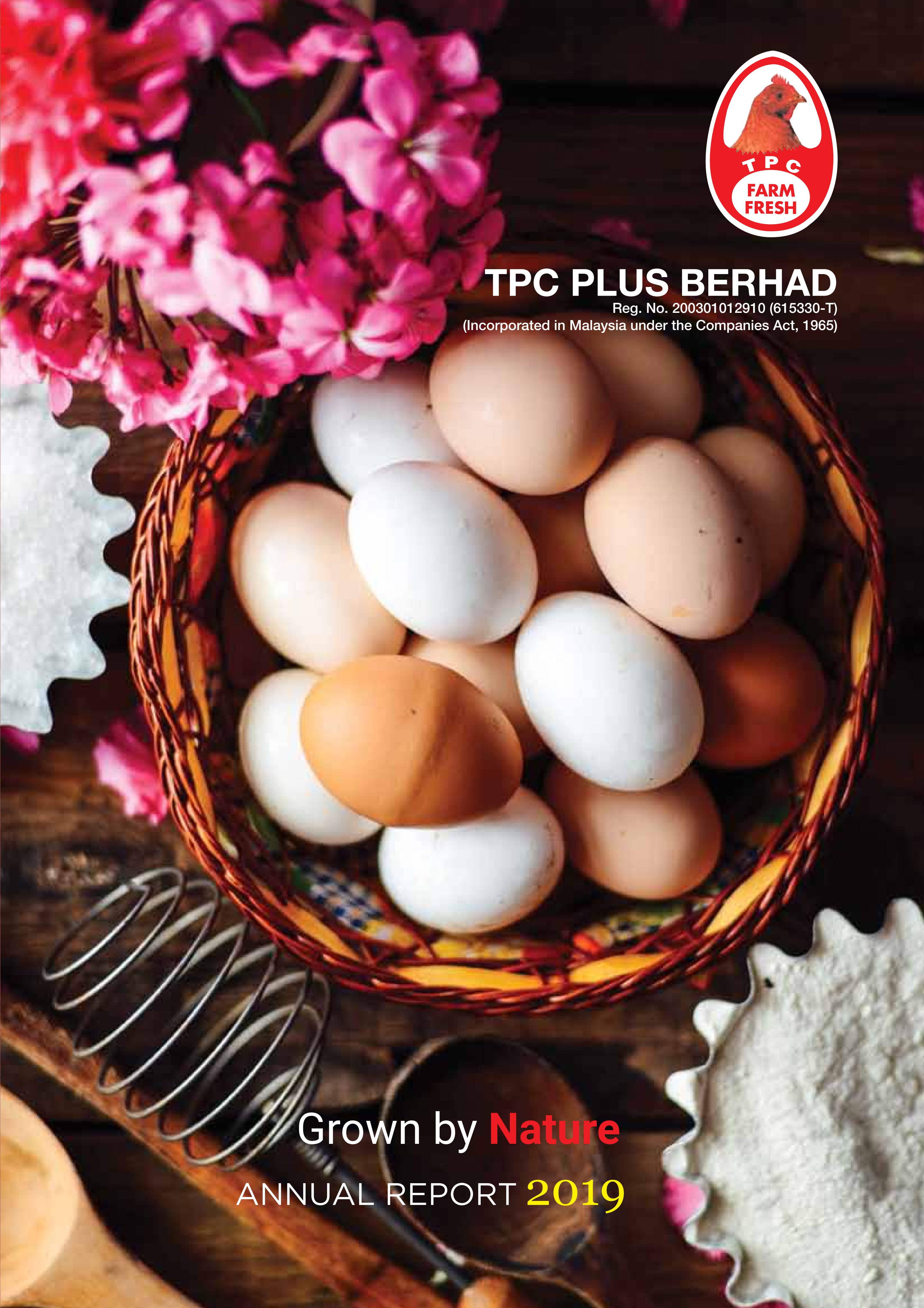

TPC PLUS BERHAD

Reg. No. 200301012910 (615330-T)
(Incorporated in Malaysia under the Companies Act, 1965)

Grown by **Nature**

ANNUAL REPORT 2019

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CORPORATE INFORMATION

BOARD OF DIRECTORS

YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop
Chairman / Senior Independent Non-Executive Director

Lim Yew Chua
Managing Director / Non-Independent Executive Director

Lim Yew Kwang
Non-Independent Executive Director

Lim Yew Piau
Non-Independent Executive Director

Liang Ah Lit @ Nyah Chung Mun
Senior Independent Non-Executive Director

Chong Chee Siong
Independent Non-Executive Director

Chong Peng Khang
Independent Non-Executive Director

AUDIT COMMITTEE

Chong Peng Khang (*Chairman*)
YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop
Liang Ah Lit @ Nyah Chung Mun
Chong Chee Siong

NOMINATION AND REMUNERATION COMMITTEE

YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop (*Chairman*)
Liang Ah Lit @ Nyah Chung Mun
Chong Chee Siong
Chong Peng Khang

RISK MANAGEMENT COMMITTEE

YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop (*Chairman*)
Liang Ah Lit @ Nyah Chung Mun
Chong Chee Siong
Chong Peng Khang
Lim Yew Chua
Lim Yew Kwang
Lim Chian Harn

COMPANY SECRETARY

Ong Soo Leng
SSM PC No. 202008002605
(MAICSA 7018257)

AUDITORS

Crowe Malaysia PLT
52, Jalan Kota Laksamana 2/15
Taman Kota Laksamana, Seksyen 2
75200 Melaka

SHARE REGISTRAR

Bina Management (M) Sdn Bhd
Lot 10, The Highway Centre
Jalan 51/205
46050 Petaling Jaya, Selangor
Tel No. : 03-7784 3922
Fax No.: 03-7784 1988

PRINCIPAL BANKERS

Bangkok Bank Berhad
Bank of China (M) Berhad
Ambank (M) Bhd
CIMB Bank Berhad

REGISTERED OFFICE

PT 1678, Mukim of Serkam
77300 Merlimau, Melaka
Tel No. : 06-2686315
Fax No.: 06-2686327

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad

WEBSITE

www.tpc.com.my

GROUP STRUCTURE
AS AT 31 MARCH 2020

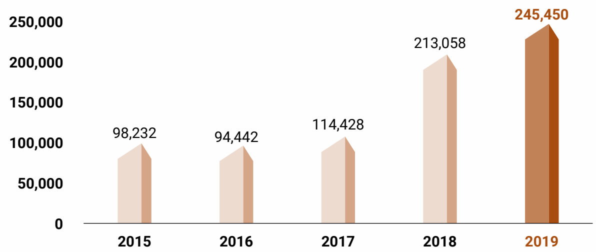
TPC PLUS BERHAD

- 100% — TECK PING CHAN AGRICULTURE SDN BHD
  - 100% — MESTIKA ARIF SDN BHD
- 100% — TECK PING CHAN (1976) SDN BHD

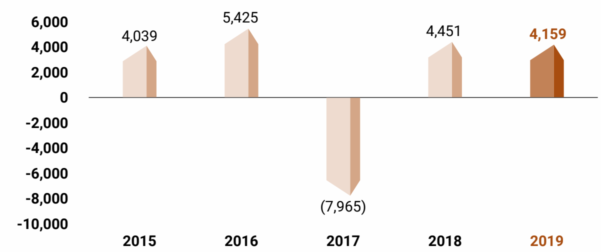
FINANCIAL HIGHLIGHTS

	FINANCIAL YEAR ENDED 31 DECEMBER				
	2015 RM'000	**2016 RM'000**	**2017 RM'000**	**2018 RM'000**	**2019 RM'000**
Revenue	98,232	94,442	114,428	213,058	245,450
Profit/(Loss) before taxation	4,039	5,425	(7,965)	4,451	4,159
Profit/(Loss) attributable to owners of the Company	3,834	3,887	(5,329)	3,289	2,084
Total assets	92,395	139,466	175,114	188,491	198,017
Net assets	24,643	87,302	81,977	85,314	87,398
Current assets	27,353	58,415	63,590	75,252	91,037
Current liabilities	49,407	29,816	59,968	69,795	79,592
Share capital	16,000	46,755	46,764	52,010	52,010
Basic earning / (loss) per share (sen)	4.79	1.74	(2.28)	1.41	0.89
Diluted earning per share (sen)	N/A	1.62	N/A	1.22	0.77
Weighted average number of shares issued	80,000,000	223,751,528	233,792,801	233,795,275	233,795,275
Current Ratio	0.55	1.96	1.06	1.08	1.14

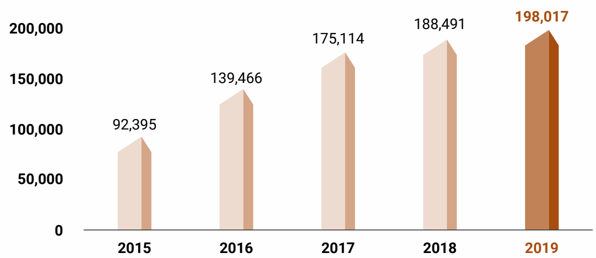
REVENUE
RM'000



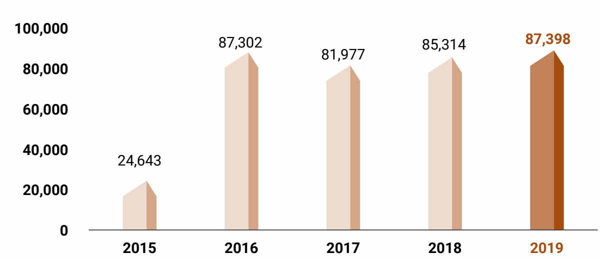
PROFIT/(LOSS) BEFORE TAXATION
RM'000



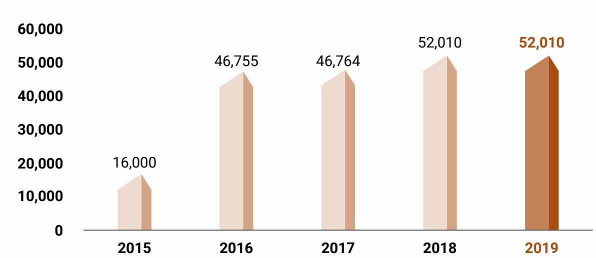
TOTAL ASSETS
RM'000



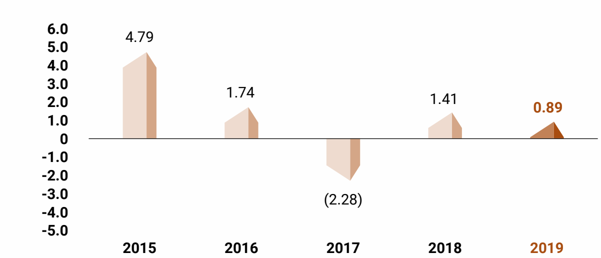
NET ASSETS
RM'000



SHARE CAPITAL
RM'000



BASIC EARNINGS/(LOSS) PER SHARE
Sen



DIRECTORS' PROFILE

YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop

Chairman, Senior Independent Non-Executive Director

Aged 76 – YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop was appointed as Director and Chairman of the Board of TPC Plus Berhad on 30 November 2015. He is also the Chairman of the Nomination and Remuneration Committee and Risk Management Committee and a member of the Audit Committee.

YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop is currently the Chairman of the Board of Trustee of Yayasan Alor Gajah (Jan 1995 till todate) and also the Chairman of the Board of Trustees Yayasan UTeM (University Technical Malaysia Melaka) (Dec 2019).

Besides holding the above positions, he has held several senior positions in the private and public sectors. He has been in Malaysian Shipping Corporation Berhad (MISC) as Senior Legal Advisor, Chairman of Majlis Amanah Rakyat (MARA) (2000 – 2004), University of Kuala Lumpur (2000 – 2004), Kolej Poly-Tech MARA (2000 - 2004), Powertec Berhad (1995 – 1997) and ICM Industries Corp. Bhd (1997).

YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop was a Member of Parliament for the Alor Gajah / Masjid Tanah constituency in Melaka during 1995 to 2013 and the Parliamentary Secretary of the Ministry of Internal Security during 2004 to 2006. YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop became the Deputy Minister of the Federal Territory in 2006 to 2008, Deputy Minister of Defence in 2008 to 2009 and Deputy Minister of Home Affairs from 2009 to 2013.

YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop began his career as a police officer of the Royal Malaysian Police in 1964 and was seconded to the Anti-Corruption Agency in 1968. He read law at Middle Temple, London in 1974 and qualified as a Barrister-At-Law in 1977 and served as Deputy Public Prosecutor in 1978 to 1981. He is currently running his own legal practice.

Lim Yew Chua

Managing Director, Non-Independent Executive Director

Aged 53 – Mr Lim Yew Chua was appointed to the Board of TPC Plus Berhad on 8 March 2012 and subsequently as its Managing Director on 30 November 2015. He is also a director of all the subsidiaries of the Company and a member of the Risk Management Committee.

Mr Lim Yew Chua has more than 25 years of experience in the poultry industry and is actively involved in the planning and construction of new high-tech farms in the Group.

Mr Lim Yew Chua is a brother of Mr Lim Yew Kwang, Mr Lim Yew Piau and all the directors of Huat Lai Resources Berhad, a major shareholder of the Company.

Liang Ah Lit @ Nyah Chung Mun

Senior Independent Non-Executive Director

Aged 76 – Mr Liang Ah Lit @ Nyah Chung Mun was appointed to the Board of TPC Plus Berhad on 30 November 2015 and as Senior Independent Director in addition to YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop on 29 August 2017. He is also a member of the Audit Committee, Nomination and Remuneration Committee and Risk Management Committee of the Company.

Mr Liang Ah Lit @ Nyah Chung Mun graduated with B.Sc. in Animal Husbandry from the National Taiwan University in 1972 and worked as a Feed Programmer upon graduation. Mr Liang Ah Lit @ Nyah Chung Mun was later appointed as an Executive Director in 2003 to 2010. All in all, Mr Liang Ah Lit @ Nyah Chung Mun has about 40 years of experience as Feed Programmer.

DIRECTORS' PROFILE (CONT'D)

Chong Peng Khang

Independent Non-Executive Director

Aged 40 - Mr Chong Peng Khang was appointed to the Board of TPC Plus Berhad on 30 November 2015. He was appointed as the Chairman of the Audit Committee on 29 August 2017. He is a member of the Nomination and Remuneration Committee and Risk Management Committee of the Company.

Mr Chong graduated from Multimedia University, Malaysia with a Bachelor of Accounting (Hons) Degree. He is a Chartered Accountant of the Malaysian Institute of Accountants and a fellow member of the Association of Chartered Certified Accountants.

He began his career as an auditor with Deloitte Kassim Chan and subsequently Ernst & Young, involving in audit and business advisory of companies from various industries. His experience covers audit and assurance engagements, corporate reporting and compliance, taxation and wide ranging overseas exposures. He has previously headed the accounting and finance division of a public listed company listed on the Main Market of Bursa Malaysia Securities Berhad and responsible for the corporate finance, accounting, tax and cash flow functions of the company and its subsidiaries. He has then held several senior finance roles in some major Malaysian conglomerate companies covering industries from manufacturing, heavy and process equipment, energy and automotive. Mr Chong is also a Director in two other Malaysian public listed companies.

Lim Yew Kwang

Non-Independent Executive Director

Aged 46 – Mr Lim Yew Kwang was appointed to the Board of TPC Plus Berhad on 8 March 2012. He is also a director of all the subsidiaries of the Company and a member of the Risk Management Committee.

Mr Lim Yew Kwang has been in poultry farming for more than 20 years and is currently managing the various aspects of the farms' operations.

Mr Lim Yew Kwang is a brother of Mr Lim Yew Chua, Mr Lim Yew Piau and all the directors of Huat Lai Resources Berhad, a major shareholder of the Company.

DIRECTORS' PROFILE (CONT'D)

Lim Yew Piau

Non-Independent Executive Director

Aged 43 – Mr Lim Yew Piau was appointed to the Board of TPC Plus Berhad on 8 March 2012. He is also a director of all the subsidiaries of the Company.

Mr Lim Yew Piau has more than 20 years of experience in poultry farming and is currently in charge of logistic, marketing and distribution of eggs to customers.

Mr Lim Yew Piau is a brother of Mr Lim Yew Chua, Mr Lim Yew Kwang and all the directors of Huat Lai Resources Berhad, a major shareholder of the Company.

Chong Chee Siong

Independent Non-Executive Director

Aged 44 - Mr Chong Chee Siong was appointed to the Board of TPC Plus Berhad on 30 November 2015. He is also a member of the Audit Committee, Nomination and Remuneration Committee and Risk Management Committee of the Company.

Mr Chong Chee Siong graduated with an Advanced Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman College and has about 4 years of auditing experience. He left as a General Manager after about 7 years in the commercial sector, including 3 years in a Malaysian public listed company, before starting his own business. Currently, Mr Chong Chee Siong is also a Director of another Malaysian public listed company.

All the above Directors are male and are Malaysian.

Save as disclosed, the above Directors do not have family relationship with any Director and/or major shareholder of TPC Plus Berhad.

None of the Directors:
i. have any conflict of interests with TPC Plus Berhad;
ii. have been convicted of any offences within the past 5 years (other than traffic offences, if any); and
iii. have public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2019.

KEY MANAGEMENT PROFILE

Mohamad Rahimi Mat Ramin

Farm Manager

Mohamad Rahimi Mat Ramin, aged 44, Malaysian, male, is the farm manager of Teck Ping Chan Agriculture Sdn Bhd. Encik Mohamad Rahimi joined TPCA on 26 October 2011 as an assistant farm manager and was soon promoted to his current position. Upon completing his secondary education in 1991, he immediately began his career with various layer farming companies. Encik Mohamad Rahimi has more than 25 years of experience in poultry management. He is currently in charge of the day-to-day operations of the layer farms and oversees the maintenance of all the machineries and equipment in the farms.

Cham Chee Song

Feedmill Manager

Cham Chee Song, aged 37, Malaysian, male, is the feedmill manager of Teck Ping Chan Agriculture Sdn Bhd. Mr. Cham has held various positions since he joined TPC Group in 2017. Prior to joining TPC Group, he has worked in the poultry farming sector for more than 10 years. Mr. Cham is currently in charge of the company's feed production planning and the performance monitoring as well as the in-process and outgoing quality control of the raw materials and feeds.

(1) None of the Key Management has any family relationship with the Directors or Major Shareholders of the Company.
(2) All the Key Management of the Company do not have any conflict of interest with the Company.
(3) None of the Key Management holds any directorship in a public company.
(4) All the Key Management have not been convicted with any offences other than traffic offences (if any) in the past five (5) years.

LETTER TO SHAREHOLDERS

Dear Esteemed Shareholders,

On behalf of the Board of Directors, we are honoured to present the Annual Report and the Audited Financial Statements of TPC Plus Berhad ("TPC" or "Company") for the financial year ended 31 December 2019.

This has been another good year for TPC as we have made further progress towards significant milestones. We manage to increase our market shares despite of the aggressive competitive entry in this industry.

Throughout the year, the Board's discussions have focused on longer term strategic planning and on how to improve the business operations. The Board wishes to set a clear path on ensuring progress and prepare for existing and future changes to stay in this competitive business in a sustainable manner. Our discussions do not focus solely on financial metrics. We consider that it is critical to monitor and respond to broader issues in order to ensure the business is well placed to succeed in the future.

There is improvement in the Group's revenue for FYE 2019 which stands at RM245.45 million, 15.20% more than that of the preceding period. This commendable performance in the face of numerous business and economic challenges surrounding the year stands an example of the dedication of Management towards poultry business continuity. The Company continued to take advantage of the current and expected growth opportunities in the egg industry. TPC produces approximately 506 million eggs this year, surpassing the previous year's level of approximately 413 million eggs. Additionally, TPC sold approximately 61,460 metric ton of feeds which consists of 46.76% out of the total amount of feed produced. As usual, business growth has always been our main focus. However, the Group recorded a net profit after tax of RM2.084 million in FYE2019, indicating a drop of 36.64% as compared to the preceding year's result of RM3.289 million. This impact was mainly due to the impairment made on trade receivables amounting to RM2.32 million. Further information on prospects, operation and financial performance, risks, works that have taken place during 2019 and future prospect can be found in the Management Discussion and Analysis of this Annual Report.

The Board recognises that FYE 2020 will continue to be a challenging and unpredictable year, against the backdrop of slower economic growth and the Covid-19 outbreaks. The Management has addressed immediate challenges that Covid-19 represents to the Group's workforce, customers and financial institutions. We have put protections in place for our employees and customers. We hope this pandemic will accelerate to a containable level soon. We wish to take this opportunity to thank all of our employees and supply chain partners who support us during these challenging times in order for us to continue our operation and deliver eggs to our customers.

The Board remains extremely mindful of the fiduciary roles we play in identifying and managing different risks. We will continue to play active role in ensuring the Group's mission to remain at the core of the business and the Company great values are ultimately delivered in our services and products. With the oversight of the Board, the Management remains committed to focus on improving the operational productivity whilst reducing costs to ensure sustainable business operations and hopefully to improve bottom line of the business.

LETTER TO SHAREHOLDERS (CONT'D)

We are excited about the future of TPC. The Group's aspiration towards being the leading player in the region will continue to be of the utmost importance for us. The Board remains confident in the Group's prudent management, uncompromising ethical behavior of all stakeholders from employees to all levels of the Group's supply chain management, established relationships that provide it with intrinsic capital for growth.

On behalf of the Board of Director, we wish to convey our sincere appreciation to our valued shareholders, customers, vendors, business partners and financial lenders for your continued support and trust. We would also like to express our heartfelt gratitude to our Management and employees for their exceptional great jobs that have sustained and grown the business while constantly deliver great values to customers.

Thank you for your support to TPC Plus Berhad!

Sincerely,

YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop
Chairman

Lim Yew Chua
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

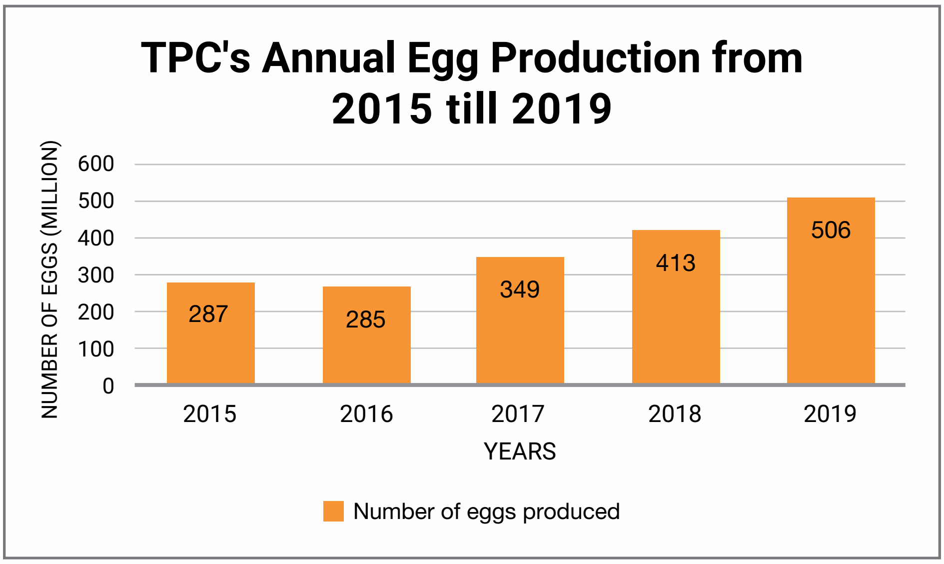
The information in this management discussion and analysis should be read in conjunction with the Company's consolidated financial statements and the notes related thereto.

OVERVIEW OF BUSINESS AND OPERATIONS

TPC Plus Berhad ("TPC" or "the Company") is a renowned business in the poultry farming industry in Malaysia. The Company has been in existence since 1978 and was publicly listed in Bursa Malaysia Securities since 2003 which marked a significant milestone for the growing company, which has now gained continuous support from investors.

TPCP is an investment holding company and its subsidiaries ("TPC Group" or "The Group") are principally engaged in the production, grading, packaging and sale of table eggs and feeds which is predominantly carried out in Malaysia. We grow day-old chicks and maintain flocks of pullets (female birds under 18 weeks of age), layers (mature birds), manufacture feeds, produce, process and distribute eggs to a diverse group of customers. The Company, headquartered in Alor Gajah, Melaka and mainly sell its eggs and feeds in the southern region of Peninsular Malaysia. The layer farms and feedmill plant are located in Alor Gajah (Melaka) and Rembau (Negeri Sembilan).

Aiming to be one of the leading egg producers in Malaysia, TPC has devoted to achieve this by continuous improvement and expansion on its egg production capacity. The Group constantly exploits new technologies to achieve better efficiency and improved egg productivity as well as quality, and above all, work with passion and commitment. This is also to allow the Group to reap economies of scale in operation as well as attaining more sustainability and consistency in the supply of table eggs. Being a staple food producer, it is our responsibilities to ensure high quality and nutrition in our eggs as they are to be consumed largely and routinely by the community.



TPC Group has constantly increased in egg production over the years since 2015. During the financial year ended ("FYE") 2019, the Group has achieved selling pieces of approximately 506 million eggs, showing a growth of 76% in a five-year time. The strength of our position is evidenced by having increasing market shares over the past years. We have marketed the eggs to a diverse group of customers, including wholesale egg dealers, retailers, fast food restaurants and even directly to food manufacturers.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

OVERVIEW OF BUSINESS AND OPERATIONS (CONT'D)

Newly built layer houses located at Rembau (Negeri Sembilan) have become fully operational since year 2018. As a result, the daily total egg production has increased to approximately 1,450,000 eggs and still counting. The capacity increases have been accompanied by exploitation of modern and advanced technologies as well as retirement of less efficient facilities. TPC Group is currently investing in capital improvement projects which aims to further increase the egg production capacity in line with expected demand these days.

At the current stage, TPC Group's revenues are solely from domestic market. For many years, TPC has pursued a growth strategy focused on expanding eggs production. As we always have been, we will continue to remain attentive to the changing demands of our customers and to concentrate on meeting their needs. In order to take better control over the quality of table eggs, the Group has decided to adopt a fully integrated business process beginning mid of July 2017. TPC manufactures high quality of feed that are carefully formulated and mixed to cater the needs of commercial layers at different growing stage. From the production of the feeds to eggs handling, the business processes are fully controlled and monitored internally within the Group. We believe our constant attention to improve our operating efficiency and the focus on automation will enable us to be a low cost egg supplier in the markets we compete.

FINANCIAL REVIEW

The purpose of this review is to provide a brief insight on key financial information. A more detailed commentary is covered under audited report.

Review of the Statement of Profit or Loss

	2019 (RM'000)	2018 (RM'000)	Percentage changes %
Revenue	245,450	213,058	15.20
Cost of Sales	231,143	201,792	14.55
Other Income	247	1,387	(82.19)
Net Profit After Taxation	2,084	3,289	(36.64)

Revenue and Net Profit After Taxation

For FYE2019, the Group's turnover has surged by 15.20% to RM245.45 million in comparison to the year before. Such increase in total revenue was primarily due to higher average selling prices of eggs for FYE2019 accompanied by higher number of eggs sold as a result of materialisation of the Group's capital investments over the past years. In addition to main income stream, the spare capacity arises in the manufacturing process of poultry feed has also contributed a share of total revenue. This has contributed to the increase in the overall revenue for TPC Group.

TPC Group recorded a net profit after taxation of RM2.084 million in FYE2019, indicating a drop of 36.64% as compared to the preceding year's result of RM3.289 million. Even though the average selling price of eggs is higher for FYE2019 and the Group is making profit during the year, the overall result is however offset by the following reasons:

- A significant impairment made on trade receivable amounting to RM2.32 million; and
- Effect on revision of Real Property Gains Tax ("RPGT") rate from 5% to 10%, amounted RM1.37 million.

The Group's financial performances are directly tied to egg prices, feed costs, operating costs and quantity of eggs sold. Egg prices are highly volatile and subject to wide fluctuation, which is beyond the Management's control. During the beginning of year 2019, average egg prices remained favourable. Undesirably, egg prices had started to reduce in the mid of FYE2019 due to the egg oversupply situation. However, the overall performance for TPC Group for FYE2019 was in fact, better than prior year, if the impairment and tax effect were not taken into account.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

FINANCIAL REVIEW (CONT'D)

Cost of Sales

The Group's total cost of sales has increased proportionally to the revenue's growth by about 14.55% or from RM201.79 million in FYE2018 to RM231.14 million in FYE2019. The rise is predominantly due to increase in overall egg production, from 413 million to 506 million pieces annually. Apart from that, it was also partially due to the increase in purchase of raw materials from overseas to manufacture poultry feeds, as the result of foreign currency exchange risk pass on from our importers indirectly. This impact is relatively substantial, especially near to the year ending 2019.

Other Income

During the year, the other income for the Group has reduced by 82.19% or RM1.14 million. This is mainly resulted from the recognition of gain on disposal of land during FYE2018 of approximately RM1.15 million.

Operating Expenses

The increase in operating expenses of TPC Group is primarily due to the increase in overall egg production as the result of the additional farm houses. As the result, the overall operational costs, which includes capital expenditure, salaries and wages, depreciation expenses as well as the selling and distribution costs have increased accordingly.

Review of the Statement of Financial Position

	2019	2018	Percentage changes %
Total Assets (RM'000) Total Liabilities (RM'000)	198,017 110,619	188,491 103,178	5.05 7.21
Debt / Asset Ratio	0.56	0.55	

The Group's total assets stood at RM198.02 million as at 31 December 2019, indicating an increase of RM9.53 million or 5.05% from RM188.49 million as at 31 December 2018. The Group's non-current assets made up 54% of the Group's total assets while the current assets comprised 46% of total assets at the close of the FYE2019. The increase of RM15.79 million in the current assets compared to a year before, was mainly contributed by increase in amount owing by related companies.

The Group's total liabilities were RM7.44 million higher in comparing to the previous year, hitting RM110.62 million as at 31 December 2019 from RM103.18 million as of the year before. Such increase was mainly due to the utilisation of the short term borrowings as the result of working capital financing. The trade payables have partially contributed to the increase as the result of purchase of raw materials to manufacture poultry feeds for the livestock. This increase in trade liabilities is in line with the sales growth as well as the upsurge of total current assets.

Review of the Statement of Cash Flow

The Group registered a reduction in cash and cash equivalents of RM2.87 million year-on-year to RM4.11 million as at 31 December 2019.

Operating Activities

The net cash from operating activities stood at RM3.23 million in FYE2019 compared to RM12.57 million in FYE2018. The fall in cash inflow was mainly resulted from the increase in trade and other receivables by approximately RM16.32 million.

Investing Activities

TPC Group has a lower fund allocated towards investing activities during the FYE2019, by approximately RM5.05 million as compared to FYE2018. This Group is planning to convert all opened-house chicken flocks to closed-house systems in the coming financial year. Hence, it is the Group's practice to reserve funds for future expansion as it is expected to increase substantially in the investment of layer houses for the forthcoming year.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

FINANCIAL REVIEW (CONT'D)

Financing Activities

The net cash for financing activities in FYE2019 was about RM5.66 million, which was approximately RM1.93 million higher compared to FYE2018. This was mainly due to the repayment of term loans and lease liabilities.

Capital Expenditure

As of the end of year 2019, TPC Group was at the planning stage to construct new layer houses as the Management has the intention to convert all opened-house chicken flocks to closed-house systems. The construction shall begin in the early of FYE2020 and is anticipated to be fully completed and put in use near the end of 2020. The capital improvement projects are carried out in order to increase the egg production capacity in line with the expected demand.

Capital Requirement, Structure and Resources

The Group is confident it has secured sufficient trade facilities from financial institutions to finance its current and future working capital as well as the ongoing projects.

Risk Factors Exposure

Our business and financial and operational results are subject to numerous uncertainties and risks, many of which are beyond our controls. The Group has placed different risk management plans to lessen or to mitigate, if not to totally eliminate, the adverse impact or perceived risks associated in the business.

Agricultural risks, including outbreaks of diseases and changes in weather condition

Egg production is subject to a variety of agricultural risks. Extreme or unusual weather conditions and any disease outbreak will adversely affect the quantity and quality of eggs produced and distributed. Despite our best effort, outbreak of disease may still occur and this will materially affect the health of our flocks. Besides that, negative publicity of an outbreak in the poultry industry can easily impact consumers' perception even if our flocks are healthy and did not catch the disease. The challenges imposed by the changes in weather conditions can be fit broadly into two categories i.e. higher costs and deteriorating productivity.

In anticipation of these risks, the Group has implemented a proper and timely vaccination programme for its flock so as to keep the resistance level high in its flock. TPC Group has its in-house veterinarian and experienced farm personnel who oversees and implements vaccination programs to ensure it is able to minimise the risks of disease outbreak.

In addition, the Group is in the midst of converting all flock houses into closed house. The closed-house system has a higher degree of biosecurity compared to the open house type. This is due to the technology of built-in ventilation to maintain the optimal temperatures and reduce the risk of heat stress. Closed-house system will also create a more hygiene environment as it prevents the commercial layers from being afflicted by wild birds, which may potentially be a disease-carrier. This could substantially reduce the possibility of major diseases outbreak. All these actions taken by the Group will ultimately improve the productivity of its flocks.

However, despite the implementation of all the above measures by the Group, there is no assurance that any unforeseen disease outbreaks and adverse change in weather conditions will not have significant impact on the health or mortality of its flocks that will affect the Group's performance.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

FINANCIAL REVIEW (CONT'D)

Business risks and Competition

The principal business activities of the Group are subject to certain level of risks inherent in the poultry industry. These risks include, inter alia, raw material shortages, rising cost of labour and feed, decrease egg selling prices, fluctuation in demand for eggs and changes in environmental framework within which the industry operates. Therefore, our historical performances should not be presumed to be our future performances. During the time of increased demand, egg industry players tend to gear up in order to produce more eggs and hence resulting in an oversupply of eggs in the market. Feed cost represents the largest element of egg production costs. As such, any increases in feed costs unaccompanied by the increases in the selling prices of eggs will affect the results of our operation.

Despite the aforesaid, the Group will continue to manage and limit the risks through, amongst others, continued investment in closed-houses technology, further increasing automation in the production processes and continual improvement in farm management. In order to maintain and grow the Group's market share, the Group places strong emphasis and efforts to invest in new technological innovations, enhance biosecurity of its flocks while continue to expand its current egg production. However, no assurance can be given that any changes to these factors will not have a material effect on the Group's performance and that the Company can maintain its current market position in the future.

Dependent on management team and Succession Planning

The success of the Group depends largely upon the continued service of our senior management team and directors. The loss or interruption of services of any key management personnel could adversely affect our plan to pursue our growth strategies.

The Group is still in the midst of preparation for its succession planning which aims to continue leadership and to develop new people with great potential to fill in the key management positions of the Group.

Foreign Exchange Risk and Volatility in Prices of Raw Materials

The use of raw materials (i.e. soya bean meals, corn/maize) in the production of animal feeds would affect the quality of feeds, and hence the performance of the flocks. Given that commodity prices are extremely volatile and difficult to predict due to seasons, natural disasters and economic factors i.e. the trade disputes between USA and China, the Group has remained cautious in planning the demand for each types of raw materials so that such data can be used in the purchasing planning.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

FINANCIAL REVIEW (CONT'D)

Agricultural Risk

Poultry business is subject to a variety of agricultural risks. Unusual weather condition, diseases and pests can adversely affect the quality and quantity of our egg production. The Group maintains controls and procedures to reduce the risks of exposing our flocks to harmful diseases. Despite our efforts, outbreak of diseases can still occur and may adversely impact the health of our flocks and financial results. We have significantly increase the biosecurity measures of all of our facilities; however we cannot be certain that flocks will not be affected by any diseases in the future.

Risk Management Framework

The Group aimed to create its risk management culture by promulgated the risk management framework throughout the organisation. Further information on the structure of the risk management and internal control of the Group can be found in the Statement on Risk Management and Internal Control of this Annual Report.

Prospects

Looking ahead, we will continue to implement our growth strategy, operate and expand our business regardless of the cycles. We will continue to remain focused on managing our business more efficiently and continue to construct new and efficient facilities as well as to invest in more advanced technologies. If opportunities arise, we look forward to pursue strategic acquisitions and additional growth opportunities that could add value to our operations.

Dividend Policy

In view of the Group's ongoing expansion plans and activities, the Board did not recommend any declaration of dividends for the FYE 2019.

SUSTAINABILITY STATEMENT

This Sustainability Statement is issued by TPC Plus Berhad ("TPC" or "the Company") and its subsidiaries (the "Group" or "TPC Group") in line with the latest amendments to Paragraph 6, Practice Note 9 of the Main Market Listing Requirement ("Main LR") on sustainability reporting issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia"). We have also taken into consideration the Sustainability Reporting Guide – 2nd Edition along with its accompanying toolkits from Bursa Securities. We are committed to create a positive and enduring social impact through our sustainability initiatives that support our business, the environment and the communities in which we operate. This is our second year to comply with the Bursa Malaysia compliance and we have always adhered to the three pillars of sustainable development, namely, economic, environmental and social considerations. Our Group's approach to sustainability is formulated based on our vision, mission and core values which enable a platform to cultivate sustainability which encapsulates our business goals.

As we set key financial targets and pursue new growth opportunities, we also recognise the importance of building sustainability and shared value creation into our corporate strategies. Our Group's approach to sustainability is formulated based on our Vision, Mission and Core Values as follows:

Vision

One of the leading egg producers in Malaysia

Mission

Continuous improvement and investment in people and technologies to produce high quality products to our consumers

Core Values

- To provide a safe and hygience working environment to the employees
- To constantly invest in modern technologies and facilities to achieve energy saving
- To maximise the profits by arriving the Economies of Scale in production
- To visibly contribute towards the social for sustainable development

We continue to work on developing processes that will help our internal and external stakeholders develop better understanding of the principles of sustainability, and how they can be integrated into our business operations to create long term value and business growth.

Our sustainability team is led by the Board of Directors of the Group, and will be implemented and monitored closely within the following governance structure.

Sustainability Structure	
Board of Directors	The Board oversees the overall sustainability practices and initiatives
Sustainability Working Group	• Set sustainability priorities and goals • Advise on sustainability opportunities and innovation • Address and manage challenges and constraints to the sustainability initiatives • Conduct materiality assessment • Track, monitor and analyse sustainability measures

SUSTAINABILITY STATEMENT (CONT'D)

Materiality Assessments

Materiality assessment is about the process of identifying and prioritising the issues that matter the most to our business and stakeholders. In year 2019, we have performed a more comprehensive materiality assessment by way of questionnaires. We engage with our stakeholders to better understand their concern and expectation during the questionnaire process. This is to place better focus on stakeholders' concerns on the issues related to the Economic, Environmental and Social ("EES") impacts. The findings of our latest assessment is further explained under the Stakeholders' Engagement section.

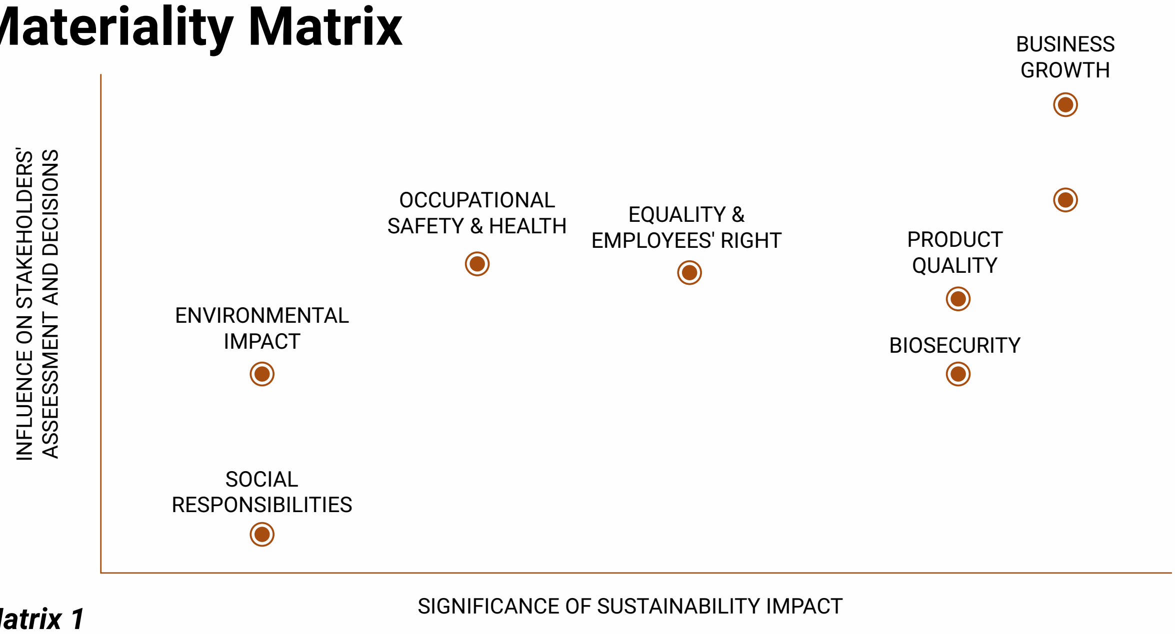
We review and update our material sustainability matters with reference to Bursa Malaysia's Sustainability Reporting Guide and Toolkits. Throughout the materiality assessment process, the Group's Management has identified different material sustainability matters that are defined under Bursa Malaysia's Listing Requirements as those which:

- Reflect the business' significant EES impacts; and/or
- Substantively influence the assessments and decisions of stakeholders.

Stakeholders' Engagement

We gathered information on EES from both internal and external stakeholders including employees, customers, suppliers, bankers, local community and etc. This assessment mainly focuses on the significance of sustainability to the Group and how they influence the assessments and decisions of the stakeholders mentioned above. This assessment process has enabled Management to identify the areas that may have greater implication towards the Group's business and reputation, both directly and indirectly.

Materiality Matrix



Matrix 1

Matrix 1 above summarises the findings based on the assessment conducted among different stakeholder groups through questionnaires. It reveals the relationship between significance of sustainability impact to the Group and its influences towards stakeholders' assessments and decisions. It also enables the Group to decide which corporate social responsibilities ("CSR") initiatives to invest in.

SUSTAINABILITY STATEMENT (CONT'D)

Identifying Significant Sustainability Matters

We engaged ourselves with a growing number of stakeholders such as customers, suppliers, employees, shareholders and regulators. We believe fostering relationship with our key internal and external stakeholders will strengthen our Group. The sustainability working group has identified certain stakeholders relevant to our operations and undertaken various approaches to engage with our key stakeholders to solicit their view.

The Company engaged a group of stakeholders to determine the three ("3") most important key matters from their perspectives. These responses will then be gathered by the Management for further analysis and studies. Eventually, a list of material matters will be generated collectively by ranking and summarises in Matrix 1. This list indicates what matters to the stakeholders and how can they affect their decision making.

The following table summarises the Group's key stakeholders, methods of engagement and the matters identified:-

Stakeholders	Method of Engagement	Frequency	Engagement Focus
Shareholders and investors	• Annual General Meeting • Quarterly Announcement • Questionnaires	Quarterly, Yearly	• Good financial performance • Corporate strategy and performance
Regulators/ Government	• Seek regulatory engagement when necessary • Attend any events and trainings organised by Government/Regulators	Quarterly/Yearly	• Food safety • Biosecurity • Labour and employment issues • Licensing
Employees	• On-going training • Internship opportunities • Performance appraisal system • Questionnaires	Ongoing/ Monthly/ Yearly	• Safe environment • Respect and career development
Customers	• Customers feedbacks • Face to face meeting • Questionnaires	Ongoing	• Customer feedback review • Product quality updates
Suppliers/ Contractors	• Request for proposal • Periodic review for new purchase • Questionnaires	Ongoing/Periodic	• Vendor performance and sound payment practices • Clear procurement practices
Local Community	• Donation • Meeting with communities • Sponsorships • Questionnaires	Ongoing	• Community care and support • Donation and sponsorship for the needful

Key to Sustainability

This section aims to provide insights on the Group's sustainability commitments and practices across the three key areas of Economics, Environments and Social undertaken by our business divisions.

ECONOMICS

We keep our continuing mission to uphold the principles of integrity and responsibility in all of our business operations. The trust of our network, including customers, business partners, suppliers and bankers play a definitive part on our business prolonged success.

SUSTAINABILITY STATEMENT (CONT'D)

ECONOMICS (CONT'D)

Business Growth and Financial Performance

In view of the challenging market condition, we are committed to achieve business excellence by focusing on strong corporate governance and prudent financial management. We strive to achieve the financial goals below:-

- To foster business growth by increasing our market share
- Enhance and strengthen our core businesses
- To reduce operating costs
- Maintain healthy turnover and operating cash flow

Corporate Governance

We strive to stay current and adhered to best practices, guidelines and standard operating policies and procedures in the place where we operate. In relation to the risk management and controls, the Group has put in place the following policies:-

- **Board Charter**

  The Board Charter stipulates the principal roles, functions and responsibilities of the Board of Directors. The Board has been entrusted with the objectives to increase shareholders' values within an appropriate framework, protects the rights and interests of the Company's shareholders.

- **Employee Code of Conduct and Ethics**

  The Code of Conduct adopted by the Board provide guidance to all the Directors and employees within the Group in identifying and dealing with ethical issues, outlines mechanism to report unethical conducts and help to foster high standard of business ethics in our working environment.

- **Whistle Blowing Policy**

  The whistle blowing policy ensures concerns regarding unethical or improper conduct related to mismanagement, malpractices, fraud, conflict of interest, breach of any law and regulations by any member of its staffs are investigated internally and if violation is confirmed, appropriate actions will be taken. Employees are encouraged to file suspected wrongdoings through proper mode of communications anonymously to the Chairman of the Audit Committee.

ENVIRONMENTAL

In operating the business, the Group remains committed to protect the environment and this commitment can be seen in various initiatives that have put in place. The Group pursues practices that promote preserving the natural resources for future generations, leaving minimal adverse environmental footprints.

Conserving the nature is always the Group's top priority. Poultry manure in the Group will be sent for recycling into organic fertilisers for use in agriculture industry instead of chemical fertilisers which will help to create less contaminated environment. The Group is also aware that the foul odour and flies arising from the poultry manure will affect the communities located near to the farms. It is currently in the process of converting all of its farm houses to closed housed system that will likely to alleviate the problems with flies.

Apart from that, recycling of waste (waste management) has become the Group's daily routine. Old newspapers, magazines and used paper egg trays are all the common materials collected regularly and sent to facilities for proper handling. The Group has also recently purchased plastic egg trays to slowly minimise the usage of paper egg trays so as to reducing wastes created from operations. Papers are often the major contributor to waste in a workplace. Therefore, it has become a common practice for all the employees of the Group to set aside papers that they have been used on only one side, to be used for printing drafts on the other side.

The Group has been actively imposing standards to effectively control the consumption of energy including electricity and water. Lights, electrical equipment, air-conditioning systems and computers will be switched off whenever they are not in used.

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL

We view occupational safety and health at work environment for employees as utmost important. Our employees are our greatest assets. We follow industry practices in term of our equal and fair human resource policies, which play a critical role in building a performance culture within the Group. We also provide a work environment that is conducive to continuous learning and self-development. All employees are encouraged to express and share their career aspirations within the Group.

Occupational Safety and Health

TPC Group views occupational safety and health at workplace as utmost important. We commit to provide a safe and conducive working environment and facilities for all our employees as well as stakeholders, including contractors, suppliers and visitors. Trainings and briefings will be provided to create awareness on health and safety environment for both contractors and newly recruited employees.

The Group practices "Zero-Tolerance" against any discrimination or harassment based on gender, political opinion, marital status, age, disability, etc. All employees are guided to avoid any conduct in the workplace that creates, encourages or permits offensive, intimidating or inappropriate working environment. The Group has established a complaint procedure for reporting of harassment, discrimination or retaliation. We will treat all aspects of the procedure confidentially and disciplinary action will be taken toward employees who are found guilty of sexual assault.

Accident reporting and investigation procedures are set up to systematically identify event details and causal factors to determine corrective measures. An accident investigation's primary purpose is to prevent future occurrences, not to place blame. This will provide both employers and employees the opportunity to identify hazards in their operations and to impose corrective actions to avoid future incidents from recurring as well as continuous enhancement. TPC Group regularly provides safety and health-related updates and briefings to the workers to ensure they have high degree of safety and health awareness in the workforce.

Training and Development

We encourage continuous learning and development for improving productivity as well as to keep employees equipped with new emerging skills and technologies. We nurture a conducive learning culture for all of our employees-from quality assurance, egg grading store manager, accounts manager to directors so that they can effectively perform and overcome challenges in our industry.

Corporate Social Responsibilities

The Group believes that contribution towards local communities is crucial to sustainable success of a business. During the year, the Group has supported the community by providing financial assistance for the projects undertaken by local schools and religious associations. Beside cash contribution, we also sponsored eggs to the needy and underprivileged minorities. With each passing year, we strive to undertake more activities that reflect our long term commitment to the well-being of wider community.

Moving Forward

This is our second Sustainability Statement. Although we have made some development towards formalising sustainability within our business, we recognise the need to enhance our sustainability reporting and initiatives. As we continue on our sustainability journey, our ultimate goal is to build a sustainable business for the future. To achieve this, we will continue to actively engage our stakeholders, build upon our sustainability framework and business model as well as further embed sustainability practices within our business to improve our overall sustainability performance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("**Board**") of TPC Plus Berhad ("**Company**") is pleased to present below an overview of the application of the Principles set out in the Malaysian Code on Corporate Governance ("**Code**") during the financial year ended 31 December 2019.

The application of each Practice set out in the Code is disclosed in the Corporate Governance Report 2019 and is made available on the Company's website, www.tpc.com.my.

PRINCIPLE A
BOARD LEADERSHIP AND EFFECTIVENESS

1. Board Responsibilities

The Board of Directors is responsible for the overall corporate governance of the Group and is always mindful of its responsibilities to the Company's shareholders and other stakeholders.

In discharging its fiduciary duties and responsibilities, the Board is guided by the prevailing legal and regulatory requirements such as the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Code as well as the Company's Constitution and Board Charter.

The Board has also established Board Committees, namely Audit Committee, Nomination and Remuneration Committee and Risk Management Committee to assist the Board in its decision making process and also in discharging its duties and responsibilities more effectively.

These Board Committees operate within their respective terms of reference approved by the Board. The terms of reference of the Committees are reviewed and amended where necessary to ensure that they remain relevant and adequate. The Board and Board Committee Charters can be found at the Company's website.

The positions of the Chairman and the Managing Director are held by different individuals with their roles and responsibilities separated and clearly defined in the Board Charter. The Board is supported by a Company Secretary who is a member of the Malaysian Institute of Chartered Secretaries and Administrators. All Board members have direct access to the advice and services of the Company Secretary for the purpose of the Board's affairs.

The Board is satisfied with the level of commitment and devotion given by each Director towards fulfilling his roles and responsibilities. All the Directors attended all the 5 Board Meetings held during the financial year ended 31 December 2019. Where appropriate, decisions were also made by the Board via Directors' Circular Resolutions circulated in between Board meetings. All Circular Resolutions approved by the Board are tabled for notation at the next Board Meeting.

The Board and the Management are responsible for instilling good corporate governance and upholding the Group's code of ethics, with an understanding that effective corporate governance within an ethical environment creates value for all stakeholders. The code of conduct of the Board as set out in the Board Charter, the Group's Employee Code of Conduct and Ethics and Whistle-Blowing Policy are published and made available at the Company's website.

2. Board Composition

The Board is led by the Chairman in ensuring the effectiveness of all aspects of its role. A majority of the Board comprises Independent Directors including its Chairman and none of the Independent Directors have served on the Board for 9 years or more.

The Board recognises the benefits of having a diverse Board in terms of age, ethnicity and gender which provides the necessary range of perspective, experience and expertise required to achieve effective stewardship and management.

At a Board Meeting held on 26 November 2019, the Board was of the opinion that 7 Directors on the Board is fair and therefore no new Director, particularly a female Director, was appointed during the financial year ended 31 December 2019. Moreover, the Board has a majority of 4 Independent Directors which fairly reflects the investment of shareholders other than the major shareholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A
BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. Board Composition (Cont'd)

During the year, the Nomination and Remuneration Committee which is chaired by an Independent Director has assessed the Board by using the Board Evaluation Form adopted from the 3rd Edition Corporate Governance Guide. The results of the assessment indicated that overall the Directors had been discharging their duties and responsibilities effectively. The Nomination and Remuneration Committee had also recommended for the Board to endorse the re-election of the Directors who are retiring by rotation at the forthcoming 17th Annual General Meeting.

The evaluation of individual Directors was carried out through self-assessment by using the Board Skills Matrix Form also adopted from the 3rd Edition Corporate Governance Guide. The Directors had been assessing and identifying their own training needs every year. The training programmes attended by the Directors during the financial year ended 31 December 2019 are as follows:

Directors	Training
YBhg. Tan Sri Datuk Sri (Dr.) Abu Seman bin Haji Yusop	Case Study Workshop for Independent Directors
	The Board of Directors of the 21st Century: When Disruption Meets Tradition
	Corruption Risk Management
	Program Pegawai Integriti Bertauliah (Bekas Pegawai SPRM)
	Practical Approach and Guidelines for Risk Management and Internal Control
Lim Yew Chua	Related Party Transactions
Lim Yew Kwang	Related Party Transactions
Lim Yew Piau	Related Party Transactions
Liang Ah Lit @ Nyah Chung Mun	Understanding Accounting & Analysing Financial Statements for Better Decision Making for Corporate Managers
Chong Chee Siong	Integrated Reporting Conference
	Evaluating Effective Internal Audit Function – Audit Committee's Guide on How To

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A
BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. Board Composition (Cont'd)

Directors	Training
Chong Peng Khang	Focus Group Discussion on the Competency Framework for Finance Function in Public Interest Entities
	Transfer Pricing Workshop
	Management Seminar - The Transformation Continues
	Integrated Reporting Conference
	Blue Ocean Strategy & Value Innovation for Businesses
	Products Liability Insurance
	Corporate Liability on Corruption
	National Tax Conference 2019
	Leading A Multi-Generational Workforce
	Sales & Service Tax Updates Briefing
	Case Study Workshop for Independent Directors
	Evaluating Effective Internal Audit Function - Audit Committee's Guide On How To
	2019 Tax Seminar
	Budget Proposals 2020 & Tax Cases Update

3. Remuneration

The current practice is for the Executive Directors to be remunerated by taking into consideration their experience, responsibilities and contributions to ensure that the Company attracts and retains Directors of the quality needed to manage the business of the Group. Non-Executive Directors are paid an annual Directors' fees in addition to travelling allowance for attending Board and Board Committee meetings.

The Nomination and Remuneration Committee will propose to the Board on the Directors' fees payable and the ultimate decision will be made by the Board subject to the shareholders' approval at the Company's Annual General Meeting.

PRINCIPLE A
BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

3. Remuneration (Cont'd)

None of the Directors were remunerated in 2019 based on the Company's or Group's turnover. The breakdown of the remuneration of the Directors for the financial year ended 31 December 2019 are as follows:

	TPC Plus Berhad (RM'000)							
	Fees *	Salary	Bonus	EPF	SOCSO	EIS	Allowance	Total
Executive Directors								
Lim Yew Chua	32.40	–	–	–	–	–	–	32.40
Lim Yew Kwang	32.40	–	–	–	–	–	–	32.40
Lim Yew Piau	32.40	–	–	–	–	–	–	32.40
Non-Executive Directors								
YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop	32.40	–	–	–	–	–	1.20	33.60
Liang Ah Lit @ Nyah Chung Mun	32.40	–	–	–	–	–	1.20	33.60
Chong Chee Siong	32.40	–	–	–	–	–	1.20	33.60
Chong Peng Khang	32.40	–	–	–	–	–	1.20	33.60

	Subsidiaries of TPC Plus Berhad (RM'000)							
	Fees	Salary	Bonus	EPF	SOCSO	EIS	Allowance	Total
Executive Directors								
Lim Yew Chua	–	120	70	22.8	0.829	0.095	–	213.724
Lim Yew Kwang	–	120	70	22.8	0.829	0.095	–	213.724
Lim Yew Piau	–	120	70	22.8	0.829	0.095	–	213.724
Non-Executive Directors								
YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop	–	–	–	–	–	–	–	–
Liang Ah Lit @ Nyah Chung Mun	–	–	–	–	–	–	–	–
Chong Chee Siong	–	–	–	–	–	–	–	–
Chong Peng Khang	–	–	–	–	–	–	–	–

Note

* Directors' fees is subject to shareholders' approval at the forthcoming 17th Annual General Meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B
EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Audit Committee

The Company's Audit Committee comprises 4 Independent Non-Executive Directors and none of them were former key audit partners. The Chairman of the Audit Committee is not the Chairman of the Board. The Chairman of the Audit Committee is Mr Chong Peng Khang who is a Chartered Accountant of the Malaysian Institute of Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr Chong Peng Khang was appointed as Chairman of the Audit Committee on 29 August 2017.

The Audit Committee has an External Auditors Assessment Policy established and an assessment on the Company's External Auditors, Crowe Malaysia PLT, was carried during the year. The Audit Committee was satisfied with the suitability of Crowe Malaysia PLT based on the independence, quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Group and therefore had recommended for the Board to endorse the re-appointment of Crowe Malaysia PLT as the Company's External Auditors at the forthcoming 17th Annual General Meeting.

A summary of the activities carried out by the Audit Committee is set out in the Audit Committee Report of this Annual Report.

2. Risk Management and Internal Control Framework

The Company's Risk Management Committee comprises a majority of Independent Directors who will assist the Board in fulfilling its responsibilities in the risk governance and oversight function.

The Company has outsourced its internal audit function to an independent consulting firm to assist the Board in monitoring and reviewing the effectiveness of the risk management, internal control and governance processes within the Group. In order to act independently from the Management, the independent consulting firm reports directly to the Audit Committee.

Internal audit of the Group are carried out in accordance with the Internal Audit Plan approved by the Board of Directors. During the financial year ended 31 December 2019, the Internal Auditors had carried out audit on the human resources management and the procurement management in farms and egg grading store.

The Audit Committee was also updated by the Internal Auditors on whether action plans formulated in previous audits were carried out and what are the Management's response towards actions plans that are remained outstanding.

All in all, the Board was satisfied that actions were taken by the Management to mitigate all the risks identified and that the internal control system put in place during 2019 was sufficient to safeguard shareholders' investment and the Group's assets.

During the year under review, the Board was also briefed by the Chairman on Section 17A of the Malaysian Anti-Corruption Commission Act 2009 and the importance of corruption risks assessment and having in place adequate procedures which the Management has to look into, such as the code of conduct and ethics, and the implementation of policies on anti-corruption and whistleblowing and other matters as enshrined in the Ministerial Guideline issued by the Minister in the Prime Minister Department.

Further information on the Group's risk management and internal control is made available in the Statement on Risk Management and Internal Control of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C
INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1. **Communication with Stakeholders**

The Board acknowledges the importance of timely and equal dissemination of material information to its shareholders, investors and the public at large and will ensure that the Company adhere to the disclosure requirements of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad at all times.

Circular to Shareholders and Annual Report were sent to all shareholders and also made accessible through the Company's website. Announcements and quarterly results of the Company are also accessible through the same website.

2. **Conduct of General Meetings**

The Company's Annual General Meeting remains the principal forum for dialogue and interaction with shareholders during which the shareholders may seek clarifications and comment on the Group's businesses and financial performance.

At least 28 days' notice was given for the 16th Annual General Meeting held on 30 May 2019 in accordance with the Malaysian Code on Corporate Governance.

All the Directors were present at the 16th Annual General Meeting to answer questions raised by the shareholders before all the resolutions were put to vote by way of a poll.

An independent scrutineer was appointed by the Board to validate the votes cast at the 16th Annual General Meeting. The result of the polls was announced to Bursa Malaysia Securities Berhad on the same day of the meeting.

This Corporate Governance Overview Statement and the Corporate Governance Report were approved by the Board of Directors on 17 March 2020.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") is committed to maintain a sound system of risk management and internal control in TPC Plus Berhad ("the Company") and its subsidiary company ("the Group") and is pleased to present the following Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and internal control of the Group during the financial year under review. This statement is prepared pursuant to paragraph 15.26(b) and Practice Note 9 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the Main Market and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines") and Malaysian Code on Corporate Governance. The scope of this Statement includes the Company and its subsidiaries.

BOARD RESPONSIBILITY

The Board is ultimately responsible for maintaining a sound risk management practices, reviewing and overseeing the effectiveness and adequacy of the Group's risk management and internal controls system implemented by management and to establish risk appetite of the Group based on the corporate objectives, strategies, external environment, business nature and corporate/product lifecycle. The Board has delegated these aforementioned responsibilities to the Risk Management Committee whereby the Risk Management Committee is assigned with the duty, through its terms of reference and the Risk Management Framework approved by the Board, to provide assurance to the Board on the adequacy and effectiveness of risk management and internal control systems of the Group. Through the Audit Committee, the Board is kept informed of all significant financial and non-financial issues brought to the attention of the Audit Committee by the Management, the internal audit function and the External Auditors. The Board confirms that these processes have been in place for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report of the Company.

Due to the inherent limitations in any risk management and internal control system, such system put into effect by the Management by its nature is designed to manage, rather than to eliminate, the risk of failure to achieve the Group's business objectives. Accordingly, the system of internal controls can only provide reasonable and not absolute assurance against material misstatement of losses and fraud.

RISK MANAGEMENT SYSTEM

The Board recognises risk management as an integral part of system of internal control and good corporate governance in pursuit of its strategic objectives. The Board maintains an on-going commitment for identifying, evaluating and managing significant risks faced by the Group during the financial year under review. In line with Recommendation 9.1 of the Malaysia Code on Corporate Governance 2017, the Board has established a Risk Management Framework ('RM Framework"), as the governance structure and processes for the risk management on enterprise wide, in order to embed the risk management practice into all level of the Group and to manage key business risks faced by the Group adequately and effectively as second line-of-defense. The duties for the identification, evaluation and management of the key business risk are delegated to the Risk Management Working Group led by Risk Management Committees.

The RM Framework established lays down the risk management's objectives and processes established by the Board with proper governance structure of the risk management activities of the Group established as follows:

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

RISK MANAGEMENT SYSTEM (CONT'D)

Clear roles and responsibilities of the Board, the Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, Risk Management Working Group and internal audit function are defined in the RM Framework. The Risk Management Committee is chaired by Chairman of the Board and guided by formal terms of reference embodied in the Board Charter.

Systematic risk management process is stipulated in the RM Framework, whereby each step of the risk identification, risk assessment, control identification, risk treatment and control activities are laid down for application by the Risk Management Working Group. Risk assessment, at gross and residual level, are guided by the likelihood rating and impact rating established by the Board that are stipulated in the RM Framework. Based on the risk management process, relevant key risks are identified based on the risk appetite of the Group to ensure the Group is managed within tolerable expectation.

During the financial year under review, Risk Management Working Group conducted a review and assessment exercise whereby existing strategic, governance and key operational risks of the Group were reviewed with emerging risks assessed and incorporated into the key risk registers for on-going risk monitoring and assessment, after taken into consideration of the internal audit findings. Key risk profile (consisted of strategic risks and key operational risks, existing control activities for risks mitigation, likelihood and impact ratings) was compiled and tabled to the Risk Management Committee for their review and deliberation on its adequacy and effectiveness and for its reporting the results of review to the Board, which assumes the primary responsibility of the risk management of the Group.

At strategic level, any business plans, business strategies and investment proposals with risks consideration are formulated by the Management and will be presented to the Board for review and deliberation to ensure proposed plans and strategies are in line with the Group's risk appetite.

As first-line-of-defense, respective heads of departments/divisions (i.e. risk owners) are responsible for managing the risks under their responsibilities. Risk owners are responsible to ensure that business processes under their responsibilities are operating effectively and efficiently by way of maintaining effective internal controls and executing risk and control procedures. Any changes in the key operational risks or emergence of new key business risks are identified through daily operational management. Respective risk owners are responsible to assess the changes to the existing operational and emerging risks and to formulate and implement effective controls to manage the risks. Material risks are highlighted to the Risk Management Committee for final decision on the formulation and implementation of effective internal controls and its reporting to the Board.

The monitoring of the risk management by the Group is enhanced by the internal audits carried out by outsourced internal audit function with specific audit objectives and business risks identified for each internal audit cycle based on the internal plan approved by the Audit Committee.

The above process has been practiced by the Group for the financial year under review and up to the date of approval of this statement.

Please refer to the "Risk Factors Exposure" of the Management Discussion and Analysis for the significant risks faced by the Group and the mitigation plans implemented.

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

INTERNAL CONTROL SYSTEM

The key elements of the Group's internal control systems are described below:

- **Board of Directors/Board Committees**

  The role, functions, composition, operation and processes of the Board are guided by formal Board Charter whereby roles and responsibilities of the Board, the Chairman, the Managing Director and the Management are specified to preserve the independence of the Board from the Management.

  Board Committees (i.e. Audit Committee, Nomination and Remuneration Committee and Risk Management Committee) are established to carry out duties and responsibilities delegated by the Board and are governed by written terms of reference and charter.

  Meeting of Board and respective Board Committees are carried out on scheduled basis to review the performance of the Group, from financial and operational perspective.

- **Integrity and Ethical Value**

  The tone from the top on integrity and ethical value are enshrined in formal a Code of Conduct and Ethics approved by the Board to guide the ethical and integrity expectation of employees. This formal code forms the foundation of integrity and ethical value for the Group.

- **Organisation Structure, Accountability and Authorisation**

  The Group has a formal organisation structure in place to ensure appropriate level of authorities and responsibilities are delegated accordingly to competent staffs in achieving operational effectiveness and efficiency. Authority limit are established within the Group to provide a clear functional framework of authority for critical control points.

- **Human Resource and Whistleblowing Policies**

  Guidelines on human resource management are in place to ensure the Group's ability to operate in an effective and efficient manner by employing and retaining adequately competent employees who possess the necessary knowledge, skill and experience in carrying out their duties and responsibilities effectively and efficiently.

  Whistleblowing Policy is in force to provide avenue for employees, shareholders and external parties to report any suspected breach or breach of any law or regulations in a safe and confidential manner. The aim of this policy is to provide an internal mechanism for reporting and investigating any wrongdoings in the workplace.

- **Information and Communication**

  Information critical to the achievement of the Group's business objectives are provided by the Senior Management to the Board. This allows matters that require the Board's attention to be highlighted for review, deliberation and decision making on a timely basis.

  At operational level, clear reporting lines are established across the Group and operations reports are prepared for dissemination to relevant personnel for effective communication of critical Information throughout the Group for timely decision making and execution in pursuit of the business objectives.

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

INTERNAL CONTROL SYSTEM (CONT'D)

The key elements of the Group's internal control systems are described below (Cont'd):

- **Monitoring and Review**

  As Executive Directors are closely and directly involved in daily operations of the Group, regular reviews of operational data including production, marketing and financial are performed by the Executive Directors. Apart from the above, the quarterly financial performance review containing key financial results and comparison against previous corresponding financial results are presented to the Board for their review.

  Furthermore, internal audits are carried out by outsourced internal audit functions (which reports directly to the Audit Committee) on key risk areas identified based on the key risk profile of the Group. The internal audit functions assess the adequacy and effectiveness of internal controls in relation to specific governance, risk and control processes and highlights potential risks and implications of its observations that may impact the Group as well as recommend improvements on the observations made to minimise the risks. The results of the internal audits carried out are reported to the Audit Committee.

  In addition to the internal audits, significant control issues highlighted by the External Auditors as part of their statutory audits and the monitoring of compliance by relevant regulatory bodies serve as the fourth-line-of-defense.

- **Biosecurity and Disease Control**

  Good farm management practices and biosecurity and disease controls to mitigate biosecurity and disease threats are incorporated into policies and procedures adopted by the farms, the production chain and distribution process.

INTERNAL AUDIT FUNCTIONS

The Group's internal audit functions are made up of outsourced internal audit function that was managed by a professional firm. The internal audit functions assist the Board and the Audit Committee in providing independent assessment of the adequacy, efficiency and effectiveness of the Group's governance, risk and control structure and processes.

The audit engagement of the outsourced internal audit function is governed by the engagement letter with key terms include purpose and scope of works, accountability, independence, the outsourced internal audit function's responsibilities, the Management's responsibilities, the authority accorded to the outsourced internal audit function, limitation of scope of works, confidentiality, proposed fees and engagement team. The scope of control review by the outsourced internal audit function (including the proposed fees) is determined and approved by the Audit Committee with feedback from executive management.

The outsourced internal audit function reports to the Audit Committee directly and the engagement director is a Certified Internal Auditor ("CIA") accredited by the Institute of Internal Auditors Global ("IIA") and a professional member of the Institute of Internal Auditors Malaysia ("IIAM"). The internal audit are carried out, in material aspect, in accordance with the International Professional Practices Framework ("IPPF") established IIA. The outsourced internal audit function was manned by one (1) engagement director, four (4) managers/assistant managers and seven (7) senior consultants/consultants as at the date of this Statement.

To preserve the independence and objectivity, the outsourced internal audit function is not permitted to act on behalf of Management, decide and implement management action plan, perform on-going internal control monitoring activities (except for follow up on progress of action plan implementation), authorise and execute transactions, prepare source documents on transactions, have custody of assets or act in any capacity equivalent to a member of the Management or the employee.

The outsourced internal audit function is accorded unrestricted access to all functions, records, property, personnel, Audit and Risk Management Committee and other specialised services from within or outside the Group and necessary assistance of personnel in units of the Group where they perform audits.

The internal audit works are guided by risk-based internal audit plan drafted based on existing and emergent key business risks identified in the key risk registers of the Group, the Senior Management's opinion and previous internal audits performed, and subject to review and approval by the Audit Committee prior to its execution. Each internal audit cycles within the internal audit plan are specific with regard to audit objective, key risks to be assessed and scopes of the internal control review.

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

INTERNAL AUDIT FUNCTIONS (CONT'D)

As third-line-of-defense, the internal control review procedures performed by the internal audit function are designed to understand, document and evaluate risks and related controls to determine the adequacy and effectiveness of governance, risk and control structures and processes and to formulate recommendations for improvement thereon. The internal audit procedures applied principally consisted of process evaluations through interview with relevant personnel involved in the process under review, review of the Standard Operating Procedures and/or process flows provided and observations of the functioning of processes in compliance with results of interviews and/or documented Standard Operating Procedures and/or process flows. Thereafter, testing of controls for the respective audit areas through the review of the samples selected based on the sample sizes calculated in accordance to predetermined formulation, subject to the nature of testing and verification of the samples.

During financial year ended 31 December 2019, the outsourced internal audit function had conducted a review to assess the procurement management (farm and egg grading) and human resource management of Teck Ping Chan Agriculture Sdn Bhd which is in accordance to the internal audit plan approved by Audit Committee.

Upon the completion of internal audit field works, the internal audit reports were presented to the Audit Committee during its scheduled meetings. During the presentation, the internal audit findings, recommendations and the management response and action plans were presented and deliberated with the members of Audit Committee. Updates on the status of action plans as identified in the previous internal audit report were presented at subsequent Audit Committee meeting for review and deliberation.

The cost incurred in maintaining the outsourced internal audit function for the financial year ended 31 December 2019 amounted to RM18,546.51.

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance to the Guidelines, the Management is responsible to the Board for:

- identifying risks relevant to the business of the Group's objectives and strategies;
- designing, implementing and monitoring the risk management framework in accordance with the Group's strategic vision and overall risk appetite; and
- identifying changes to risk or emerging risks, responding appropriately and promptly bringing these to the attention of the Board.

The Board has received assurance from the Group's Managing Director, being highest ranking executive in the Company and the person primarily responsible for the management of the financial affairs of the Company, that to the best of his knowledge, the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects.

ASSURANCE PROVIDED BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement, pursuant to the scope set out in the Audit and Assurance Practice Guide 3 ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants, for inclusion in the Annual Report for the year ended 31 December 2019 and reported to the Board that nothing has come to their attention that caused them to believe that the Statement intended to be included in the Annual Report, in all material respects, has not been prepared in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control : Guidelines for Directors of Listed Issuers, or is factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system, including the assessment and views by the Board of Directors and Management thereon. The External Auditors are not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

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

OPINION AND CONCLUSION

Based on the review of the risk management results and process, results of the internal audit activities, monitoring and review mechanism stipulated above, assurance provided by the Group Managing Director, the Board is of the opinion that the risk management and internal control systems are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's governance, risk and control structures and processes in meeting the Group's strategic objectives.

The Board is committed towards maintaining an effective risk management and internal control systems throughout the Group and where necessary put in place appropriate plans to further enhance the Group's systems of internal control. Notwithstanding this, the Board will continue to evaluate and manage the significant business risks faced by the Group in order to meet its business objectives in the current and challenging business environment.

This statement was approved by the Board of Directors on 17 March 2020.

AUDIT COMMITTEE REPORT

1. COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee appointed by the Board of Directors comprises the following Independent Non-Executive Directors:

Chong Peng Khang	-	Chairman
YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop	-	Member
Liang Ah Lit @ Nyah Chung Mun	-	Member
Chong Chee Siong	-	Member

2. TERMS OF REFERENCE

The Terms of Reference of the Audit Committee is available for reference on the Company's website at www.tpc.com.my

3. MEETINGS AND ATTENDANCE

The Audit Committee met 5 times during the financial year ended 31 December 2019 and all the Audit Committee Members attended every meeting held.

4. SUMMARY OF ACTIVITIES OF THE COMMITTEE

A summary of the main activities carried out by the Audit Committee during the financial year ended 31 December 2019 are as follows:

4.1 <u>Financial reporting and external audit</u>

i. Reviewed the Group's unaudited quarterly financial results and audited financial statements for the year ended 31 December 2018 with the Management and External Auditors before recommending the same to the Board of Directors for their approval and announcement to Bursa Malaysia Securities Berhad.

ii. Reviewed with the External Auditors the Audit Review Memorandum for the financial year ended 31 December 2018 and discussed audit and accounting matters arising from the audit and the Management's response towards these matters.

iii. Discussed with the External Auditors the Audit Plan for the financial year ended 31 December 2019.

iv. Discussed with the External Auditors matters relating to fraud.

v. Discussed whether the Company is able to declare a dividend.

vi. Assessed the suitability and independence of the External Auditors and made recommendation to the Board on their re-appointment.

AUDIT COMMITTEE REPORT (CONT'D)

4. SUMMARY OF ACTIVITIES OF THE COMMITTEE (CONT'D)

4.2 Internal audit

i. Reviewed the Action Plan Progress Follow-up Report to follow up on the status and progress of Management's action plan in managing potential risks identified in previous internal audit findings.

ii. Reviewed the Internal Audit Report on procurement management (farm and egg grading) and human resources management and assessed the findings made by the Internal Auditors and the Management's comments and implementation plan.

iii. Reviewed the Internal Audit Plan for the financial year ending 31 December 2020.

iv. Reviewed the Approval Limit Matrix of the Group and proposed to the Board of Directors for its approval.

v. Reviewed and discussed the Group's Key Risk Profile.

vi. Discussed on matters in relation to corruption risks in the Group in pursuance of the new Section 17A of the Malaysian Anti-Corruption Commission Act 2009.

vii. Assessed and evaluated the Internal Auditors and the internal audit functions.

4.3 Related party transactions

i Reviewed and ensure that the Review and Disclosure Procedures for Related Party Transaction is adequate and appropriate.

ii. Ensured that mandate has been received from shareholders for all recurrent related party transactions.

iii. Ensured that all actual recurrent related party transactions are within the mandate received from shareholders.

4.4 Other matters

Reviewed and approved the Audit Committee Report for inclusion in the Company's Annual Report 2018.

ADDITIONAL COMPLIANCE INFORMATION

1. AUDIT AND NON-AUDIT FEES PAID OR PAYABLE

Audit and non-audit fees paid or payable in respect of services rendered to the Company and its subsidiaries by Crowe Malaysia PLT, the Company's External Auditors or a firm or a corporation affiliated to Crowe Malaysia PLT for the financial year ended 31 December 2019 are as follows:

	2019 Audit Fee RM'000	2018 Tax Fee RM'000	2018 Review of Statement on Risk Management and Internal Control RM'000	2019 Review of Statement on Risk Management and Internal Control RM'000	Total RM'000
Company	35	3	5	5	48
Subsidiaries	55	16	–	–	71
Total	90	19	5	5	119

2. RECURRENT RELATED PARTY TRANSACTIONS

The recurrent related party transactions conducted during the financial year ended 31 December 2019 pursuant to the shareholders' mandate given to Teck Ping Chan Agriculture Sdn Bhd ("TPCA") are as follows:

Related party	Nature of transaction	Nature of relationship	Amount Transacted (RM)
Huat Lai Resources Berhad ("HLRB")	Sale of eggs by TPCA to HLRB	HLRB is a major shareholder of TPC Plus Berhad holding 59.71% direct interest	15,116,270.70
	Sale of layer feed by TPCA to HLRB		24,268,652.45
	Purchase of eggs, raw material and livestock by TPCA from HLRB		52,061,856.35
Huat Lai Feedmill Sdn Bhd ("HLFM")	Sale of layer feed by TPCA to HLFM	HLFM is a wholly-owned subsidiary of HLRB	6,376,748.85
	Purchase of grower feed and raw material by TPCA from HLFM		1,594,851.20

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

2. RECURRENT RELATED PARTY TRANSACTIONS (CONT'D)

Related party	Nature of transaction	Nature of relationship	Amount Transacted (RM)
HLRB Processing Sdn Bhd ("HLPR")	Sale of spent layers by TPCA to HLPR	HLPR is a wholly-owned subsidiary of HLRB	2,431,883.02
Linggi Agriculture Sdn Bhd ("LASB")	Sale of layer feed by TPCA to LASB	LASB is a wholly-owned subsidiary of HLRB	48,659,851.10
Chuan Hong Poultry Farm Sdn Bhd ("CHPF")	Sale of layer feed and raw material by TPCA to CHPF	CHPF is a wholly-owned subsidiary of HLRB	3,313,911.15
Huat Lai Paper Products Sdn Bhd ("HLPP")	Purchase of egg trays by TPCA from HLPP	HLPP is a wholly-owned subsidiary of HLRB	3,276,540.85

3. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

There were no material contracts subsisting at the end of the financial year or entered into since the end of the previous financial year by the Company or its subsidiaries which involved the interests of Directors, chief executive who is not a director or major shareholders.

STATEMENT ON DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are required to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and regulatory requirements and give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of the results and cash flows for that year then ended.

In preparing the financial statements of the Group and the Company for the financial year ended 31 December 2019, the Directors are satisfied that the Management had:

i. adopted appropriate accounting policies and consistently applied them;
ii. made judgements and estimates that are reasonable and prudent;
iii. followed all applicable accounting standards; and
iv. prepared the financial statements on a going concern basis.

The Directors have also ensured that the proper accounting records kept disclose with reasonable accuracy the financial position of the Group and the Company and enable the Directors to ensure that the financial statements comply with the Companies Act 2016 and the approved accounting standards of the Malaysian Accounting Standards Board.

The Directors have taken steps that are reasonably available to them to safeguard the assets of the Group and the Company and to detect and prevent fraud and other irregularities.

This statement is made in accordance with a resolution passed by the Board of Directors on 17 March 2020.

Financial STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

RESULTS

	The Group RM	The Company RM
Profit/(Loss) after taxation for the financial year	2,084,453	(167,529)
Attributable to:-		
Owners of the Company	2,084,453	(167,529)

DIVIDENDS

No dividend was recommended by the directors for the financial year.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

WARRANTS

The 80,000,000 warrants were issued on 20 January 2016 and listed on the Main Market of Bursa Malaysia Securities Berhad with effect from 22 January 2016.

Each Warrant carries the right to subscribe for 1 new ordinary share in the Company at any time from 20 January 2016 up to the expiry date on 19 January 2021 at an exercise price of RM0.20 or such adjusted price as determined in accordance with the provisions in the Deed Poll dated 18 November 2015 constituting the Warrants. Any warrant not exercised by the expiry of the exercise period will lapse and cease to be valid for all purposes.

All the ordinary shares issued from the exercise of Warrants shall rank pari passu in all respects with the existing ordinary shares of the Company save and except that the new ordinary shares shall not be entitled to any dividend, right, allotment and/or other forms of distributions where the entitlement date of such dividend, right, allotment and/or other forms of distribution precedes the relevant date of allotment and issuance of the new shares.

OPTIONS GRANTED OVER UNISSUED SHARES

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 37 to the financial statements. At the date of this report, there does not exist:-

(a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT (CONT'D)

ITEMS OF AN UNUSUAL NATURE

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Lim Yew Chua *
Lim Yew Kwang *
YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop
Chong Chee Siong
Chong Peng Khang
Liang Ah Lit @ Nyah Chung Mun
Lim Yew Piau *

* Directors of the Company and its subsidiaries.

DIRECTORS' INTERESTS

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 36(b) to the financial statements.

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

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 31 to the financial statements.

DIRECTORS' REPORT (CONT'D)

INDEMNITY AND INSURANCE COST

During the financial year, there was no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Group and of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

HOLDING COMPANIES

The immediate and ultimate holding companies are Huat Lai Resources Berhad and Esprit Unity Sdn. Bhd., respectively. Both the aforesaid holding companies are incorporated in Malaysia.

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 30 to the financial statements.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 17 MARCH 2020

Lim Yew Chua

Lim Yew Kwang

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Lim Yew Chua and Lim Yew Kwang, being two of the directors of TPC Plus Berhad, state that, in the opinion of the directors, the financial statements set out on pages 49 to 107 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 as of 31 December 2019 and of their financial performance and cash flows for the financial year ended on that date.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 17 MARCH 2020

Lim Yew Chua

Lim Yew Kwang

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Lim Yew Chua, being the director primarily responsible for the financial management of TPC Plus Berhad, do solemnly and sincerely declare that the financial statements set out on pages 49 to 107 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Lim Yew Chua, NRIC Number: 670605-04-5141
at Melaka
in the State of Melaka
on this 17 March 2020

Lim Yew Chua

Before me

Chew Wee Kian (M077)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TPC PLUS BERHAD (INCORPORATED IN MALAYSIA) COMPANY NO: 200301012910 (615330 - T)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of TPC Plus Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 49 to 107.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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* ("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
TO THE MEMBERS OF TPC PLUS BERHAD (INCORPORATED IN MALAYSIA) COMPANY NO: 200301012910 (615330 - T) (CONT'D)

Key Audit Matters (Cont'd)

We have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of biological assets
Refer to Notes 5.9 and 10 to the financial statements

Key Audit Matter	How our audit addressed the Key Audit Matter
The Group's biological assets (comprise pullets and layers) have a carrying amount of approximately RM36.3 million and represents the largest component in the Group's current assets as at year end. In determining the fair value of the biological assets, the Group uses the discounted cash flows model and significant judgement is involved in determining the key assumptions which will impact the amount of fair value of biological assets recognised. We focused on this component because of its significance to the balance sheet and the significant judgement involved in determining the key assumptions, namely the projected number of table eggs produced by each layer, the projected selling price of the table eggs, mortality rate, feed consumption rate and feed costs over the remaining life of the layers, as well as the discount rates. The accounting policy for biological assets has been disclosed in Note 5.9 to the financial statements. The key assumptions used in the discounted cash flow model and the sensitivity analysis are disclosed in Note 10 to the financial statements.	We evaluated the appropriateness of the methodology and key assumptions used by management in valuing the biological assets. We checked the mathematical accuracy of the valuation model prepared by management. We corroborated the projected number of table eggs produced and feed consumption volume to the historical data. In respect of the projected selling prices and feed costs, we compared the projected prices against historical prices and checked the reasonableness of the adjustments made for abnormal market movements. We test checked the mortality rate assumption against historical actual mortality rate. We assessed the appropriateness of the range used to test the sensitivity analysis performed by management as disclosed in Note 10.

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, 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

TO THE MEMBERS OF TPC PLUS BERHAD (INCORPORATED IN MALAYSIA) COMPANY NO: 200301012910 (615330 - T) (CONT'D)

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- 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
TO THE MEMBERS OF TPC PLUS BERHAD (INCORPORATED IN MALAYSIA)
COMPANY NO: 200301012910 (615330 - T)
(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 financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Tan Lin Chun
02839/10/2021 J
Chartered Accountant

Melaka

17 March 2020

STATEMENTS OF FINANCIAL POSITION
AT 31 DECEMBER 2019

	NOTE	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	6	–	–	63,214,316	63,214,316
Property, plant and equipment	7	95,616,989	112,599,126	–	–
Investment property	8	400,000	640,000	–	–
Right-of-use assets	9	10,963,553	–	–	–
		106,980,542	113,239,126	63,214,316	63,214,316
CURRENT ASSETS					
Biological assets	10	36,319,696	35,028,956	–	–
Inventories	11	7,320,679	6,244,556	–	–
Trade receivables	12	6,364,888	9,616,625	–	–
Other receivables, deposits and prepayments	13	1,047,583	3,423,923	3,260	3,388
Amount owing by related companies	14	33,650,718	12,574,104	60,000	–
Short-term investment	15	924,575	571,395	–	–
Current tax assets		15,175	–	–	400
Fixed deposits with a licensed bank	16	565,000	460,000	–	–
Cash and bank balances		4,828,242	7,332,089	40,272	72,668
		91,036,556	75,251,648	103,532	76,456
TOTAL ASSETS		198,017,098	188,490,774	63,317,848	63,290,772
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	52,009,612	52,009,612	52,009,612	52,009,612
Warrant reserve	17(b)	19,324,895	19,324,895	19,324,895	19,324,895
Retained profits/(Accumulated losses)		16,063,501	13,979,048	(8,739,420)	(8,571,891)
Equity attributable to owners of the Company		87,398,008	85,313,555	62,595,087	62,762,616
NON-CURRENT LIABILITIES					
Deferred tax liabilities	18	11,822,538	9,782,061	–	–
Long term borrowings	19	15,221,792	23,600,048	–	–
Lease liabilities	20	3,982,624	–	–	–
		31,026,954	33,382,109	–	–
CURRENT LIABILITIES					
Trade payables	23	46,076,879	39,924,328	–	–
Other payables and accruals	24	1,688,196	2,528,891	268,475	164,600
Amount owing to related companies	25	454,217	2,176,314	454,286	363,556
Bank overdrafts (secured)	26	1,646,524	927,748	–	–
Short term borrowings	27	25,871,230	24,219,871	–	–
Lease liabilities	20	3,844,140	–	–	–
Current tax liabilities		10,950	17,958	–	–
		79,592,136	69,795,110	722,761	528,156
TOTAL LIABILITIES		110,619,090	103,177,219	722,761	528,156
TOTAL EQUITY AND LIABILITIES		198,017,098	188,490,774	63,317,848	63,290,772

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		The Group		The Company	
	NOTE	2019 RM	2018 RM	2019 RM	2018 RM
REVENUE	28	245,449,946	213,057,561	240,000	–
COST OF SALES		(231,143,147)	(201,791,805)	–	–
GROSS PROFIT/(LOSS)		14,306,799	11,265,756	240,000	–
OTHER INCOME		247,131	1,386,686	–	–
		14,553,930	12,652,442	240,000	–
ADMINISTRATIVE EXPENSES		(2,861,406)	(2,505,430)	(407,969)	(347,572)
SELLING AND DISTRIBUTION EXPENSES		(1,271,827)	(1,034,960)	–	–
OTHER EXPENSES		(28,000)	(258,853)	–	–
FINANCE COSTS		(3,371,013)	(3,934,826)	–	–
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS	29	(2,863,073)	(466,988)	–	–
PROFIT/(LOSS) BEFORE TAXATION	30	4,158,611	4,451,385	(167,969)	(347,572)
INCOME TAX EXPENSE	33	(2,074,158)	(1,162,339)	440	–
PROFIT/(LOSS) AFTER TAXATION		2,084,453	3,289,046	(167,529)	(347,572)
OTHER COMPREHENSIVE INCOME					
Items that Will Not be Reclassified Subsequently to Profit or Loss					
Remeasurement of deferred tax on disposal of revalued property, plant and equipment		–	47,245	–	–
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) FOR THE FINANCIAL YEAR		2,084,453	3,336,291	(167,529)	(347,572)
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		2,084,453	3,289,046	(167,529)	(347,572)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) ATTRIBUTABLE TO:-					
Owners of the Company		2,084,453	3,336,291	(167,529)	(347,572)
Earnings per share (sen)	34				
- Basic		0.89	1.41		
- Diluted		0.77	1.22		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

			Non - Distributable		Distributable	
The Group	Note	Share Capital RM	Share Premium RM	Warrant Reserve RM	Retained Profits RM	Attributable to Owners of The Company RM
Balance at 1.1.2018		46,764,467	5,245,145	19,324,895	10,642,757	81,977,264
Contributions by and distributions to owners of the Company:						
- Transfer to share capital upon implementation of the Companies Act 2016	17	5,245,145	(5,245,145)	–	–	–
Profit after taxation for the financial year		–	–	–	3,289,046	3,289,046
Other comprehensive income for the financial year:						
- Remeasurement of deferred tax on disposal of revalued property, plant and equipment		–	–	–	47,245	47,245
Total comprehensive income for the financial year		–	–	–	3,336,291	3,336,291
Balance at 31.12.2018/1.1.2019		52,009,612	–	19,324,895	13,979,048	85,313,555
Profit after taxation/Total comprehensive income for the financial year		–	–	–	2,084,453	2,084,453
Balance at 31.12.2019		52,009,612	–	19,324,895	16,063,501	87,398,008

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
(CONT'D)

The Company	Note	Share Capital RM	Non - Distributable Share Premium RM	Non - Distributable Warrant Reserve RM	Distributable Accumulated Losses RM	Total Equity RM
Balance at 1.1.2018		46,764,467	5,245,145	19,324,895	(8,224,319)	63,110,188
Contributions by and distributions to owners of the Company:						
- Transfer to share capital upon implementation of the Companies Act 2016	17	5,245,145	(5,245,145)	–	–	–
Loss after taxation/Total comprehensive expenses for the financial year		–	–	–	(347,572)	(347,572)
Balance at 31.12.2018/1.1.2019		52,009,612	–	19,324,895	(8,571,891)	62,762,616
Loss after taxation/Total comprehensive expenses for the financial year		–	–	–	(167,529)	(167,529)
Balance at 31.12.2019		52,009,612	–	19,324,895	(8,739,420)	62,595,087

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit/(Loss) before taxation	4,158,611	4,451,385	(167,969)	(347,572)
Adjustments for:-				
Impairment losses on trade receivables	2,863,073	466,988	–	–
Depreciation of investment property	240,000	240,000	–	–
Depreciation of property, plant and equipment	8,239,775	8,848,463	–	–
Depreciation of right-of-use assets	1,121,950	–	–	–
Property, plant and equipment written off	455,398	–	–	–
Interest expense on lease liabilities	515,250	–	–	–
Interest expenses	2,855,763	3,934,826	–	–
Gain on disposal of property, plant and equipment	–	(1,150,554)	–	–
Interest income	(16,989)	(15,840)	–	–
Dividend income	(53,180)	(20,067)	–	–
Operating profit/(loss) before working capital changes	20,379,651	16,755,201	(167,969)	(347,572)
Increase in inventories	(1,076,123)	(2,759,642)	–	–
Increase in biological assets	(1,290,740)	(4,852,951)	–	–
(Increase)/Decrease in trade and other receivables	(18,295,954)	(1,973,973)	128	(78)
Increase in trade and other payables	3,572,977	5,481,699	103,875	7,925
CASH FROM/(FOR) OPERATIONS	3,289,811	12,650,334	(63,966)	(339,725)
Income tax paid	(66,534)	(80,833)	–	–
Income tax refunded	10,670	–	840	–
NET CASH FROM/(FOR) OPERATING ACTIVITIES	3,233,947	12,569,501	(63,126)	(339,725)

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
(CONT'D)

	NOTE	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
CASH (FOR)/FROM INVESTING ACTIVITIES					
Increase in pledged fixed deposits with a licensed bank		(105,000)	–	–	–
Interest income received		16,989	15,840	–	–
Dividend received		53,180	20,067	–	–
Proceeds from disposal of property, plant and equipment		–	2,241,426	–	–
Purchase of property, plant and equipment	35(a)	(126,459)	(7,770,721)	–	–
Purchase of right-of-use assets	35(b)	(262,501)	–	–	–
(Advances to)/Repayment from related companies		(15,656)	–	(60,000)	121,578
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(439,447)	(5,493,388)	(60,000)	121,578
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Interest paid	35(c)	(3,371,013)	(3,934,826)	–	–
Advances from related companies	35(c)	113,173	179,638	90,730	229,122
Drawdown of bankers' acceptances	35(c)	4,794,000	7,239,000	–	–
Repayment of hire purchase obligations	35(c)	–	(4,064,105)	–	–
Repayment of lease liabilities	35(c)	(3,465,227)	–	–	–
Drawdown of term loans	35(c)	–	6,150,000	–	–
Repayment of term loans	35(c)	(3,734,876)	(9,305,894)	–	–
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(5,663,943)	(3,736,187)	90,730	229,122
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(2,869,443)	3,339,926	(32,396)	10,975
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		6,975,736	3,635,810	72,668	61,693
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	35(e)	4,106,293	6,975,736	40,272	72,668

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	PT 1678, Mukim of Serkam 77300 Merlimau Melaka
Principal place of business	:	Lot 942, Simpang Ampat 78000 Alor Gajah Melaka

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 17 March 2020.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

3. HOLDING COMPANIES

The immediate and ultimate holding companies are Huat Lai Resources Berhad and Esprit Unity Sdn. Bhd., respectively. Both the aforesaid holding companies are incorporated in Malaysia.

4. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

MFRS 16 Leases

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

Annual Improvements to MFRS Standards 2015 – 2017 Cycles

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

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaced the previous guidance on lease accounting. Under MFRS 16, the classification of leases as finance leases is eliminated for lessees. All lessees are required to recognise their lease assets and the related lease obligations in the statement of financial position (with limited exceptions) as right-of-use assets and lease liabilities respectively. The right-of-use assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The impacts on the financial statements of the Group upon its initial application of MFRS 16 are disclosed in Note 41 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
(CONT'D)

4. BASIS OF PREPARATION (CONT'D)

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

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

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Critical Accounting Estimates and Judgements

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 7 to the financial statements.

(b) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 11 to the financial statements.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 Critical Accounting Estimates and Judgements (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

(c) *Impairment of Trade Receivables*

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjust for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables. The carrying amounts of trade receivables and amount owing by related companies as at the reporting date are disclosed in Note 12 and Note 14 to the financial statements.

(d) *Impairment of Non-Trade Receivables*

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period. The carrying amounts of other receivables and amount owing by related companies as at the reporting date are disclosed in Note 13 and Note 14 to the financial statements.

(e) *Biological Assets*

The fair value of biological assets is determined using a discounted cash flow model which considers the projected quantity and price of the table eggs to be produced over the life of the layers, taking into account the layers' mortality rate.

In measuring the fair value of biological assets, management estimates and judgements are required which include the projected number of table eggs produced by each layer, the projected selling price of the table eggs, mortality rate, consumption rate, feed costs and other projected costs over the remaining life of the layers, as well as the discount rates. Changes to any of these assumptions would affect the fair value of the biological assets.

The key assumptions used in the discounted cash flow model and the sensitivity analysis are disclosed in Note 10 to the financial statements.

(f) *Income Taxes*

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
(CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 Critical Accounting Estimates and Judgements (Cont'd)

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

(a) Classification between Investment Properties and Owner-occupied Properties

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

(b) Contingent Liabilities

The recognition and measurement for contingent liabilities is based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business. Furthermore, the directors are of the view that the chances of the financial institutions to call upon the corporate guarantees issued by the Group and the Company are remote.

5.2 Basis of Consolidation

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

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

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

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 Basis of Consolidation (Cont'd)

(a) Business Combinations

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

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

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

(b) Non-controlling Interests

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

(c) Changes in Ownership Interests in Subsidiaries Without Change of Control

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

(d) Loss of Control

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

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 Functional and Presentation Currency

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

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

5.4 Financial Instruments

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

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

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

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 – Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

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

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculation the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

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(CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 Financial Instruments (Cont'd)

(a) Financial Assets (Cont'd)

Debt Instruments (Cont'd)

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction cost and other premiums or discounts), through the expected life of the financial liability, or a shorter period (where appropriate).

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 Financial Instruments (Cont'd)

(c) *Equity Instruments*

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

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

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

(d) *Derecognition*

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

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

(e) *Financial Guarantee Contracts*

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

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

5.5 Investment in Subsidiaries

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.6 Property, Plant and Equipment

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

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

Buildings	5 to 20 years
Plant and machinery	6.67% to 10%
Office equipment, furniture and fittings	10%
Road	10%
Motor vehicles	20%
Bearer plant	10 years

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

5.7 Investment Property

Investment property is property which is owned or right-of-use asset held 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 property which is owned is initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.7 Investment Property (Cont'd)

Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on a straight-line method over the estimated useful lives of the investment property. The estimated useful life of the investment property is within five years.

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

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

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

5.8 Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjustment for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset 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 the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
(CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.8 Leases (Cont'd)

Accounting policies applied until 31 December 2018

Finance Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

5.9 Biological Assets

Biological assets comprise pullets and layers are measured at fair value less cost to sell.

The fair value of pullets and layers is determined using a discounted cash flow model based on the projected number of table eggs produced by each layer, the projected selling price of the table eggs and salvage value of spent layer and after allowing for feed costs, contributory asset charges for the land and farm houses owned by the entity and other costs incurred in getting the pullets and layers to maturity.

Costs to sell include the incremental selling costs, including estimated costs of transport but excludes finance costs and income taxes.

Changes in fair value of livestock are recognised in the statement of profit or loss.

5.10 Inventories

Eggs are stated at the lower of cost and net realisable value. Cost of eggs includes direct production costs and appropriate production overheads and is determined on the weighted average basis. Cost of poultry feed includes cost of materials, direct production costs and appropriate production overheads and is determined on the weighted average basis.

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

5.11 Cash and Cash Equivalents

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.12 Impairment

(a) *Impairment of Financial Assets*

The Group recognises a loss allowance for expected credit losses on trade receivables.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period.

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(b) *Impairment of Non-financial Assets*

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

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.13 Employee Benefits

(a) *Short-term Benefits*

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) *Defined Contribution Plans*

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

5.14 Income Taxes

(a) *Current Tax*

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and 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).

(b) *Deferred Tax*

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

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

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.15 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

5.16 Operating Segments

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

5.17 Earnings Per Ordinary Share

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

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

5.18 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

5.19 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.19 Fair Value Measurements (Cont'd)

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

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

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

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

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

5.20 Revenue from Contracts with Customers

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed todate.

Sales of Poultry Farming Products, By-Products from Poultry Farming and Fresh Fruit Bunch

Revenue from sales of poultry farming products, by-products from poultry farming and fresh fruit bunch are recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.21 Other Operating Income

(a) *Interest Income*

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

(b) *Dividend Income*

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

(c) *Rental Income*

Rental income from investment property is accounted for on a straight-line method over the lease term.

6. INVESTMENT IN SUBSIDIARIES

	The Company 2019 RM	The Company 2018 RM
Unquoted shares, at cost	77,479,899	77,479,899
Less: Accumulated impairment losses	(14,265,583)	(14,265,583)
	63,214,316	63,214,316

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2019 %	Percentage of Issued Share Capital Held by Parent 2018 %	Principal Activities
Subsidiaries of the Company				
Teck Ping Chan Agriculture Sdn. Bhd.	Malaysia	100	100	Poultry farming
Teck Ping Chan (1976) Sdn. Bhd.	Malaysia	100	100	Dormant
Mestika Arif Sdn. Bhd. *	Malaysia	100	100	Oil palm plantation

* Held by Teck Ping Chan Agriculture Sdn. Bhd., a subsidiary of the Company.

7. PROPERTY, PLANT AND EQUIPMENT

The Group	< -------- 1.1.2019 As Previously Reported RM	Initial Application of MFRS 16 RM	As Restated RM -------- >	Additions (Note 35(a)) RM	Write Off RM	Reclassification RM	Depreciation Charges RM	At 31.12.2019 RM
2019								
Carrying Amount								
Freehold land	33,750,411	–	33,750,411	–	–	–	–	33,750,411
Buildings	34,327,392	(3,865,790)	30,461,602	122,390	(453,518)	769,547	(3,985,835)	26,914,186
Plant and machinery	36,174,608	(3,146,722)	33,027,886	–	–	4,147,371	(3,757,832)	33,417,425
Office equipment, furniture and fittings	1,246,238	–	1,246,238	128,011	(1,880)	–	(325,731)	1,046,638
Road	10,567	–	10,567	–	–	–	(3,623)	6,944
Motor vehicles	2,150,735	(1,728,285)	422,450	–	–	–	(164,281)	258,169
Bearer plant	22,257	–	22,257	–	–	–	(2,473)	19,784
Work-in-progress	4,916,918	–	4,916,918	203,432	–	(4,916,918)	–	203,432
Total	112,599,126	(8,740,797)	103,858,329	453,833	(455,398)	–	(8,239,775)	95,616,989

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At 1.1.2018 RM	Additions (Note 35(a)) RM	Disposal RM	Reclassification RM	Reclassification To Investment Property (Note 8) RM	Depreciation Charges RM	At 31.12.2018 RM
2018							
Carrying Amount							
Freehold land	34,728,933	112,350	(1,090,872)	–	–	–	33,750,411
Buildings	31,739,390	3,877,495	–	3,717,080	(880,000)	(4,126,573)	34,327,392
Plant and machinery	32,554,997	1,382,457	–	6,106,876	–	(3,869,722)	36,174,608
Office equipment, furniture and fittings	1,494,945	75,961	–	5,470	–	(330,138)	1,246,238
Road	14,777	–	–	–	–	(4,210)	10,567
Motor vehicles	1,137,066	1,529,016	–	–	–	(515,347)	2,150,735
Bearer plant	24,730	–	–	–	–	(2,473)	22,257
Work-in-progress	9,829,426	4,916,918	–	(9,829,426)	–	–	4,916,918
Total	111,524,264	11,894,197	(1,090,872)	–	(880,000)	(8,848,463)	112,599,126

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group

2019	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
Freehold land	33,750,411	–	33,750,411
Buildings	39,233,151	(12,318,965)	26,914,186
Plant and machinery	76,048,982	(42,631,557)	33,417,425
Office equipment, furniture and fittings	12,547,505	(11,500,867)	1,046,638
Road	208,087	(201,143)	6,944
Motor vehicles	4,422,714	(4,164,545)	258,169
Bearer plant	24,730	(4,946)	19,784
Work-in-progress	203,432	–	203,432
Total	166,439,012	(70,822,023)	95,616,989

2018	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
Freehold land	33,750,411	–	33,750,411
Buildings	43,046,752	(8,719,360)	34,327,392
Plant and machinery	75,458,251	(39,283,643)	36,174,608
Office equipment, furniture and fittings	12,421,844	(11,175,606)	1,246,238
Road	208,087	(197,520)	10,567
Motor vehicles	6,571,753	(4,421,018)	2,150,735
Bearer plant	24,730	(2,473)	22,257
Work-in-progress	4,916,918	–	4,916,918
Total	176,398,746	(63,799,620)	112,599,126

In the last financial year, the following assets were acquired under hire purchase terms:-

	The Group	
Carrying Amount	2019 RM	2018 RM
Buildings	–	3,302,085
Motor vehicles	–	1,540,950
Plant and machinery	–	6,622,189
	–	11,465,224

These leased assets had been pledged as security for the related hire purchase payables of the Group as disclosed in Note 22 to the financial statements.

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7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The carrying amount of property, plant and equipment pledged to licensed banks for banking facilities extended to the Group as disclosed in Note 26 to the financial statements is as follows:-

Carrying Amount	The Group 2019 RM	2018 RM
Freehold land	29,766,692	29,766,692
Buildings	24,330,112	31,599,451
Plant and machinery	11,632,427	8,765,643
Work-in-progress	203,432	4,916,918
	65,932,663	75,048,704

8. INVESTMENT PROPERTY

	The Group 2019 RM	2018 RM
Cost:-		
At 1 January	1,200,000	–
Transfer from property, plant and equipment (Note 7)	–	1,200,000
At 31 December	1,200,000	1,200,000
Accumulated depreciation:-		
At 1 January	560,000	–
Depreciation during the financial year	240,000	240,000
Transfer from property, plant and equipment (Note 7)	–	320,000
At 31 December	800,000	560,000
	400,000	640,000
Represented by:-		
Freehold commercial building	400,000	640,000
At 31 December	400,000	640,000
Fair value	1,200,000	1,200,000

The freehold commercial building has been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 26 to the financial statements.

The fair value of the investment property is within level 2 of the fair value hierarchy and is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered valuer having appropriate recognised professional qualification and recent experience in the locations and category of properties being valued. The most significant input into this valuation approach is the price per square foot of comparable properties.

9. RIGHT-OF-USE ASSETS

The Group	As Previously Reported RM	Initial Application of MFRS 16 RM	As Restated RM	Additions (Note 35(b)) RM	Depreciation Charges RM	At 31.12.2019 RM
	< ---1.1.2019--- >					
2019						
Carrying Amount						
Buildings	–	3,865,790	3,865,790	77,400	(277,854)	3,665,336
Plant and machinery	–	3,146,722	3,146,722	1,224,976	(298,477)	4,073,221
Motor vehicles	–	1,728,285	1,728,285	2,042,330	(545,619)	3,224,996
Total	–	8,740,797	8,740,797	3,344,706	(1,121,950)	10,963,553

Analysed by:-	
Cost	13,088,062
Accumulated depreciation	(2,124,509)
	10,963,553

The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

The Group has leased certain buildings, plant and machinery and motor vehicles under hire purchase arrangements with lease terms ranging from 3 to 5 years. At the end of the lease term, the Group has the option to purchase the asset at an insignificant amount. The leases bear effective interest rates ranging from 4.48% to 8.39% (2018 – 5.31% to 8.39%) and are secured by the leased assets.

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9. RIGHT-OF-USE ASSETS (CONT'D)

The carrying amount of right-of-use assets pledged to licensed banks for banking facilities extended to the Group as disclosed in Note 26 to the financial statements is as follows:-

	The Group	
	2019 RM	2018 RM
Buildings	3,665,336	–
Plant and machinery	369,172	–
	4,034,508	–

10. BIOLOGICAL ASSETS

	The Group	
	2019 RM	2018 RM
At fair value less cost to sell:-		
Pullets and layers	36,319,696	35,028,956

Biological assets comprise pullets and layers and the movement can be analysed as follows:

	The Group	
	2019 RM	2018 RM
At 1 January	35,028,956	30,176,005
Increase due to purchases	27,845,666	24,257,417
Livestock losses	(3,496,336)	(2,889,555)
Change in fair value	409,194	1,145,581
Depopulation	(23,467,784)	(17,660,492)
At 31 December	36,319,696	35,028,956

In measuring the fair value of biological assets, management estimates and judgements are required, which include the projected number of table eggs produced by each layer, the projected selling prices of the table eggs, mortality rate, feed consumption rate, feed costs and other projected costs over the remaining life of the layers as well as the discount rates.

The Group has classified its biological assets measured at fair value within Level 3 of the fair value hierarchy. The following table shows the valuation technique used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation mode.

10. BIOLOGICAL ASSETS (CONT'D)

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 projected quantity and price of table eggs to be produced over the life of the layers, taking into account layers' mortality rate.	Significant assumptions made in determining the fair value of the table eggs as follows: • the projected selling prices of the table eggs are based on management's estimate by reference to historical selling price adjusted for abnormal market movements. • management's estimate of feed and other variable costs projected to incur throughout the laying period.	The fair value is sensitive to projected selling prices and projected feed costs.

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

	The Group	
	2019	2018
Projected selling prices of the table eggs (RM)	0.290	0.298
Feed and other variable costs (per bird)	4.771	5.141
Discount rate	6.00%	6.60%

Sensitivity analysis

If the projected selling prices of the table eggs had been 1 sen lower than management estimates, the fair value of the biological assets would have decreased by RM3,393,000 (2018 – RM3,488,000).

If the projected feed costs had been 1 sen higher than management estimates, the fair value of the biological assets would have decreased by RM617,000 (2018 – RM634,000).

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

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11. INVENTORIES

	The Group 2019 RM	The Group 2018 RM
Eggs	588,946	351,727
Raw materials	5,388,171	4,528,025
Feeds	1,234,700	1,037,551
Medicine	108,862	327,253
	7,320,679	6,244,556
Recognised in profit or loss:-		
Inventories recognised as cost of sales	97,317,389	93,335,077

None of the inventories are stated at net realisable value.

12. TRADE RECEIVABLES

	The Group 2019 RM	The Group 2018 RM
Trade receivables	9,100,311	9,925,855
Allowance for impairment losses	(2,735,423)	(309,230)
	6,364,888	9,616,625
Allowance for impairment losses:-		
At 1 January	309,230	–
Addition during the financial year (Note 29)	2,426,193	–
Effects on adoption of MFRS 9 (Note 29)	–	309,230
At 31 December	2,735,423	309,230

The Group's normal trade credit terms range from 7 to 90 days (2018 – 7 to 90 days).

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
Other receivables	7,238	7,238	–	–
Deposits	218,571	199,191	–	–
Goods and services tax recoverable	–	2,329,635	–	128
Prepayments	821,774	887,859	3,260	3,260
	1,047,583	3,423,923	3,260	3,388

14. AMOUNT OWING BY RELATED COMPANIES

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Immediate holding company				
Trade balances	5,324,047	–	–	–
Subsidiary				
Non-trade balances	–	–	60,000	–
Fellow subsidiaries				
Trade balances	28,905,653	12,731,862	–	–
Non-trade balances	15,656	–	–	–
	28,921,309	12,731,862	–	–
Allowance for impairment losses:-				
- trade balances	(594,638)	(157,758)	–	–
	28,326,671	12,574,104	–	–
	33,650,718	12,574,104	60,000	–
Allowance for impairment losses:-				
At 1 January	157,758	–	–	–
Addition during the financial year (Note 29)	436,880	–	–	–
Effects on adoption of MFRS 9 (Note 29)	–	157,758	–	–
At 31 December	594,638	157,758	–	–

(a) The trade balance is subject to the normal trade credit term range from 30 to 120 (2018 – 30 to 120) days. The amount owing is to be settled in cash.

(b) The non-trade balances represent unsecured payments made on behalf. The amounts owing are repayable on demand and are to be settled in cash.

15. SHORT-TERM INVESTMENT

	The Group			
	2019		2018	
	Carrying Amount RM	Market Value RM	Carrying Amount RM	Market Value RM
Money market funds, at fair value (Note 35(e))	924,575	924,575	571,395	571,395

The funds invest mainly into deposits and money market instruments and thus have minimum exposure to changes in market value.

The money market funds of the Group are carried at fair value. The fair value hierarchy for money market funds are classified as Level 2.

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16. FIXED DEPOSITS WITH A LICENSED BANK

Fixed deposits of the Group of RM565,000 (2018 – RM460,000) are pledged to a licensed bank for banking facilities granted to the Group as disclosed in Note 26 to the financial statements.

The weighted average effective interest rates of fixed deposits with a licensed bank at the end of the reporting period were as follows:-

	The Group	
	2019 %	2018 %
Fixed deposits with a licensed bank	3.84	3.85

The average maturities of fixed deposits with a licensed bank of the Group at the end of the reporting period are 365 days (2018 – 365 days).

17. SHARE CAPITAL

	The Group/The Company			
	2019 Number Of Shares	2018 Number Of Shares	2019 RM	2018 RM
Issued and Fully Paid-Up				
Ordinary Shares				
At 1 January	233,795,275	233,795,275	52,009,612	46,764,467
Transfer from share premium account	–	–	–	5,245,145
At 31 December	233,795,275	233,795,275	52,009,612	52,009,612

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

(a) Share Premium

In the previous financial year, the credit balance in the share premium account was transferred to the Company's share capital upon the expiry of the transitional provisions as allowed under Section 618(3) of the Companies Act 2016.

(b) Warrant Reserve

This represents the reserves arising from the issue of new ordinary shares with free detachable warrants with effect from 20 January 2016.

18. DEFERRED TAX LIABILITIES

The Group	< ------1.1.2019------ > As Previously Reported RM	Initial Application of MFRS 16 RM	As Restated RM	Recognised in Profit or Loss (Note 33) RM	At 31.12.2019 RM
2019					
Deferred Tax Liabilities					
Property, plant and equipment	11,487,181	(1,591,709)	9,895,472	1,334,810	11,230,282
Investment property	38,667	–	38,667	38,667	77,334
Right-of-use assets	–	1,591,709	1,591,709	233,794	1,825,503
Biological assets	3,141,213	–	3,141,213	98,206	3,239,419
	14,667,061	–	14,667,061	1,705,477	16,372,538
Deferred Tax Assets					
Hire purchase payable	(1,774,000)	1,774,000	–	–	–
Lease liabilities	–	(1,774,000)	(1,774,000)	(78,000)	(1,852,000)
Unutilised capital allowance	(966,000)	–	(966,000)	364,000	(602,000)
Unabsorbed tax losses	(2,145,000)	–	(2,145,000)	237,000	(1,908,000)
Impairment losses on trade receivables	–	–	–	(188,000)	(188,000)
	(4,885,000)	–	(4,885,000)	335,000	(4,550,000)
	9,782,061	–	9,782,061	2,040,477	11,822,538

The Group	At 1.1.2018 RM	Recognised in Profit or Loss (Note 33) RM	Recognised in Other Comprehensive Income RM	At 31.12.2018 RM
2018				
Deferred Tax Liabilities				
Property, plant and equipment	10,897,427	636,999	(47,245)	11,487,181
Investment property	–	38,667	–	38,667
Biological assets	2,866,273	274,940	–	3,141,213
	13,763,700	950,606	(47,245)	14,667,061
Deferred Tax Assets				
Hire purchase payable	(1,954,000)	180,000	–	(1,774,000)
Unutilised capital allowance	(943,000)	(23,000)	–	(966,000)
Unabsorbed tax losses	(2,145,000)	–	–	(2,145,000)
	(5,042,000)	157,000	–	(4,885,000)
	8,721,700	1,107,606	(47,245)	9,782,061

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19. LONG TERM BORROWINGS

	The Group 2019 RM	The Group 2018 RM
Term loans (secured) (Note 21)	15,221,792	19,072,745
Hire purchase payables (secured) (Note 22)	–	4,527,303
	15,221,792	23,600,048

20. LEASE LIABILITIES

	The Group 2019 RM	The Group 2018 RM
At 1 January		
- As previously reported	–	–
- Initial application of MFRS 16	7,786,021	–
- As restated	7,786,021	–
Addition of lease liabilities	3,505,970	–
Interest expense recognised in profit or loss (Note 30)	515,250	–
Repayment of principal	(3,465,227)	–
Repayment of interest	(515,250)	–
At 31 December	7,826,764	–
Analysed by:-		
Current liabilities	3,844,140	–
Non-current liabilities	3,982,624	–
	7,826,764	–

The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

21. TERM LOANS (SECURED)

	The Group 2019 RM	The Group 2018 RM
Current liabilities (Note 27)	3,789,230	3,673,153
Non-current liabilities (Note 19)	15,221,792	19,072,745
	19,011,022	22,745,898

(a) The term loans are repayable over 84 to 180 (2018 – 84 to 180) monthly instalments from the date of drawdown and are secured in the same manner as the bank overdrafts as disclosed in Note 26 to the financial statements.

21. TERM LOANS (SECURED) (CONT'D)

(b) The interest rate profile of the term loans is summarised below:-

	Weighted Average Effective Interest Rate %	The Group 2019 RM	The Group 2018 RM
Floating rate term loans	7.69	19,011,022	22,745,898

22. HIRE PURCHASE PAYABLES (SECURED)

	The Group 2019 RM	The Group 2018 RM
Minimum hire purchase payments:-		
- not later than 1 year	–	3,274,744
- later than 1 year but not later than 5 years	–	5,399,054
	–	8,673,798
Less: Future finance charges	–	(887,777)
Present value of hire purchase payables	–	7,786,021
Analysed by:-		
Current liabilities (Note 27)	–	3,258,718
Non-current liabilities (Note 19)	–	4,527,303
	–	7,786,021

(a) The hire purchase payables have been represented as 'lease liabilities' as shown in Note 20 to the financial statement following the application of MFRS 16 by the Group using the modified retrospective approach.

(b) In the last financial year, the hire purchase payables of the Group were secured by the Group's motor vehicles, certain buildings and plant and machinery under finance leases as disclosed in Note 7 to the financial statements. The hire purchase arrangements are expiring from 3 to 5 years.

(c) In the last financial year, the hire purchase payables of the Group at the end of the reporting period bore effective interest rates ranging from 5.31% to 8.39%. The interest rates were fixed at the inception of the hire purchase arrangements.

23. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 (2018 – 30 to 90) days.

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24. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Other payables	300,065	362,900	1,675	–
Amount payables for property, plant and equipment (Note 35(a))	327,374	1,202,594	–	–
Payroll liabilities	738,957	646,597	–	–
Accrued expenses	321,800	316,800	266,800	164,600
	1,688,196	2,528,891	268,475	164,600

The normal credit terms granted to the Group for amount payable for purchase of property, plant and equipment range from 30 to 90 (2018 – 30 to 90) days.

25. AMOUNT OWING TO RELATED COMPANIES

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Immediate holding company				
Trade balances	–	1,627,928	–	–
Non-trade balances	18,449	9,966	–	–
Subsidiaries				
Non-trade balances	–	–	454,286	363,556
Fellow subsidiaries				
Trade balances	–	207,342	–	–
Non-trade balances	435,768	331,078	–	–
	454,217	2,176,314	454,286	363,556

(a) The trade balance is subject to the normal credit terms within 90 (2018 – 90) days. The amount owing is to be settled in cash.

(b) The non-trade balances represent unsecured payments made on behalf. The amounts owing are repayable on demand and are to be settled in cash.

26. BANK OVERDRAFTS (SECURED)

Bank overdrafts bore weighted average effective interest rate at 8.27% (2018 – 8.62%) per annum and are secured as follows:-

(i) by fixed charge over certain freehold land and buildings of the Group as disclosed in Note 7, Note 8 and Note 9 to the financial statements;

(ii) by lien over the Group's fixed deposits with a licensed bank; and

(iii) by corporate guarantee from immediate holding company.

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27. SHORT TERM BORROWINGS

	The Group 2019 RM	The Group 2018 RM
Bankers' acceptances (secured)	22,082,000	17,288,000
Term loans (secured) (Note 21)	3,789,230	3,673,153
Hire purchase payables (secured) (Note 22)	–	3,258,718
	25,871,230	24,219,871

The weighted average effective interest rates at the reporting period for borrowings, excluding hire purchase payables were as follows:-

	The Group 2019 %	The Group 2018 %
Term loans (secured)	7.69	7.82
Bankers' acceptances (secured)	5.23	5.56

The bankers' acceptances are secured in the same manner as the bank overdrafts as disclosed in Note 26 to the financial statements.

28. REVENUE

	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
Sales of poultry farming products	244,620,368	212,218,105	–	–
Sales of by-products from poultry farming	569,019	532,939	–	–
Sales of fresh fruit bunch	260,559	306,517	–	–
Management fee	–	–	240,000	–
	245,449,946	213,057,561	240,000	–

29. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	The Group 2019 RM	The Group 2018 RM
Impairment losses:		
- trade receivables (Note 12)	2,426,193	309,230
- amount owing by related companies (Note 14)	436,880	157,758
	2,863,073	466,988

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30. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- audit fees	90,000	90,000	35,000	35,000
- non-audit fees	10,000	25,000	10,000	15,000
Depreciation of property, plant and equipment (Note 7)	8,239,775	8,848,463	–	–
Depreciation of investment property (Note 8)	240,000	240,000	–	–
Depreciation of right-of-use assets (Note 9)	1,121,950	–	–	–
Direct operating expenses on investment property	18,110	21,095	–	–
Lease expenses:				
- short-term leases	46,820	–	–	–
- rental of land	–	820	–	–
- rental of machinery	–	138,000	–	–
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- bank overdrafts	102,639	122,322	–	–
- hire purchase	–	533,758	–	–
- term loans	1,604,915	1,924,925	–	–
- bankers' acceptances	938,488	1,007,574	–	–
- vendor financing	209,721	346,247	–	–
Interest expense on lease liabilities (Note 20)	515,250	–	–	–
Property, plant and equipment written off (Note 7)	455,398	–	–	–
Rental income from investment property	(40,800)	(49,600)	–	–
Dividend income:				
- short-term investment	(53,180)	(20,067)	–	–
Interest income on financial assets measured at amortised cost:				
- fixed deposits with a licensed bank	(16,989)	(15,840)	–	–
Gain on disposal of property, plant and equipment	–	(1,150,554)	–	–

31. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Directors of the Company				
Short-term employee benefits:				
- fees	226,800	226,800	226,800	129,600
- salaries, allowances and bonus	577,570	575,970	4,800	3,200
	804,370	802,770	231,600	132,800
Defined contribution benefits	68,400	68,400	–	–
	872,770	871,170	231,600	132,800

32. STAFF COSTS

	The Group	
	2019 RM	2018 RM
Wages, salaries and bonus	11,231,042	9,233,990
Defined contribution benefits	458,474	405,194
Other employee benefits	185,921	153,390
	11,875,437	9,792,574

Staff costs included amounts of RM175,524 (2018 – RM178,222) in respect of remuneration paid to employees related to Directors of the Group.

33. INCOME TAX EXPENSE

	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
Current tax expense	40,100	46,408	–	–
(Over)/Under provision in the previous financial year	(6,419)	8,325	(440)	–
	33,681	54,733	(440)	–
Deferred tax (Note 18):				
- Relating to origination and reversal of temporary differences	667,237	1,035,040	–	–
- Under provision in the previous financial year	1,970	72,566	–	–
- Effect of change in real property gains tax rate	1,371,270	–	–	–
	2,040,477	1,107,606	–	–
	2,074,158	1,162,339	(440)	–

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

	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
Profit/(Loss) before taxation	4,158,611	4,451,385	(167,969)	(347,572)
Tax at the statutory tax rate of 24% (2018 – 24%)	998,067	1,068,332	(40,313)	(83,417)
Tax effects of:-				
Non-deductible expenses	275,764	251,133	40,313	40,485
Non-taxable income	(12,763)	(280,949)	–	–
Deferred tax assets not recognised during the financial year	–	42,932	–	42,932
(Over)/Under provision of current tax in the previous financial year	(6,419)	8,325	(440)	–
Under provision of deferred taxation in the previous financial year	1,970	72,566	–	–
Effect of change in real property gains tax rate	1,371,270	–	–	–
Tax incentives	(553,731)	–	–	–
	2,074,158	1,162,339	(440)	–

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018 – 24%) of the estimated assessable profit for the financial year.

33. INCOME TAX EXPENSE (CONT'D)

Subject to agreement with the tax authorities, at the end of reporting period, the unutilised capital allowances, unutilised agriculture allowances, unutilised industrial building allowances, unutilised reinvestment allowances and unabsorbed tax losses of the Group are as follows:-

	The Group	
	2019 RM	2018 RM
Unutilised capital allowances	–	1,684,800
Unutilised agriculture allowances	1,325,900	1,030,700
Unutilised industrial building allowances	1,184,400	984,800
Unutilised reinvestment allowances	3,182,100	5,489,300
Unabsorbed tax losses	7,948,500	8,937,300
	13,640,900	18,126,900

The unabsorbed tax losses and unutilised reinvestment allowances are allowed to be carried forward for a maximum period of 7 consecutive years of assessment. The unutilised capital allowances, unutilised agriculture allowances and unutilised industrial building allowances do not expire under the current tax legislation and can be utilised against income from the same business source, subject to no substantial change in shareholders of the subsidiaries.

34. EARNINGS PER SHARE

The basic earnings per share of the Group is calculated by dividing the net profit for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	The Group	
	2019	2018
Profit after taxation (RM)	2,084,453	3,289,046
Weighted average number of ordinary shares in issue	233,795,275	233,795,275
Basic earnings per share (sen)	0.89	1.41

34. EARNINGS PER SHARE (CONT'D)

	The Group 2019	The Group 2018
Profit after taxation (RM)	2,084,453	3,289,046
Weighted average number of ordinary shares for basic earnings per share	233,795,275	233,795,275
Shares deemed to be issued for no consideration: - warrants	36,359,522	36,508,229
Weighted average number of ordinary shares for diluted earnings per share computation	270,154,797	270,303,504
Diluted earnings per share (sen)	0.77	1.22

35. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of property, plant and equipment is as follows:-

	The Group 2019 RM	The Group 2018 RM
Cash payments	126,459	7,770,721
Amount financed through hire purchase (Note (c) below)	–	2,920,882
Under payables for purchase of property, plant and equipment (Note 24)	327,374	1,202,594
	453,833	11,894,197

(b) The cash disbursed for the purchase of right-of-use assets is as follows:-

	The Group 2019 RM	The Group 2018 RM
Cash payments	262,501	–
Amount financed through lease liabilities (Note (c) below)	3,082,205	–
	3,344,706	–

35. CASH FLOW INFORMATION (CONT'D)

(c) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Term Loans (secured) RM	Hire Purchase (secured) RM	Lease Liabilities RM	Bankers' Acceptances (secured) RM	Bank Overdrafts (secured) RM	Vendor Financing RM	Amount Owing To Related Companies RM	Total RM
2019								
At 1 January, as previously reported	22,745,898	7,786,021	–	17,288,000	–	–	341,044	48,160,963
Effects on adoption of MFRS 16	–	(7,786,021)	7,786,021	–	–	–	–	–
	22,745,898	–	7,786,021	17,288,000	–	–	341,044	48,160,963
Changes in Financing Cash Flows								
Proceeds from drawdown	–	–	–	4,794,000	*	–	–	4,794,000
Repayment of principal	(3,734,876)	–	(3,465,227)	–	–	–	–	(7,200,103)
Repayment of interests	(1,604,915)	–	(515,250)	(938,488)	(102,639)	(209,721)	–	(3,371,013)
Advances from related companies	–	–	–	–	–	–	113,173	113,173
Non-cash Changes								
Acquisition of new leases for assets purchased in current financial year (Note (b) above)	–	–	3,082,205	–	–	–	–	3,082,205
Acquisition of new leases for assets purchased in previous financial year	–	–	423,765	–	–	–	–	423,765
Interest expenses recognised in profit or loss	1,604,915	–	515,250	938,488	102,639	209,721	–	3,371,013
At 31 December	19,011,022	–	7,826,764	22,082,000	–	–	454,217	49,374,003

* Bank overdrafts form part of the cash and cash equivalents, therefore, no movements is presented.

35. CASH FLOW INFORMATION (CONT'D)

(c) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

The Group	Term Loans (secured) RM	Hire Purchase (secured) RM	Bankers' Acceptances (secured) RM	Bank Overdrafts (secured) RM	Vendor Financing RM	Amount Owing To Related Companies RM	Total RM
2018							
At 1 January	25,901,792	8,929,244	10,049,000	–	–	161,406	45,041,442
<u>Changes in Financing Cash Flows</u>							
Proceeds from drawdown	6,150,000	–	7,239,000	*	–	–	13,389,000
Repayment of principal	(9,305,894)	(4,064,105)	–	–	–	–	(13,369,999)
Repayment of interests	(1,924,925)	(533,758)	(1,007,574)	(122,322)	(346,247)	–	(3,934,826)
Advances from related companies	–	–	–	–	–	179,638	179,638
<u>Non-cash Changes</u>							
New hire purchase (Note (a) above)	–	2,920,882	–	–	–	–	2,920,882
Interest expenses recognised in profit or loss	1,924,925	533,758	1,007,574	122,322	346,247	–	3,934,826
At 31 December	22,745,898	7,786,021	17,288,000	–	–	341,044	48,160,963

* Bank overdrafts form part of the cash and cash equivalents, therefore, no movements is presented.

35. CASH FLOW INFORMATION (CONT'D)

(c) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

The Company	Amount Owing To Related Companies RM
2019	
At 1 January	363,556
Changes in Financing Cash Flows Advances from related companies	90,730
At 31 December	454,286

The Company	Amount Owing To Related Companies RM
2018	
At 1 January	134,434
Changes in Financing Cash Flows Advances from related companies	229,122
At 31 December	363,556

(d) The total cash outflows for leases as a lease are as follows:-

	The Group 2019 RM	The Group 2018 RM
Payment of short-term lease	46,820	–
Interest paid on lease liabilities	515,250	–
Payment of lease liabilities	3,465,227	–
	4,027,297	–

35. CASH FLOW INFORMATION (CONT'D)

(e) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Fixed deposits with a licensed bank	565,000	460,000	–	–
Cash and bank balances	4,828,242	7,332,089	40,272	72,668
Short-term investment (Note 15)	924,575	571,395	–	–
Bank overdrafts (secured)	(1,646,524)	(927,748)	–	–
	4,671,293	7,435,736	40,272	72,668
Less: Fixed deposits pledged to a licensed bank (Note 16)	(565,000)	(460,000)	–	–
	4,106,293	6,975,736	40,272	72,668

36. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

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

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

(b) Significant Related Party Transactions and Balances

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

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Immediate holding company				
Sales of goods	(39,600,965)	(4,480,343)	–	–
Purchase of goods	52,061,856	38,528,879	–	–
Subsidiaries				
Management fee receive/received	–	–	240,000	–
Fellow subsidiaries				
Sales of goods	(60,782,394)	(79,589,831)	–	–
Purchase of goods	4,917,282	4,253,025	–	–

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
(CONT'D)

37. CONTINGENT LIABILITIES - UNSECURED

No provisions are recognised as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement. The Company has granted guarantees to licensed banks amounting to approximately RM73,719,000 (2018 – RM56,319,000) for banking facilities extended to subsidiaries of which RM42,739,546 (2018 – RM41,001,313) was outstanding as at 31 December 2019.

38. OPERATING SEGMENTS

(a) Business Segment and Geographical Information

The Group operates predominantly in one business segment in Malaysia. Accordingly, the information by business and geographical segments is not presented.

(b) Major Customers

The following are major customers with revenue equal to or more than 10% of Group's revenue:-

	Revenue	
	2019 RM	2018 RM
Customer A	48,659,851	73,838,572

39. CAPITAL COMMITMENTS

	The Group	
	2019 RM	2018 RM
Purchase of property, plant and equipment	4,195,322	2,414,172

40. FINANCIAL INSTRUMENTS

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

40.1 Financial Risk Management Policies

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

(a) Market Risk

(i) Foreign Currency Risk

The Group does not have any transaction or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

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

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

The Group's exposure to interest rate risk that based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 21 and 26 to the financial statements.

Interest Rate Risk Sensitivity Analysis

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

	The Group	
	2019 RM	2018 RM
Effects on profit after taxation		
Increase of 20 basis points (2018 – 25 basis points)	-60,841	-82,707
Decrease of 20 basis points (2018 – 25 basis points)	+60,841	+82,707

(iii) Equity Price Risk

The Group's does not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit Risk

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

The Company's exposure to credit risk arises principally from loans and advances to related companies, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
(CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 3 (2018 – 1) customers which constituted approximately 75% (2018 – 52%) of its trade receivables (including related companies) at the end of the reporting period.

Exposure to Credit Risk

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

Assessment of Impairment Losses

At each reporting date, the Group assess whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

Trade Receivables

The Group applies the simplified approach to measure expected credit losses using a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables (including related companies) have been grouped based on shared credit risk characteristics and the days past due.

The Group considers any receivables having significant balances outstanding more than 90 days, are deemed credit impaired.

The expected loss rates are based on the loss given default and probability of default assigned, and are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables are summarised below:-

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2019				
Current (not past due)	17,863,365	–	(103,446)	17,759,919
1 to 30 days past due	7,274,396	–	(181,802)	7,092,594
31 to 60 days past due	5,637,597	–	(128,258)	5,509,339
61 to 90 days past due	10,006,703	–	(368,605)	9,638,098
Credit impaired	2,547,950	(2,547,950)	–	–
	43,330,011	(2,547,950)	(782,111)	39,999,950
2018				
Current (not past due)	13,611,595	–	(27,824)	13,583,771
1 to 30 days past due	6,178,206	–	(84,045)	6,094,161
31 to 60 days past due	2,056,039	–	(64,549)	1,991,490
61 to 90 days past due	587,889	–	(66,582)	521,307
Credit impaired	223,988	(223,988)	–	–
	22,657,717	(223,988)	(243,000)	22,190,729

The movements in the loss allowances in respect of trade receivables are disclosed in Notes 12 and 14 to the financial statements respectively.

Other Receivables

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

Assessment of Impairment Losses (Cont'd)

Fixed Deposits with A Licensed Bank, Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount Owing By Related Companies

The Group considers loans and advances to related companies have low credit risks. As the Group is able to determine the timing of payments of the related companies' loans and advances when they are payable, the Group considers the loans and advances to be in default when the related companies are not able to pay when demanded.

The Group determines the probability of default for these loans and advances individually using internal information available.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for amount owing by related companies are summarised below:-

The Group	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
2019			
Low credit risk	15,656	–	15,656

The Company	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
2019			
Low credit risk	60,000	–	60,000

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk

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

Maturity Analysis

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

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
2019						
Non-derivative Financial Liabilities						
Trade payables	–	46,076,879	46,076,879	46,076,879	–	–
Other payables and accruals	–	1,688,196	1,688,196	1,688,196	–	–
Amount owing to related companies	–	454,217	454,217	454,217	–	–
Bank overdrafts (secured)	8.27	1,646,524	1,646,524	1,646,524	–	–
Lease liabilities	6.49	7,826,764	8,656,589	3,850,104	4,806,485	–
Term loans (secured)	7.69	19,011,022	24,481,288	5,594,628	16,728,256	2,158,404
Bankers' acceptances (secured)	5.23	22,082,000	22,082,000	22,082,000	–	–
		98,785,602	105,085,693	81,392,548	21,534,741	2,158,404

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

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

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
2018						
Non-derivative Financial Liabilities						
Trade payables	–	39,924,328	39,924,328	39,924,328	–	–
Other payables and accruals	–	2,528,891	2,528,891	2,528,891	–	–
Amount owing to related companies	–	2,176,314	2,176,314	2,176,314	–	–
Bank overdrafts (secured)	8.62	927,748	927,748	927,748	–	–
Term loans (secured)	7.82	22,745,898	31,088,188	5,888,600	20,864,780	4,334,808
Hire purchase payables (secured)	6.88	7,786,021	8,673,798	3,274,744	5,399,054	–
Bankers' acceptances (secured)	5.56	17,288,000	17,288,000	17,288,000	–	–
		93,377,200	102,607,267	72,008,625	26,263,834	4,334,808

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

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

The Company	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
2019			
Other payables and accruals	268,475	268,475	268,475
Amount owing to related companies	454,286	454,286	454,286
	722,761	722,761	722,761
2018			
Other payables and accruals	164,600	164,600	164,600
Amount owing to related companies	363,556	363,556	363,556
	528,156	528,156	528,156

40.2 Capital Risk Management

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

40. FINANCIAL INSTRUMENTS (CONT'D)

40.2 Capital Risk Management (Cont'd)

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

	The Group	
	2019 RM	2018 RM
Lease liabilities (Note 20)	7,826,764	–
Term loans (secured) (Note 21)	19,011,022	22,745,898
Hire purchase payables (secured) (Note 22)	–	7,786,021
Bank overdrafts (secured) (Note 26)	1,646,524	927,748
Bankers' acceptances (secured) (Note 27)	22,082,000	17,288,000
	50,566,310	48,747,667
Less: Fixed deposits with a licensed bank (Note 16)	(565,000)	(460,000)
Less: Short-term investment (Note 15)	(924,575)	(571,395)
Less: Cash and bank balances	(4,828,242)	(7,332,089)
Net debt	44,248,493	40,384,183
Total equity	87,398,008	85,313,555
Debt-to-equity ratio	0.51	0.47

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
(CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.3 Classification of Financial Instruments

	2019		2018	
	The Group RM	The Company RM	The Group RM	The Company RM
Financial Assets				
Mandatorily at Fair Value Through Profit or Loss				
Short-term investment (Note 15)	924,575	–	571,395	–
Amortised Cost				
Trade receivables (Note 12)	6,364,888	–	9,616,625	–
Other receivables and deposits (Note 13)	225,809	–	206,429	–
Amount owing by related companies (Note 14)	33,650,718	60,000	12,574,104	–
Fixed deposits with a licensed bank (Note 16)	565,000	–	460,000	–
Cash and bank balances	4,828,242	40,472	7,332,089	72,668
	45,634,657	100,472	30,189,247	72,688
Financial Liabilities				
Amortised Cost				
Trade payables (Note 23)	46,076,879	–	39,924,328	–
Other payables and accruals (Note 24)	1,688,196	268,475	2,528,891	164,600
Amount owing to related companies (Note 25)	454,217	454,286	2,176,314	363,556
Bank overdrafts (secured) (Note 26)	1,646,524	–	927,748	–
Term loans (secured) (Note 21)	19,011,022	–	22,745,898	–
Hire purchase payables (secured) (Note 22)	–	–	7,786,021	–
Bankers' acceptances (secured) (Note 27)	22,082,000	–	17,288,000	–
	90,958,838	722,761	93,377,200	528,156

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
(CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.4 Gains or Losses Arising from Financial Instruments

	2019		2018	
	The Group RM	The Company RM	The Group RM	The Company RM
Financial Assets				
Fair Value Through Profit or Loss				
Net gains recognised in profit or loss	53,180	–	20,067	–
Amortised Cost				
Net losses recognised in profit or loss	(2,846,084)	–	(451,148)	–
Financial Liabilities				
Amortised Cost				
Net losses recognised in profit or loss	(2,855,763)	–	(3,934,826)	–

40.5 Fair Values Information

The fair values of the financial assets and financial liabilities of the Group which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019
(CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.5 Fair Values Information (Cont'd)

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

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value				
The Group	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total Fair Value RM**	**Carrying Amount RM**
2019								
Financial Assets								
Short-term investments								
- Fair value through profit or loss	–	924,575	–	–	–	–	924,575	924,575
Financial Liabilities								
Term loans (secured)	–	–	–	–	19,011,022	–	19,011,022	19,011,022
2018								
Financial Assets								
Short-term investments								
- Fair value through profit or loss	–	571,395	–	–	–	–	571,395	571,395
Financial Liabilities								
Hire purchase payables (secured)	–	–	–	–	7,790,485	–	7,790,485	7,786,021
Term loans (secured)	–	–	–	–	22,745,898	–	22,745,898	22,745,898

40. FINANCIAL INSTRUMENTS (CONT'D)

40.5 Fair Values Information (Cont'd)

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

(i) The fair value of money market funds is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into.

(ii) There were no transfer between level 1 and level 2 during the financial year.

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

(i) The fair value of the Group's term loans that carry floating interest rates approximated their carrying amounts as they are revised to market interest rate on or near the reporting date.

(ii) The fair value of hire purchase payables that carry fixed interest rates are determined by discounting the relevant cash flows using current market interest rates for similar instruments at the end of reporting period. The rates used to discount the estimated cash flows are as follow:-

	2019 %	2018 %
Hire purchase payables (secured)	–	6.12 – 8.38

41. INITIAL APPLICATION OF MFRS 16

The Group has adopted MFRS 16 retrospectively from 1 January 2019 and has not restated the comparative information as permitted under the specific transition provisions in the standard. The Group has applied MFRS 16 only to contracts that were previously identified as leases under MFRS 117 'Leases' and IC Interpretation 4 'Determining Whether an Arrangement Contains a Lease'. Therefore, MFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At 1 January 2019, for leases that were classified as finance leases, the Group has recognised the carrying amount of the leased asset and lease liability immediately before 1 January 2019 as the carrying amount of the right-of-use asset and the lease liability as at the date of initial application.

As a result, the Group did not make any adjustments to its retained profits upon the transition to MFRS 16 at 1 January 2019 other than the reclassification of certain balances in the Group's statement of financial position on that date.

LIST OF PROPERTIES
AS AT 31 DECEMBER 2019

The top 10 properties of the Group in terms of highest net book value as at 31 December 2019 are as follows:-

<table>
<tr><th></th><th>Registered/ Beneficial Owner and Location</th><th>Existing Use/ Decsription</th><th>Land Area and Tenure</th><th>Revaluation Date</th><th>Approximate Age of Buildings (Years)</th><th>Net Book Value (RM)</th></tr>
<tr><td>1</td><td>TECK PING CHAN AGRICULTURE SDN BHD
Lot No. 3047
(Formerly Lot 659)
Lot No. 3015
(Formerly Lot 660)
Mukim of Melekek
District of Alor Gajah, Melaka</td><td>Agriculture land use as layer poultry farm</td><td>27.481 hectares
Freehold</td><td>31.08.2016</td><td>4 to 33</td><td rowspan="3">31,361,539.87</td></tr>
<tr><td>2</td><td>TECK PING CHAN AGRICULTURE SDN BHD
Lot No. 96 & 97
Mukim of Melekek
District of Alor Gajah, Melaka</td><td>Agriculture land use as layer poultry farm</td><td>5.6959 hectares
Freehold</td><td>31.08.2016</td><td>5 to 30</td></tr>
<tr><td>3</td><td>TECK PING CHAN AGRICULTURE SDN BHD
Lot No. 125, 126 and 127
Mukim of Sungei Buloh
District of Alor Gajah, Melaka</td><td>Agriculture land use as layer poultry farm</td><td>11.2171 hectares
Freehold</td><td>31.08.2016</td><td>5 to 30</td></tr>
<tr><td>4</td><td>MESTIKA ARIF SDN BHD
Lot No. 2141 - 2149
(Formerly PT 303 - 311)
Mukim of Taboh Naning
District of Alor Gajah, Melaka</td><td>Agriculture land with oil palm trees</td><td>31.723 hectares
Freehold</td><td>31.08.2016</td><td>NA</td><td>10,189,966.93</td></tr>
<tr><td>5</td><td>TECK PING CHAN AGRICULTURE SDN BHD
Geran No. Hakmilik 61725
Lot 1409, Mukim Titian Bintagor, Daerah Rembau
Negeri Sembilan</td><td>Agriculture land use as layer poultry farm</td><td>3.8698 hectares
Freehold</td><td>NA</td><td>3</td><td>6,837,978.23</td></tr>
<tr><td>6</td><td>TECK PING CHAN AGRICULTURE SDN BHD
Lot No. 1158 & 1159
Mukim of Melekek
District of Alor Gajah, Melaka</td><td>Agriculture land use as layer poultry farm</td><td>8.114 hectares
Freehold</td><td>31.08.2016</td><td>12</td><td>4,025,532.41</td></tr>
<tr><td>7</td><td>TECK PING CHAN AGRICULTURE SDN BHD
Lot 102, GM 13
Mukim Sungai Buloh
Daerah Alor Gajah, Melaka</td><td>Agriculture land use as chicken droppings store</td><td>2.0335 hectares
Freehold</td><td>NA</td><td>2</td><td>2,232,545.59</td></tr>
</table>

LIST OF PROPERTIES
AS AT 31 DECEMBER 2019
(CONT'D)

	Registered/ Beneficial Owner and Location	Existing Use/ Decsription	Land Area and Tenure	Revaluation Date	Approximate Age of Buildings (Years)	Net Book Value (RM)
8	TECK PING CHAN AGRICULTURE SDN BHD Lot No. 1512 - 1513 Mukim of Pegoh, District of Alor Gajah, Melaka	Agriculture land with oil palm trees	4.695 hectares Freehold	31.08.2016	NA	1,570,000.00
9	TECK PING CHAN AGRICULTURE SDN BHD Lot 123, Mukim of Sungei Buloh District of Alor Gajah, Melaka	Agriculture land use as chicken droppings store	2.0967 hectares Freehold	31.08.2016	6	1,380,526.32
10	TECK PING CHAN AGRICULTURE SDN BHD Lot No. PT 290, Mukim of Taboh Naning District of Alor Gajah, Melaka	Agriculture land use as layer poultry farm	3.6869 hectares Freehold	31.08.2016	NA	1,184,160.59

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2020

No. of shares issued	:	233,795,275
Class of shares	:	Ordinary shares
Voting rights	:	On a resolution to be decided on a show of hands, a holder of ordinary shares who is personally present and entitled to vote shall be entitled to one (1) vote. A proxy shall be entitled to vote on a show of hands on any question at any general meeting provided that he is the only proxy appointed by the Member. Any Member present at the general meeting who is also a proxy for another Member and any person who is a proxy for more than one (1) Member shall only have one (1) vote on a show of hands. On a resolution to be decided by a poll, every Member voting in person or by proxy, attorney or other duly authorised representative shall have one (1) vote for each share he holds.
Number of shareholders	:	1,521

SUBSTANTIAL SHAREHOLDERS

		Direct		Indirect	
	Name	No. of Shares	%	No. of Shares	%
1.	Huat Lai Resources Berhad	139,592,677	59.71	–	–
2.	Esprit Unity Sdn Bhd	–	–	139,592,677	59.71 *
3.	Lim Yeow Her	–	–	139,592,677	59.71 **
4.	Lim Yeow Kian	125,000	0.05	139,592,677	59.71 **
5.	Datuk Wira Lim Yeow Siong	–	–	139,592,677	59.71 **

Note:

* Deemed interested by virtue of its direct interests in Huat Lai Resources Berhad.

** Deemed interested by virtue of his direct interests in Huat Lai Resources Berhad and indirect interest in Huat Lai Resources Berhad through Esprit Unity Sdn Bhd.

ANALYSIS BY SIZE OF HOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100	26	1.71	747	0.00
100 – 1,000	421	27.68	388,250	0.16
1,001 – 10,000	470	30.90	2,562,401	1.10
10,001 – 100,000	467	30.70	17,873,300	7.64
100,001 to less than 5% of the issued shares	135	8.88	73,377,900	31.39
5% and above of the issued shares	2	0.13	139,592,677	59.71
TOTAL	1,521	100.00	233,795,275	100.00

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2020
(CONT'D)

THIRTY LARGEST SHAREHOLDERS

(Without aggregating the securities from different securities accounts belonging to the same Depositor)

	Name	No. of Shares	%
1.	Huat Lai Resources Berhad	105,818,402	45.26
2.	Huat Lai Resources Berhad	33,774,275	14.45
3.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Yap Kee Hor (E-TJJ)*	9,986,250	4.27
4.	Yap Yi Xuan	9,950,000	4.26
5.	Siah Tian Yee	9,031,900	3.86
6.	Chong Mei	1,810,000	0.77
7.	Yuen Ching Eng	1,750,000	0.75
8.	Lim Lai Chuan	1,590,000	0.68
9.	Yap Kee Hor	1,500,000	0.64
10.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Siah Tian Yee (E-TJJ)*	1,223,700	0.52
11.	Eng Soon Cheik	937,400	0.40
12.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Kong Kok Choy (8092812)*	900,000	0.38
13.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lee Cheong Keat @ Lee Chong Keat (Penang-CL)*	892,000	0.38
14.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Kean Leong Poultry Trading Sdn Bhd (E-BMM)*	885,600	0.38
15.	Liew Yew Seng	827,300	0.35
16.	Ong Tian Leong	824,500	0.35
17.	Chong Moy	713,900	0.31
18.	Malacca Equity Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ho Kok Kiang*	699,900	0.30
19.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chong Boon Weng (MY0970)*	690,100	0.30
20.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ng Tjun Mun (E-BPJ)*	637,500	0.27
21.	Tan Hui Lun	565,700	0.24
22.	Boon Seu Mui	550,000	0.24
23.	Chua Kau @ Chua Kim Yan	550,000	0.24
24.	Chua Kau @ Chua Kim Yan	550,000	0.24
25.	Lee Koon Shing	546,300	0.23
26.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Chia Hong @ Gan Chia Hong (E-TMR)*	525,000	0.22
27.	How Kim Soon	500,000	0.21
28.	Ng Chee Heng	500,000	0.21
29.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Teo Kooi Cheng (E-BPJ)*	500,000	0.21
30.	Lim Kok Lih	495,200	0.21

ANALYSIS OF WARRANT HOLDINGS
AS AT 31 MARCH 2020

No. of warrants issued	:	80,000,000
No. of warrants exercised	:	21,000
No. of warrants unexercised	:	79,979,000
Expiry date of the warrants	:	19 January 2021
Voting rights	:	Each warrant holder present in person or proxy at any meeting of warrant holders shall be entitled on a show of hands to one vote; and on a poll each warrant holder who is present in person or proxy shall have one vote for each warrant held.
No. of warrant holders	:	519

ANALYSIS BY SIZE OF WARRANT HOLDINGS

Size of Holdings	No. of Holders	%	No. of Warrants	%
Less than 100	62	11.95	2,730	0.00
100 – 1,000	38	7.32	31,464	0.04
1,001 – 10,000	166	31.98	781,512	0.98
10,001 – 100,000	179	34.49	7,396,866	9.25
100,001 to less than 5% of issued warrants	73	14.07	29,439,067	36.81
5% and above of issued warrants	1	0.19	42,327,361	52.92
TOTAL	519	100.00	79,979,000	100.00

THIRTY LARGEST WARRANT HOLDERS
(Without aggregating the securities from different securities accounts belonging to the same Depositor)

	Name	No. of Warrants	%
1.	Huat Lai Resources Berhad	42,327,361	52.92
2.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Yap Kee Hor (E-TJJ)*	3,390,100	4.24
3.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Kong Kok Choy (8092812)*	1,600,000	2.00
4.	Kenanga Nominees (Tempatan) Sdn Bhd *Beneficiary : Chong Mei*	1,459,000	1.82
5.	Yuen Ching Eng	1,440,000	1.80
6.	Tan Liew Cheun	1,371,000	1.71
7.	Eng Soon Cheik	1,358,800	1.70
8.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lee Cheong Keat @ Lee Chong Keat (Penang-CL)*	1,015,800	1.27
9.	Chong Mei	988,300	1.24
10.	Tan Hui Lun	780,800	0.98
11.	Lee Koon Shing	704,500	0.88
12.	Jaikishin A/L Shewandas	651,900	0.82
13.	Wong Nyong How	650,700	0.81

ANALYSIS OF WARRANT HOLDINGS
AS AT 31 MARCH 2020
(CONT'D)

THIRTY LARGEST WARRANT HOLDERS (CONT'D)
(Without aggregating the securities from different securities accounts belonging to the same Depositor)

	Name	No. of Warrants	%
14.	Lew Brothers Poultry Farm Sdn.Bhd	594,067	0.74
15.	Maybank Securities Nominees (Asing) Sdn Bhd *Pledged Securities Account for Chen, Hsin-Mei (Margin)*	504,000	0.63
16.	Ong Tian Leong	463,000	0.58
17.	Foong Thin Choy	456,700	0.57
18.	Mr. Serm Juthamongkhon	444,100	0.56
19.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Teo Boon Tong (MY3206)*	439,500	0.55
20.	Goh Lee Foong	432,000	0.54
21.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ng Tjun Mun (E-BPJ)*	425,800	0.53
22.	Teey Tong Hoon	390,667	0.49
23.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Wee Hwang*	350,000	0.44
24.	Khoo Eng Seng	300,033	0.38
25.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Kong Kok Choy (SRB/PMS)*	300,000	0.38
26.	Tan Eng Kiong	300,000	0.38
27.	Derrick Lim Poh Kiat	280,300	0.35
28.	Lee Chee Beng	278,933	0.35
29.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Siew Bin (E-TSA/KTI)*	275,000	0.34
30.	Lim Geok Chin	268,000	0.34

DIRECTORS' INTERESTS IN THE COMPANY AND RELATED CORPORATION
AS AT 31 MARCH 2020

None of the Directors of the Company hold any shares and/or warrants in the Company and/or its related corporation as at 31 March 2020.

TPC PLUS BERHAD
Reg. No. 200301012910 (615330-T)

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