Weng Hong	20,000	-	-	-	20,000
Yeap Fock Hoong	60,000	-	-	-	60,000
Dato' Yap Chor How	2,298,500	-	-	(2,298,500)	-

The shareholdings of the Directors in the related corporation during the financial year are as follows :

Related Company	[----- Number of Ordinary Shares -----]			Balance as at 31.3.21
	Balance as at 1.4.20	Acquired	(Disposed)	
<b>Sri Tawau Farming Sdn Bhd</b>				
<b>Indirect interest</b>				
Dato' Yap Hoong Chai	500,001	-	-	500,001
Dato' Yeap Weng Hong	500,001	-	-	500,001
Yeap Fock Hoong	500,001	-	-	500,001

Dato' Yap Hoong Chai, Dato' Yeap Weng Hong and Yeap Fock Hoong by virtue of their interests in shares in the Company are also deemed interested in shares of all the holding company's subsidiaries to the extent that the holding company has an interest.

Other than as stated above, none of the Directors in office at the end of financial year had any interest in shares in the Company or its related corporations during the financial year.



# DIRECTORS' REPORT

(CONT'D)

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of remuneration received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as disclosed in Note 25 to the financial statements) by reason of a contract made by the Company or a related corporation with any 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.

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## OTHER STATUTORY INFORMATION

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

**DIRECTORS'  
REPORT**  
(CONT'D)**SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING DATE**

Significant events during and after the reporting date are disclosed in Note 34 to the financial statements.

**AUDITORS**

The total amount of fee paid to or receivable by the Auditors, as remuneration for their services as auditors of the Group and Company for the financial year ended 31 March 2021 amounted to RM272,000 and RM80,000 respectively.

The auditors, Messrs Tai, Yapp & Co PLT have indicated their willingness to continue in office.

Signed on behalf of the board in accordance with a resolution of the directors.

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**DATO' YAP HOONG CHAI**

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**DATO' YEAP WENG HONG**

Klang, Selangor  
30 June 2021

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF LAY HONG BERHAD

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of Lay Hong Berhad, which comprise the statements of financial position as at 31 March 2021, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 55 to 138.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2021, and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence and Other Ethical Responsibilities

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

#### Key Audit Matters

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

# INDEPENDENT AUDITORS' REPORT (CONT'D)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p><u>Fair Value of Biological Assets</u></p> <p>The value of biological assets of the Group was approximately RM70,487,393. The fair value of biological assets was subject to the livestock's life to maturity, mortality rate, production quantity, selling prices, variable costs and profit margins. In addition, there was a high volume of livestock held at year end.</p> <p>In determining the fair value of the biological assets, the Group uses the discounted cash flow model. We have identified the valuation of biological assets as a key audit matter due to the significant judgement and estimates that were used in determining the fair value of the layers and breeders, in particular the estimated selling price and expected quantity of the table eggs and day-old-chick to be produced, the cost of feeds for the remaining life and residual values of the layers and breeders.</p>	<p><u>Our audit procedures over this area included:</u></p> <p>We gained an understanding of the process in determining the fair value of biological assets including the test of internal controls in respect of the recording of purchase of layers and breeders, feeds and other consumables;</p> <p>We assessed the appropriateness of the key assumptions such as feed costs, projected selling prices and mortality rates used by the management in the valuation model by comparing to the historical data and other collaborative evidence available;</p> <p>We also compared actual expenses and selling prices against assumptions to assess the accuracy of management's estimates;</p> <p>We tested the capitalised cost as part of the valuation method which includes starter cost (Day-old-chick), cost of feed consumed and cost of other consumables;</p> <p>We tested the amortisation of layers and breeders in accordance with the Group's policy;</p> <p>We assessed the reasonableness of discount rate used to reflect the time value of money;</p> <p>We evaluated the adequacy and appropriateness of the disclosures including the disclosure of key assumption in the valuation methodology and estimation made by the management.</p> <p>Based on the above procedures performed, we noted no significant exceptions.</p>
<p><u>Impairment on receivables</u></p> <p>This assessment on the recoverability of receivables is significant to our audit as it involves significant management judgement and estimation uncertainty in analysing historical payment pattern and customers' creditworthiness and is also affected by expected future market and economic condition.</p>	<p><u>Our audit procedures over this area included:</u></p> <p>We reviewed the Group policy in relation to the impairment on doubtful debts calculation;</p> <p>We reviewed the ageing analysis of receivables and tested the reliability thereof;</p> <p>We also assessed the recoverability of receivables that were past due but not impaired with reference to the past historical repayment trends, customers credit profiles, past year end cash receipts and discussion with management to enquire the status of attempts by management to collect the amounts outstanding;</p> <p>We assessed the reasonableness and adequacy of the allowance for impairment recognised.</p> <p>Based on the above procedures performed, we noted no significant exception.</p>

# INDEPENDENT AUDITORS' REPORT

(CONT'D)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

<b>Key audit matter</b>	<b>How the matter was addressed in our audit</b>
<u>Valuation of Property, Plant and Equipment</u>	<u>Our audit procedures over this area included</u>
<p>As at 31 March 2021, the carrying amount of property, plant and equipment of the Group was approximately RM606million. The Group adopts revaluation model for its property. In the current financial year, the Group engaged firms of independent valuers to assess the fair value for its property, plant and equipment held at the reporting date.</p> <p>Fair value is determined from market-based evidence by appraisal that is undertaken by professional valuers which is highly judgmental. Hence, we have identified the carrying value of the property, plant and equipment as a key audit matter since the revaluation exercise will be performed at the end of the reporting date.</p>	<p>We considered the competence, capabilities and objectivity of the independent valuers engaged by the management.</p> <p>We also obtained an understanding of the methodology adopted by the independent valuers and management in estimating the fair values of the property, plant and equipment.</p> <p>As part of our evaluation of the fair values of property, plant and equipment, we had reviewed the valuation report prepared by the independent valuers and had discussion with the management to obtain an understanding of the property related data used as input to the valuation model.</p> <p>We have evaluated the adequacy and appropriateness of disclosures made by the management.</p> <p>Based on the above procedures performed, we noted no significant exception.</p>

## INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report and Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

# INDEPENDENT AUDITORS' REPORT

(CONT'D)

## RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

## AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

# INDEPENDENT AUDITORS' REPORT

(CONT'D)

## AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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

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

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary companies of which we have not acted as auditors are as disclosed in Note 7 to the financial statements.

## OTHER MATTERS

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

TAI, YAPP & CO PLT  
LLP0023255-LCA & AF 0205  
CHARTERED ACCOUNTANTS

DOO GHIN SZE  
02468/10/2022 J  
Chartered Accountant

30 June 2021  
Kuala Lumpur

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Note	2021 RM	2020 RM
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	5	606,123,638	503,925,314
Investment properties	6	6,270,000	5,939,581
Investment in an associate	8	–	5,102,249
Other investments	9	1,282,392	196,512
Intangible assets	10	7,944,083	4,731,227
		621,620,113	519,894,883
<b>Current assets</b>			
Biological assets	11	70,487,393	72,999,588
Inventories	12	105,884,209	100,065,784
Trade receivables	13	90,377,465	89,474,840
Other receivables	14	17,578,133	22,019,985
Current tax assets		486,445	2,917,379
Short term investment		–	170,000
Deposits with a licensed bank	15	545,714	529,299
Cash and bank balances	16	9,698,693	15,135,962
		295,058,052	303,312,837
Non-current assets held for sale	17	27,600,000	27,600,000
		322,658,052	330,912,837
<b>TOTAL ASSETS</b>		<b>944,278,165</b>	<b>850,807,720</b>



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(CONT'D)

	Note	2021 RM	2020 RM
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	18	145,621,316	145,621,316
Reserves	19	259,716,481	188,586,162
		405,337,797	334,207,478
Non-controlling interest		51,164,029	37,479,639
<b>Total equity</b>		456,501,826	371,687,117
<b>Non current liabilities</b>			
Borrowings	20	88,396,652	106,848,024
Other payables	21	1,110,818	1,203,611
Deferred tax liabilities	22	62,578,982	39,671,619
		152,086,452	147,723,254
<b>Current liabilities</b>			
Trade payables	23	78,009,613	92,281,465
Other payables	21	53,602,408	43,560,158
Amount due to an associate	8	2,415,561	3,005,098
Current tax liabilities		–	56,048
Borrowings	20	201,662,305	192,494,580
		335,689,887	331,397,349
<b>Total liabilities</b>		487,776,339	479,120,603
<b>TOTAL EQUITY AND LIABILITIES</b>		944,278,165	850,807,720

The accompanying notes form an integral part of the financial statements.

## STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Note	2021 RM	2020 RM
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	5	208,533,282	168,850,313
Investment in subsidiaries	7	62,748,615	62,748,615
Investment in an associate	8	14,700,000	14,700,000
Other investments	9	1,204,532	119,672
Amount due from subsidiaries	7	61,224,746	60,254,801
		348,411,175	306,673,401
<b>Current assets</b>			
Biological assets	11	48,186,360	51,319,583
Inventories	12	15,842,304	14,048,609
Trade receivables	13	23,572,257	24,184,033
Other receivables	14	8,517,990	11,375,901
Amount due from subsidiaries	7	84,191,626	88,454,109
Amount due from an associate	8	593	22,066
Current tax assets		–	1,267,688
Short term investment		–	170,000
Cash and bank balances	16	3,910,757	8,241,652
		184,221,887	199,083,641
Non-current assets held for sale	17	27,600,000	27,600,000
		211,821,887	226,683,641
<b>TOTAL ASSETS</b>		560,233,062	533,357,042

## STATEMENT OF FINANCIAL POSITION

(CONT'D)

	Note	2021 RM	2020 RM
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	18	145,621,316	145,621,316
Reserves	19	144,183,380	113,248,744
<b>Total equity</b>		289,804,696	258,870,060
<b>Non current liabilities</b>			
Borrowings	20	43,047,156	51,464,652
Deferred tax liabilities	22	26,960,732	19,567,047
		70,007,888	71,031,699
<b>Current liabilities</b>			
Trade payables	23	35,980,478	49,453,272
Other payables	21	23,444,492	16,011,218
Amount due to subsidiaries	7	20,735,219	29,670,103
Borrowings	20	119,866,467	108,320,690
Current tax liabilities		393,822	-
		200,420,478	203,455,283
<b>Total liabilities</b>		270,428,366	274,486,982
<b>TOTAL EQUITY AND LIABILITIES</b>		560,233,062	533,357,042

The accompanying notes form an integral part of the financial statements.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

AS AT 31 MARCH 2021

	Note	2021 RM	2020 RM
Revenue	24	923,658,338	839,697,393
Cost of sales		(772,950,763)	(689,531,050)
Gross profit		150,707,575	150,166,343
Other income		8,246,088	10,584,669
Selling and distribution expenses		(96,760,366)	(87,670,837)
Administrative expenses		(35,227,672)	(39,320,125)
Profit from operations		26,965,625	33,760,050
Finance costs		(12,165,096)	(14,264,341)
Share of loss from an associate		(5,102,249)	(5,397,980)
<b>Profit before taxation</b>		9,698,280	14,097,729
Taxation	26	(4,456,424)	(8,521,410)
<b>Profit for the year</b>		5,241,856	5,576,319
<b>Other comprehensive income:</b>			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		389,549	(497,140)
<i>Items that will not be reclassified subsequently to profit or loss :</i>			
Acquisition of additional equity interest in subsidiary		-	(128,055)
Revaluation surplus on land and buildings		107,276,317	-
Tax effects relating to			
- Revaluation of land and buildings		(23,140,844)	-
- Changes in tax rate		-	(1,373,650)
		84,135,473	(1,501,705)
<b>Other comprehensive income, net of tax</b>		84,525,022	(1,998,845)
<b>Total comprehensive income</b>		89,766,878	3,577,474

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

	2021 RM	2020 RM
<b>Profit for the year attributable to :</b>		
Owners of the Company	3,182,455	3,398,049
Non-controlling interests	2,059,401	2,178,270
	5,241,856	5,576,319
<b>Total comprehensive income attributable to :</b>		
Owners of the Company	76,082,488	2,240,643
Non-controlling interests	13,684,390	1,336,831
	89,766,878	3,577,474
<b>Earning per share:</b>		
- Basic	27	0.48
- Diluted	27	*

\* No diluted earnings per share is presented as there are no potential dilutive ordinary shares as at the end of the financial year.

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

AS AT 31 MARCH 2021

	Note	2021 RM	2020 RM
Revenue	24	397,580,287	385,754,662
Cost of sales		(348,363,214)	(327,409,137)
Gross profit		49,217,073	58,345,525
Other income		3,571,791	3,814,520
Selling and distribution expenses		(28,425,097)	(27,934,268)
Administrative expenses		(12,459,928)	(16,521,182)
Profit from operations		11,903,839	17,704,595
Finance costs		(6,395,006)	(7,443,687)
<b>Profit before taxation</b>		5,508,833	10,260,908
Taxation	26	(1,908,444)	(7,379,492)
<b>Profit for the year</b>		3,600,389	2,881,416
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss :</i>			
Revaluation surplus on land and buildings		39,000,990	-
Tax effects relating to			
- Revaluation of land and buildings		(6,714,574)	-
- Changes in tax rates		-	(435,876)
		32,286,416	(435,876)
<b>Total comprehensive income</b>		35,886,805	2,445,540

The accompanying notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	Attributable to owners of the Company		Distributable		Total Equity RM	Non-Controlling Interest RM	Total Equity RM
	Share Capital RM	Share Options RM	Revaluation Reserves RM	Foreign Currency Translation Reserve RM			
Balance at 1 April 2019	145,621,316	4,111,345	65,377,666	393,265	119,764,689	36,142,808	371,411,089
Transfer to distributable reserve on realisation of revaluation reserve	-	-	(1,111,342)	-	1,111,342	-	-
Arising from changed in tax rates	-	-	(1,373,650)	-	-	-	(1,373,650)
Acquisition of additional equity interest in subsidiary company	-	-	-	-	713,384	(841,439)	(128,055)
Profit for the year	-	-	-	-	3,398,049	2,178,270	5,576,319
Other comprehensive loss	-	-	-	(497,140)	-	-	(497,140)
Total comprehensive (loss)/income	-	-	(2,484,992)	(497,140)	5,222,775	1,336,831	3,577,474
Transactions with owners of the Company	-	-	-	-	(3,301,446)	-	(3,301,446)
Dividend	-	-	-	-	(3,301,446)	-	(3,301,446)
Total transactions with owners of the Company	-	-	-	-	(3,301,446)	-	(3,301,446)
Balance at 31 March 2020	145,621,316	4,111,345	62,892,674	(103,875)	121,686,018	37,479,639	371,687,117

28

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

	Attributable to owners of the Company		Distributable		Total Equity RM	Non- Controlling Interest RM	Total Equity RM
	Share Capital RM	Share Options RM	Revaluation Reserves RM	Foreign Currency Translation Reserve RM			
Balance at 1 April 2020	145,621,316	4,111,345	62,892,674	(103,875)	121,686,018	37,479,639	371,687,117
Transfer to distributable reserve on realisation of revaluation reserve	-	-	(910,116)	-	1,038,633	(128,517)	-
Transfer to distributable reserve on lapsed of SIS share option	-	(4,111,345)	-	-	4,111,345	-	-
Other transfers	-	-	6,593,977	-	(7,300,801)	706,824	-
Profit for the year	-	-	-	-	3,182,455	2,059,401	5,241,856
Other comprehensive income	-	-	73,088,791	389,549	-	11,046,682	84,525,022
Total comprehensive income	-	(4,111,345)	78,772,652	389,549	1,031,632	13,684,390	89,766,878
<b>Transactions with owners of the Company</b>							
Dividends	-	-	-	-	(4,952,169)	-	(4,952,169)
Total transactions with owners of the Company	-	-	-	-	(4,952,169)	-	(4,952,169)
Balance at 31 March 2021	145,621,316	-	141,665,326	285,674	117,765,481	51,164,029	456,501,826

The accompanying notes form an integral part of the financial statements.



# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	Share Capital RM	<----- Non-distributable Share Option Reserve RM	-----> Revaluation Reserve RM	Distributable Retained Profits RM	Total Equity RM
Balance at 1 April 2019	145,621,316	4,111,345	41,004,039	68,989,266	259,725,966
Transfer to distributable reserve on realisation of revaluation reserve	-	-	(420,088)	420,088	-
Arising from changes in tax rates	-	-	(435,876)	-	(435,876)
Profit for the year	-	-	-	2,881,416	2,881,416
Total comprehensive income	-	-	(855,964)	3,301,504	2,445,540
<b>Transactions with owners of the Company</b>					
Dividend	-	-	-	(3,301,446)	(3,301,446)
Total transactions with owners of the Company	-	-	-	(3,301,446)	(3,301,446)
Balance at 31 March 2020	145,621,316	4,111,345	40,148,075	68,989,324	258,870,060
Transfer to distributable reserve on realisation of revaluation reserve	-	-	(371,914)	371,914	-
Transfer to distributable reserve on lapsed of SIS share option	-	(4,111,345)	-	4,111,345	-
Other transfers	-	-	(513,915)	513,915	-
Profit for the year	-	-	-	3,600,389	3,600,389
Other comprehensive income	-	-	32,286,416	-	32,286,416
Total comprehensive income	-	(4,111,345)	31,400,587	8,597,563	35,886,805
<b>Transactions with owners of the Company</b>					
Dividend	-	-	-	(4,952,169)	(4,952,169)
Total transactions with owners of the Company	-	-	-	(4,952,169)	(4,952,169)
Balance at 31 March 2021	145,621,316	-	71,548,662	72,634,718	289,804,696

The accompanying notes form an integral part of the financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	2021 RM	2020 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	9,698,280	14,097,729
Adjustments for :-		
Amortisation of intangible assets	369,096	500
Depreciation of property, plant and equipment	38,049,287	36,168,291
Dividend income	(17,575)	(4,949)
Gain on disposal of property, plant and equipment	(582,472)	(59,558)
Loss on disposal of quoted investment	24,318	-
Property, plant and equipment written off	1,062,432	436,641
Impairment losses of non-current assets held for sale	-	3,002,014
Impairment loss of inventories	78,074	158,109
Impairment of inventories written back	(9,923)	-
Interest expense	12,165,096	14,264,341
Interest income	(81,664)	(90,785)
Net unrealised foreign exchange loss/(gain)	182,227	(2,575,673)
Net impairment losses on trade receivables	(4,543,501)	1,785,043
Net impairment losses on other receivables	-	1,341,485
Bad debts written off	5,899,875	648,830
Impairment losses on revaluation on land and building	1,690,998	-
Changes in fair value on quoted investment	398,263	(99)
Changes in fair value on biological assets	12,456,563	(4,235,320)
Changes in fair value on investment property	(330,419)	-
Share of losses from an associate	5,102,249	5,397,980
Operating profit before working capital changes	81,611,204	70,334,579
Inventories and Biological assets	(15,889,619)	(10,151,129)
Receivables	2,101,727	6,390,647
Payables	(4,667,355)	12,934,462
Associate	(589,537)	2,612,837
Cash generated from operations	62,566,420	82,121,396
Interest paid	(278,414)	(342,251)
Tax paid	(2,315,019)	(2,145,199)
Net cash generated from operating expenses	59,972,987	79,633,946

## CONSOLIDATED STATEMENT OF CASH FLOWS

(CONT'D)

	Note	2021 RM	2020 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	(a)	(20,219,683)	(55,429,436)
Addition to intangible assets		(3,582,312)	(1,790,424)
Proceeds from disposal of property, plant and equipment		1,065,706	431,968
Purchase of quoted investment		(1,654,143)	–
Proceeds from disposal of quoted investment		145,682	–
Interest received		81,664	90,785
Dividend received		17,575	4,949
Net cash used in investing activities		(24,145,511)	(56,692,158)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest paid		(11,886,682)	(13,922,090)
Net drawdown of bankers' acceptance		1,039,588	5,767,000
Net drawdown/(repayment) of revolving credit facilities		5,500,000	(2,000,000)
Net (repayment)/drawdown of term loans		(18,467,148)	6,883,378
Net repayment of lease liabilities		(13,381,297)	(11,660,722)
Dividends paid to owners of the parent		(4,952,169)	(3,301,446)
Increase in deposits pledged to licensed banks		(16,415)	(17,158)
Net cash used in financing activities		(42,164,123)	(18,251,038)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		(6,336,647)	4,690,750
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>		(662,636)	(1,219,967)
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>		10,288,472	6,817,689
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	(b)	3,289,189	10,288,472

## CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

**Note :****(a) Purchase of property, plant and equipment**

During the year, the Group acquired property, plant and equipment at an aggregate cost of RM34,852,879 (2020 : RM66,024,887) of which RM14,633,196 (2020 : RM10,595,451) was acquired by means of lease arrangements. Cash payment of RM20,219,683 (2020 : RM55,429,436) was made to purchase property, plant and equipment.

	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
<b>(b) Cash and cash equivalents</b>		
Cash and bank balances	9,698,693	15,135,962
Deposits with a licensed bank	545,714	529,299
Short term investments	-	170,000
Bank overdrafts (Note 20)	(6,409,504)	(5,017,490)
	3,834,903	10,817,771
Deposits pledged to a licensed bank	(545,714)	(529,299)
	3,289,189	10,288,472

The accompanying notes form an integral part of the financial statements.

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 RM	2020 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		5,508,833	10,260,908
Adjustments for :-			
Depreciation of property, plant and equipment		13,118,032	12,326,492
Dividend income		(17,517)	(4,004,908)
Net gain on disposal of property, plant and equipment		(107,898)	(8,097)
Property, plant and equipment written off		385,595	-
Impairment loss on non-current assets held for sale		-	3,002,014
Loss on disposal of quoted investment		24,318	-
Interest expense		6,395,006	7,443,687
Interest income		(731,757)	(695,723)
Net unrealised foreign exchange gain		-	(449,859)
Net impairment losses on trade receivables		(1,966,404)	1,166,921
Bad debts written off		2,204,800	13,108
Changes in fair value on biological assets		9,108,652	(1,706,197)
Changes in fair value of quoted investment		399,283	-
Impairment loss on other receivable		-	1,341,485
<hr/>			
Operating profit before working capital changes		34,320,943	28,689,831
Inventories and biological assets		(7,769,124)	(313,075)
Receivables		3,231,391	3,061,561
Payables		(6,039,520)	8,462,924
Associated company		-	39,671
Subsidiaries		2,745,294	(9,749,860)
<hr/>			
Cash generated from operations		26,488,984	30,191,052
Interest paid		(93,076)	(74,542)
Tax refund/(paid)		432,177	(771,087)
<hr/>			
Net cash generated from operating activities		26,828,085	29,345,423
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net cash outflow from acquisition of subsidiary companies		-	(1)
Purchase of property, plant and equipment	(a)	(4,166,402)	(21,964,915)
Proceeds from disposal of property, plant and equipment		113,900	10,150
Purchase of quoted investment		(1,654,143)	-
Proceeds from disposal of quoted investment		145,682	-
Interest received		7,283	695,723
Dividend received		17,517	4,004,908
<hr/>			
Net cash used in investing activities		(5,536,163)	(17,254,135)

## STATEMENT OF CASH FLOWS (CONT'D)

	Note	2021 RM	2020 RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest paid		(6,301,930)	(7,369,145)
Net drawdown/(repayment) of bankers' acceptance		3,893,000	(1,201,000)
Net drawdown/(repayment) of revolving credit facilities		5,500,000	(2,000,000)
Net (repayment)/drawdown of term loans		(12,703,417)	6,107,720
Net repayment of lease liabilities		(4,526,961)	(3,639,956)
Repayment to subsidiaries companies		(7,663,166)	-
Repayment from associate		21,473	-
Dividends paid to owners of the parent		(4,952,169)	(3,301,446)
Net cash used in financing activities		(26,733,170)	(11,403,827)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		(5,441,248)	687,461
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>		7,121,715	6,434,254
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	(b)	1,680,467	7,121,715

**Note :****(a) Property, Plant and Equipment**

During the year, the Company acquired property, plant and equipment with an aggregate cost of RM14,191,708 (2020 : RM26,014,865) of which RM10,025,306 (2020 : RM4,049,950) was acquired by means of lease arrangements. Cash payment of RM4,166,402 (2020 : RM21,964,915) was made to acquire the property, plant and equipment.

	2021 RM	2020 RM
<b>(b) Cash and cash equivalents</b>		
Cash and bank balances	3,910,757	8,241,652
Short term investments	-	170,000
Bank overdrafts (Note 20)	(2,230,290)	(1,289,937)
	1,680,467	7,121,715

The accompanying notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2021

## 1. GENERAL INFORMATION

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

The Company's registered office is at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas 50480, Kuala Lumpur.

The Company's principal place of business is at No. 2, Level 10-12, Wisma Lay Hong, Jalan Empayar, Off Persiaran Sultan Ibrahim/KU1, 41150 Klang, Selangor.

The financial statements were authorised for issue by the Board of Directors on 30 June 2021.

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

### 2.1 Statement of Compliance

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

The Group and the Company had adopted the following new MFRSs, Amendments/Improvements to MFRS and IC Interpretations mandatory for the current financial year:-

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 3, Business Combinations - Definition of a Business	1 January 2020
Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material	1 January 2020
Amendment to MFRS 139, Financial Instruments : Recognition and Measurements, MFRS 7, Financial Instruments : Disclosures and MFRS 9, Financial Instruments - Interest Rate Benchmark Reform	1 January 2020

The adoption of the above accounting standards and interpretations did not have significant impact on the financial statements of the Group and of the Company.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. BASIS OF PREPARATION (CONT'D)

#### 2.1 Statement of Compliance (Cont'd)

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

Description	Effective for annual periods beginning on or after
Amendment to MFRS 16, Leases - Covid-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments : Recognition and Measurement, MFRS 7, Financial Instruments : Disclosures, MFRS 4, Insurance Contracts and MFRS 16, Leases - Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)	1 January 2022
Amendments to MFRS 3, Business Combinations - Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)	1 January 2022
Amendments to Illustrative Examples accompanying MFRS 16, Leases (Annual Improvements to MFRS Standards 2018-2020)	1 January 2022
Amendments to MFRS 116, Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018-2020)	1 January 2022
MFRS 17, Insurance Contracts	1 January 2023
Amendment to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101, Presentation of Financial Statements - Classification of Liabilities as Current or Non-current <sup>1</sup>	1 January 2023
Amendments to MFRS 101, Presentation of Financial Statements - Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 10 and MFRS 128 : Sale or Contribution of Assets between an investor and its Associate or Joint Venture	Deferred

The Directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements of the Group and of the Company in the year of initial application.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. BASIS OF PREPARATION (CONT'D)

#### 2.2 Basis of Measurement

The financial statements of the Group and of the Company have been prepared under the historical cost convention and other measurement basis otherwise indicated in the respective accounting policies as set out below.

#### 2.3 Functional and Presentation Currency

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

#### 2.4 Use of Estimates and Judgments

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

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

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the respective notes.

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

##### (a) Useful lives of Property, Plant and Equipment

The Group and the Company estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property, plant and equipment are based on internal evaluation and experience with similar assets.

It is possible that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

##### (b) Loss Allowances of Financial assets

The Group and the Company recognise impairment losses for loans and receivables using the expected credit loss model. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's and the Company's past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowance made and this may affect the Group's and the Company's financial position and results.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. BASIS OF PREPARATION (CONT'D)

#### 2.4 Use of Estimates and Judgments (Cont'd)

##### (c) Measurement of Income Taxes

Significant judgement is required in determining the Group's and the Company's provision for current tax because the ultimate tax liability for the Group and the Company is uncertain. When the final outcome of the tax payable is determined with the tax authority, the amount might be different from the initial estimates of the tax payable. Such differences may impact the current tax in the period when such determination is made. The Group and the Company will adjust for the differences as over or under estimated of current tax in the period in which the differences arise.

##### (d) Fair Value of Biological Assets

The Group's and the Company's consumable biological assets are measured at fair value less costs to sell. In measuring fair value of layer breeders, management uses a discounted cash flow model using inputs or assumptions of life maturity, productivity quantity, mortality rate, selling prices of poultry, variable costs and profit margins. The probability-weighted cash flows are discounted using an appropriate discount rate that reflects the time value of money and the risk. As prices in agriculture business are volatile, the actual cash flows and discount rate may not coincide with the estimates made and this may have a significant effect on the Group's and the Company's financial position and results.

The key assumptions used in the discounted cash flow and the sensitivity analysis are disclosed in Note 11 to the financial statements.

##### (e) Allowance for 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) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which goodwill is allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

##### (g) Estimation uncertainty in relation to leases

The Group and the Company assess at lease commencement by applying significant assumptions whether it is reasonably certain to exercise the extension options. The Group and the Company consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group and the Company also applied the assumptions in determining the incremental borrowing rates for its leases, the Group and the Company make adjustment by reference to the weighted average cost of capital, taking into consideration the lease term and leased assets. The Group and the Company also consider changes in the financial condition since the last offered rates from financial institutions.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. BASIS OF PREPARATION (CONT'D)

#### 2.4 Use of Estimates and Judgments (Cont'd)

##### Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group that have the significant effect on the financial statements.

##### Research and development costs

The Group capitalises costs for development projects. Initial capitalisation of costs is based on management's judgement that ingredient usages, processes, and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

Management monitors progress of internal research and development projects by using a project management system. Significant judgement is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred.

To distinguish any research-type project phase from the development phase, it is the Group's accounting policy to also require a detailed forecast of sales or cost savings expected to be generated by the intangible asset. The forecast is incorporated into the Group's overall budget forecast as the capitalisation of development costs commences. This ensures that managerial accounting, impairment testing procedures and accounting for internally-generated intangible assets is based on the same data.

The Group's management also monitors whether the recognition requirements for development costs continue to be met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems after the time of recognition.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

#### 3.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expense and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.2 Basis of Consolidation (Cont'd)

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses. Business combination are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are recognised as expenses in the periods in which the costs are incurred.

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

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of the non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

#### ***Transactions with non-controlling interest***

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

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

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

#### **Loss of control**

Upon loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.3 Subsidiary Companies

Subsidiaries are entities including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Control exists when the Group is exposed 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 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.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution.

#### 3.4 Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.5 Intangible Assets

##### (a) Goodwill

Goodwill arising on business combination is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

##### (b) Research and development cost

All research costs are recognised in profit or loss as incurred. Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditures which do not meet these criteria are expensed when incurred.

Development costs, considered to have finite useful lives, are stated at costs less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five years. The development costs are amortised when the future economic benefits start flowing into the Company. Impairment is assessed whenever there is an indication of impairment and the amortisation period and method are also reviewed at least at reporting date. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.15(b).

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.6 Property, Plant and Equipment

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

Subsequent to initial recognition, property, plant and equipment are stated at cost/valuation less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.15(b).

Freehold land and leasehold are stated at revalued amount, which are the fair value at the date of the revaluation less any accumulated impairment losses. Buildings are stated at revalued amount, which are the fair value at the date of the revaluation less accumulated depreciation and any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professional qualified valuers.

Revaluations on freehold land, leasehold land and buildings are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold land, leasehold land and buildings at the reporting date. Revaluations on land and buildings are performed once in every five years or earlier.

Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained profits.

Freehold land is not depreciated as it has an infinite life. Leasehold land is depreciated over its lease terms. Capital work-in-progress are also not depreciated as these assets are not yet available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

	%
Buildings	2 – 10
Infrastructure	3 – 5
Plant and machinery	3 – 20
Motor vehicles	20
Office equipment	10 – 20
Furniture and fittings	5 – 20
Renovations	10

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss and the unutilised portions of the revaluation surplus on that item is taken directly to retained profits.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.7 Investment Property

##### (a) Investment property carried at fair value

Investment properties are property which is owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost and subsequently at fair value with any changes therein recognised in profit or loss for the period in which they arise. When the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

##### (b) Reclassification to/from investment property

When an item of property, plant and equipment transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained profits; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

#### 3.8 Income Taxes

##### (a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.8 Income Taxes (Cont'd)

##### (b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

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 transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

#### 3.9 Provision

A provision is recognised if, as a result of a past event, the Group and the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

#### 3.10 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and at bank, deposits with a licensed bank and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of its short-term commitments. For the purpose of statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and deposits pledged, if any.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.11 Biological assets

Biological assets comprising of breeders and commercial layers are measured at fair value less cost to sell. Costs to sell include the incremental selling costs, including estimated costs of transport but excludes finance costs and income taxes. Purchases of livestock are directly expensed to profit or loss when incurred. Changes in fair value of biological assets, livestock losses, the carrying amount of livestock depopulation and the carrying amount of livestock sold are recognised in the profit or loss within "Change in biological assets".

The following are further information on determining the fair value of each livestock.

##### *Breeders*

The fair value of parent breeding stock is determined using a discounted cash flow model based on the expected number of day-old-chick produced, the projected selling price of the day-old-chick, salvage value for old birds, mortality rates of the breeding stock, feed costs and consumption rates, farm house and equipment rentals, and other estimated farming cost that will be incurred throughout the remaining life of the breeder.

##### *Commercial layers*

The fair value of pullets and layers is determined using a discounted cash flow model based on the mortality ratios of the layers, expected number of table eggs produced by each layer, the expected projected selling price of the tables eggs and salvage value for old hen and after allowing for feed costs, contributory asset charges for the land and farm houses owned by the Group and other estimated farming cost that will be incurred throughout the remaining life of the layer.

#### 3.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in, first out method. The cost of finished goods and work in progress comprises of raw materials, direct labour, other direct costs, including import duties and other taxes and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. It excludes borrowing costs. Costs of purchased inventory are determined after deducting rebates and discounts.

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

#### 3.13 Non-current assets held for sale

Non-current assets, or disposal group comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale or distribution.

Immediately before classification as held for sale or distribution, the assets or components of a disposal group, are re-measured in accordance with the Group's and the Company's accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs of disposal.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.13 Non-current assets held for sale (Cont'd)

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, contract assets, contract costs, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's and the Company's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of equity-accounted associates ceases once classified as held for sale or distribution.

#### 3.14 Leases

##### (a) Definition of Lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group and the Company have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group and the Company have the right to direct the use of the asset. The Group and the Company have this right when they have the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group and the Company have the right to direct the use of the asset if either the Group and the Company have the right to operate the asset; or the Group and the Company designed the asset in a way that predetermines how and for what purpose it will be used.

##### (b) Recognition and initial measurement

###### (i) As a lessee

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimates of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that are cannot be readily determined, the Group's and the Company's incremental borrowing rate.

The Group and the Company have elected not to recognised right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and some leases of low-value assets [e.g. printing and photostat machines]. The Group and the Company recognise the lease payments associated with these as an expense on a straight-line basis over the lease term.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.14 Leases (Cont'd)

##### (b) Recognition and initial measurement (Cont'd)

###### (ii) As a lessor

When the Group and the Company act as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group and the Company make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

When the Group and the Company are an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group and the Company apply the exemption described above, then it classifies the sublease as an operating lease.

##### (c) Subsequent measurement

###### (i) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group and the Company have applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group and the Company are reasonably certain to exercise such options impact the lease term, which significantly affects the amount of the right-of-use asset has been reduced to zero.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.14 Leases (Cont'd)

##### (c) Subsequent measurement (Cont'd)

##### (ii) As a lessor

The Group and the Company recognise lease payments received under operating leases as income on a straight-line basis over the lease term.

#### 3.15 Impairment

##### (a) Financial assets

The Group and the Company applies the expected credit loss (ECL) model of MFRS 9 to recognise impairment losses of financial assets measured at amortised cost or at fair value through other comprehensive income. Except for trade receivables, a 12 months ECL is recognised in profit or loss on the date of origination or purchase of the financial assets. At the end of each reporting period, the Group and the Company assess whether there has been a significant increase in credit risk of a financial asset since its initial recognition or at the end of the prior period. Other than for financial assets which are considered to be of low risk grade, a lifetime ECL is recognised if there has been a significant increase in credit risk since initial recognition. For trade receivables, the Group and the Company have availed the exception to the 12 months ECL requirement to recognise only lifetime ECL.

The assessment of whether credit risk has increased significantly is based on quantitative and qualitative information that include financial evaluation of the creditworthiness of the debtors or issuers of the instruments, ageing of receivables, defaults and past due amounts, past experiences with the debtors, current conditions and reasonable forecast of future economic conditions. For operational simplifications: (a) a 12 months ECL is maintained for financial assets which investment grades that are considered as low credit risk, irrespective of whether credit risk has increased significantly or not; and (b) credit risk is considered to have increased significantly if payments are more than 30 days past due if no other borrower specific information is available without undue cost or effort.

The ECL is measured using an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, discounted for the time value of money and applying reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions. The ECL for a financial asset (when assessed individually) or a group of financial assets (when assessed collectively) is measured at the present value of the probability-weighted expected cash shortfalls over life of the financial asset or group of financial assets. When a financial asset is determined as credit-impaired (based on objective evidences of impairment), the lifetime ECL is determined individually. For trade receivables, the lifetime ECL is determined at the end of each reporting period using a provision matrix.

For each significant receivable, individual lifetime ECL is assessed separately. For significant receivables which are not impaired and for all other receivables, they are grouped into risk classes by type of customers and business, and the ageing of the receivables. Collective lifetime ECLs are determined using past loss rates, which are updated for effects of current conditions and reasonable forecasts for future economic conditions. In the event that the economic or industry outlook is expected to worsen, the past loss rates are increased to reflect the worsening economic conditions.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.15 Impairment (Cont'd)

##### (b) Non-financial assets

The carrying amounts of non-financial assets (except for deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash generating unit or a group of cash generating units that are expected to benefit from the synergies of the combination.

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

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

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

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

#### 3.16 Employee Benefit Costs

##### (a) Short term benefits

Wages, salaries, bonuses, social security contributions, paid annual leave and paid sick leave are recognised as an expense in the period in which the associated services are rendered by employees of the Group.

Short term accumulating compensated absences such as paid annual leaves are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leaves are recognised when the absences occur.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.16 Employee Benefit Costs (Cont'd)

##### (b) Defined contribution plan

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

Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes.

##### (c) Share-based payment transactions

The fair value of share-based payment granted to executive employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of rewards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

#### 3.17 Foreign Currency Transactions

##### (a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Group's functional currency.

##### (b) Foreign currency translations

In preparing the financial statements of the individual entities, transactions in foreign currencies are measured in the respective functional currencies at the exchange rates approximating those ruling at the transaction dates. At each financial year end, monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the financial year end. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, or on translating monetary items at the financial year end are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the year except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.18 Revenue Recognition

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, net of rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

Revenue and other income of the Group and of the Company are recognised as follows :-

**(a) Sales of goods**

Revenue from sale of goods is recognised at the point in time when control of the goods is passed to customer, which is the point in time when significant risks and rewards are transferred to the customer and the transaction has met the probability of inflows and measurement reliability requirements of MFRS 15.

**(b) Interest income**

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

**(c) Rental income**

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease.

**(d) Management fee**

Revenue from management services is recognised on an accrual basis when the services are rendered.

**(e) Serviced rendered**

Revenue from service rendered is recognised on an accrual basis when the services are rendered.

**(f) Dividend income**

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



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.19 Financial Instruments

##### (a) Initial Recognition and Measurement

The Group and the Company recognise a financial asset or a financial liability (including derivative instruments) in the statement of financial position when, and only when, an entity in the Group or the Company becomes a party to the contractual provisions of the instrument.

If a contract is a host financial liability or a non-financial host contract that contains an embedded derivative, the Group or the Company assesses whether the embedded derivative shall be separated from the host contract on the basis of the economic characteristics and risks of the embedded derivative and the host contract at the date when the Group or the Company becomes a party to the contract. If the embedded derivative is not closely related to the host contract, it is separated from the host contract and accounted for as a stand-alone derivative. The Group or the Company does not make a subsequent reassessment of the contract unless there is a change in the terms of the contract that significantly modifies the expected cash flows or when there is a reclassification of a financial liability out of the fair value through profit or loss category. Embedded derivatives in host financial assets are not separated.

On initial recognition, all financial assets (including intra-group loans and advances) and financial liabilities (including intra-group payables) are measured at fair value plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

##### (b) Derecognition of Financial Instruments

For derecognition purposes, the Group or the Company first determines whether a financial asset or a financial liability should be derecognised in its entirety as a single item or derecognised part-by-part of a single item or of a group of similar items.

A financial asset, whether as a single item or as a part, is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Group or the Company transfers the contractual rights to receive cash flows of the financial asset, including circumstances when the Group or the Company acts only as a collecting agent of the transferee, and retains no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

##### (c) Regular-Way Purchases and Sales of Financial Assets

The Group or the Company recognises a regular-way purchase or sale of a quoted equity or debt instrument at trade date, which is the date the purchase or sale transaction is entered into, rather than recognising the forward contract between trade date and settlement date.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.19 Financial Instruments (Cont'd)

##### (d) Financial Assets

For the purpose of subsequent measurement, the Group or the Company classifies financial assets into three measurement categories, namely: (i) financial assets at amortised cost; (ii) financial assets at fair value through other comprehensive income and (iii) financial assets at fair value through profit or loss. The classification is based on the Group's and the Company's business model objective for managing the financial assets and the contractual cash flow characteristics of the financial instruments.

After initial recognition, the Group and the Company measure financial assets, as follows :

- (i) Financial Assets at Amortised Cost (AC) – A financial asset is measured at amortised cost if : (a) it is held within the Group's and the Company's business objective to hold the asset only to collect contractual cash flows, and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest in principal outstanding.
- (ii) Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) – A financial asset is measured at FVOCI if : (a) it is held within the Group's and the Company's business objective to hold the asset both to collect contractual cash flows and selling the financial assets, and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest in principal outstanding.
- (iii) Financial Assets at Fair Value through Profit or Loss (FVPL) – A financial asset is measured at FVPL if it is an equity investment, held for trading (including derivative assets) or if it does not meet any of the condition specified for the AC or FVOCI model.

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment in accordance with Note 3.15(a).

##### (e) Financial Liabilities

After initial recognition, the Group and the Company measure all financial liabilities at amortised cost using the effective interest method, except for :

- (i) Financial liabilities at fair value through profit or loss (including derivatives that are liabilities) are measured at fair value.
- (ii) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.
- (iii) Financial guarantee contracts issued, and commitments to provide loans at a below-market interest rate given by the Group or the Company, if any, are measured at the higher of : (a) the amount of impairment loss determined and (b) the amount initially recognised less, when appropriate, the cumulative of income recognised in accordance with the principles in MFRS 15 Revenue from Contracts with Customers.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.19 Financial Instruments (Cont'd)

##### (f) Fair Value Measurement

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique as described in Note 3.22.

##### (g) Recognition of Gains and Losses

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in profit or loss when they arise.

For financial assets mandatorily measured at FVOCI, interest income (calculated using the effective interest rate method), impairment losses, and exchange gains or losses are recognised in profit or loss. All other gains or losses are recognised in other comprehensive income and retained in a fair value reserve. On derecognition of the financial assets, the cumulative gain or loss recognised in OCI is reclassified to profit or loss as a reclassification adjustment.

For financial assets and financial liabilities carried at amortised cost, interest income and interest expense are recognised in profit or loss using the effective interest method. A gain or loss is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

#### 3.20 Borrowing Costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss in the period which they are incurred.

Borrowing costs directly attributable to the acquisition, construction or production qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets until when substantially all the activities necessary to prepare the assets for its intended use or sale are complete, after which such expense is charge to the profit or loss.

#### 3.21 Contingencies

A contingent liability or asset is a possible obligation or benefit that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.22 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.

#### 3.23 Segment Information

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between Group enterprises within a single element.

#### 3.24 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 of a parent of the reporting entity.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.24 Related Parties (Cont'd)

- (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).

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 entity.

### 4. PRINCIPAL ACTIVITIES

The principal activities of the Company are that of integrated livestock farming and investment holding. The principal activities of its subsidiary companies are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the year.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 5. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold Land RM	Leasehold Land RM	Buildings RM	Infrastructure RM	Plant and Machinery RM	Motor vehicles RM	Office Equipment, Furniture, Fittings and Renovation RM	Capital Work-In-Progress RM	Leasehold building RM	Total RM
<b>Cost/Valuation</b>										
At 1 April 2019	95,657,608	28,725,528	260,114,273	3,351,707	300,496,596	31,921,439	37,618,645	32,892,094	12,694,968	803,472,858
Additions	668,827	-	5,934,811	418,635	9,651,768	1,945,717	2,905,411	44,499,718	-	66,024,887
Disposals	-	-	-	-	(146,207)	(601,207)	(66,954)	(345,876)	-	(1,160,244)
Written off	-	-	(119,170)	-	(1,216,716)	-	(479,842)	-	-	(1,815,728)
Reclassifications	6,400	-	12,349,504	1,071,135	32,568,880	285,370	327,409	(46,608,698)	-	-
Transfer (Note 17)	(29,035,000)	-	(7,122,383)	-	-	-	-	-	-	(36,157,383)
Exchange differences	191,224	-	223,059	-	365,412	19,661	20,043	(33,988)	-	785,411
At 31 March 2020	67,489,059	28,725,528	271,380,094	4,841,477	341,719,733	33,570,980	40,324,712	30,403,250	12,694,968	831,149,801
Additions	2,265,150	-	3,022,679	681,283	5,375,814	2,926,099	997,290	19,448,365	136,199	34,852,879
Disposals	-	(67,407)	-	-	(1,072,386)	(1,309,424)	(128,923)	-	-	(2,578,140)
Written off	(36,300)	-	(338,796)	-	(4,847,492)	(2)	(113,236)	(882,427)	-	(6,218,253)
Reclassifications	(952,175)	-	1,001,326	12,567,307	26,136,775	170,900	1,434,957	(40,359,090)	-	-
Revaluation	25,913,446	12,399,822	(12,754,817)	-	-	-	-	-	-	25,558,451
Exchange differences	1,622,100	-	(154,122)	-	(237,525)	(13,964)	(18,835)	10,646	-	1,208,300
At 31 March 2021	96,301,280	41,057,943	262,156,364	18,090,067	367,074,919	35,344,589	42,495,965	8,620,744	12,831,167	883,973,038
<b>Accumulated depreciation</b>										
At 1 April 2019	-	3,848,466	95,997,793	637,541	155,060,322	23,250,058	15,577,368	-	3,673,261	298,044,809
Charge for the financial year	-	462,941	8,628,303	191,578	19,464,513	3,439,298	2,230,445	-	1,751,213	36,168,291
Disposals	-	-	-	-	(160,130)	(594,484)	(33,220)	-	-	(787,834)
Written off	-	-	(119,170)	-	(1,146,100)	-	(113,817)	-	-	(1,379,087)
Transfers (Note 17)	-	-	(5,555,369)	-	-	-	-	-	-	(5,555,369)
Exchange differences	-	-	4,980	-	39,744	6,406	5,178	-	-	56,308
At 31 March 2020	-	4,311,407	98,956,537	829,119	173,258,349	26,101,278	17,665,954	-	5,424,474	326,547,118

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Freehold Land RM	Leasehold Land RM	Buildings RM	Infrastructure RM	Plant and Machinery RM	Motor vehicles RM	Office Equipment, Furniture, Fittings and Renovation RM	Capital Work-In-Progress RM	Leasehold building RM	Total RM
<b>Accumulated depreciation</b>										
Balance B/F	-	4,311,407	98,956,537	829,119	173,258,349	26,101,278	17,665,954	-	5,424,474	326,547,118
Charge for the financial year	-	509,747	8,722,471	515,063	21,329,511	3,168,133	2,033,250	-	1,771,112	38,049,287
Disposals	-	(1,288)	-	-	(840,689)	(1,178,244)	(76,535)	-	-	(2,096,756)
Written off	-	-	(275,765)	-	(4,794,358)	-	(85,698)	-	-	(5,155,821)
Reclassification	-	-	(3,044,600)	3,198,821	(87,483)	-	(66,738)	-	-	-
Revaluation	-	(4,631,553)	(77,086,313)	-	-	-	-	-	-	(81,717,866)
Exchange differences	-	-	(67,485)	-	(40,185)	(7,436)	(9,149)	-	-	(124,255)
At 31 March 2021	-	188,313	27,204,845	4,543,003	188,825,145	28,083,731	19,461,084	-	7,195,586	275,501,707
<b>Accumulated impairment losses</b>										
At 1 April 2019/ 31 March 2020	-	-	-	-	677,369	-	-	-	-	677,369
Charge for the financial year	38,157	-	1,652,841	-	-	-	-	-	-	1,690,998
Exchange differences	-	-	(20,674)	-	-	-	-	-	-	(20,674)
At 31 March 2021	38,157	-	1,632,167	-	677,369	-	-	-	-	2,347,693
<b>Net carrying amount</b>										
Cost	-	14,630	21,065,419	13,547,064	177,572,405	7,260,858	23,034,881	8,620,744	5,635,581	256,751,582
Valuation	96,263,123	40,855,000	212,253,933	-	-	-	-	-	-	349,372,056
31 March 2021	96,263,123	40,869,630	233,319,352	13,547,064	177,572,405	7,260,858	23,034,881	8,620,744	5,635,581	606,123,638
Cost	29,236,059	4,915,878	88,529,837	4,012,358	167,784,015	7,469,702	22,658,758	30,403,250	7,270,494	362,280,351
Valuation	38,253,000	19,498,243	83,893,720	-	-	-	-	-	-	141,644,963
31 March 2020	67,489,059	24,414,121	172,423,557	4,012,358	167,784,015	7,469,702	22,658,758	30,403,250	7,270,494	503,925,314

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Freehold Land		Leasehold Land		Buildings	Infrastructure	Plant and Machinery	Motor vehicles	Office Equipment, Furniture, Fittings and Renovation	Capital Work-in-Progress	Total
	RM	RM	RM	RM							
<b>Cost/Valuation</b>											
At 1 April 2019	48,894,022	2,211,821	86,688,226	1,725,015	110,353,504	13,991,731	7,574,469	12,688,502	284,127,290		
Additions	624,900	-	2,968,602	288,097	3,971,440	1,428,032	368,366	16,365,428	26,014,865		
Disposals	-	-	-	-	-	(172,453)	(4,150)	-	(176,603)		
Written off	-	-	-	-	(1,031,338)	-	-	-	(1,031,338)		
Reclassifications	6,400	-	6,478,804	406,294	17,685,088	285,369	261,775	(25,123,730)	-		
Transfers (Note 17)	(29,035,000)	-	(7,122,383)	-	-	-	-	-	(36,157,383)		
At 31 March 2020	20,490,322	2,211,821	89,013,249	2,419,406	130,978,694	15,532,679	8,200,460	3,930,200	272,776,831		
Additions	-	-	727,850	216,315	763,821	2,145,169	110,633	10,227,920	14,191,708		
Disposals	-	-	-	-	(90,050)	(716,913)	(2,200)	-	(809,163)		
Written off	(36,300)	-	-	-	(3,452,807)	-	(10,450)	(292,698)	(3,792,255)		
Reclassifications	737,923	-	(1,003,967)	1,885,474	7,331,444	-	(336,144)	(8,614,730)	-		
Revaluation	18,310,055	3,918,179	(12,624,743)	-	-	-	-	-	9,603,491		
At 31 March 2021	39,502,000	6,130,000	76,112,389	4,521,195	135,531,102	16,960,935	7,962,299	5,250,692	291,970,612		
<b>Accumulated depreciation</b>											
At 1 April 2019	-	185,056	30,891,785	176,261	51,000,057	9,499,567	5,931,188	-	97,683,914		
Charge for the financial year	-	33,075	2,741,299	117,011	7,052,947	1,907,235	474,925	-	12,326,492		
Disposals	-	-	-	-	-	(172,453)	(2,097)	-	(174,550)		
Written off	-	-	-	-	(1,031,338)	-	-	-	(1,031,338)		
Transfers (Note 17)	-	-	(5,555,369)	-	-	-	-	-	(5,555,369)		
At 31 March 2020	-	218,131	28,077,715	293,272	57,021,666	11,234,349	6,404,016	-	103,249,149		



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Freehold Land RM	Leasehold Land RM	Buildings RM	Infrastructure RM	Plant and Machinery RM	Motor vehicles RM	Office Equipment, Furniture, Fittings and Renovation RM	Capital Work-in-Progress RM	Total RM
<b>Accumulated depreciation</b>									
Balance B/F	-	218,131	28,077,715	293,272	57,021,666	11,234,349	6,404,016	-	103,249,149
Charge for the financial year	-	33,075	2,647,068	141,690	8,190,826	1,805,740	299,633	-	13,118,032
Disposals	-	-	-	-	(85,297)	(716,911)	(953)	-	(803,161)
Written off	-	-	-	-	(3,399,673)	-	(6,987)	-	(3,406,660)
Reclassification	-	-	(866,759)	933,497	-	-	(66,738)	-	-
Revaluation	-	(251,206)	(29,146,193)	-	-	-	-	-	(29,397,399)
At 31 March 2021	-	-	711,831	1,368,459	61,727,522	12,323,178	6,628,971	-	82,759,961
<b>Accumulated impairment losses</b>									
At 1 April 2020/ 31 March 2021	-	-	-	-	677,369	-	-	-	677,369
<b>Net carrying amount</b>									
Cost	-	-	2,255,728	3,152,736	73,126,211	4,637,757	1,333,328	5,250,692	89,756,452
Valuation	39,502,000	6,130,000	73,144,830	-	-	-	-	-	118,776,830
31 March 2021	39,502,000	6,130,000	75,400,558	3,152,736	73,126,211	4,637,757	1,333,328	5,250,692	208,533,282
Cost	6,980,322	1,168,750	28,441,592	2,126,134	73,279,659	4,298,330	1,796,444	3,930,200	122,021,431
Valuation	13,510,000	824,940	32,493,942	-	-	-	-	-	46,828,882
31 March 2020	20,490,322	1,993,690	60,935,534	2,126,134	73,279,659	4,298,330	1,796,444	3,930,200	168,850,313

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### Leased assets

The carrying amount of the right-of-use assets included in the property, plant and equipment are as disclosed below:-

Group	Leasehold Land RM	Plant and Machinery RM	Motor vehicles RM	Office Equipment, Furniture, Fittings and Renovation RM	Capital Work-In-Progress RM	Leasehold Buildings RM	Total RM
At 1 April 2019	32,910,970	25,113,104	11,884,502	418,493	6,920,541	11,334,148	88,581,758
Additions	-	6,981,980	2,221,865	-	2,913,824	214,810	12,332,479
Charge for the financial year	(429,431)	(6,695,072)	(6,853,908)	(360,090)	-	(1,909,638)	(16,248,139)
Reclassification	-	(2,688,893)	(745,129)	-	-	-	(3,434,022)
Exchange differences	-	-	909	-	-	-	909
At 31 March 2020	32,481,539	22,711,119	6,508,239	58,403	9,834,365	9,639,320	81,232,985
Additions	-	9,251,024	3,003,836	-	3,795,332	136,199	16,186,391
Charge for the financial year	(477,809)	(3,188,657)	(3,002,725)	(4,533)	-	(1,937,809)	(8,611,533)
Reclassification	(8,113,985)	10,338,816	35,371	-	(11,934,690)	-	(9,674,488)
Disposal	(69,903)	-	(1)	-	-	-	(69,904)
Revaluation	17,035,159	-	-	-	-	-	17,035,159
Exchange differences	-	-	(1,691)	-	-	-	(1,691)
At 31 March 2021	40,855,001	39,112,302	6,543,029	53,870	1,695,007	7,837,710	96,096,919
<b>Company</b>							
At 1 April 2019	2,026,765	6,062,924	4,439,766	126,735	-	-	12,656,190
Additions	-	3,400,340	1,974,600	-	-	-	5,374,940
Charge for the financial year	(33,075)	(644,550)	(1,970,459)	(125,735)	-	-	(2,773,819)
Reclassification	-	(1,958,819)	(441,726)	-	-	-	(2,400,545)
At 31 March 2020	1,993,690	6,859,895	4,002,181	1,000	-	-	12,856,766

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### Leased assets (cont'd)

Company	Leasehold Land RM	Plant and Machinery RM	Motor vehicles RM	Office Equipment, Furniture, Fittings and Renovation RM	Capital Work-In-Progress RM	Leasehold Buildings RM	Total RM
Balance B/F	1,993,690	6,859,895	4,002,181	1,000	-	-	12,856,766
Additions	-	7,561,291	2,509,676	-	1,480,197	-	11,551,164
Charge for the financial year	(33,075)	(946,342)	(1,956,549)	(1,000)	-	-	(2,936,966)
Reclassification	-	(1,035,661)	-	-	-	-	(1,035,661)
Revaluation	4,169,385	-	-	-	-	-	4,169,385
At 31 March 2021	6,130,000	12,439,183	4,555,308	-	1,480,197	-	24,604,688

The Group and Company entered into non-cancellable operating lease agreements for the use of land and building. The Group's and Company's leases are for a period of 1 to 999 years (2020: 1 to 999 years), with no purchase option.

The Group and the Company has leased its plant and machinery and motor vehicles under the lease arrangement. The leases are secured by the leased assets.

#### Security

Freehold land, leasehold land and buildings of the Group and Company with net carrying amount of RM183,092,583 (2020: RM143,128,307) and RM 57,429,344 (2020: RM39,809,014) have been pledged to financial institutions as security for borrowings as disclosed in Note 20.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### Valuation

The land and buildings of the Group and of the Company were revalued on 1 March 2021 (2020 : 1 March 2016) by Irhamy & Co., an independent professional valuer. Fair value is determined by reference to open market values on an existing use basis.

The fair value of land and buildings (at valuation) of the Group and of the Company are categorised as follows :-

Group	Level 1	Level 2	Level 3	Total
2021	RM	RM	RM	RM
Leasehold land	–	40,855,000	–	40,855,000
Freehold land	–	96,263,123	–	96,263,123
Buildings	–	212,253,933	–	212,253,933
	–	349,372,056	–	349,372,056
<b>2020</b>				
Leasehold land	–	14,175,000	–	14,175,000
Freehold land	–	43,968,156	–	43,968,156
Buildings	–	92,445,000	–	92,445,000
	–	150,588,156	–	150,588,156
<b>Company</b>				
<b>2021</b>				
Leasehold land	–	6,130,000	–	6,130,000
Freehold land	–	39,502,000	–	39,502,000
Buildings	–	73,144,830	–	73,144,830
	–	118,776,830	–	118,776,830
<b>2020</b>				
Leasehold land	–	880,000	–	880,000
Freehold land	–	13,510,000	–	13,510,000
Buildings	–	33,164,917	–	33,164,917
	–	47,554,917	–	47,554,917

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### Valuation (Cont'd)

- (i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements.
- (ii) Level 2 fair value of freehold land, leasehold land and buildings (at valuation) was determined by external and independent property valuers, having appropriate recognised professional qualifications and recent transactions in the location and category of property being valued. The property valuers provide the fair value of the freehold land, leasehold land and buildings (at valuation) of the Group and of the Company on every five years.

Had the revalued freehold land, leasehold land and buildings been carried historical cost less accumulated depreciation, the carrying amount of each class of land and buildings would be as follows :

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Leasehold land	30,211,612	8,428,095	1,664,420	435,864
Freehold land	13,851,950	9,751,991	3,772,479	3,772,479
Buildings	127,231,749	64,882,557	47,965,426	20,358,274
	171,295,311	83,062,643	53,402,325	24,566,617

The following are the amount recognised in profit or loss :

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Depreciation for:				
- property, plant and equipment	29,437,754	19,920,152	10,181,066	9,552,673
- right-of-use assets	8,611,533	16,248,139	2,936,966	2,773,819
Gain on disposal of property, plant and equipment	(582,472)	(59,558)	(107,898)	(8,097)
Property, plant and equipment written off	1,062,432	436,641	385,595	-
Impairment losses on revaluation of property, plant and equipment	1,690,998	-	-	-

### 6. INVESTMENT PROPERTIES

#### Investment properties measured at fair value:

	Group	
	2021 RM	2020 RM
At 1 April	5,939,581	5,939,581
Fair value recognised in profit or loss	330,419	-
At 31 March	6,270,000	5,939,581

Investment properties comprise commercial properties that are leased to third parties.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 6. INVESTMENT PROPERTIES (CONT'D)

The following are recognised in profit or loss in respect of investment properties:

Group	2021 RM	2020 RM
Rental income	230,509	219,464
Direct operating expenses	(161,754)	(224,013)

#### Security

All investment properties have been pledged to financial institutions as security for borrowings as disclosed in Note 20.

#### Fair value measurement

One of the leasehold buildings at fair value of RM1,630,000 (2020 : RM1,700,000) the Group was revalued on 1 March 2021 (2020 : 1 March 2016) by Irhamy & Co, an independent professional valuer. Fair value is determined by reference to open market values on an existing use basis.

- (i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements.
- (ii) Level 2 fair value of leasehold buildings (at valuation) was determined by external and independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The property valuers provide the fair value of the leasehold buildings (at valuation) of the Group on every five years basis.

The fair value of investment properties are categorised as follow:-

2021	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Leasehold building	–	1,630,000	4,640,000	6,270,000

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2020	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Leasehold building	–	1,700,000	4,239,581	5,939,581

The following table shows the valuation technique used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation model.

Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Comparison method of valuation which entails comparing the property with similar properties that were sold recently and those that are currently offered for sale in the vicinity.	Recent transactions of similar properties at or near reporting date with similar land usage, land size and location.	The estimated fair value would increase/(decrease) if recent transactions of similar properties at or near reporting date with similar land usage, land size and location were higher/(lower).

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 7. SUBSIDIARY COMPANIES

#### A. INVESTMENT IN SUBSIDIARIES

	2021 RM	Group 2020 RM
<u>Unquoted shares in Malaysia, at cost</u>		
At 1 April	62,748,615	62,748,614
Additions	–	1
At 31 March	62,748,615	62,748,615

Details of the subsidiaries are as follows:-

Name of Company	Place of Incorporation	Effective interest		Principal activities
		2021	2020	
		%	%	
Hing Hong Sdn Berhad	Malaysia	100	100	Parent stock breeder farm & hatchery
Innofarm (Klang) Sdn Bhd	Malaysia	70	70	Layer farm
Evergreen Organic Fertilisers Sdn Berhad ("EOF")	Malaysia	100	100	Organic fertiliser production
Innobrid Sdn Bhd	Malaysia	100	100	Broiler farm
G-Mart Borneo Retail Sdn Bhd	Malaysia	70	70	Retail supermarkets
Eminent Farm Sdn Bhd	Malaysia	100	100	Parent stock breeder farm, hatchery and broiler farm
Lay Hong Liquid Egg Sdn Bhd	Malaysia	100	100	Liquid and processed eggs production
Lay Hong Food Corporation Sdn Bhd	Malaysia	100	100	Processing and manufacturing of chicken related products
JT Trading Sdn Bhd	Malaysia	100	100	Retail store
Takaso SC (Thailand) Limited #	Thailand	100	100	Food manufacturing
Lay Hong Development Sdn Bhd #	Malaysia	100	100	Dormant
Sri Tawau Farming Sdn Bhd* ("STF")	Malaysia	50	50	Investment holding

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 7. SUBSIDIARY COMPANIES (CONT'D)

#### A. INVESTMENT IN SUBSIDIARIES (Cont'd)

Name of Company	Place of Incorporation	Effective interest		Principal activities
		2021	2020	
		%	%	
<b>Subsidiaries held by STF</b>				
STF Agriculture Sdn Bhd	Malaysia	50	50	Integrated livestock farming and chicken processing
ST Food Sdn Bhd	Malaysia	50	50	Retail store

\* Equity interest of 50% plus one special right ordinary share.

# The financial statements not audited by Tai, Yapp & Co PLT.

#### **Acquisition of additional stake in a subsidiary**

In year 2020, the Company acquired additional 147,000 ordinary shares in EOF for a total cash consideration of RM1, thus the Group's effective equity interest in the said subsidiary had been increased from 92.7% to 100%.

#### **Non-controlling interest in subsidiaries**

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

Name of Company	Equity interest		Profit/(loss) allocated of NCI		Carrying amount to NCI	
	2021	2020	2021	2021	2021	2020
Group	%	%	RM	RM	RM	RM
Sri Tawau Farming Sdn Bhd and its subsidiaries	50	50	1,728,222	2,755,384	39,787,678	26,441,672
G-Mart Borneo Retail Sdn Bhd	30	30	12,186	(327,227)	9,444,974	9,395,585

Summary of financial information of the subsidiaries that have material NCI before intra group elimination are as follows:-

Name of Companies	Sri Tawau Farming Sdn Bhd and its subsidiaries		G-Mart Borneo Retail Sdn Bhd	
	2021	2020	2021	2020
	RM	RM	RM	RM

#### Summarised Statement of Financial Position

Total assets	177,363,531	146,941,096	59,910,318	60,761,524
Total liabilities	(99,186,215)	(94,370,859)	(28,427,073)	(29,318,897)
Net assets	78,177,316	52,570,237	31,483,245	31,442,627

#### Summarised Statement of Profit or Loss and Other Comprehensive income

Revenue	216,646,562	195,547,606	155,017,611	140,634,294
Profit/(loss) before taxation	4,495,242	8,180,456	225,617	(1,560,319)
Taxation	(1,038,798)	(2,657,772)	(184,999)	469,562
Profit/(loss) for the year	3,456,444	5,522,684	40,618	(1,090,757)
Other comprehensive income	22,093,367	-	-	-
Total comprehensive income/(loss)	25,549,811	5,522,684	40,618	(1,090,757)



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 7. SUBSIDIARY COMPANIES (CONT'D)

#### A. INVESTMENT IN SUBSIDIARIES (Cont'd)

Name of Companies	Sri Tawau Farming Sdn Bhd and its subsidiaries		G-Mart Borneo Retail Sdn Bhd	
	2021	2020	2021	2020
<i>Summarised Statement of Cash Flows</i>				
Cash generated from operating activities	11,455,704	10,291,303	2,182,469	4,497,225
Cash used in investing activities	(2,349,659)	(4,654,329)	(361,281)	(2,044,128)
Cash used in financing activities	(6,196,509)	(3,046,962)	(3,140,022)	(2,076,902)
Net increase/ (decrease) in cash and cash equivalents	2,909,536	2,590,012	(1,318,834)	376,195

#### B. AMOUNT DUE FROM/(TO) SUBSIDIARIES

	Group	
	2021 RM	2020 RM
<b>Non-current asset</b>		
Non-trade	61,224,746	60,254,801
<b>Current assets</b>		
Trade	24,585,098	33,845,051
Non-trade	59,606,528	54,609,058
	84,191,626	88,454,109
<b>Current liabilities</b>		
Trade	(4,809,337)	(11,323,996)
Non-trade	(15,925,882)	(18,346,107)
	(20,735,219)	(29,670,103)

The trade balance due from/(to) subsidiaries are subject to normal trade credit terms.

The non-trade balance due from subsidiaries are unsecured interest free advances and receivables on demand except for non-trade balance amounted to RM11,881,326 (2020: RM14,123,885) which is subject to 4.18% (2020: 5.35%) interest per annum.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 7. SUBSIDIARY COMPANIES (CONT'D)

#### B. AMOUNT DUE FROM/(TO) SUBSIDIARIES

The non-trade balance due to subsidiaries are unsecured interest free advances and repayable on demand except for non-trade balance amounted to RM1,134,769 (2020: RM1,913,423) which is subject to 3.75% to 5.00% (2020: 3.75% to 5.00%) interest per annum.

The amount due from subsidiaries amounting to RM8,500,000 (2020: RM14,639,047) are subordinated to financial institutions as securities for credit facilities granted to certain subsidiary companies as disclosed in Note 20.

### 8. ASSOCIATED COMPANY

#### A. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Unquoted shares in Malaysia, at cost	14,700,000	14,700,000	14,700,000	14,700,000
<u>Share of post-acquisition results</u>				
At 1 April	(9,597,751)	(4,199,771)	-	-
Current year's share of results	(5,102,249)	(5,397,980)	-	-
At 31 March	(14,700,000)	(9,597,751)	-	-
Carrying amount	-	5,102,249	14,700,000	14,700,000

Details of the associate is as follow: -

Name of Company	Place of Incorporation	Effective interest		Principal activity
		2021	2020	
		%	%	
NHF Manufacturing (Malaysia) Sdn Bhd#	Malaysia	49	49	Food manufacturing

# The financial statements not audited by Tai, Yapp & Co PLT

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 8. ASSOCIATED COMPANY (CONT'D)

#### A. INVESTMENT IN AN ASSOCIATE (Cont'd)

Summary of financial information of the associate is as follows:-

	2021 RM	2020 RM
Financial position		
Non-current assets	32,159,201	48,887,465
Current assets	6,585,374	10,803,101
Non-current liabilities	(399,185)	(31,557,083)
Current liabilities	(48,619,148)	(17,720,731)
<b>Net assets</b>	<b>(10,273,758)</b>	<b>10,412,752</b>
<hr/>		
Summary of financial performance		
Net loss/total comprehensive loss for the year	(20,686,510)	(11,016,285)
<hr/>		
Reconciliation of net assets to carrying amount		
Group's share of net assets	*	5,102,249
<hr/>		
Group's share of results		
Group's share of loss/comprehensive loss	(5,102,249)	(5,397,980)

\* The reconciliation was not presented as the losses had exceeded the cost of investment.

#### Contingent liabilities and capital commitments

The associate has no material contingent liabilities or capital commitments as at the reporting date.

#### B. AMOUNT DUE FROM/(TO) AN ASSOCIATE

	<b>Group</b>		<b>Company</b>	
	<b>2021 RM</b>	<b>2020 RM</b>	<b>2021 RM</b>	<b>2020 RM</b>
Trade	(2,462,281)	(3,027,164)	-	-
Non-trade	46,720	22,066	593	22,066
	<b>(2,415,561)</b>	<b>(3,005,098)</b>	<b>593</b>	<b>22,066</b>

#### **Group and Company**

The trade balance due to associate is subject to normal trade credit terms.

The non-trade balance due from associate is unsecured interest free advances and repayable on demand.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 9. OTHER INVESTMENTS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Quoted shares, in Malaysia				
At 1 April	3,512	3,413	1,672	1,672
Additions	1,654,143	–	1,654,143	–
Disposals	(170,000)	–	(170,000)	–
Changes in fair value	(398,263)	99	(399,283)	–
At 31 March	1,089,392	3,512	1,086,532	1,672
Investment at cost, in Malaysia	193,000	193,000	118,000	118,000
	1,282,392	196,512	1,204,532	119,672

### 10. INTANGIBLE ASSETS

	Goodwill RM	Development Costs RM	Total RM
	<b>Group</b>		
<b>Cost</b>			
At 1 April 2019	3,263,603	147,554	3,411,157
Additions	–	1,790,424	1,790,424
At 31 March 2020	3,263,603	1,937,978	5,201,581
Additions	–	3,582,312	3,582,312
Exchange differences	–	(446)	(446)
At 31 March 2021	3,263,603	5,519,844	8,783,447
<b>Accumulated amortisation</b>			
At 1 April 2019	322,800	147,054	469,854
Charge during the year	–	500	500
At 31 March 2020	322,800	147,554	470,354
Charge during the year	–	369,096	369,096
Exchange differences	–	(86)	(86)
At 31 March 2021	322,800	516,564	839,364
<b>Net carrying amount</b>			
At 31 March 2021	2,940,803	5,003,280	7,944,083
At 31 March 2020	2,940,803	1,790,424	4,731,227

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 10. INTANGIBLE ASSETS (CONT'D)

The goodwill on consolidation is attributable to the acquisition of Sri Tawau Farming Sdn Bhd, Innobrid Sdn Bhd, G-Mart Borneo Retail Sdn Bhd, ST Food Sdn Bhd and JT Trading Sdn Bhd.

Development costs consists of raw material cost, packing cost and manpower cost for development of new products.

#### Impairment tests for cash-generating unit ("CGU") containing goodwill

The Group considers each subsidiary as a single CGU and the carrying amount of goodwill is allocated to the respective subsidiaries.

The recoverable amount of a CGU is determined based on value-in-use calculation. The value-in-use calculation is determined using cash flows projections, based on financial budgets approved by management, discounted at rates which reflect risks relating to the relevant CGU.

The discount rate applied to the cash flow projections is based on the weighted average cost of capital of the Group, throughout the calculation period. The growth rate used is consistent with the projected growth rate of the CGU's industry and economy.

### 11. BIOLOGICAL ASSETS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<u>At fair value less cost to sell:</u>				
Layer breeders	5,168,081	391,386	–	–
Broiler breeders	6,539,911	5,576,862	–	–
Commercial layers	58,779,401	67,031,340	48,186,360	51,319,583
	70,487,393	72,999,588	48,186,360	51,319,583

Biological assets movement can be analysed as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At 1 April	72,999,588	65,405,273	51,319,583	47,856,049
Increase due to purchase	22,394,044	15,175,687	12,806,321	8,551,623
Biological asset losses	(6,579,990)	(6,208,805)	(2,546,122)	(2,830,441)
Change in fair value	(12,456,563)	4,235,320	(9,108,652)	1,706,197
Depopulation	(5,869,686)	(5,607,887)	(4,284,770)	(3,963,845)
At 31 March	70,487,393	72,999,588	48,186,360	51,319,583

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 11. BIOLOGICAL ASSETS (CONT'D)

In measuring the fair value of biological assets, management estimates and judgements are required, which include the usage of discounted cash flow model, expected number of day-old chick ("DOC") and table eggs produced, the estimated selling prices, discount rate, mortality rate, feed consumption rate, feed costs and other estimated costs over the remaining life of the breeders and layers.

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

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Discounted cash flows: - The valuation method considers the expected quantity and price of DOC and table eggs to be produced over the life of the breeder and layer, taking into account expected growing cost and the breeder's and layer's mortality rate.	Significant assumptions made in determining the fair value of the layer and breeder as follows: - estimated selling price of the agriculture produce - estimated feed cost	The estimated fair value is sensitive to the estimated selling price of the agriculture produce and the estimated feed cost

#### Sensitivity analysis

If the estimated projected selling prices of the biological assets of the Group and of the Company had been 5% higher/lower than management estimates, the fair value of the biological assets would have increased/decreased by RM11,725,557 and RM9,169,834 respectively. (2020 : RM12,451,977 and RM9,129,882 respectively)

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

### 12. INVENTORIES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<u>At cost:</u>				
Raw materials	34,645,940	30,336,727	12,041,092	12,319,591
Manufactured and trading inventories	67,591,536	69,729,057	3,801,212	1,729,018
	102,237,476	100,065,784	15,842,304	14,048,609
<u>At net realisable value:</u>				
Manufactured and trading inventories	3,646,733	-	-	-
Total	105,884,209	100,065,784	15,842,304	14,048,609

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 12. INVENTORIES (CONT'D)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<u>At cost:</u>				
Inventories recognised as an expense in profit or loss	772,950,763	689,531,050	348,363,214	327,409,137
Impairment loss of inventories	78,074	158,109	–	–
Impairment loss on inventories write back	(9,923)	–	–	–

### 13. TRADE RECEIVABLES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade receivables	97,366,697	101,007,573	28,349,161	30,927,341
Impairment losses	(6,989,232)	(11,532,733)	(4,776,904)	(6,743,308)
	90,377,465	89,474,840	23,572,257	24,184,033

The Group's normal credit term for trade receivables ranges from 45 days to 180 days (2020: 45 days to 180 days). Other credit terms are assessed and approved on a case-by-case basis.

The movement in the impairment losses on trade receivables of the Group and of the Company are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At 1 April	11,532,733	9,747,690	6,743,308	5,576,387
Recognised in profit or loss	649,720	5,058,943	590,789	1,762,441
Reversal of impairment	(5,193,221)	(3,273,900)	(2,557,193)	(595,520)
At 31 March	6,989,232	11,532,733	4,776,904	6,743,308

The foreign currency exposure profile of trade receivables other than functional currencies are as follows:-

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
USD	106,467	294,029	106,467	294,029
SGD	1,506,631	1,453,375	494,006	818,921

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 14. OTHER RECEIVABLES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Other receivables	1,814,164	8,472,284	52,164	3,973,271
Deposits	10,821,731	8,560,204	6,009,916	4,680,404
Prepayments	6,873,633	6,918,892	4,297,395	4,563,711
	19,509,528	23,951,380	10,359,475	13,217,386
Impairment losses	(1,931,395)	(1,931,395)	(1,841,485)	(1,841,485)
	17,578,133	22,019,985	8,517,990	11,375,901

#### Group and Company

Included in deposit is payment made for purchase of land and building amounted to RM1,450,000 not capitalised as property, plant and equipment due to the non-fulfillment of certain conditions precedent.

The movement in the impairment losses on other receivables of the Group and of the Company are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At 1 April	1,931,395	589,910	1,841,485	500,000
Recognised in profit or loss	–	1,341,485	–	1,341,485
At 31 March	1,931,395	1,931,395	1,841,485	1,841,485

The foreign currency exposure profile of other receivables other than functional currencies are as follows:-

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
USD	–	202,182	–	144,439
EURO	–	855,564	–	789,194
RMB	–	196,122	–	196,122

### 15. DEPOSITS WITH A LICENSED BANK

#### Group

The fixed deposits with a licensed bank have been pledged to a licensed bank for banking facilities granted to a subsidiary.

The effective interest rate of the deposits with a licensed bank at the end of the reporting date is 3.10% (2020: 3.35%) per annum. The maturity period of the deposits with a licensed bank at the end of the reporting date is 365 days (2020: 365 days).



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 16. CASH AND BANK BALANCES

The foreign exposure profile of cash and bank balances other than functional currencies are as follows:-

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
USD	28,718	8,384	–	–
SGD	875,475	4,394,163	875,475	4,393,589

### 17. NON-CURRENT ASSETS HELD FOR SALE

	Group and Company	
	2021 RM	2020 RM
<b>Assets classified as held for sale</b>		
At 1 April	27,600,000	–
Transfer from property, plant and equipment (Note 5)		
- Cost/Valuation	–	36,157,383
- Accumulated depreciation	–	(5,555,369)
Net carrying amount	–	30,602,014
Less :		
Impairment loss	–	(3,002,014)
At 31 March	27,600,000	27,600,000
Represented by:		
Cost	1,020,000	1,020,000
Valuation	26,580,000	26,580,000
	27,600,000	27,600,000

On 17 July 2019, the Company entered into a conditional assets Sale and Purchase Agreement (“SPA”) with Jernih Kejora Sdn Bhd (“JKSB”), to dispose of its land for a total consideration of RM27,600,000. Hence, the freehold land and the building situated on it had been classified as assets held for sale.

Further to the SPA, the parties entered into Supplemental Agreement (“SA”) dated 26 March 2020 and a further supplemental agreement dated 5 February 2021 to vary, amend, modify and alter the provisions, terms and conditions of the SPA.

Thereafter, the Company entered into a Novation Agreement between JKSB and Rising Alliance Sdn Bhd (“RASB”) on 8 February 2021 wherein RASB will undertake to perform and discharge the obligations, duties, and liabilities of JKSB under the SPA and SAs.

Due to the above, the disposal of the assets had not been completed until to-date pending the fulfillment of certain conditions precedent as at the reporting date.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 17. NON-CURRENT ASSETS HELD FOR SALE (CONT'D)

#### Impairment assessment of asset held for disposal

The Group and Company had evaluated that the assets classified as held for sale were stated at more than their recoverable amounts with reference to its estimated fair value. The estimated fair value was determined based on selling price offer by an independent party. Based on the selling price offered, an impairment loss amounted to RM3,002,014 had been recognised in year 2020.

### 18. SHARE CAPITAL

	Group and Company			
	2021	2020		
	Number of shares	RM	Number of shares	RM
Issued and fully paid :				
At 1 April/31 March	660,289,100	145,621,316	660,289,100	145,621,316

#### **Salient features of the Share Issuance Scheme ("SIS")**

The Company's SIS is governed by the By-Laws approved by the shareholders at an Extraordinary General Meeting held on 18 May 2015. The SIS was implemented on 12 January 2016 and is to be in force for a period of 5 years from the date of implementation.

#### **The salient features of the SIS are as follows:**

- (a) the maximum number of new ordinary shares which may be available under the SIS shall not exceed in aggregate fifteen percent (15%) of the total issued and paid-up share capital of the Company at any point of time during the existence of the SIS and subject always to the following:
  - (i) the allocation of new shares to the Directors of the Company under the SIS must have been approved by the shareholders of the Company in a general meeting; and
  - (ii) the number of new ordinary shares allotted to any individual Eligible Person must not exceed ten percent (10%) of the aggregate shares available under the scheme where the Eligible Person, either singly or collectively through persons connected with the Eligible Person, holds twenty percent (20%) or more of the issued and paid-up share capital of the Company.
- (b) the SIS shall be in force for a period of five (5) years, unless terminated earlier or extended in accordance with the terms of By-Laws of the SIS. The Scheme may be extended for a further period of up to a maximum of five (5) years at the discretion of the Board upon the recommendation of the Option Committee.
- (c) the subscription price shall be the higher of the following:
  - (i) the volume weighted average market price of the shares for the five (5) market days immediately preceding the offer date, with a discount of not more than ten percent (10%) at the Option Committee's discretion; or
  - (ii) the par value of the shares.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 18. SHARE CAPITAL (CONT'D)

#### Salient features of the Share Issuance Scheme ("SIS") (Cont'd)

- (d) the new ordinary shares to be issued and allotted upon the exercise of any SIS option will upon issue and ordinary allotment rank pari passu in all respects with the existing issued ordinary shares of the Company except that the new ordinary shares will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment.

Information with respect to the number of options granted under the SIS is as follows:

Grant date	Exercise price	At 1 April 2020	Granted	Exercised	Lapsed	At 31 March 2021
12 Jan 2016	RM 0.58	14,300,000	–	–	14,300,000	–

\* The SIS options were granted on 12 January 2016 and had expired on 11 January 2021.

#### Warrants 2016/2021

The Company had issued 304,375,000 units 5 years warrants 2016/2021 ("Warrants 2016/2021") pursuant to the Lay Hong Berhad Free Warrant Issue of one (1) warrant for every two (2) subdivided shares held by the Entitled Shareholders after the bonus issue and share split at issue price of RM0.20 per warrant. The Warrant 2016/2021 were in registered form and are constituted by the Deed Poll dated 28 September 2016. The Warrants 2016/2021 were admitted to the official list of the Exchange on the Main Market on 14 October 2016.

There were no movements during the year in these warrants and the balances were as follows:

	Number of warrants
At 1 April 2020/31 March 2021	259,785,900

The salient terms of the warrants are as follows:

- (i) The warrants were issued in registered form and constituted by a Deed Poll executed on 28 September 2016. For the purpose of trading of the warrants on Bursa Securities, a board lot of warrants shall be 100 warrants carrying the right to subscribe for 100 ordinary shares of RM0.20 each in the Company;
- (ii) The exercise price is RM0.40 per ordinary share of RM0.20 each of the Company and each warrant will entitle the registered holder to subscribe for 1 new ordinary share in the Company during the exercise period;
- (iii) The exercise period is for a period of 5 years commencing on and including the date of allotment of this warrants. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid;
- (iv) The new ordinary shares to be issued pursuant to the exercise of this warrants will, upon allotment and issuance, rank pari passu in all respects with the existing ordinary shares of the Company, save and except that the holders of the new ordinary shares of the Company shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is on or before the date of allotment of the ordinary shares of the Company pursuant to the exercise of the warrants;

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 18. SHARE CAPITAL (CONT'D)

#### Warrants 2016/2021 (Cont'd)

- (iv) In the case of a members' voluntarily winding up, or a compromise or arrangement between the Company and its members or any class of them (whether or not in connection with a scheme for reconstruction or amalgamation), every warrant holder as evidenced in the Record of Depositors shall be treated as having the right to subscribe for new ordinary shares of the Company in accordance with the terms and conditions of the Deed Poll, at any time within 6 weeks after passing of such resolution for a members' voluntarily winding up of the Company, or within 6 weeks after the granting of the court order in respect of the compromise or arrangement; and

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 exercise their warrants for new ordinary shares of the Company.

### 19. RESERVES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<u>Non-distributable</u>				
Share option reserve	–	4,111,345	–	4,111,345
Revaluation reserve	141,665,326	62,892,674	71,548,662	40,148,075
Foreign currency translation reserve	285,674	(103,875)	–	–
<u>Distributable</u>				
Retained profits	117,765,481	121,686,018	72,634,718	68,989,324
	259,716,481	188,586,162	144,183,380	113,248,744

#### (a) Share option reserve

Share option reserve comprises the share-based payments transaction under the SIS plan. The SIS was implemented on 12 January 2016 to grant share options to eligible Directors and employees of the Company.

#### (b) Revaluation reserve

The revaluation reserve represents the surplus arising from the revaluation of the freehold land, leasehold land and buildings, net of deferred tax effect.

#### (c) Foreign currency translation reserve

Foreign currency reserve comprises exchange differences arising from the translation of the financial statements of a foreign operation whose functional currency is different from that of the Group's presentation currency, and exchange differences arising from monetary items which form part of the Group's net investment in a foreign operation, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 20. BORROWINGS

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
<b>Current</b>					
<b>Secured</b>					
Bank overdrafts		4,179,214	3,727,553	–	–
Bills payable		63,224,588	66,078,000	–	–
Lease liabilities	20.1	13,233,743	11,979,723	4,875,800	3,519,394
Term loans	20.2	20,686,470	20,704,367	14,652,377	14,796,359
		101,324,015	102,489,643	19,528,177	18,315,753
<b>Unsecured</b>					
Bank overdrafts		2,230,290	1,289,937	2,230,290	1,289,937
Bills payable		77,608,000	73,715,000	77,608,000	73,715,000
Revolving credit		20,500,000	15,000,000	20,500,000	15,000,000
		100,338,290	90,004,937	100,338,290	90,004,937
		201,662,305	192,494,580	119,866,467	108,320,690
<b>Non-current</b>					
<b>Secured:</b>					
Lease liabilities	20.1	27,237,380	27,239,501	11,097,610	6,955,671
Term loans	20.2	61,159,272	79,608,523	31,949,546	44,508,981
		88,396,652	106,848,024	43,047,156	51,464,652
<b>Total borrowings</b>					
Bank overdrafts		6,409,504	5,017,490	2,230,290	1,289,937
Bills payable		140,832,588	139,793,000	77,608,000	73,715,000
Revolving credit		20,500,000	15,000,000	20,500,000	15,000,000
Lease liabilities	20.1	40,471,123	39,219,224	15,973,410	10,475,065
Term loans	20.2	81,845,742	100,312,890	46,601,923	59,305,340
		290,058,957	299,342,604	162,913,623	159,785,342

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 20. BORROWINGS (CONT'D)

#### 20.1 Lease liabilities

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At 1 April	39,219,224	40,284,495	10,475,065	10,065,070
Additions	14,633,196	10,595,451	10,025,306	4,049,950
Interest expense charge during the year	2,282,701	2,070,857	764,842	578,361
Repayment	(15,663,998)	(13,731,579)	(5,291,803)	(4,218,316)
At 31 March	40,471,123	39,219,224	15,973,410	10,475,065

The following are the amount recognised in profit or loss :

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Interest expense on lease liabilities	2,282,701	2,070,857	764,842	578,361
Expenses relating to short term lease	11,509,624	9,199,592	488,016	612,123
Expenses relating to low value lease	3,981,278	4,271,316	1,112,990	1,445,059

#### 20.2 Term loans

The term loans repayment due is as follows:-

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Within one year	20,686,470	20,704,367	14,652,377	14,796,359
Between one to two years	19,795,280	20,213,861	14,481,974	14,651,122
Between two to five years	29,351,892	42,436,069	17,096,565	28,683,886
After five years	12,012,100	16,958,593	371,007	1,173,973
	81,845,742	100,312,890	46,601,923	59,305,340

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 20. BORROWINGS (CONT'D)

#### Securities

The bank overdrafts, bills payable, revolving credit and term loans are secured by way of:

- (i) Debenture over the current and future asset of the Group;
- (ii) Legal charge over certain freehold land, leasehold land and buildings as disclosed in Note 5;
- (iii) Legal charge over the investment properties as disclosed in Note 6;
- (iv) Deposits with a licensed bank as disclosed in Note 15;
- (v) Amount due from subsidiaries as disclosed in Note 7; and
- (vi) Corporate guarantee by the Company.

#### Weighted average effective interest

The weighted average effective interest rates per annum at the end of the reporting date for the borrowings were as follows :

	Group		Company	
	2021 %	2020 %	2021 %	2020 %
Bank overdrafts	6.70	7.36	6.72	7.37
Bills payable	2.88	4.10	2.70	3.92
Lease liabilities	5.36	5.57	5.33	5.60
Revolving credit	3.67	4.57	3.67	4.57
Term loans	4.59	5.85	4.34	5.46

#### Cash flows reconciliation

Reconciliation of movements of liabilities to cash flows of the Group and of the Company arising from financing activities:

Group	Bills payable RM	Revolving credit RM	Lease liabilities RM	Term loan RM
At 1 April 2019	134,026,000	17,000,000	40,284,495	93,429,512
Net drawdown of facilities	5,767,000	(2,000,000)	(1,065,271)	6,883,378
At 31 March 2020	139,793,000	15,000,000	39,219,224	100,312,890
Net drawdown of facilities	1,039,588	5,500,000	1,251,899	(18,467,148)
At 31 March 2021	140,832,588	20,500,000	40,471,123	81,845,742
<b>Company</b>				
At 1 April 2019	74,916,000	17,000,000	10,065,070	53,197,620
Net drawdown of facilities	(1,201,000)	(2,000,000)	409,995	6,107,720
At 31 March 2020	73,715,000	15,000,000	10,475,065	59,305,340
Net drawdown of facilities	3,893,000	5,500,000	5,498,345	(12,703,417)
At 31 March 2021	77,608,000	20,500,000	15,973,410	46,601,923

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 21. OTHER PAYABLES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Non- current</b>				
Other payables	17,600	75,591	-	-
Corporate shareholders	1,093,218	1,128,020	-	-
	1,110,818	1,203,611	-	-
<b>Current</b>				
Other payables	11,412,414	16,532,127	592,580	939,307
Accruals	41,160,849	26,003,586	21,822,767	14,047,466
Deposit received	1,029,145	1,024,445	1,029,145	1,024,445
	53,602,408	43,560,158	23,444,492	16,011,218
	54,713,226	44,763,769	23,444,492	16,011,218

The amount owing to corporate shareholders are unsecured, interest free advances and are repayable after the next twelve months.

Included in deposit received amounted to RM1,000,000 (2020: RM1,000,000) represents deposit for disposal of land as disclose in Note 17.

The foreign exposure profile of other payables other than functional currency are as follows:-

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
USD	-	51,207	-	-
SGD	-	13,271	-	-
EURO	187,642	1,115,640	2,093	504,871
THB	-	22,443	-	-

### 22. DEFERRED TAX LIABILITIES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At 1 April	39,671,619	31,549,952	19,567,047	12,154,807
Recognised in profit or loss	(233,481)	6,748,017	679,111	6,976,364
Recognised in equity	23,140,844	1,373,650	6,714,574	435,876
At 31 March	62,578,982	39,671,619	26,960,732	19,567,047



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 22. DEFERRED TAX LIABILITIES (CONT'D)

The components and movements of deferred tax liabilities and assets are as follows :

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Accelerated capital allowances	35,894,096	31,401,915	15,285,075	12,580,905
Revaluation reserve	32,536,243	9,864,940	10,870,882	4,156,308
Biological assets	3,713,034	6,702,608	2,959,947	5,146,023
Unutilised tax losses and unabsorbed capital allowance	(5,278,145)	(8,121,864)	–	–
Others	(4,286,246)	(175,980)	(2,155,172)	(2,316,189)
	62,578,982	39,671,619	26,960,732	19,567,047

Deferred tax assets that have not been recognised in respect of the following items due to uncertainty of probable future taxable profit will be available against which can utilise the benefits:-

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Unutilised tax losses	355,131	–	–	–
Unabsorbed capital allowance	481,922	–	–	–
Others	10,312	–	–	–
	847,365	–	–	–

With effective from year of assessment 2019, the unabsorbed tax losses are available for offset against future taxable profit of the Group for a maximum period of seven consecutive years of assessment under the current tax legislation.

### 23. TRADE PAYABLES

The credit terms of trade payables range from 30 to 90 days.

The foreign exposure profile of trade payables other than functional currency is as follows:-

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
USD	391,587	708,370	391,587	582,884
EURO	–	287,040	–	287,040

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 24. REVENUE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Sale of goods	923,658,338	839,697,393	397,580,287	381,754,662
Dividend income	–	–	–	4,000,000
	923,658,338	839,697,393	397,580,287	385,754,662
Timing of revenue recognition:				
At a point in time	923,658,338	839,697,393	397,580,287	385,754,662

### 25. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Staff costs				
Salaries, wages and bonus	84,079,308	69,115,580	22,822,168	21,899,988
Defined contribution plans	6,701,917	6,440,597	1,626,823	1,571,895
Other benefits	8,784,780	23,330,644	963,748	1,608,159
Directors' emoluments	4,684,728	4,422,546	4,684,728	4,422,546
	104,250,733	103,309,367	30,097,467	29,502,588

The details of directors' emoluments are as follows:-

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Fees	323,000	320,167	323,000	320,167
Salaries and bonus	3,609,090	3,459,090	3,609,090	3,459,090
Defined contribution plans	752,638	643,289	752,638	643,289
	4,684,728	4,422,546	4,684,728	4,422,546

The estimated monetary value of benefits-in-kind received or receivable by the Directors of the Group and of the Company was RM27,483 (2020: RM45,400).

## NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

### 26. TAXATION

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Based on the results for the year:				
<b>Current tax</b>				
Malaysian Income Tax	4,860,827	1,660,959	1,408,754	373,352
Deferred taxation	(233,481)	6,748,017	679,111	6,976,364
	4,627,346	8,408,976	2,087,865	7,349,716
(Over)/Underestimated in prior year	(170,922)	112,434	(179,421)	29,776
<b>Tax expense for the year</b>	<b>4,456,424</b>	<b>8,521,410</b>	<b>1,908,444</b>	<b>7,379,492</b>

Reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate :

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit before taxation	9,698,280	14,097,729	5,508,833	10,260,908
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	2,327,587	3,383,455	1,322,120	2,462,618
Income not subject to tax	(1,082,491)	(1,045,520)	(3,573)	(1,011,167)
Expenses not deductible for tax purposes	3,494,534	4,455,778	757,299	1,633,303
(Over)/Underestimated of deferred tax in prior years	(634,812)	592,340	137,238	4,311,090
Utilisation of investment tax allowance	(125,219)	(46,128)	(125,219)	(46,128)
Utilisation of reinvestment allowance	(245,713)	(226,464)	-	-
Others	893,460	1,295,515	-	-
	4,627,346	8,408,976	2,087,865	7,349,716
(Over)/Underestimated in prior year	(170,922)	112,434	(179,421)	29,776
<b>Tax expense for the year</b>	<b>4,456,424</b>	<b>8,521,410</b>	<b>1,908,444</b>	<b>7,379,492</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 27. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share :-

The basic earnings per ordinary share for the financial year has been calculated based on the consolidated profit for the year attributable to owners of the Company divided by the weighted average number of ordinary shares in issue during the financial year.

	2021 RM	Group 2020 RM
Profit for the year attributable to owners of the Company	3,182,455	3,398,049
Weighted average number of ordinary shares in issue	660,289,100	660,289,100
Basic earnings per share (sen)	0.48	0.51
Diluted earnings per share (sen)	*	*

\* No diluted earnings per share is presented as there are no potential dilutive ordinary shares as at the end of the financial year.

### 28. DIVIDEND

	Group and Company 2021 RM	2020 RM
Final single tier dividend of 0.75 sen (2020: 0.5 sen) per ordinary share	4,952,169	3,301,446

### 29. RELATED PARTY DISCLOSURES

#### Significant Related Party Transactions

	2021 RM	Company 2020 RM
<b>(a) Transactions with Subsidiaries</b>		
Sales	157,823,488	163,033,027
Purchases	(24,787,149)	(22,627,472)
Management fees	1,266,000	1,266,000
Rental income	3,600	3,600
Corporate guarantee fee	1,080,816	817,040
Interest income	728,197	695,723
Interest expense	(71,533)	(107,650)
<b>(b) Transactions with Associate</b>		
<b>Group</b>		
Sales	10,064,584	6,490,273
Rental income	92,580	92,580
<b>Company</b>		
Rental income	92,580	92,580

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 29. RELATED PARTY DISCLOSURES (CONT'D)

#### Compensation of the key management personnel

Key management personnel are defined as a person having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group.

The compensation of other members of key management personnel during the financial year besides the Directors are as follows:-

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Salaries and bonuses	1,353,679	1,171,396	381,621	212,852
Defined contribution	201,606	180,042	46,524	25,518
	1,555,285	1,351,438	428,145	238,370

### 30. SEGMENTAL REPORTING

The Group has reportable segments that are based on information reported internally to the Group Managing Director. The reportable segments are summarised as follows :-

- (i) Integrated livestock farming
- (ii) Food manufacturing
- (ii) Retail business

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets and income taxes.

The inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30. SEGMENTAL REPORTING (CONT'D)

2021 Revenue	Integrated livestock farming RM	Food manufacturing RM	Retail business RM	Elimination RM	Consolidation RM
External customers	359,847,348	333,219,246	230,591,744	–	923,658,338
Inter-segment	342,824,949	92,162,501	7,478	(434,994,928)	–
<b>Total revenue</b>	<b>702,672,297</b>	<b>425,381,747</b>	<b>230,599,222</b>	<b>(434,994,928)</b>	<b>923,658,338</b>
<b>Results</b>					
Segment results	22,792,222	1,531,017	2,681,662	(39,276)	26,965,625
Finance costs	(10,289,159)	(1,943,728)	(735,079)	802,870	(12,165,096)
Share of loss of associate	–	(5,102,249)	–	–	(5,102,249)
Profit/(loss) before taxation	12,503,063	(5,514,960)	1,946,583	763,594	9,698,280
Taxation	(5,119,950)	(373,497)	(244,903)	1,281,926	(4,456,424)
<b>Profit/(loss) for the year</b>	<b>7,383,113</b>	<b>(5,888,457)</b>	<b>1,701,680</b>	<b>2,045,520</b>	<b>5,241,856</b>
<b>Other information</b>					
Segment assets	795,170,887	167,949,901	69,073,828	(87,916,451)	944,278,165
Segment liabilities	376,143,854	84,679,001	27,173,685	(220,201)	487,776,339
Capital expenditure	24,473,225	12,937,951	1,024,015	–	38,435,191
Depreciation and amortisation	27,433,441	7,463,054	3,521,888	–	38,418,383
Interest expense	10,289,159	1,943,728	735,079	(802,870)	12,165,096
Interest income	806,645	–	77,889	(802,870)	81,664
<b>Other non-cash item</b>					
Non-cash items other than depreciation and amortisation					16,326,435
Share of loss of an associate					5,102,249

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30. SEGMENTAL REPORTING (CONT'D)

2020 Revenue	Integrated livestock farming RM	Food manufacturing RM	Retail business RM	Elimination RM	Consolidation RM
External customers	300,481,512	323,939,790	215,276,091	–	839,697,393
Inter-segment	353,538,825	74,723,451	21,724	(428,284,000)	–
<b>Total revenue</b>	<b>654,020,337</b>	<b>398,663,241</b>	<b>215,297,815</b>	<b>(428,284,000)</b>	<b>839,697,393</b>
<b>Results</b>					
Segment results	34,827,767	3,623,377	(707,743)	(3,983,351)	33,760,050
Finance costs	(12,298,201)	(2,039,870)	(732,390)	806,120	(14,264,341)
Share of loss of associate	–	(5,397,980)	–	–	(5,397,980)
Profit/(loss) before taxation	22,529,566	(3,814,473)	(1,440,133)	(3,177,231)	14,097,729
Taxation	(8,328,983)	(952,245)	728,056	31,762	(8,521,410)
<b>Profit/(loss) for the year</b>	<b>14,200,583</b>	<b>(4,766,718)</b>	<b>(712,077)</b>	<b>(3,145,469)</b>	<b>5,576,319</b>
<b>Other information</b>					
Segment assets	889,355,854	179,049,069	69,589,445	(287,186,648)	850,807,720
Segment liabilities	494,053,581	150,042,551	34,190,500	(199,166,029)	479,120,603
Capital expenditure	47,665,358	17,726,221	2,423,732	–	67,815,311
Depreciation and amortisation	19,696,492	12,785,508	3,686,791	–	36,168,791
Interest expense	12,298,201	2,039,870	732,390	(806,120)	14,264,341
Interest income	806,120	–	90,785	(806,120)	90,785
<b>Other non-cash item</b>					
Non-cash items other than depreciation and amortisation					501,472
Share of loss of an associate					5,397,980

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 31. FINANCIAL INSTRUMENTS

#### (a) Financial risk management policies

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and the Company's business whilst managing its risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy are not to engage in speculative transactions.

The main risks and corresponding management policies arising from the Group's and the Company's normal course of business are as follows :-

#### (i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group and the Company manage the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. The management does not enter into interest rate hedging transactions as the cost of such instruments outweighs the potential risk of interest rate fluctuation.

The interest rate profile of the Group and the Company significant interest bearing financial instruments, based on the carrying amount as at the end of the reporting year were :

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Fixed rate instruments</b>				
Lease liabilities	40,471,123	39,219,224	15,973,410	10,475,065
Term loans	1,134,769	1,913,423	-	-
<b>Floating rate instruments</b>				
Bills payable	140,832,588	139,793,000	77,608,000	73,715,000
Revolving credit	20,500,000	15,000,000	20,500,000	15,000,000
Bank overdrafts	6,409,504	5,017,490	2,230,290	1,289,937
Term loans	80,710,973	98,399,467	46,601,923	59,305,340



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Financial risk management policies (Cont'd)

##### (i) Interest rate risk (Cont'd)

###### Sensitivity analysis

Sensitivity analysis is not disclosed on fixed rate financial liabilities as fixed rate financial liabilities are not exposed to interest rate risk and are measured at amortised cost.

At the reporting date, if the interest rate of floating rate instruments had been 50 basis points lower/higher, with all other variables were held constant, the Group's and the Company's profit before tax would have been RM1,242,265 (2020 : RM1,291,050) and RM 734,701 (2020: RM764,551) higher/lower. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

##### (ii) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group and the Company are exposed to foreign currency risk mostly on its sales, bank balances and purchases that are denominated in currencies other than the functional currency of the Group and of the Company. The currency giving rise to this risk is primarily in USD and SGD.

###### Sensitivity analysis

At the end of the reporting date, the management of the Group and of the Company determined that the effects of sensitivity of the Group's and of the Company's profit for the financial year to a reasonably possible change in other currencies exchange rates to be insignificant to the financial statements.

##### (iii) Liquidity Risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of credit facilities.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of reporting date based on undiscounted contractual payments.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Financial risk management policies (Cont'd)

##### (iii) Liquidity Risk (Cont'd)

<b>Group</b>	<b>Carrying</b>	<b>Contractual</b>	<b>Within</b>	<b>Between</b>	<b>After</b>
<b>2021</b>	<b>amount</b>	<b>undiscounted</b>	<b>one year</b>	<b>two to five</b>	<b>five</b>
	<b>RM</b>	<b>cash flows</b>	<b>RM</b>	<b>years</b>	<b>years</b>
		<b>RM</b>		<b>RM</b>	<b>RM</b>
<b>Financial liabilities:</b>					
Trade and other payables	131,693,694	131,693,694	130,582,876	1,110,818	-
Amount due to an					
associate	2,415,561	2,415,561	2,415,561	-	-
Bank overdrafts	6,409,504	6,409,504	6,409,504	-	-
Bills payable	140,832,588	140,832,588	140,832,588	-	-
Lease liabilities	40,471,123	45,989,089	14,388,597	28,718,492	2,882,000
Term loans	81,845,742	90,830,156	23,701,036	52,853,559	14,275,561
Revolving credit	20,500,000	20,500,000	20,500,000	-	-
	424,168,212	438,670,592	338,830,162	82,682,869	17,157,561
<b>2020</b>					
<b>Financial liabilities:</b>					
Trade and other payables	136,020,789	136,020,789	134,817,178	1,203,611	-
Amount due to an					
associate	3,005,098	3,005,098	3,005,098	-	-
Bank overdrafts	5,017,490	5,017,490	5,017,490	-	-
Bills payable	139,793,000	139,793,000	139,793,000	-	-
Lease liabilities	39,219,224	44,403,321	13,826,122	25,471,975	5,105,224
Term loans	100,312,890	113,583,343	25,005,817	70,614,691	17,962,835
Revolving credit	15,000,000	15,000,000	15,000,000	-	-
	438,368,491	456,823,041	336,464,705	97,290,277	23,068,059

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Financial risk management policies (Cont'd)

#### (iii) Liquidity Risk (Cont'd)

Company	Carrying amount	Contractual undiscounted cash flows	Within one year	Between two to five years	After five years
<u>2021</u>	RM	RM	RM	RM	RM
<b>Financial liabilities:</b>					
Trade and other payables	58,395,825	58,395,825	58,395,825	-	-
Amount due to subsidiaries	20,735,219	20,735,219	20,735,219	-	-
Bank overdrafts	2,230,290	2,230,290	2,230,290	-	-
Bills payable	77,608,000	77,608,000	77,608,000	-	-
Lease liabilities	15,973,410	17,572,039	4,702,055	12,869,984	-
Term loans	46,601,923	49,181,064	16,336,804	31,621,865	1,222,395
Revolving credit	20,500,000	20,500,000	20,500,000	-	-
	242,044,667	246,222,437	200,508,193	44,491,849	1,222,395
<b>2020</b>					
<b>Financial liabilities:</b>					
Trade and other payables	64,440,045	64,440,045	64,440,045	-	-
Amount due to subsidiaries	29,670,103	29,670,103	29,670,103	-	-
Bank overdrafts	1,289,937	1,289,937	1,289,937	-	-
Bills payable	73,715,000	73,715,000	73,715,000	-	-
Lease liabilities	10,475,065	11,485,797	4,005,322	7,480,475	-
Term loans	59,305,340	65,228,501	17,469,626	46,727,158	1,031,717
Revolving credit	15,000,000	15,000,000	15,000,000	-	-
	253,895,490	260,829,383	205,590,033	54,207,633	1,031,717

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Financial risk management policies (Cont'd)

##### (iv) Credit Risk

Credit risk is the risk of a financial loss to the Group and Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from their trade and other receivables and advances to subsidiaries.

The credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's and the Company's associations to business partners with high credit worthiness. The Group and Company also have an internal credit review which is conducted if the credit risk is material. Trade receivables are monitored on an ongoing basis via the Group and the Company management reporting procedures.

##### *Concentration of credit risk*

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group and Company. The Group and Company use ageing analysis to monitor the credit quality of the receivables. Any past due receivables having significant balances, which are deemed to have higher credit risk, are monitor individually.

The Group and Company applied the simplified approach to measure the loss allowance at lifetime expected credit losses for all trade receivables. The Group and Company determine the Expected Credit Loss ("ECL") on these items by using a provision matrix, where applicable, estimated based on historical credit loss experience based on the past due status of the receivables, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The following ageing of trade receivables provides information about the exposure to credit risk and ECLs for trade receivables:

Group	Gross-carrying amount RM	Individual impairment RM	ECL RM	Net balance RM
<b>2021</b>				
Not past due	73,428,055	-	(15)	73,428,040
Up to 90 days past due	14,982,517	(99,489)	(34,377)	14,848,651
More than 91 days past due	8,956,125	(5,854,630)	(1,000,721)	2,100,774
	23,938,642	(5,954,119)	(1,035,098)	16,949,425
	97,366,697	(5,954,119)	(1,035,113)	90,377,465
<b>2020</b>				
Not past due	87,780,735	(1,809,094)	-	85,971,641
Up to 90 days past due	1,660,775	(149,448)	(398)	1,510,929
More than 91 days past due	11,566,063	(8,089,292)	(1,484,501)	1,992,270
	13,226,838	(8,238,740)	(1,484,899)	3,503,199
	101,007,573	(10,047,834)	(1,484,899)	89,474,840

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Financial risk management policies (Cont'd)

##### (iv) Credit Risk (Cont'd)

Company	Gross- carrying amount RM	Individual impairment RM	ECL RM	Net balance RM
<b>2021</b>				
Not past due	12,713,312	–	–	12,713,312
Up to 90 days past due	10,601,234	–	–	10,601,234
More than 91 days past due	5,034,615	(4,423,430)	(353,474)	257,711
	15,635,849	(4,423,430)	(353,474)	10,858,945
	28,349,161	(4,423,430)	(353,474)	23,572,257
<b>2020</b>				
Not past due	23,238,770	–	–	23,238,770
Up to 90 days past due	190,298	–	–	190,298
More than 91 days past due	7,498,273	(6,037,441)	(705,867)	754,965
	7,688,571	(6,037,441)	(705,867)	945,263
	30,927,341	(6,037,441)	(705,867)	24,184,033

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. None of the Group's and the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

As at 31 March 2021, the Group and the Company have significant concentration of credit risk in the form of outstanding balances of approximately RM15,690,156 and RM7,150,412 due from a trade receivable (2020: RM12,354,911 and RM8,077,089) which represents 66% and 25.2% (2020: 13.8% and 33.4%) of the total trade receivables of the Group and Company respectively. However, the Directors are of the opinion that these amount outstanding is fully recoverable. Credit risk and receivables are monitored on an ongoing basis. These procedures substantially mitigate credit risk of the Group and of the Company.

The trade receivables are not secured by any collateral or supported by any other credit enhancements.

In respect of other receivables, the Group and the Company is not subjected to any significant credit risk exposure to any single counterparty or a group of counterparties having similar characteristics.

The Company provides unsecured loans and advances to subsidiaries. As at the end of the reporting date, the maximum exposure to credit risk is represented by its carrying amounts in the statements of financial position.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Fair Values of Financial Instruments

The carrying amount of the financial assets and financial liabilities of the Group and of the Company as at the reporting date are approximate fair value due to the relative short term maturity.

The fair values of the Group's and of the Company's floating interest rates borrowings approximated their carrying amounts as they are repriced to market interest rate nearer to reporting date.

#### (c) Fair Value Hierarchy

The Group and the Company measure fair values using fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (ie. prices) or indirectly (ie. derived from prices)

Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The following table provide the fair value measurement hierarchy of the Group's and the Company's assets :

Group	Date of valuation RM	Level 1 RM	Level 2 RM	Level 3 RM
<b>2021</b>				
Assets measured at fair value :				
Property, plant and equipment (Note 5)	01.03.2021	-	349,372,056	-
Investment properties (Note 6)	01.03.2021	-	1,630,000	4,640,000
Biological assets (Note 11)	31.03.2021	-	-	70,487,393
<b>2020</b>				
Assets measured at fair value :				
Property, plant and equipment (Note 5)	01.03.2016	-	150,588,156	-
Investment properties (Note 6)	31.03.2020	-	1,700,000	4,239,581
Short term investment	31.03.2020	170,000	-	-
Biological assets (Note 11)	31.03.2020	-	-	72,999,588
<b>Company</b>				
<b>2021</b>				
Assets measured at fair value :				
Property, plant and equipment (Note 5)	01.03.2021	-	118,776,830	-
Biological assets (Note 11)	31.03.2021	-	-	48,186,360
<b>2020</b>				
Assets measured at fair value :				
Property, plant and equipment (Note 5)	01.03.2016	-	49,904,917	-
Short term investment	31.03.2020	170,000	-	-
Biological assets (Note 11)	31.03.2020	-	-	51,319,583

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### (d) Classification of Financial Instruments

The table below provides an analysis of financial instruments categorised under MFRS 9 as follows :

- (i) Financial assets at amortised cost (AC)
- (ii) Financial assets at fair value through profit or loss (FVPL)
- (iii) Financial liabilities at amortised cost (FL)

Group	Carrying amount RM	AC RM	FVPL RM	FL RM
<b>2021</b>				
<b>Financial assets</b>				
Other investments	1,282,392	–	1,282,392	–
Trade and other receivables	101,081,965	101,081,965	–	–
Deposits with a licensed bank	545,714	545,714	–	–
Cash and bank balances	9,698,693	9,698,693	–	–
	112,608,764	111,326,372	1,282,392	–
<b>Financial liabilities</b>				
Trade and other payables	131,693,694	–	–	131,693,694
Borrowings	290,058,957	–	–	290,058,957
Amount due to an associate	2,415,561	–	–	2,415,561
	424,168,212	–	–	424,168,212
<b>2020</b>				
<b>Financial assets</b>				
Other investments	196,512	–	196,512	–
Trade and other receivables	104,575,933	104,575,933	–	–
Short term investment	170,000	170,000	–	–
Deposits with a licensed bank	529,299	529,299	–	–
Cash and bank balances	15,135,962	15,135,962	–	–
	120,607,706	120,411,194	196,512	–
<b>Financial liabilities</b>				
Trade and other payables	136,020,789	–	–	136,020,789
Borrowings	299,342,604	–	–	299,342,604
Amount due to an associate	3,005,098	–	–	3,005,098
	438,368,491	–	–	438,368,491

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### (d) Classification of Financial Instruments

Company	Carrying amount RM	AC RM	FVPL RM	FL RM
<b>2021</b>				
<b>Financial assets</b>				
Other investments	1,204,532	–	1,204,532	–
Trade and other receivables	27,792,852	27,792,852	–	–
Amount due from subsidiaries	145,416,372	145,416,372	–	–
Amount due from an associate	593	593	–	–
Cash and bank balances	3,910,757	3,910,757	–	–
	178,325,106	177,120,574	1,204,532	–
<b>Financial liabilities</b>				
Trade and other payables	58,395,825	–	–	58,395,825
Amount due to subsidiaries	20,735,219	–	–	20,735,219
Borrowings	162,913,623	–	–	162,913,623
	242,044,667	–	–	242,044,667
<b>2020</b>				
<b>Financial assets</b>				
Other investments	119,672	–	119,672	–
Trade and other receivables	30,996,223	30,996,223	–	–
Amount due from subsidiaries	148,708,910	148,708,910	–	–
Amount due from an associate	22,066	22,066	–	–
Short term investment	170,000	170,000	–	–
Cash and bank balances	8,241,652	8,241,652	–	–
	188,258,523	188,138,851	119,672	–
<b>Financial liabilities</b>				
Trade and other payables	64,440,045	–	–	64,440,045
Amount due to subsidiaries	29,670,103	–	–	29,670,103
Borrowings	159,785,342	–	–	159,785,342
	253,895,490	–	–	253,895,490



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 32. CAPITAL COMMITMENT

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Capital expenditure for property, plant and equipment:				
Approved and contracted for	12,882,000	8,793,000	4,899,000	5,084,000

### 33. CONTINGENT LIABILITIES

#### A. GUARANTEES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Unsecured:</b>				
Corporate guarantees given to the financial institutions for banking facilities granted to certain subsidiaries	–	–	122,841,875	127,476,315
Guarantees in favour of third parties	21,950,022	6,793,451	17,546,982	4,763,451
	21,950,022	6,793,451	140,388,857	132,239,766

The Directors are of the view that the chances the financial institutions call upon the corporate guarantees are remote.

#### B. MATERIAL OUTSTANDING LITIGATION

On 2 July 2018, Lay Hong Berhad ("Plaintiff") had filed a claim against Loke Chee Min ("1st defendant"), Beh Yong Hock ("2nd defendant"), Leong Sze Seng ("3rd defendant") and The Roof Realty Sdn Bhd ("4th Defendant") for a special damages of RM3,256,904.84 with interest and costs.

Pursuant to the claim, the Plaintiff is seeking the special damages upon the recommendation/misrepresentation of the 3rd defendant (a real estate negotiator employed by the 4th defendant, a register real estate agent) wherein 3rd defendant represented inter alia to the plaintiff that the owners of the land held under Grant Mukim 6469 for Lot 31982 and Grant Mukim 6470 for Lot 31983 both in the Mukim of Kapar, District of Klang, Selangor (the said lands) wish to sell the lands and that the 1st defendant is the solicitor representing the land owner. The 2nd defendant is the solicitor appointed by the plaintiff to handle the sale and purchase transaction on its behalf while the 1st defendant purportedly acted for the owners of the said lands. The plaintiff paid the monies to the 1st defendant as stakeholder based on the sale and purchase agreement terms executed between the parties.

Subsequently, the plaintiff found out that the owners of the said lands did not appoint the first defendant as their solicitors and neither did they sell their said lands.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 33. CONTINGENT LIABILITIES

#### B. MATERIAL OUTSTANDING LITIGATION (CONT'D)

The plaintiff claims against the defendants inter alia for the loss and damage suffered by it:-

- i) against the 1st defendant for breach of fiduciary duty and/or trust as the stakeholder of the purchase price of the said lands and wrongfully deprived the plaintiff the said payments;
- ii) against the 2nd defendant for breach of contract and negligence;
- iii) against the 3rd defendant for fraudulent and/or negligent misrepresentation; and
- iv) against the 4th defendant as the principal and/or employer of the 3rd defendant for vicarious liability in respect of the act and/or omission of the 3rd defendant.

The court proceeded with the trial on 12/11/2019, 13/11/2019, 14/11/2019, 21/11/2019, 31/1/2020, 9/9/2020, 10/9/2020 and on 19/9/2020, the Court delivered its decision as follows

- 1) the plaintiff's claim against the 1st defendant was allowed in totality;
- 2) the plaintiff claim against the 2nd defendant was allowed in the sum of approximately RM600k, being 20% of total damage;
- 3) the plaintiff claim against the 3rd defendant was allowed in the sum of approximately 75k, being commission received;
- 4) the plaintiff claim against 4th defendant was dismissed;
- 5) In view of (4) above, no order was made in respect of 4th defendant's third party claim against the 1st and 3rd defendants.

The plaintiff has filed an appeal to the Court of Appeal on 4/3/2021 against part of the decision of the High Court in respect of (2),(3) and (4) above and case management was conducted on 18/5/2021 and a further case management was fixed on 7/7/2021.

### 34. SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING DATE

- a) On 11 March 2020, the World Health Organisation declared the recent novel coronavirus ("COVID-19") outbreak a pandemic. To contain the spread of COVID-19 in Malaysia, the Malaysian Government has imposed the Movement Control Order ("MCO") effective from 18 March 2020 and subsequently entered various phases of the MCO.

There is no material impact of COVID-19 on the Group's results of operations and financial performance during the current financial year. At the date of this report, the Group does not foresee any major effect on the overall demand of trading due to market volatility which is caused by COVID-19.

Meanwhile, due to the inherent nature and unpredictability of future development of the virus and market sentiment, the extent of the impact depends on the ongoing precautionary measures introduced by each country to address this pandemic and the duration of the pandemic. The directors will continue to monitor the situation and respond proactively to mitigate the impact on the Group's financial performance and financial position.

- b) On 8 June 2021, the Company entered into a conditional share sale agreement with Innofarm Sdn Bhd ("Innofarm") and Mackan Holding Sdn Bhd ("Mackan"), to acquire the remaining 50% equity interest in Sri Tawau Farming Sdn Bhd not already owned by the Company from Mackan, for a total purchase consideration of RM28,000,000 ("Proposed Acquisition"). The purchase consideration in respect of the Proposed Acquisition shall be satisfied via the issuance of 80,000,000 new ordinary shares of the Company to Mackan at an issue price of RM0.35 per share.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 35. CAPITAL MANAGEMENT

The Group and Company's primary objective in managing their capital is to maximise the value by optimising its capital structure and enhancing capital efficiency while maintaining a sufficient level of liquidity. The Group and Company targets a capital structure of an optimal mix of debt and equity to achieve an efficient cost of capital vis-à-vis maintaining financial flexibility for their business requirement and investing for future growth. The Group and Company regularly reviews and manage its capital structure in accordance with the changes in economic conditions and its future business plan.

The Group and Company manages their capital based on debt-to-equity ratio, which is total debt divided by total equity attributable to equity holders of the Group and Company. The debt-to-equity ratio at the end of the reporting period were as follows :

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Total borrowings (Note 20)	290,058,957	299,342,604	162,913,623	159,785,342
Less : Cash and bank balances	(9,698,693)	(15,135,962)	(3,910,757)	(8,241,652)
	280,360,264	284,206,642	159,002,866	151,543,690
Total equity	456,501,826	371,687,117	289,804,696	258,870,060
Debt-to-equity ratio	<b>0.61</b>	<b>0.76</b>	<b>0.55</b>	<b>0.59</b>

There has been no change in the above capital management objectives, policies and processes compared to the previous year.

### 36. COMPARATIVE FIGURES

Certain comparative figures have been restated and reclassified to conform with current year's presentation as follow:

	Group	
	As restated RM	As previously reported RM
<b>Consolidated Statement of Financial Position</b>		
<b><u>Non current assests</u></b>		
Deferred tax assets	–	9,183,586
<b><u>Non current liabilities</u></b>		
Deferred tax	39,671,619	48,855,205

**STATEMENT BY  
DIRECTORS**

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

We, DATO' YAP HOONG CHAI and DATO' YEAP WENG HONG, being two of the directors of LAY HONG BERHAD, do hereby state on behalf of the directors that, in our opinion the financial statements set out on pages 55 to 138 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 MARCH 2021 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the board in accordance with a resolution of the directors.

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**DATO' YAP HOONG CHAI**

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**DATO' YEAP WENG HONG**

Klang, Selangor  
30 June 2021

**STATUTORY  
DECLARATION**

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

I, NG KIM TIAN, being the director primarily responsible for the financial management of LAY HONG BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 55 to 138 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 at Petaling Jaya in the state of Selangor  
this day of 30 June 2021

Before me,

---

**NG KIM TIAN**  
(Director)

## ANALYSIS OF SHAREHOLDINGS

### AS AT 30 JUNE 2021

Issued & Fully Paid-up Capital	:	660,289,100 ordinary shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per ordinary share

#### **30 LARGEST SECURITIES ACCOUNT HOLDERS (BASED ON THE RECORD OF DEPOSITORS)** (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELONGING TO THE SAME PERSON)

NAME OF HOLDERS	NO. OF SHARES HELD	PERCENTAGE (%)
1. MAYBANK SECURITIES NOMINEES (ASING) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR NH FOODS LTD</i>	132,500,000	20.07
2. INNOFARM SDN. BHD.	102,350,000	15.50
3. KENANGA NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR INNOFARM SDN. BHD.</i>	47,800,000	7.24
4. AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR CHENG YING YING (CHE3060M)</i>	22,135,390	3.35
5. MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR INNOFARM SDN. BHD. (MARGIN)</i>	20,350,000	3.08
6. CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR INNOFARM SDN. BHD. (MY3045)</i>	18,000,000	2.73
7. CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. <i>EMPLOYEES PROVIDENT FUND BOARD</i>	11,082,280	1.68
8. YAYASAN GURU TUN HUSSEIN ONN	10,000,000	1.51
9. AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR YAP HOONG CHAI (YAP2110M)</i>	9,384,700	1.42
10. MAYBANK NOMINEES (TEMPATAN) SDN. BHD. <i>ETIQA LIFE INSURANCE BERHAD (GROWTH)</i>	6,918,600	1.05
11. AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR YAP CHOR HOW (YAP2107M)</i>	5,934,700	0.90
12. YEAP WENG HONG	4,072,000	0.62
13. NG CHEW KEE	3,730,300	0.56
14. SEAH HANG KUAN	3,294,200	0.50
15. CHNG KIM CHYE	2,556,000	0.39
16. ONG JUN JIE	2,395,600	0.36
17. LIM YOKE SIM	2,010,900	0.30
18. BAN SENG GUAN SDN. BHD.	1,927,500	0.29
19. UOB KAY HIAN NOMINEES (ASING) SDN. BHD. <i>EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)</i>	1,906,100	0.29
20. KENANGA NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR YAP SHOR YEE</i>	1,894,000	0.29
21. OO KWANG TUNG	1,875,700	0.28
22. TEE CHEE CHONG	1,800,000	0.27
23. PUBLIC NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR CHAN JIAN CHERN (E-TSA/KTI)</i>	1,784,800	0.27

## ANALYSIS OF SHAREHOLDINGS (CONT'D)

### 30 LARGEST SECURITIES ACCOUNT HOLDERS (BASED ON THE RECORD OF DEPOSITORS) (CONT'D) (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELONGING TO THE SAME PERSON)

NAME OF HOLDERS	NO. OF SHARES HELD	PERCENTAGE (%)
24. PUBLIC NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR YONG KUT SEN (E-KLC)</i>	1,725,800	0.26
25. HONG CHOON HAU	1,575,900	0.24
26. MAYBANK NOMINEES (TEMPATAN) SDN. BHD. <i>ETIQA LIFE INSURANCE BERHAD (DANA EKT PRIMA)</i>	1,563,500	0.24
27. PUBLIC NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR CHEW CHIENG SIEW (E-PDG)</i>	1,461,000	0.22
28. NG CHEW KEE	1,310,000	0.20
29. DENNIS KOH SENG HUAT	1,300,000	0.20
30. YAP CHOR WEN	1,300,000	0.20
<b>TOTAL</b>	<b>425,938,970</b>	<b>64.51</b>

### SHAREHOLDINGS DISTRIBUTION SCHEDULE (BASED ON THE RECORD OF DEPOSITORS)

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	NO. OF SHARES HELD	% OF SHARES
1 - 99	143	3,348	0.00*
100 - 1,000	834	512,800	0.08
1,001 - 10,000	3,704	23,188,152	3.51
10,001 - 100,000	3,333	113,855,730	17.24
100,001 to less than 5% of the issued shares	421	502,988,670	76.18
5% and above of the issued shares	4	19,740,400	2.99
<b>TOTAL</b>	<b>8,439</b>	<b>660,289,100</b>	<b>100.00</b>

Remark : \* less than 0.01%

## ANALYSIS OF SHAREHOLDINGS (CONT'D)

### LIST OF SUBSTANTIAL SHAREHOLDERS (BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

NAME OF SUBSTANTIAL SHAREHOLDERS	DIRECT	NO. OF SHARES HELD		%
		%	INDIRECT	
1. Innofarm Sdn Bhd	189,553,800	28.71	–	–
2. NH Foods Ltd	132,500,000	20.07	–	–
3. Dato'Yap Hoong Chai	9,384,700	1.42	189,553,800	28.71*

Remark : \* Deemed interested by virtue of his interest in Innofarm Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

### LIST OF DIRECTORS' SHAREHOLDINGS (BASED ON THE REGISTER OF DIRECTORS' SHAREHOLDINGS)

NAME OF DIRECTORS	DIRECT	NO. OF SHARES HELD		%
		%	INDIRECT	
1. Dato'Yap Hoong Chai	9,384,700	1.42	216,979,660	32.86*
2. Dato'Yap Chor How	6,283,700	0.95	–	–
3. Dato'Yeap Weng Hong	4,072,000	0.62	–	–
4. Ng Kim Tian	–	–	–	–
5. Yeap Fock Hoong	120,000	0.02	–	–
6. Gan Lian Peng	–	–	–	–
7. Tan Chee Hau	–	–	–	–
8. Lim Teck Seng	–	–	–	–
9. Tadaaki Ito	–	–	–	–
10. Yasuhito Igarashi (Alternate to Tadaaki Ito)	–	–	–	–

Remark : \* Deemed interested in 27,425,860 shares held by his spouse, children, siblings, and spouse of sibling and 189,553,800 shares by virtue of Innofarm Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 which holds 28.71% equity interest in Lay Hong Berhad.

## ANALYSIS OF WARRANTS HOLDINGS AS AT 30 JUNE 2021

No. of Warrants	:	259,785,900
Exercise Price of Warrants	:	RM0.40
Exercise Period of Warrants	:	14 October 2016 to 13 October 2021
Voting Rights in the Meeting of Warrant Holders	:	One vote per warrant holder on a show of hands One vote per warrant on a poll
Number of Warrant Holders	:	2,716

### 30 LARGEST WARRANT ACCOUNT HOLDERS (BASED ON THE RECORD OF DEPOSITORS)

(WITHOUT AGGREGATING WARRANT FROM DIFFERENT WARRANT ACCOUNTS BELONGING TO THE SAME REGISTERED WARRANT HOLDER)

NAME OF HOLDERS	NO. OF WARRANTS HELD	PERCENTAGE %
1. ER SOON PUAY	6,023,500	2.32
2. PUBLIC NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR POH SENG KIAN (TJJ/KEN)</i>	5,000,000	1.92
3. TAN LIT KEN	3,570,000	1.37
4. HOH SAI KHONG	3,500,000	1.35
5. ONG GEN HEOK	3,000,600	1.16
6. TA NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR LEE SWEE HUAT</i>	2,900,000	1.12
7. AHMAD SHAHRUL AZROY BIN MOHAMED RANI	2,430,000	0.94
8. ALIDIN BIN HJ. ABD HAMID	2,380,000	0.92
9. LEE BEE GEOK	2,329,500	0.90
10. MAYBANK NOMINEES (TEMPATAN) SDN. BHD. <i>HARTTZERY NAZRY BIN HATTA</i>	2,315,000	0.89
11. HOH KHENG FONG	2,300,000	0.89
12. MOHD ZUL FAHMI BIN NORDIN @ GHANI	2,060,000	0.79
13. ONG GAN HUAY	2,000,000	0.77
14. LAM AH CHOI	1,865,900	0.72
15. KHAIRUL HISYAM BIN ISMAIL	1,581,700	0.61
16. MOHAMAD FARID BIN ROSDI	1,554,000	0.60
17. MUHAMAD AMIN BIN DARUIS @ UZIR	1,517,600	0.58
18. CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR YEONG CHOON HONG (MM0434)</i>	1,500,000	0.58
19. CHE ABD HADI BIN AB RASHID	1,500,000	0.58
20. HOH YEET SANG	1,500,000	0.58
21. IHSAN BIN MOHD ZAIN	1,500,000	0.58
22. SYED NASSER HUSSAIN BIN SYED OTHMAN ALI	1,500,000	0.58
23. ER ZHI KHAI	1,451,100	0.56
24. HENG SOON HAU	1,400,000	0.54
25. MAYBANK NOMINEES (TEMPATAN) SDN. BHD. <i>CHEN SWEE KONG</i>	1,400,000	0.54



## ANALYSIS OF WARRANTS HOLDINGS (CONT'D)

### 30 LARGEST WARRANT ACCOUNT HOLDERS (BASED ON THE RECORD OF DEPOSITORS) (CONT'D)

(WITHOUT AGGREGATING WARRANT FROM DIFFERENT WARRANT ACCOUNTS BELONGING TO THE SAME REGISTERED WARRANT HOLDER)

NAME OF HOLDERS	NO. OF WARRANTS HELD	PERCENTAGE %
26. ABD RAHIM BIN ABD RAHMAN	1,370,000	0.53
27. LAM AH CHOI	1,300,000	0.50
28. KENANGA NOMINEES (TEMPATAN) SDN. BHD. <i>RAKUTEN TRADE SDN. BHD. FOR CHOOI CHUNG CHIH</i>	1,297,000	0.50
29. KENANGA NOMINEES (TEMPATAN) SDN. BHD. <i>RAKUTEN TRADE SDN. BHD. FOR MOHD AZRUL HISHAM BIN PUTEH</i>	1,226,300	0.47
30. ONG GEN HEOK	1,200,000	0.46
<b>TOTAL</b>	<b>64,472,200</b>	<b>24.85</b>

### WARRANT HOLDINGS DISTRIBUTION SCHEDULE (BASED ON THE RECORD OF DEPOSITORS)

SIZE OF WARRANT HOLDINGS	NO. OF WARRANT HOLDERS	NO. OF WARRANT HELD	% OF WARRANT
1 - 99	136	3,060	0.00*
100 - 1,000	119	56,450	0.02
1,001 - 10,000	610	4,356,640	1.68
10,001 - 100,000	1,342	57,990,250	22.32
100,001 to less than 5% of the issued warrants	508	197,359,500	75.97
5% and above of the issued warrants	1	20,000	0.01
<b>TOTAL</b>	<b>2,716</b>	<b>259,785,900</b>	<b>100.00</b>

Remark : \* less than 0.01%

## ANALYSIS OF WARRANTS HOLDINGS (CONT'D)

### LIST OF DIRECTORS' WARRANT HOLDINGS (BASED ON THE REGISTER OF DIRECTORS' WARRANT HOLDINGS)

NAME OF DIRECTORS	NO. OF WARRANT HELD			
	DIRECT	%	INDIRECT	%
1. Dato'Yap Hoong Chai	-	-	5,885	0.00*
2. Dato'Yap Chor How	-	-	-	-
3. Dato'Yeap Weng Hong	20,000	0.01	-	-
4. Ng Kim Tian	-	-	-	-
5. Yeap Fock Hoong	60,000	0.02	-	-
6. Gan Lian Peng	-	-	-	-
7. Tan Chee Hau	-	-	-	-
8. Lim Teck Seng	-	-	-	-
9. Tadaaki Ito	-	-	-	-
10. Yasuhito Igarashi (Alternate to Tadaaki Ito)	-	-	-	-

Remark : \* Less than 0.01%

\* Deemed interested by virtue of his family member.

## LIST OF TOP TEN PROPERTIES

AS AT 31 MARCH 2021

Location	Description & Existing Use	Approximate Area (Acres)	Tenure & Expiry Date	Age of Building (Years)	NBV (RM'000)	Date of Acquisition/ Revaluation
GM1706, Lot No. 1822 Mukim of Jeram Kuala Selangor	Layer Farm	5.0	Freehold	1-4	17,605	01/03/2021
Lot Nos. 739/40 & 741 Mukim Api-Api Kuala Selangor	Breeder Farm	15.0	Freehold	1-18	15,470	01/03/2021
Lot Nos. 1717/8/9 & 1720 Mukim of Ayer Panas Jasin, Melaka	Layer Farm & Fertiliser' Plant & Building	40.4	Freehold	3-36	15,350	01/03/2021
Lot Nos.16456/7&16486 Mukim Tanjung Karang Kuala Selangor	Processing Plant	3.0	Leasehold 'Nov 2080 (16456/7) , July 2080 (16486)	2-17	14,150	01/03/2021
GM1134, Lot No. 2809, Mukim of Jeram Kuala Selangor	Layer Farm	5.0	Freehold	1-5	14,053	01/03/2021
No. 2, Level 10-12, Wisma Lay Hong, Jalan Empayar Off Persiaran Sultan Ibrahim/KU1, 41150 Klang	Corporate Office	31,212 sq. ft.	Freehold	12	13,400	01/03/2021
Lot No. 4857 Mukim of Jeram Kuala Selangor	Layer Farm & Feedmill	25.0	Freehold	1-37	13,160	01/03/2021
NT. No. 043081625 Tamparuli, Sabah	Layer Farm	9.1	Leasehold Feb 2037	9	13,060	01/03/2021
Lot Nos. 1475/6 Lot Nos. 253 & 244 Mukim Pasangan Kuala Selangor	Breeder Farm & Hatchery	18.5	Freehold	5-23	12,500	01/03/2021
Lot Nos. 16458/9 Mukim of Tanjung Karang Kuala Selangor	Processing Plant	2.0	Leasehold Aug 2080	4-7	10,780	01/03/2021

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Thirty-Seventh Annual General Meeting ("**37th AGM**") of LAY HONG BERHAD ("**LHB**" or the "**Company**") will be held on a fully virtual basis via online meeting platform of Securities Services e-Portal at <https://sshsb.net.my/> provided by SS E Solutions Sdn. Bhd. in Malaysia on Tuesday, 28 September 2021 at 11.00 a.m. or at any adjournment thereof to consider and if thought fit, to pass the following resolutions with or without modifications:

### ORDINARY BUSINESS

- |    |   |                                 |
|----|---|---------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 March 2021 together with the Reports of the Directors and Auditors thereon.     | <b>(See Explanatory Note 9)</b> |
| 2. | To approve the payment of Directors' Fees of RM323,000.00 for the financial year ended 31 March 2021  | <b>Ordinary Resolution 1</b>    |
| 3. | To re-elect the following Directors who are retiring by rotation under Clause 134 of the Constitution of the Company:-                                      |                                 |
|    | i. Dato'Yap Hoong Chai  | <b>Ordinary Resolution 2</b>    |
|    | ii. Mr. Ng Kim Tian   | <b>Ordinary Resolution 3</b>    |
|    | iii. Mr. Gan Lian Peng  | <b>Ordinary Resolution 4</b>    |
| 4. | To re-elect Mr. Tadaaki Ito who is retiring under Clause 119 of the Constitution of the Company.  | <b>Ordinary Resolution 5</b>    |
| 5. | To re-appoint Messrs. Tai, Yapp & Co. PLT as Auditors for the financial year ending 31 March 2022 and to authorise the Directors to fix their remuneration. | <b>Ordinary Resolution 6</b>    |

### SPECIAL BUSINESS

To consider and, if thought fit, pass the following Resolutions:-

- |    |  |  |
|----|--|--|
| 6. | <b>Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading Nature ("Proposed Renewal of Existing Shareholders' Mandate")</b>  | <b>Ordinary Resolution 7<br/>(See Explanatory Note 10)</b> |
|    | <p>"<b>THAT</b> pursuant to Paragraph 10.09 of the Main Market Listing Requirement ("<b>MMLR</b>") of Bursa Malaysia Securities Berhad ("<b>Bursa Securities</b>") approval be and is hereby given to the Company and/or its subsidiary companies to enter into and give effect to specified Recurrent Related Party Transactions of a revenue or trading nature and with classes of those related parties as specified in Section 2.4 of the Circular to Shareholders dated 30 July 2021 subject further to the following:-</p> |  |
|    | i. That the transactions are in the ordinary course of business and are on terms that are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.   |  |
|    | ii. That the transactions are made on an arm's length basis and on normal commercial terms.  |  |

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

- iii. That disclosure shall be made in the Annual Report of a breakdown of the aggregate value of all transactions conducted pursuant to the Proposed Renewal of Existing Shareholders' Mandate during the financial year, based on the following information:-
- the type of the Recurrent Related Party Transactions made; and
  - the names of the related parties involved in each type of the Recurrent Related Party Transactions entered into and their relationships with the Company.
- iv. That such approvals shall only continue to be in force until:-
- the conclusion of the next Annual General Meeting ("**AGM**") following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at such AGM whereby the mandate is renewed;
  - the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("**CA 2016**") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of CA 2016); or
  - revoked or varied by ordinary 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 as they may consider expedient or necessary to give effect to this Ordinary Resolution."

7. **Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the CA 2016**

**Ordinary Resolution 8  
(See Explanatory Note 11)**

**"THAT** pursuant to Sections 75 and 76 of the CA 2016 and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue and allot shares of the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided always that the aggregate number of shares issued pursuant to this resolution does not exceed twenty percent (20%) of the total number of issued shares of the Company for the time being to be utilised until 31 December 2021 as empowered by Bursa Securities pursuant to Bursa Malaysia Berhad's letter dated 16 April 2020 to grant additional temporary relief measures to listed issuers and thereafter does not exceed ten percent (10%) of the total number of issued shares of the Company for the time of issuance and such authority under this resolution shall continue in force until the conclusion of the 38th AGM or when it is required by law to be held, whichever is earlier, **AND THAT** the Directors be and are empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities."

8. To transact any other business for which due notice shall have been given in accordance with the Constitution of the Company and/or the CA 2016.

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

BY ORDER OF THE BOARD

**WONG YUET CHYN (MAICSA 7047163) (SSM PC 202008002451)**

**LEE WEE HEE (MAICSA 0773340) (SSM PC 201908004010)**

Company Secretaries

Kuala Lumpur

Date: 30 July 2021

### Notes:-

1. A member of the Company entitled to attend and vote is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.
2. A member of the Company may appoint not more than two (2) proxies to attend the meeting, provided that the member specifies the proportion of the members shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.
3. A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.
4. Where a member is an Authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**") there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the registered office at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) or fax to 03-6201 1120 or email to ir.layhong@shareworks.com.my not less than forty-eight (48) hours before the time appointed for holding this meeting or adjourned meeting at which the person named in such instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
6. An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.
7. In respect of deposited securities, only members whose names appear on the Record of Depositors on 21 September 2021, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.
8. Pursuant to Paragraph 8.29A(1) of the MMLR of Bursa Securities, all resolutions set out in this Notice will be put to vote by way of poll.

### Explanatory Notes on Ordinary Business

9. The audited financial statements are laid in accordance with Section 340(1) (a) of the CA 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## Explanatory Notes on Special Business

### 10. **Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

The proposed Ordinary Resolution 7, if passed, will authorise the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature. This authority will, unless revoked or varied by the Company in general meeting, expire at the next AGM of the Company. Please refer to the Section 2.4 of the Circular to Shareholders dated 30 July 2021 for more information.

### 11. **Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the CA 2016**

The proposed Ordinary Resolution 8, is proposed for the purpose of renewing the general mandate for issuance of shares by the Company under Sections 75 and 76 of the CA 2016. The Ordinary Resolution 8, if passed, will give the Directors of the Company authority to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 20% of the total number of issued shares of the Company for the time being to be utilised until 31 December 2021, after that, the 10% limit under Paragraph 6.03 of MMLR of Bursa Securities will be reinstated (hereinafter referred to as the "**General Mandate**").

As part of the initiative from Bursa Securities to aid and facilitate listed issuers in sustaining their business or easing their compliance with Bursa Securities' rules, amid the unprecedented uncertainty surrounding the recovery of the COVID-19 outbreak and Movement Control Order imposed by the Government, Bursa Securities had vide Bursa Malaysia Berhad's letter dated 16 April 2020 allow a listed issuer to seek a higher general mandate under Paragraph 6.03 of MMLR of Bursa Securities of not more than 20% of the total number of issued shares (excluding treasury shares) for the general issue of new securities.

The General Mandate will provide flexibility to the Company to raise additional funds expeditiously and efficiently during this challenging time, to meet its funding requirements including but not limited to funding future investment project(s), working capital and/or acquisitions.

The Board, having considered the current and prospective financial position, needs and capacity of the Group, is of the opinion that the General Mandate is in the best interests of the Company and its shareholders.



# LAY HONG BERHAD

Registration No. 198301011738 (107129-H)  
(Incorporated in Malaysia)

CDS ACCOUNT NO.																				
NO. OF SHARES HELD																				

## FORM OF PROXY

I/We .....  
(FULL NAME IN BLOCK LETTERS)

(NRIC No./Passport No./Company Registration No.....)

of .....  
(FULL ADDRESS)

being a member/members of LAY HONG BERHAD, hereby appoint

Name of Proxy	NRIC No./Passport No.	% of Shareholding to be Represented
Address		
Email Address		

and/or failing him/her

Name of Proxy	NRIC No./Passport No.	% of Shareholding to be Represented
Address		
Email Address		

or failing him/her, the **CHAIRMAN OF THE MEETING** as my/our proxy to vote for me/us on my/our behalf at the 37th Annual General Meeting of the Company will be held on a fully virtual basis via online meeting platform of Securities Services e-Portal at <https://sshsb.net.my/> provided by SS E Solutions Sdn. Bhd. in Malaysia on **Tuesday, 28 September 2021 at 11.00 a.m.** or at any adjournment thereof.

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	Payment of Directors' Fees		
2.	Re-election of Dato'Yap Hoong Chai		
3.	Re-election of Mr. Ng Kim Tian		
4.	Re-election of Mr. Gan Lian Peng		
5.	Re-election of Mr. Tadaaki Ito		
6.	Re-appointment of Auditors		
7.	Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading Nature		
8.	Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016		

(Please indicate with an "X" in the space provided on how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Dated this ..... day of ..... 2021.

.....  
Signature(s) of member(s)





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**Notes:-**

1. A member of the Company entitled to attend and vote is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.
2. A member of the Company may appoint not more than two (2) proxies to attend the meeting, provided that the member specifies the proportion of the members shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.
3. A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.
4. Where a member is an Authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**") there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the registered office at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) or fax to 03-6201 1120 or email to ir.layhong@shareworks.com.my not less than forty-eight (48) hours before the time appointed for holding this meeting or adjourned meeting at which the person named in such instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
6. An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.
7. In respect of deposited securities, only members whose names appear on the Record of Depositors on 21 September 2021, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.
8. Pursuant to Paragraph 8.29A(1) of the MMLR of Bursa Securities, all resolutions set out in this Notice will be put to vote by way of poll.

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AFFIX  
STAMP

The Company Secretaries

**LAY HONG BERHAD**

Registration No. 198301011738 (107129-H)

No. 2-1, Jalan Sri Hartamas 8

Sri Hartamas

50480 Kuala Lumpur

Wilayah Persekutuan (KL)

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



**LAY HONG BERHAD**

(198301011738 (107129-H))  
Incorporated in Malaysia

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