TPC PLUS BERHAD

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

ANNUAL REPORT 2021

TABLE OF CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 19th Annual General Meeting of the Company will be held at the Hang Li Po Meeting Room at AMES Hotel, Jalan PKAK 1 & PKAK 2, Pusat Komersial Ayer Keroh, 75450 Ayer Keroh, Melaka on **Monday, 30 May 2022 at 12.00 noon** for the purpose of transacting the following business:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Directors' and Auditors' Reports thereon.
   Please refer to Explanatory Note (a)

2. To approve the payment of Directors' Fees amounting to RM252,000 for the financial year ended 31 December 2021. **Resolution 1**

3. To approve the payment of Directors' benefits (other than Directors' fees) to Non-Executive Directors for the period from 1 June 2022 until the next Annual General Meeting to be held in 2023. **Resolution 2**
   Please refer to Explanatory Note (b)

4. To re-elect the following Directors who are retiring in accordance with Clause 21.5 of the Company's Constitution:

   4.1 Mr Liang Ah Lit @ Nyah Chung Mun **Resolution 3**
   4.2 Mr Chong Peng Khang **Resolution 4**

5. To re-appoint Crowe Malaysia PLT as Auditors of the Company for the financial year ending 31 December 2022 and to authorise the Directors to fix their remuneration. **Resolution 5**

As Special Business

To consider and, if thought fit, pass the following resolution:

6. **ORDINARY RESOLUTION** **Resolution 6**
   Proposed renewal of shareholders' mandate on recurrent related party transactions of a revenue or trading nature

   "THAT subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the renewal of the mandate to Teck Ping Chan Agriculture Sdn Bhd, a wholly-owned subsidiary of the Company, to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.5 of the Circular to Shareholders dated 29 April 2022 with the related parties mentioned therein which are necessary for its day-to-day operations provided that the transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

   AND THAT such mandate shall commence immediately upon the passing of this resolution and shall continue to be in force until:

   a. the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse unless by a resolution passed at the meeting the mandate is renewed;

   b. the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or

   c. revoked or varied by resolution passed by the shareholders in a general meeting,

   whichever is the earlier.

   AND THAT the Directors of the Company be empowered to complete and do all such acts and things as they may consider expedient or necessary to give effect to the mandate and transactions contemplated and authorised by this resolution."

7. To transact any other business of the Company of which due notice shall have been given.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend the 19th Annual General Meeting, the Company will be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Clause 18.7 of the Company's Constitution, to issue a General Meeting Record of Depositors as at 23 May 2022 ("the ROD"). Only a depositor whose name appears on the ROD shall be entitled to attend the 19th Annual General Meeting or appoint proxy(ies) to attend and/or vote on his behalf.

BY ORDER OF THE BOARD

ONG SOO LENG
Company Secretary
SSM PC No. 202008002605
MAICSA 7018257

Melaka
29 April 2022

Notes:

(i) A member entitled to attend and vote at the 19th Annual General Meeting ("AGM") shall be entitled to appoint another person(s) as his proxy(ies) to exercise all or any of his rights to attend, speak and vote at the AGM. There shall be no restriction as to the qualification of the proxy(ies).

(ii) Where a member appoints more than one proxy, the proxies shall only be entitled to vote on poll and the appointment shall not be valid unless the member specifies the proportion of his holdings to be represented by each proxy.

(iii) Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(iv) The instrument appointing a proxy shall be in writing under the hand of the member or his attorney duly authorised in writing or, if the member is a corporation, the instrument shall be executed under its common seal or under the hand of an officer or attorney duly authorised.

(v) The duly completed proxy form must be received by the Company at its registered office located at PT 1678, Mukim of Serkam, 77300 Merlimau, Melaka or via e-mail at proxyform@tpc.com.my not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof.

(vi) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by poll.

(vii) To minimise the risks of COVID-19 infection, the Company has put in place measures to safeguard the health of all attendees at the 19th AGM. Please read and adhere to the Administrative Guide which can be downloaded from the Company's website at www.tpc.com.my or announcement via Bursa Malaysia Securities Berhad's website at www.bursamalaysia.com

(viii) Shareholders are advised to check the Company's website at www.tpc.com.my and announcements from time to time for any changes to the administration of the 19th AGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Malaysian Government, the Ministry of Health, the Malaysian National Security Council and/or other relevant authorities.

Explanatory Notes:

(a) Agenda 1

The Audited Financial Statements are laid before the meeting in pursuance of Section 340(1)(a) of the Companies Act 2016 for discussion only and do not require shareholders' approval. Hence, this matter will not be put for voting.

(b) Resolution 2

The Company is seeking shareholders' approval for the payment of attendance allowance of RM400 a day to Non-Executive Directors for attending meetings held during the period from 1 June 2022 until the day of the 20th Annual General Meeting to be held in 2023.

(c) Resolutions 3 and 4

The Board of Directors has endorsed the Nomination and Remuneration Committee's recommendation on the re-election of Mr Liang Ah Lit @ Nyah Chung Mun and Mr Chong Peng Khang who have served on the Board for less than 9 years and who are retiring by rotation at this 19th AGM in accordance with the Company's Constitution.

The Board supports the re-election of the Directors after considering the annual assessment of the Directors and collectively agreed that there were no adverse findings on them and that they are able to continue bringing valuable contribution and sound judgement to Board deliberations.

The Directors, being eligible, have offered themselves for re-election and none of them hold any shares in the Company. The Directors' profile are set out in page 9 of the Company's Annual Report 2021.

(d) Resolution 6

Ordinary Resolution 6, if passed, will allow Teck Ping Chan Agriculture Sdn Bhd, a wholly-owned subsidiary of the Company, to enter into recurrent related party transactions in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This approval shall continue to be in force until the conclusion of the 20th Annual General Meeting or the expiration of the period within which the 20th Annual General Meeting is required by the law to be held or revoked/varied by a resolution passed by the shareholders in a general meeting.

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

Datuk 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

CORPORATE INFORMATION

AUDIT COMMITTEE

Chong Peng Khang (Chairman)

Liang Ah Lit @ Nyah Chung Mun

Chong Chee Siong

YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop
(Resigned on 24 November 2021)

NOMINATION AND REMUNERATION COMMITTEE

Chong Chee Siong (Chairman)

Liang Ah Lit @ Nyah Chung Mun

Chong Peng Khang

YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop
(Resigned on 24 November 2021)

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

REGISTERED OFFICE

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

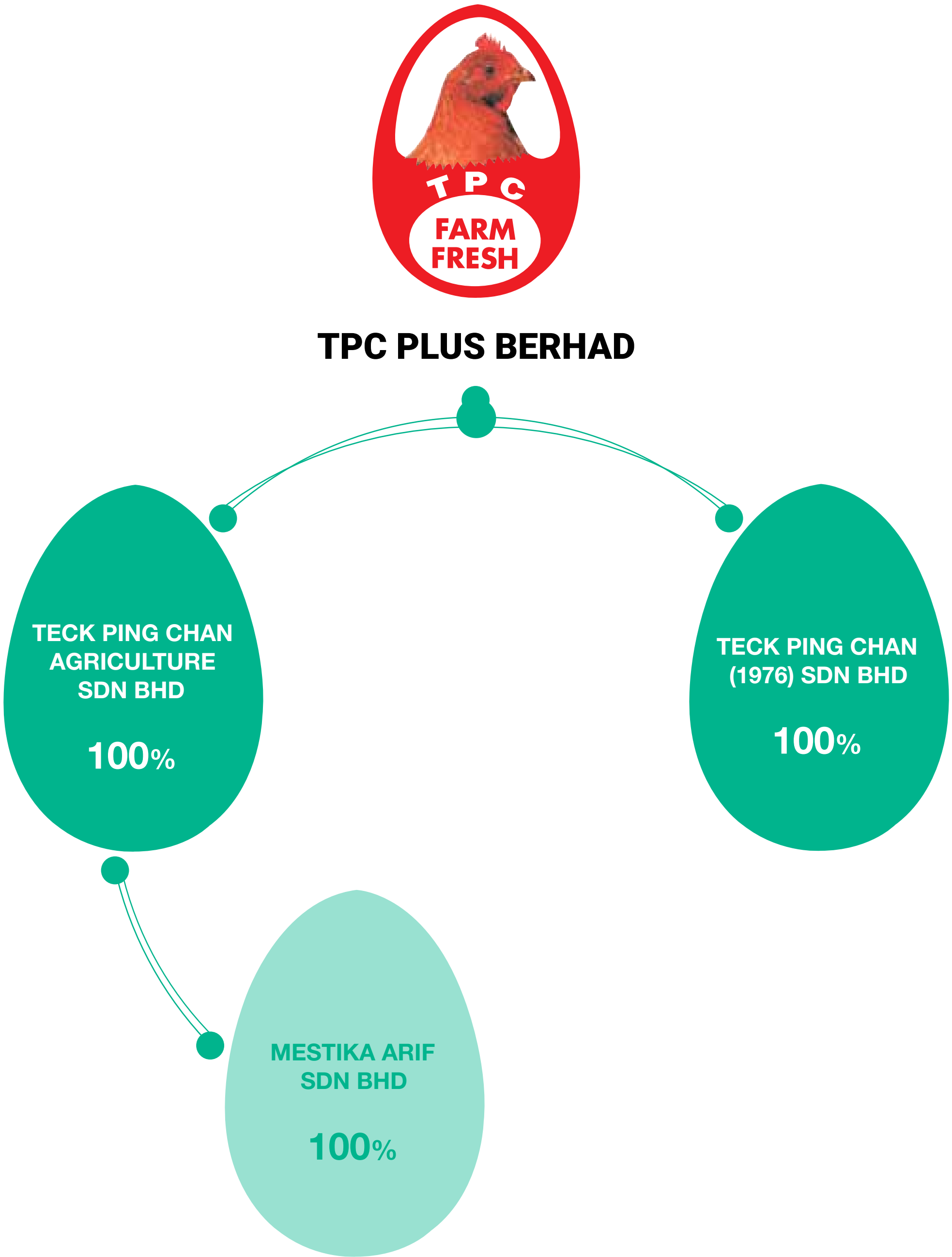
STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad

WEBSITE

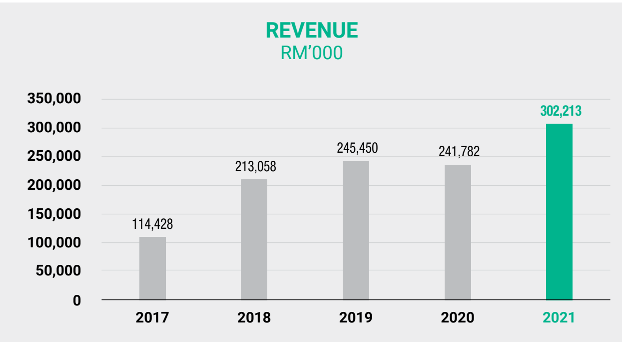
www.tpc.com.my

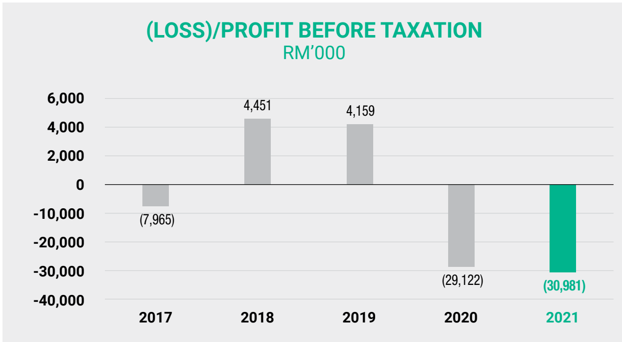
GROUP STRUCTURE
AS AT 31 MARCH 2022

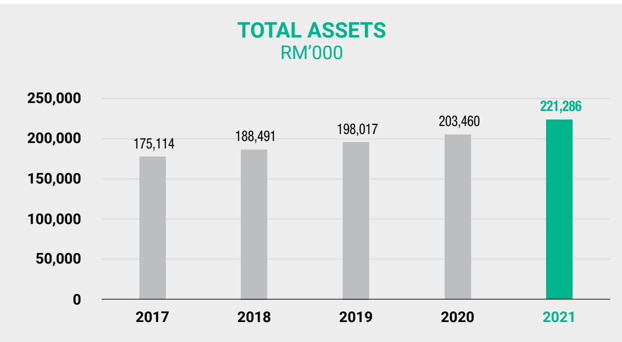


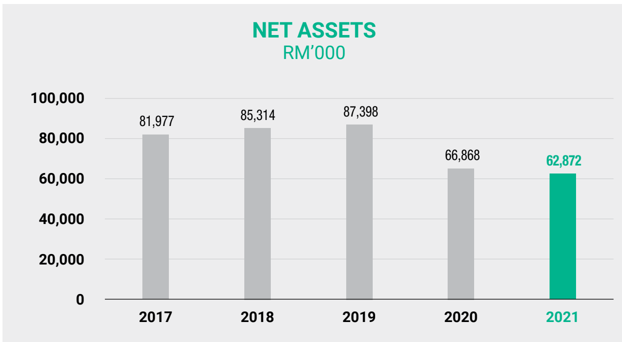
FINANCIAL HIGHLIGHTS

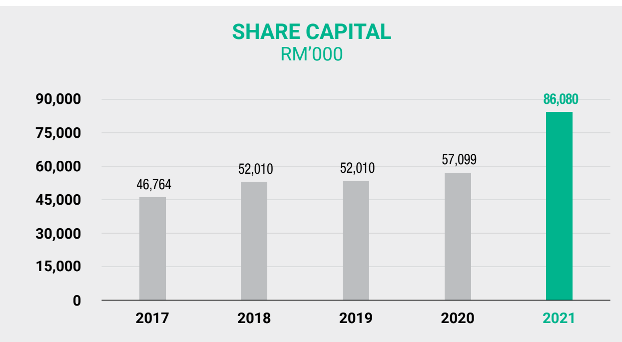
	FINANCIAL YEAR ENDED 31 DECEMBER				
	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Revenue	114,428	213,058	245,450	241,782	**302,213**
(Loss)/Profit before taxation	(7,965)	4,451	4,159	(29,122)	**(30,981)**
(Loss)/Profit attributable to owners of the Company	(5,329)	3,289	2,084	(22,754)	**(28,453)**
Total assets	175,114	188,491	198,017	203,460	**221,286**
Net assets	81,977	85,314	87,398	66,868	**62,872**
Current assets	63,590	75,252	91,037	98,305	**110,660**
Current liabilities	59,968	69,795	79,592	112,247	**139,716**
Share capital	46,764	52,010	52,010	57,099	**86,080**
Basic (loss)/earnings per share (sen)	(2.28)	1.41	0.89	(9.70)	**(9.66)**
Diluted earnings per share (sen)	N/A	1.22	0.77	N/A	**N/A**
Weighted average number of shares issued	233,792,801	233,795,275	233,795,275	234,525,557	**294,654,686**
Current Ratio	1.06	1.08	1.14	0.88	**0.79**

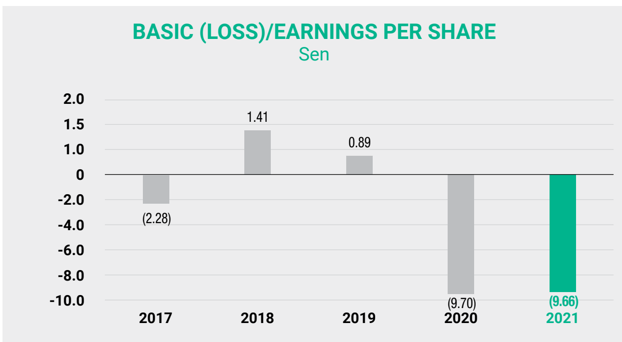












DIRECTORS' PROFILE

YBHG. TAN SRI DATUK SERI (DR.) ABU SEMAN BIN HAJI YUSOP

Chairman, Senior Independent Non-Executive Director

Aged **78**

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 Risk Management 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). Besides that, he has also held several senior positions in the private and public sectors. He was a Senior Legal Adviser with Malaysian Shipping Corporation Berhad (MISC) and the 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 **55**

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 30 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, Datuk Lim Yew Piau and all the directors of Huat Lai Resources Berhad, a substantial shareholder of the Company.

LIM YEW KWANG

Non-Independent Executive Director

Aged **48**

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 25 years and is currently managing the various aspects of the farms' operations.

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

DIRECTORS' PROFILE

(CONT'D)

DATUK LIM YEW PIAU

Non-Independent Executive Director

Aged **45**

Datuk 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.

Datuk 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.

Datuk 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 substantial shareholder of the Company.

LIANG AH LIT @ NYAH CHUNG MUN

Senior Independent Non-Executive Director

Aged **78**

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.

CHONG PENG KHANG

Independent Non-Executive Director

Aged **42**

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 Peng Khang 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 Peng Khang is also a Director in three other Malaysian public listed companies.

CHONG CHEE SIONG

Independent Non-Executive Director

Aged 46

Mr Chong Chee Siong was appointed to the Board of TPC Plus Berhad on 30 November 2015 and redesignated as the Chairman of the Nomination and Remuneration Committee on 24 November 2021. He is also a member of the Audit Committee and Risk Management Committee.

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 and 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 2021.

KEY MANAGEMENT PROFILES

LIM YEW CHUA

Managing Director
Aged **55**
Male
Malaysian

The profile of Lim Yew Chua is listed in the Directors' Profile on page 8

LIM YEW KWANG

Executive Director
Aged **48**
Male
Malaysian

The profile of Lim Yew Kwang is listed in the Directors' Profile on page 8

DATUK LIM YEW PIAU

Executive Director
Aged **45**
Male
Malaysian

The profile of Datuk Lim Yew Piau is listed in the Directors' Profile on page 9

CHAM CHEE SONG

Feedmill Manager
Aged **38**
Male
Malaysian

Mr. Cham Chee Song 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.

Mr. Cham does not have any family relationship with any Directors/major shareholder of the Company. He does not have any conflict of interest with the Company. Mr. Cham has no conviction of any offences within the past five (5) years, or any sanctions and penalties imposed by relevant regulatory bodies during the financial year ended 31 December 2021.

LIM CHIN YOONG

Senior Grading Store Supervisor
Aged **36**
Male
Malaysian

Lim Chin Yoong joined TPC Group in 2014. Mr. Lim has held various positions since he joined TPC Group and raised from rank and file to his current position. Mr. Lim has is currently in charge of the day-to-day operation and management at the egg grading store. He also oversees the sales and distribution management to ensure that the Company achieve its sales target and that all egg deliveries are on schedule.

Mr. Lim is the nephew of Managing Director, Lim Yew Chua and Executive Directors, Lim Yew Kwang and Datuk Lim Yew Piau. He does not have any conviction of any offences within the past five (5) years, or any sanctions and penalties imposed by relevant regulatory bodies during the financial year ended 31 December 2021.

Dear Esteemed Shareholders,

On behalf of the Board of Directors of TPC Plus Berhad (**“TPC”** or **“Company”**), I am honoured to present the Annual Report and the Audited Financial Statements for the financial year ended 31 December 2021 (FY2021).

MESSAGE TO SHAREHOLDERS

2021 YEAR IN REVIEW

FY2021 has been an extraordinary yet challenging year for many businesses and as for the livestock industry: prolonged impact of the pandemic which dampened consumers’ buying powers, volatile egg prices and raw material prices, extreme market condition and re-establishing national lockdowns to curb the spread of the pandemic which affect the logistic and food supply chain of the businesses. My reflections are that all businesses should have learnt quite a few valuable lessons: firstly, the importance of managing liquidity during turbulent times, and secondly, the importance to properly manage risks.

OVERVIEW AND OUTLOOK OF THE MALAYSIAN ECONOMY

The Malaysian economy registered a positive growth of 3.6% in the fourth quarter of 2021 (3Q 2021: -4.5%). Growth was supported mainly by an improvement in domestic demand as economic activity normalised following the easing of containment measures under the National Recovery Plan (NRP). The improvement also reflected recovery in the labour market as well as continued policy support. In addition, strong external demand amid the continued upcycle in global technology provided a further lift to growth. On the supply side, all economic sectors recorded improvements in growth, led by the services and manufacturing sectors. On the demand side, growth was driven by higher consumption and trade activity. On a quarter-on-quarter seasonally adjusted basis, the economy registered an increase of 6.6% (3Q 2021: -3.6%).

Domestic demand grew by 2.3% (3Q 2021: -4.1%) in the fourth quarter of 2021. This was driven by the improvement in private sector expenditure following the loosening of restrictions. On the external front, net exports expanded by 2.6% (3Q 2021: -37.5%) due to higher export growth amid strong external demand.

Private consumption growth turned around to register a positive growth of 3.7% (3Q 2021: -4.2%). The turnaround was mainly supported by the relaxation of containment measures. In particular, spending on discretionary items such as restaurants and hotels as well as recreational services rebounded during the quarter. Labour market conditions also improved during the same period, as evidenced by stronger employment and wage growth. Furthermore, various policy measures provided additional support to consumer spending. Public consumption growth expanded at a slower pace of 4.3% (3Q 2021: 8.1%), attributable to a moderate growth in supplies and services expenditure. However, government spending remained supported by COVID-related spending and small maintenance and repair works.

For 2022, the Malaysian economy is expected to remain on its recovery path. Growth will be supported by the continued expansion in global demand and higher private sector expenditure given improving labour market conditions and ongoing policy support. Furthermore, the continuation of major investment projects in both private and public sectors will lend support to growth. The balance of risks remains tilted to the downside due to external and domestic factors. These include weaker-than-expected global growth, a worsening in supply chain disruptions, and the emergence of severe and vaccineresistant COVID-19 variants of concern.
(Source: Fourth Quarter 2021 BNM Quarterly Bulletin, Bank Negara Malaysia)

We have anticipated the increasingly competitive environment. An unfavourable oversupply of eggs has adversely affected the market prices throughout the first three (3) quarters of FYE 2021. It has become much more challenging for all producers when the prices of raw materials (i.e: corns and soybean meals) have surged more than 40% during the year compared to a year before. Furthermore, supply and distribution disruptions have already impacted the cost of production. Luckily, on the onset of the COVID-19 pandemic, the demand for eggs has slowly improved and we also benefitted from slightly lower feed costs during the fourth quarter of 2021.

FINANCIAL PERFORMANCE 2021

During the year, the Group's revenue has reached its historically high, standing at RM302.21 million, showing a 25% increase compared to the preceding year mainly due to recovery of the average selling prices of eggs, higher sales quantity and prices of poultry feeds. TPC produced a total of 430 million eggs, which is 3.4% lesser compared to FYE 2020 of 452 million eggs. During the year, The Company sold 95,032 metric ton of poultry feeds which is an increase of 6,166 metric ton or 6.9% compare to FYE 2020.

The Company's financial performance was impacted by the Covid-19 pandemic which resulted in lower egg consumption and declining average egg selling prices. FY 2021 also saw the sharp increase in the costs of raw materials (i.e: corns and soybean meals) and logistics. As the result, the Group suffered a net loss after tax of RM28.45 million in FY2021 compared to the preceding year of net loss of RM22.75 million. Amidst the turbulence, we are extremely proud of the employees across our operations who worked extremely hard to overcome all the challenges during the year.

BUSINESS OUTLOOK

The beginning of 2022 saw Omicron threaten public health system but its economic impact was short lived. Despite growing optimism over the global economic recovery entering into 2022, economic risks remain present. Inflationary pressure is elevated by economic recovery surged further during 1Q 2022 as commodity prices soared amidst the Russia-Ukraine war, which also added further to market volatility. The livestock industry continues to be inflamed by soaring commodity prices (i.e: corns, soybean meals, CPO) brought about by the war disruption which affect the supply of the commodities. As the result, the skyrocketing commodities prices are expected to adversely affect the performance of the Company due to the rising feed cost pressure and supply chain strains. Moving forward, prolonged labour shortage is expected to delay the expansion plans of many businesses.

Despite of the above, the Malaysian economy is expected to be on its recovery path. The reopening of borders to international visitors and gradual transition to Covid endemicity signify a momentous moment after a long standing battle with the Covid-19 pandemic for more than 2 years. Despite that the industry continues to grapple with challenges, the Board remains optimistic and will continue to focus on longer term strategic planning and on how to improve the business operations in order to restore stability. 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. We hope to monitor and respond to broader issues in order to ensure our business is well placed to succeed in the future.

ACKNOWLEDGEMENTS

I on behalf of the Board of Directors, would like to extend my gratitude to all of our stakeholders for the continuous trust and support. We would also like to convey our sincere appreciation to our employees for their dedication and commitment to work together to steer the Group through the storm. We will continue our journey to strengthen the Group and to prepare ourselves to be even more resilient to market uncertainties and business challenges.

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

MANAGEMENT DISCUSSION AND ANALYSIS

The information in this management discussion and analysis should be read in conjunction with the audited financial statements of TPC Plus Bhd ("TPC" or "the Company") for the year ended 31st December 2021 and the notes related thereto.

GROUP OVERVIEW OF BUSINESS AND OPERATION

TPC Plus Berhad ("TPC" or "the Company") is a renowned business in the poultry farming industry in Malaysia. The Company is headquartered in Alor Gajah, Melaka and has been in existence since 1978. TPC is an investment holding company and its subsidiaries ("TPC Group" or "The Group") are principally engaged in the production, grading, packaging and marketing of eggs and manufacturing of layer feeds. The principal activities are to grow day-old chicks ("DOCs"), maintain flocks of pullets (female birds under 18 weeks of age), layers (mature birds) and manufacture poultry feeds and distribute our products to a diverse group of customers. The layer farms and feedmill plant are located in Alor Gajah (Melaka) and Rembau (Negeri Sembilan). The Company was publicly listed in Bursa Malaysia Securities Berhad since 2003 which marked a significant milestone for the growing company and it has now gained continuous support from investors.

On 28 February 2014, the Company was classified as an affected listed issuer under PN17. Following a successful regularisation plan to regularise its financial condition, the Company no longer trigger any of the criteria under Paragraph 2.1 of PN17. Bursa Malaysia Security Berhad has approved the Company for an early upliftment on 29 November 2016. The Company then appointed several new Board members to strengthen its Board with diversified experience and talents. The Group continued to expand its daily egg production capacity and to improve its existing farms management over the years. TPC remains devoted to achieve the vision to be one of the leading egg producers in Malaysia. The Group constantly exploits new technologies to achieve better efficiency, to improve the hens' productivity, eggs qualities, and above all, to work with passion and commitment. We hope to reap economies of scale in operation as well as to attain 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. With the daily production of approximately 1.50 mil eggs, we occupied about 2-3% market share of the commercial table eggs industry in the Peninsular Malaysia. Our customers are mainly wholesale egg dealers, retailers, distributors and food manufacturers and we are looking to expand into new markets in order to broaden our geographic reach.

GROUP OVERVIEW OF BUSINESS AND OPERATION (CONT'D)

Along with the completion of the new feedmill plant in mid of July 2017, the production capacity of the plant has increased significantly from a total 43,000 tons of poultry feeds in 2017 to 155,000 tons of poultry feeds in 2021. Feed is the starting point in the production chain to produce high quality table eggs because it is an important factor affecting animal health and wellness. In order to take better control over the quality of table eggs, the Group has decided to adopt a fully integrated business process. TPC manufactures high quality of feed that are carefully formulated and mixed to cater the needs of commercial layers at different growing stages.

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.

PROLONGED IMPACT OF THE COVID-19 PANDEMIC

Financial year 2021 was a year plagued with uncertainty and challenges posed by prolonged impact of the Covid-19 pandemic which has brought substantial disruptions to the community, markets and egg farming businesses as our country battled to contain through various means. The domestic eggs consumption has decreased drastically as Malaysia imposed entry and movement restrictions on all foreign nationals. As we always align our business model to deliver progress based on the changing consumer demands, management decided to temporarily reduce the total eggs production in order to minimise operational losses.

The total eggs production has reduced by 14.85% compared to the peak production in 2019 of approximately 505 million eggs, to approximately 430 million pieces of eggs during year 2021. An unfavorable oversupply of eggs in the market has adversely affected the average selling prices of eggs through the first three quarters of the year due to the pandemic-driven lockdowns in the past 18 months.

In addition, feed prices increased even further in year 2021 due to the unfortunate weather in the raw materials (i.e: corns, soyabean meals) producing countries followed by huge import demand from China. This created a big challenge for the industry as the feed cost represent nearly 70% of the production cost.

However, at the onset of the pandemic in October 2021 when the vaccination level accelerated, the market demand of eggs started to improve steadily as the country entered into the National Recovery Plan where interstate travelling was allowed. This trend also coincided with the seasonal demand near the end of the year. As the result, the average selling prices of eggs started to progressively recover during the last quarter of 2021.

REVIEW OF THE GROUP FINANCIAL RESULTS AND FINANCIAL CONDITIONS

There was a surge in COVID-19 cases following the relaxation of health and safety measures in the second half of 2020, which has led to new waves of infections and new variants of the virus introduced into the wider community. In order to curb the spread of the virus, government has reintroduced the Movement Control Order (MCO 2.0) in January 2021, MCO 3.0 in May 2021 and the subsequent Full MCO (FMCO) from June until August 2021 followed by the economic activity reopening under the National Recovery Plan. Therefore, the continuation of the challenges posed by the pandemic continue to make its great impact during the year 2021.

	FYE 2021 (RM'000)	FYE 2020 (RM'000)	Percentage changes %
Revenue	302,213	241,783	24.99
Cost of Sales	327,284	264,483	23.74
Other Incomes	650	858	(24.24)
Net Loss After Taxation	(28,453)	(22,754)	(25.05)

REVENUE

During financial year 2021, the Group recorded an increase in revenue by approximately 25% to RM302.21 million compared to the preceding year of RM241.78 million. The increase in revenue was mainly due to the higher average selling prices of eggs and higher sales from the poultry feeds during the year.

COST OF SALES

Consequently, the Group's cost of sales has increased by 23.7% compared to the financial year 2020. One of the key reasons was due to the higher feed costs. The prices of our primary feed ingredients, corns and soybean meals were spiraling upwards since the end of year 2020 and continue to reach multi-year high due to various supply and demand factors, transportation and storage costs.

NET LOSS AFTER TAXATION

The net loss after taxation of RM28.45 million for the current year increased by 25.0% or RM5.70 million compared to the preceding year. The Group's financial performances are heavily dependent and directly tied to egg prices, feed costs, operating costs and quantity of eggs sold. Both egg prices and raw materials costs are highly volatile and subject to wide fluctuation during the year. Higher feed and operating costs did not correlate to higher average selling prices of eggs has created substantial pressure on all egg producers.

In order to maximise the safety of production and operating procedures while protecting our employees through provision of vaccines, additional costs were incurred on Covid-related expenses during the financial year.

STATEMENT OF FINANCIAL POSITION

	FYE 2021	FYE 2020	Percentage change %
Total Assets (RM'000)	221,286	203,460	8.76
Total Liabilities (RM'000)	158,414	136,592	15.98
Debt / Asset Ratio	0.72	0.67	

The Group's total assets had recorded an increase of 8.76% or an increase of RM17.83 million to RM221.3 million during the year from RM203.4 million as at 31 December 2020. The increase in total assets of the Group was mainly due to the revaluation exercise carried out by an independent valuer on the 1st November 2021. All classes of lands and buildings were reflected to its current market value and a revaluation surplus of approximately RM15 million has been properly captured in the account. The Group's non-current assets made up nearly 50% of the total assets at the close of FYE2021.

Aside from that, trade receivables (both third parties and related parties) and cash and bank balances have improved significantly by RM8.3 million and RM3.1 million respectively, compared to the prior year balances. Biological assets have also increased by around RM1.2 million compared to FYE 2020. These were predominantly due to the recovery of the average egg selling prices when the market demand of eggs improved significantly.

The Group's total liabilities were RM22 million higher comparing to the preceding year, standing at RM158.4 million at the close of FYE 31 December 2021 (FYE 2020 : RM136.6 million). The increase in liabilities is primarily driven by the surge in the purchase of raw materials at higher prices to manufacture poultry feeds for the livestock. The increase utilisation of short term borrowings during the year was also due to the increase in the prices of raw material to support daily operation costs.

STATEMENT OF CASH FLOWS

The Group's Statement of Cash Flows registered an overall increase of RM4.10 million in cash and cash equivalents, year-on-year standing at RM8.10 million as at 31 December 2021.

OPERATING ACTIVITIES

The Group had recorded with deficit net operating cash flow of RM2.82 million in FYE2021 compared to the net cash for operating activities with deficit of RM6.08 million one year before. The improvement in cash inflow was mainly resulted from the improved average selling prices of eggs after the easing of containment restrictions following good progress of the national vaccination programme.

INVESTING ACTIVITIES

Due to the market uncertainties as the result of the pandemic, the management has decided to delay some of its expansion plans with the intention to reserve optimal level of cash balances to enhance the liquidity of the Group.

FINANCING ACTIVITIES

The Group's net cash from financing activities in FYE2021 was maintained at approximately RM6.94 million, which was equivalent to the net cash flow for financing activities of RM6.96 million in FYE2020. During the year, TPC Group has a significant incoming fund contribution from the proceeds received from warrant holders who exercised their warrants amounting to RM12.66 million. The proceeds were utilised to pay its daily operation costs and raw materials suppliers.

CAPITAL EXPENDITURE

The Group has delayed most of the expansion and upgrading plans due to the market uncertainties caused by the Covid-19 pandemic. Construction costs for new farms are expected to be higher compared to the years before due to the increase in the cost of construction materials. Hence, the Group decided to reserve some fund to meet any unexpected future costs during the year.

CAPITAL REQUIREMENT, STRUCTURE AND RESOURCES

The Group has secured sufficient trade facilities from financial institutions allowing the Group to be able to sustain its business in meeting the working capital and trade requirements for current and future operations.

RISK FACTORS EXPOSURE AND MITIGATION MEASURES

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

AGRICULTURAL RISKS

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 significantly 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 programmes to minimise the risks of disease outbreak. Efficient and effective programmes would maintain the performance of biological assets at its optimal level and overall farm productivity could be enhanced.

Furthermore, the Group is in the midst of converting all conventional opened flock houses into closed houses. The closed-house system has a higher degree of biosecurity compared to the open-house type. This is due to the built-in ventilation technology 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.

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 labours and feeds, decreased egg selling prices, fluctuation in demand for eggs and changes in environmental framework within which the industry operates. Therefore, our historical performances should never 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 continuous 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, aiming to enhance biosecurity of its flocks while continue to expand its current egg production. However, this has been temporarily put on hold due to the unusual market uncertainties as the result of the pandemic. Similarly, 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.

RISK FACTORS EXPOSURE AND MITIGATION MEASURES (CONT'D)

VOLATILITY IN PRICES OF RAW MATERIALS

Feed cost represents the largest element of the overall production costs of an egg. Given that commodity prices are extremely volatile due to seasonal harvest, climate change, natural disasters and economic factors and especially with the recent warfare happening between Russia and Ukraine, these unusual market uncertainties have made it even more difficult to predict and plan for future procurement and hedging. Increasing feed costs would cause adverse effect on the business operation and cash flow liquidity of the Group.

Nevertheless, TPC strives to produce high quality products to our consumers. The quality of raw materials (i.e.: soybean meals, corn/maize) used in the feed production would directly affect the quality of poultry feeds and ultimately, the performance of the flocks. Hence, the management will always ensure quality of raw materials are not compromised in the production of poultry feeds despite the upsurge in commodity prices.

The Group has remained cautious in planning the demand for each types of raw materials so that the data can be used in the purchasing planning. The Group will continue to observe and remain vigilant on the commodity prices change.

EVENTS BEYOND OUR CONTROL

Since early 2020 till 2021, Covid-19 outbreak has caused significant disruptions in the economies and markets. The potential impact of the pandemic on our business in the near future still remains uncertain. The pandemic had severely depressed the demand for eggs in the past 18 months due to travel bans, restrictions on public interactions and social activities. As the country is now entering into the economic recovery phase, namely National Recovery Plan (NRP), it is expected that the economy could steadily restore to the state before the national lockdowns, thus, resulting in better overall eggs and supply balance and recovery of egg selling price.

Fire, extreme weather or natural disaster including floods, hurricanes or other storms could impair the health of our flocks as the result of the interference caused by power outages, damage to the existing production facilities, among other things. The Company has put in place strict Standard Operating Procedure (SOP) which adhere to the Government Regulation and arranged foreign workers for Covid-19 screening. Necessary steps have been taken to buy related insurance policies that cover damages due to certain accidents and to preserve cash during challenging times.

LABOUR SHORTAGES AND INCREASE IN LABOUR COSTS

Labour being one of the primary component of our farm production costs. A shortage of labour could cause our farms to operate with reduced workers which could impact our production capacity and will require the Company to increase wages to attract labours. In addition, any significant increase in local and foreign wage requirement will increase the labour costs. During the year 2021, the introduction of new foreign workers has been limited as the Government has restricted their entries and closed the borders. This situation still persists and the Company has worked hard to retain existing employees and to pursue a multi-pronged strategy in order to improve employees' retention and to increase operational efficiency.

CHANGES IN THE ECONOMIC, POLITICAL AND REGULATORY CONDITIONS

Any adverse developments in macroeconomics both globally as well as within the nation can have impact on the financial performance of the Group. Any changes in the governmental policies such as introduction on new regulation, licensing, minimum wage policy and price control on poultry products can bring unfavorable impact to the Group.

During the year, government has imposed the price control for eggs starting from December 2021 till June 2022 under the Malaysian Family Maximum Price Scheme. This decision followed by the plan to subsidies egg producers during the price controlled period is expected to ease the burden following a spike in overall operating expenses, especially feed, labour and logistics costs.

RISK FACTORS EXPOSURE AND MITIGATION MEASURES (CONT'D)

RISKS MANAGEMENT FRAMEWORK

The Group aimed to cultivate its risk management culture by promulgating 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 Risk Management and Internal Control Statement of this Annual Report.

OUTLOOK OF THE INDUSTRY

The recent disruption of global food system as a result of Russia's invasion of Ukraine has put one of the world's major breadbaskets in jeopardy. As the war stifles trade and slashes future harvests, the prices of corn and soybean meals (SBM) are trading near multiyear high, soaring more than 20% since November 2021 which has led to widespread panic about shortage of some raw materials. In addition, high shipping costs, extreme weather and labour shortages have made it more challenging for our industry amid supply snags and production woes. In addition, we anticipate to face intensifying pressures on the Government's intervention to control the selling prices of eggs from Jan 2022 till June 2022 together with the plan to raise the minimum wage effective from 1st May 2022 which will increase the operating costs of the Group.

Nevertheless, the experience and foundation the Company built over the years will serve as a testament to our business sustainability and we have confident we are well placed to ride the challenges ahead. We will continue to remain focused on expanding our current scope of managing our costs efficiencies and to closely monitor the unforeseen adverse impact that may arise in order to remain competitive in the industry.

DIVIDEND POLICY

Considering the Group's current financial position and performance, the management is of the view that TPC Group should retain sufficient amount of cash for day-to-day working capital as the cost of raw materials still remain volatile in the coming months. Hence, the Board did not recommend any declaration of dividends for the FYE2021.

SUSTAINABILITY STATEMENT

This Sustainability Statement ("SS") provides TPC Plus Berhad's stakeholders insights about TPC Plus Berhad's and its subsidiaries (hereinafter referred to as "TPC" or "the Company") sustainability practices and performance in an accountable manner, in line with the amendments to the Main Market Listing Requirement ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa"). We have also taken into consideration the Sustainability Reporting Guide – 2nd Edition along with its accompanying toolkits from Bursa Securities.

Throughout this SS, we highlight the strides we have made towards achieving sustainable development, consider the impacts of our operations and take appropriate steps to sustainably conserve environment and resources. We are committed to create a positive and enduring social impacts through our sustainability initiatives that support our businesses, the environment and the communities in which we operate even though we faced different challenges brought upon by Covid-19 pandemic during the year.

REPORTING SCOPE

This SS covers the reporting period from 1st January 2021 till 31 December 2021, focusing on the Company's commitment towards ensuring that the businesses undertakings are conducted sustainably based on the Economic, Environmental and Social ("EES") categories. Environmental Sustainability Policy is developed during the year and contained sustainable development principles and mutual growth which aim to create long-lasting value for all stakeholders. We are committed to priotise conducting our businesses sustainably based on the principles of good corporate governance, as well as corporate social and environmental responsibility.

Our scopes cover on the Company's layer farming and feedmill divisions in Malaysia.

APPROACH TO SUSTAINABILITY

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:

OUR VISION

To be one of the leading egg producers in Malaysia

OUR MISSION

Continuous improvement and investment in People and Technologies to produce high quality products to our valued customers

CORE VALUE

- To provide a safe and hygiene working environment to the employees
- To constantly invest in modern technologies and facilities to achieve energy savings
- To maximise the profits by achieving the economies of scale in production
- To visibly contribute towards 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. The Board also takes ultimate responsibility in ensuring that the Company strategic plans support long term value creation which must include EES considerations.

SUSTAINABILITY STRUCTURE

The following illustrates the reporting structure of the Group.

BOARD OF DIRECTORS

↑

SUSTAINABILITY COMMITTEES

↑

SUSTAINABILITY WORKING GROUPS

Our sustainability strategy is led by the Board of Directors of the Company. The Board, will be supported by the Sustainability Committees who will oversee all sustainability initiatives and matters in TPC. This structure is formed for effective monitoring for sustainability matters within the organisation.

The Sustainability Committees comprising of a few selected top management including three (3) of the executive directors and two (2) senior management. This committees will provide guidance and directions to the Sustainability Working Group consists of head of divisions (HODs) from respective functions in the formulation of sustainability objectives and targets by evaluation the EES matters within the Company's businesses and strategies.

Board of **Directors**

- Review key sustainability issues and approve Sustainability Policy of the Group
- Support overall business operations within the organisation to adhere to TPC's sustainability goals
- Provide guidance regarding to EES matters

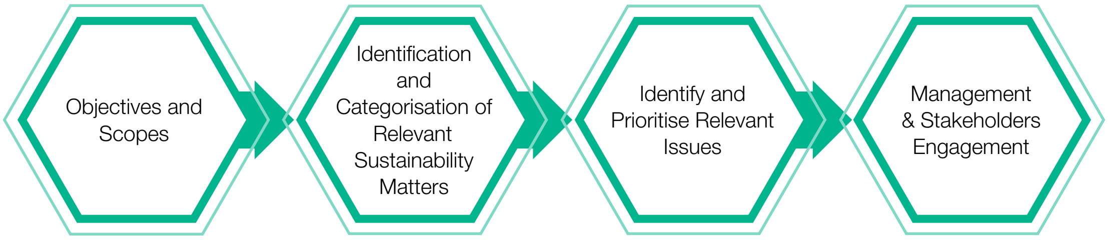
Sustainability **Comitees**

- Provide guidance in the formation of sustainability objectives, targets, priorities and policies by evaluating economic, environmental, social and governance risks and opportunities within the Group.
- Formulation of sustainability objectives and targets by evaluation the EES matters within the Company's businesses and strategies.
- Report to the Board on all sustainability matters of the Group

Sustainability **Working Group**

- Address and manage challenges and constraints to the sustainability initiatives
- Conduct materiality assessment
- Track, monitor and analyse sustainability measures.

MATERIALITY ASSESSMENT PROCESS



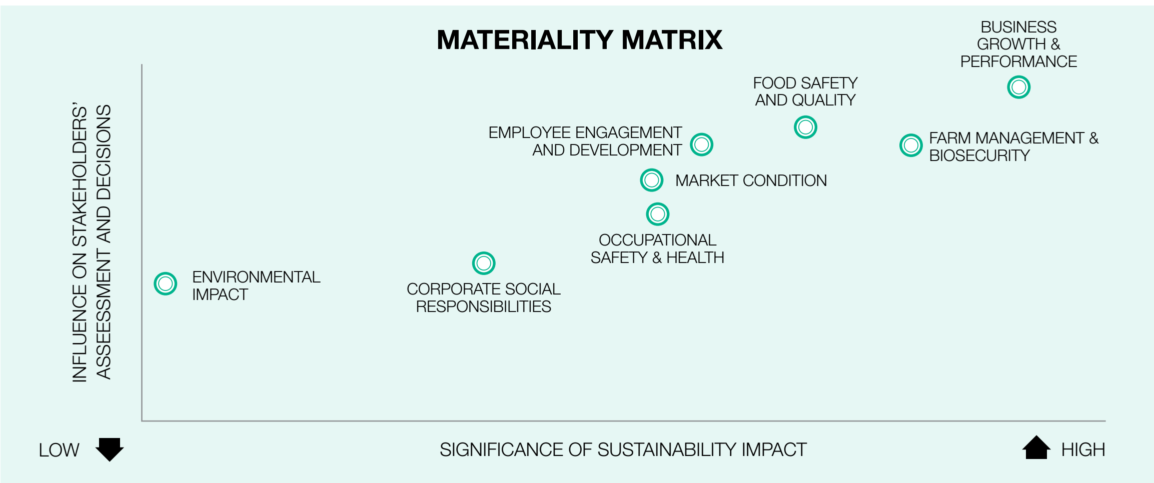
We conduct materiality assessment every year to ensure that the material matters are timely and relevant. This process will enable committees and working group to identify and prioritise the issues that matter the most to our business and stakeholders. In determining sustainability priority, we combined the views from the management and stakeholders in order to identify and address key sustainability issues which reflect significant economic, environmental and social impact on our business.

MATERIALITY FACTORS

Taking into consideration of the challenging business environment, we have conducted a review on our material sustainability risks and opportunities that are associated with each material factor to determine our sustainability priorities, combining the views from management and stakeholders.

KEY MATERIALITY

The matrix below illustrates different materiality factors which have been identified as being relevant to our business based on the priorities of the organisation.



CORE FOCUS AREAS

BUSINESS GROWTH AND PERFORMANCE

The Company has pursued growth strategy in expanding the egg production over the years since 2012. 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.

During July 2017, the management decided to take the business to another level by building its own feedmill plant. The Group adopted a fully integrated business process by manufacturing 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.

Over the years, management continue to implement the growth strategy, operate and expand the existing businesses. If opportunities arise, the Company still look forward to pursue strategic acquisitions and any additional growth opportunities that could add value to our operations.

CORE FOCUS AREAS (CONT'D)

FARM MANAGEMENT & BIOSECURITY

The Company adopts good farm management practices and biosecurity as they are essential parts of maintaining the health of our flocks. Biosecurity therefore involves many aspects of farm management, such as disease and visitors control, vaccination programme and nutrient management for the flocks.

Most of our farm houses are closed-house system. The flocks are reared in an enclosed building with controlled ventilation that could reduce contamination through air. As the result, cross contamination will be greatly reduced which is conducive to prevent and control major animal diseases. Employees and visitors share the same responsibility in biosecurity when they are inside the farms. Visitors will need to be aware of the farm's biosecurity and follow the recommendations when they visit the farms. i.e: showering in and out of the facilities will be the requirement. Equally, external vehicles are not allowed to go into the production areas unless thoroughly sanitised.

The Company has employed qualified veterinarians who will be responsible for the health and performance of the flocks, any matters related to biosecurity and disease control. The health of the flocks are regularly monitored by farm manager and veterinarian.

FOOD SAFETY AND QUALITY

The Company accentuates quality assurance of production process in order to ensure quality and safety in accordance to standard. Our Company complies with relevant laws and regulations as below:-

a) HALAL Certification by Jabatan Kemajuan Islam Malaysia (JAKIM)
b) Grade A Certification by Jabatan Keselamatan Dan Kesihatan Pekerjaan Malaysia (Kementerian Sumber Manusia)

All factory workers are provided training on the Company's standard operating procedures (SOP) which includes monitoring and identifying any issues during the processing, packaging and delivery processes. Workers are required to maintain good hygiene at all times and to clean all the machines after every used.

EMPLOYEE ENGAGEMENT

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.

When Covid-19 pandemic struck in the early of 2021, virtual meetings and trainings have become the norm, replacing face to face communication. The Company has started to explore digital learning and provide necessary guidance and training to employees on new technology. We believe this new ways of leaning is for our employees' growth plans for their future performance rather than immediate role improvement. We will have a sharing and discussion session once every month to update the team on the current issues and challenges. This is to enhance communication, problem solving and sharing among various departments as we face daily issues and challenges.

MARKET CONDITION

The industry was facing with extremely challenging market condition due to Covid-19 disruption, highly volatile feed costs, labour shortage and supply chain disruption on the back of persistent movement restriction imposed by the government to curb the spread of Covid-19. However, the industry has slowly recovered as nation reopens food service sectors.

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 briefing 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.

CORE FOCUS AREAS (CONT'D)

CORPORATE SOCIAL RESPONSIBILITIES

Over the years, TPC has practiced a culture of giving back to unpriviledged sections of the society. 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 food, eggs and daily essentials 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.

Highlights of the activities during the year under review:-

As Malaysia enforced another lockdown due to Covid-19 in 2021, some residents of low-income families have started waving white flags as part of the so-called "White-Flag Campaign" in order to convey distress about their financial crunch they have had to deal with.

The Company donated eggs to sustain food banks and provided financial assistance to help those who lost their jobs and ability to fend for themselves and their families.

Donation of necessities to Handicapped and Mentally Disabled Children Love Centre to support their efforts in improving the quality of their lives.

ENVIRONMENTAL IMPACT

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 reusable plastic egg trays to collect the eggs from the farms and later on to be transferred to the grading store. This is 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.

MOVING FORWARD

Although the Financial Year 2021 has brought on unprecedented challenges; we took them as an opportunity to rethink the way we do our business. The Company will continue with sustainability efforts by forging ahead with new measures in order to meet any challenges ahead.

As we continue on our sustainability journey, our ultimate goal is to build a sustainable business for now and the future. To achieve this, we will continue to actively engage our stakeholders, build upon our sustainability framework, procedures and business model as well as further embed sustainability practices within our business to improve our overall sustainability performance.

The Statement has been approved by the Board on 18 April 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("**Board**") of TPC Plus Berhad ("**TPC**" or "**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 2021.

The application of each Practice set out in the Code is disclosed in the Corporate Governance Report 2021 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 towards 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 ("**Bursa**"), the Code as well as the Company's Constitution and Board Charter.

For the effective discharge of the Board's duties and responsibilities, the Board has established Board committees namely, the Audit Committee, the Nomination and Remuneration Committee ("**NRC**") and the Risk Management Committee all of which are operated under defined terms of reference approved by the Board. The Board's and the Board committee's charter can be found on the Company's website, www.tpc.com.my. These charters are reviewed periodically and amended where necessary to ensure that they remain relevant and adequate.

The Chairman of each committee will report to the Board of Directors the key issues deliberated at the committee meeting. Proposal of the committee will be tabled at Board meeting for approval as the Board is the ultimate decision-making body of the Company with the exception of matters requiring shareholders' approval.

The positions of the Chairman and the Managing Director are held by 2 different individuals whose responsibilities are segregated and clearly defined in the Board Charter to ensure that there is an appropriate balance of power and authority with neither of them having unfettered power of decision making.

The Chairman of the Board of Directors had resigned as a member of the Nomination and Remuneration Committee and the Audit Committee on 24 November 2021. This is to ensure that there is check and balance and does not give rise to self-review when deliberating the recommendations and proposals put forth by the Chairman of the Committees to the Board of Directors for approvals.

The Board is supported by a Company Secretary who is a member of the Malaysian Institute of Chartered Secretaries and Administrators and qualified under Section 235 of the Companies Act 2016. All Board members have direct access to the advice and services of the Company Secretary for the purpose of the Board's affairs.

During the financial year ended 31 December 2021, 5 Board meetings were held virtually which were attended by all the 7 Directors. Relevant management members were invited to attend Board and Bord comittee meetings to brief and provide the Board and the committee with their views and clarifications on issues raised by the Directors. Where decisions were made by the Board via Directors' Circular Resolutions in between Board meetings, all the Circular Resolutions approved by the Board were 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. The code of conduct of the Board is set out in the Board Charter. The Group's Employee Code of Conduct and Ethics, Anti-Corruption Policy and Whistle Blowing Policy are also made available on the Company's website, www.tpc.com.my.

PRINCIPLE A
BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. Board Composition

The Board currently comprises 3 Executive Directors and 4 Independent Non-Executive Directors including its Chairman. None of the Independent Directors have served on the Board for 9 years or more. From the Independent Directors' Self-Assessment Checklist completed by the Independent Directors, the Board is satisfied that all the Independent Directors are free from management and do not have any personal, family or economic interests in TPC Group. They are also able to exercise independent judgement and not affected by any influences that could jeopardise their objectivity.

The Board is also satisfied with its current composition in providing a check and balance in the Board, with appropriate representations of minority interest through the composition of Independent Non-Executive Directors on the Board.

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. The NRC had during the year proposed to the Board to formally adopt a Diversity Policy which was approved by the Board on 24 November 2021.

During the year, the NRC had discussed on having a female Director by 1 June 2023 and on maintaining a majority of Independent Directors on the Board. The NRC will source the right female candidates for the position of an Independent Director and propose to the Board of Directors for decision making.

The NRC had also evaluated the Audit Committee and the Board of Directors during the year and was satisfied with the level of commitment and devotion given by each Director towards discharging his roles and responsibilities effectively. Hence the NRC had proposed to the Board who agreed to endorse the re-election of the Directors who are retiring by rotation at the forthcoming 19th Annual General Meeting ("**AGM**").

The assessment of each individual Directors was carried out through self-assessment by using the Board Skills Matrix Form adopted from the Corporate Governance Guide. From the self-assessment, the Directors will be able to identify their own training needs. The training programmes attended by the Directors during the financial year ended 31 December 2021 are as follows:

Directors	Training
YBhg. Tan Sri Datuk Sri (Dr.) Abu Seman bin Haji Yusop	• Updates on Malaysian Code of Corporate Governance 2021
Lim Yew Chua	• Updates on Malaysian Code of Corporate Governance 2021
Lim Yew Kwang	• Updates on Malaysian Code of Corporate Governance 2021 • Malaysia Tax Budget Conference 2022 – A Road Map for Recovery?
Datuk Lim Yew Piau	• Updates on Malaysian Code of Corporate Governance 2021 • Malaysia Tax Budget Conference 2022 – A Road Map for Recovery?
Liang Ah Lit @ Nyah Chung Mun	• Updates on Malaysian Code of Corporate Governance 2021
Chong Chee Siong	• Updates on Malaysian Code of Corporate Governance 2021

PRINCIPLE A
BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. Board Composition (Cont'd)

Directors	Training
Chong Peng Khang	• Impact of Regional Comprehensive Economic Partnership Agreement (RCEP) • Insurance Briefing – Products Liability and Products Guarantee and Financial Loss with Recall Extension Policy Year 2021/2022 • Impact of COVID-19 on Financial Reporting • Capital Market Conference 2021 • Chapter 10 Series: Computation of Percentage Ratios • Transfer Pricing War Stories • The Updated Malaysian Code on Corporate Governance 2021 • Updates on Malaysian Code of Corporate Governance 2021 • KPMG Tax & Business Summit 2021 • National Budget 2022 Tax Proposals, Latest Corporate Tax and Indirect Tax Developments • AOB Conversation with Audit Committees • 2022 Budget Seminar

3. Remuneration

The Executive Directors were remunerated fairly based on their experience, responsibilities and contributions in order to motivate and retain them in achieving the Company's plans, strategies and goals. Non-executive Directors were paid an annual Directors' fees and attendance allowance for participating in Board and Board Committee meetings which were all held virtually during the year.

The NRC had during the financial year proposed to the Board of Directors to formally adopt the Remuneration Policies and Procedures for Directors and Senior Management which the Board subsequently approved on 28 February 2022.

The NRC had proposed to the Board of Directors on the Directors' fees to be paid for the financial year ended 31 December 2021 and the ultimate decision was made by the Board subject to shareholders' approval at the Company's forthcoming 19th AGM.

PRINCIPLE A
BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

3. Remuneration (Cont'd)

None of the Directors were remunerated in 2021 based on the Company's or Group's turnover. The breakdown of the remuneration of the Directors for the financial year ended 31 December 2021 are as follows:

	TPC Plus Berhad (RM'000)							
	Fees *	Salary	Bonus	EPF	SOCSO	EIS	Allowance ^	Total
Executive Directors								
Lim Yew Chua	36.00	–	–	–	–	–	–	36.00
Lim Yew Kwang	36.00	–	–	–	–	–	–	36.00
Datuk Lim Yew Piau	36.00	–	–	–	–	–	–	36.00
Non-Executive Directors								
YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop	36.00	–	–	–	–	–	2.00	38.00
Liang Ah Lit @ Nyah Chung Mun	36.00	–	–	–	–	–	2.00	38.00
Chong Chee Siong	36.00	–	–	–	–	–	2.00	38.00
Chong Peng Khang	36.00	–	–	–	–	–	2.00	38.00

	Subsidiaries of TPC Plus Berhad (RM'000)							
	Fees	Salary	Bonus	EPF	SOCSO	EIS	Allowance	Total
Executive Directors								
Lim Yew Chua	–	120	–	14.40	0.829	0.095	–	135.32
Lim Yew Kwang	–	120	–	14.40	0.829	0.095	–	135.32
Datuk Lim Yew Piau	–	120	–	14.40	0.829	0.095	–	135.32
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 19th AGM.

^ The payment of allowance was approved by the shareholders at the 18th AGM held on 29 June 2021.

PRINCIPLE B
EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Audit Committee

With the resignation of the Chairman of the Board from the Audit Committee during the year, the Audit Committee now comprises 3 Independent Non-Executive Directors none of whom are former key audit partners. 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.

The External Auditors, Crowe Malaysia PLT ("CM"), had upon the request of the Audit Committee presented and briefed the Audit Committee its Transparency Report which covers, among others, the management and governance of CM, the quality control system and the independence policy put in place, the workload and trainings provided to CM's staff and also the external and internal review to monitor the quality of audit provided by CM. With a better and clearer understanding of the External Auditors and with a satisfactory outcome from the evaluation carried out by the Audit Committee, Crowe Malaysia PLT was recommended by the Audit Committee for the Board to endorse the re-appointment of Crowe Malaysia PLT as the Company's External Auditors at the forthcoming 19th AGM.

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

2. Risk Management and Internal Control Framework

The Board recognises the importance of having an effective governance embedding risk management and internal control processes and also acknowledges its overall responsibility for maintaining a sound system of internal control covering not only financial controls but also relating to operational, compliance and risk management.

The Company's Risk Management Committee and Audit Committee will assist the Board in fulfilling its responsibilities in the risk governance and internal control functions.

The Company has outsourced its internal audit function to an independent consulting company, Needsbridge Advisory Sdn Bhd, to assist the Board in assessing the adequacy and effectiveness of the Group's risk management and internal control system. The Internal Auditors are given full access to all the documents relating to the Group's governance, financial statements and operational assessments and they report directly to the Audit Committee.

The internal audit of the Group was carried out in accordance with the Internal Audit Plan formulated based on the Group's risk profile and approved by the Board of Directors. During the financial year ended 31 December 2021, the Internal Auditors had carried out 2 audit cycles i.e. one on the Group's egg grading and liquid egg production management and another one on farm management.

As in every year, the Internal Auditors will update the Audit Committee on the status of the action plans formulated in previous audits and the Management's response towards the actions plans that have not completed and still outstanding. All in all, the Board was satisfied that actions were taken by the Management to mitigate most of the risks identified and that the internal control system put in place during 2021 was sufficient to safeguard shareholders' investment and the Group's assets.

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.

PRINCIPLE C
INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1. Engagement 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 at all times.

Material information and updates, quarterly financial results, Circular to Shareholders and Annual Report are announced to Bursa and are accessible through Bursa's and the Company's website.

In conserving the environment and to improve sustainability, printed copies of the Company's Circular to Shareholders and Annual Report will only be made available upon request by the shareholders.

2. Conduct of General Meetings

The Company's AGM remains the principal forum for dialogue and interaction with shareholders during which the shareholders may seek clarifications and comment on the Group's business operation and financial performance.

A 28 days' notice was given for the 18th AGM to be held physically on 31 May 2021 but due the full lockdown movement control order (FMCO) implemented by the Malaysian Government to contain the spread of the COVID-19 disease, the 18th AGM was postponed and conducted fully virtual on 29 June 2021. Notification on the postponement and on the change in the mode of meeting were duly announced through Bursa's and the Company's website.

Members of the Company were encouraged to go online to participate and vote at the 18th AGM using the remote participation and voting facilities provided. Members who were unable to participate in the fully virtual AGM were encouraged to appoint the Chairman of the meeting as their proxy and to indicate their voting instruction clearly in the Proxy Form.

Questions submitted online were answered and the votes casted were verified by an independent scrutineer before the Chairman declared the results of the poll. After the 18th AGM had ended, the results of the poll were announced to Bursa on the same day. A summary of the key matters discussed at the 18th AGM was also uploaded to the Company's website.

This Corporate Governance Overview Statement and the Corporate Governance Report are made in accordance with a resolution of the Board of Directors passed on 18 April 2022.

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 so as to provide assurance on the achievement of the Group's mission, vision, core values, strategies and business objectives as well as to safeguard all its stakeholders' interests and protecting the Group's assets. The Board is 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 charter and the Risk Management Framework approved by the Board, to act as governance oversight function on risk management and to provide assurance to the Board on the adequacy and effectiveness of risk management system of the Group. Through the Audit Committee as governance oversight function for internal control system, 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. For identification, assessment and management of key business risks and opportunities of the Group, the Board delegates these duties to the Risk Management Working Group which made up of Senior Management and Head of Departments.

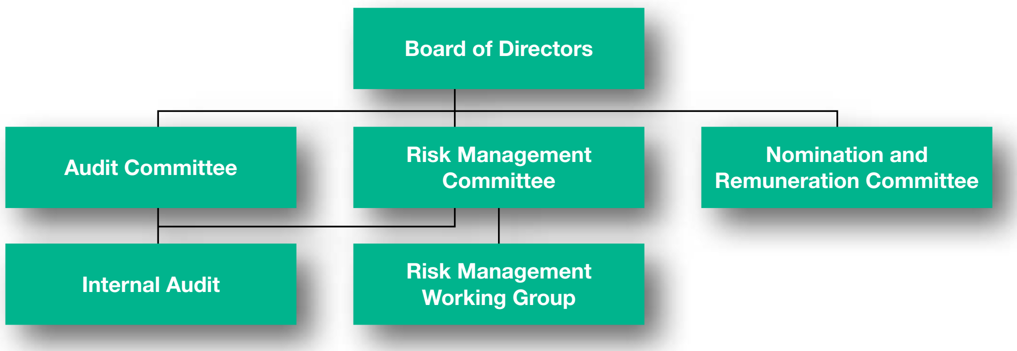
The Board confirms that these processes have been in place for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report of the Company.

The internal control system covers inter-alia, control environment, risk assessment control activities, information and communication and monitoring activities. Due to the inherent limitations in any 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 internal control system can only provide reasonable and not absolute assurance against material misstatement, losses or 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. 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. The duties for the identification, evaluation and management of the key business risk are delegated to the Risk Management Working Group.

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:



RISK MANAGEMENT SYSTEM (CONT'D)

Clear roles and responsibilities of the Board, the Risk Management Committee and Audit 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 Risk Management Committee 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, sustainability related, bribery, fraud and key operational risks of the Group were reviewed with new and emerging risks (including risks arising from COVID-19 pandemic affecting the business of the Group) 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 governance, sustainability related, bribery, fraud 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. In addition, specific strategic and key operational risks and opportunities are highlighted and deliberated by the Audit Committee and/or the Board during the review of the financial performance of the Group in the scheduled meetings.

As First Line, 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 control system 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 escalated 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.

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 and 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. Any significant matters will be highlighted to the board members during the meeting to ensure timely information are conveyed.

- **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.

  Integrity and ethical value expected from the employees are incorporated in the Employee Handbook whereby the ethical behaviours of employees expected are stated.

- **Organisation Structure, Accountability and Authorisation**

  The Group has a well-defined organisation structure in place with clear lines of reporting and accountability. The Group is committed to employing suitable and qualified staff so that the appropriate level of authorities and responsibilities can be delegated while accountability of performance and controls are assigned accordingly to competent staffs to ensure operational efficiency. Segregation of duties is practiced across the entities, whereby check and balance mechanism exists to prevent manipulation of certain procedures by particular staff, to the detriment of the Group's interests.

  Authority limit is established within the Group to provide a clear functional framework of authority for critical control points. This includes financial authorisation matrix on capital expenditure and asset disposal and write-off.

- **Risk Assessment and Control Activities**

  Risk assessment (including fraud and bribery risk) is performed by Risk Owners at scheduled interval or when there is change in internal and/or business context in accordance with RM Framework. Internal controls, as risk responses, are formulated and put in place to mitigate risks identified to a level acceptable by the Board, i.e. the risk appetite.

- **Human Resource, Whistleblowing and Anti-Corruption Policy**

  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.

  The Group adopted Anti-Corruption Policy to promote the culture of high standards of honesty and integrity within organisation. All business dealings should be transparently performed and accurately reflected on records with monitoring and enforcement procedures shall be implemented to ensure compliance with anti-corruption laws and best practices.

INTERNAL CONTROL SYSTEM (CONT'D)

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

- **Information and Communication**

  Information critical to the achievement of the Group's business objectives are provided by the Senior Management to the Board on a periodic basis. 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.

  The Group puts in place effective and efficient information and communication infrastructures and channels (i.e. enterprise resources planning systems, secured intranet, electronic mail system and modern telecommunication) and processing system, so that operational data and external data can be collected and processed into relevant and adequate information and communicated timely, reliably and securely to dedicated personnel within the Group for decision making and for communication with relevant external stakeholders.

- **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 to identify non-compliances and for decision making. 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.

- **Farm Management and 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. Periodical pest control programme will be conducted to assure the hygiene of both farm and poultry products. Feed and vaccination programmes are in place to ensure the performance of biological assets is optimal and overall farm productivity is enhanced.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is made up of outsourced internal audit function that is managed by a professional firm, NeedsBridge Advisory Sdn Bhd. 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 audit engagement is also governed by the Group's Internal Audit Charter, which was established and approved by the Board during the financial year. The appointment and resignation of the outsourced internal audit function as well as the proposed audit fees are subject to review by the Audit Committee and for its reporting to the Board for ultimate approval. The scope of control review by the outsourced internal audit function is determined and approved by the Audit Committee with feedback from executive management.

INTERNAL AUDIT FUNCTION (CONT'D)

The outsourced internal audit function reports to the Audit Committee directly and the engagement director is a Certified Internal Auditor ("CIA") and Certification in Risk Management Assurance ("CRMA") accredited by the Institute of Internal Auditors Global ("IIA") and a professional member of the Institute of Internal Auditors Malaysia ("IIAM"). The internal audits are carried out, in all material aspects, in accordance with the International Professional Practices Framework ("IPPF"), i.e. Mission, Core Principles for the Professional Practice of Internal Auditing, Code of Ethics and the International Standards for the Professional Practice of Internal Auditing established by the IIA. During the financial year under review, the resources allocated to the fieldworks of the internal audit by the outsourced internal audit function were one (1) manager and assisted by at least one (1) senior consultant or consultant per one (1) engagement with oversight performed by the director.

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 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 profile 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.

As Third Line, 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 the recommendations formulated by the outsourced internal audit function are based on the root cause(s) of the internal audit observations. 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 2021, the outsourced internal audit functions had conducted the internal controls reviews to assess the Egg Grading and Liquid Egg Production Management and Farm Management of Teck Ping Chan Agriculture Sdn Bhd. which is in accordance to the internal audit plans 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 formulated based on the root cause(s) of the internal audit observations 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.

In addition, during the Audit Committee meeting, the outsourced internal audit function reported its staff strength, qualification and experience as well as continuous professional education for the Audit Committee's review.

The cost incurred in maintaining the outsourced internal audit function for the financial year ended 31 December 2021 amounted to RM37,314.99.

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 2021 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 and 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.

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 18 April 2022.

AUDIT COMMITTEE REPORT

1. COMPOSITION OF THE AUDIT COMMITTEE

YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop, the Chairman of the Board of Directors, has resigned from the Audit Committee on 24 November 2021 in pursuance of Practice 1.4 of the Malaysian Code of Corporate Governance. The Audit Committee appointed by the Board of Directors now comprises the following persons who are all Independent Non-Executive Directors:

Chong Peng Khang	-	Chairman
Liang Ah Lit @ Nyah Chung Mun	-	Member
Chong Chee Siong	-	Member

2. TERMS OF REFERENCE

The Audit Committee charter is available for reference on the Company's website, www.tpc.com.my.

3. MEETINGS AND ATTENDANCE

The Audit Committee met 5 times virtually during the financial year ended 31 December 2021 and all the Audit Committee members participated at every meeting held.

4. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

A summary of the main activities carried out by the Audit Committee during the financial year ended 31 December 2021 are as follows:

4.1 Financial reporting and external audit

(a) Reviewed the Group's unaudited quarterly financial results and audited financial statements for the year ended 31 December 2020 with the Management and External Auditors before recommending the same to the Board of Directors for approval and announcement to Bursa Malaysia Securities Berhad.

(b) Reviewed the Report to the Audit Committee for the financial year ended 31 December 2020 and discussed with the Management and External Auditors matters raised therein such as revenue recognition, valuation of biological assets, addition to right-of-use assets, recoverability of trade debts, charges under Price Control and Anti-Profiteering Act 2011, going concern assessment, internal control observations and corrected and uncorrected misstatements.

(c) Discussed with the Management and the External Auditors on the disclosure and treatment of short-term investment and corporate guarantees issued to third parties for credit facilities granted.

(d) Discussed with the Management the operational and financial impact of the COVID-19 pandemic has on the Group and the possible actions that the Company may take or has taken to mitigate or cushion the negative impact brought about by the COVID-19 pandemic.

(e) Discussed with the Management the status of the exercise of the Company's Warrants 2016/2021 and the utilisation of the proceeds raised from the conversion of the Warrants.

(f) Reviewed the Audit Committee Charter before recommending the same to the Board of Directors for approval.

(g) Discussed with the External Auditors the Audit Plan for the financial year ended 31 December 2021 including potential key audit matters and areas of audit emphasis.

(h) Took note and considered the information in the Transparency Report 2020 presented to the Audit Committee by the External Auditors when deciding whether to re-elect the External Auditors for the ensuing year.

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

4.1 Financial reporting and external audit (cont'd)

(i) Assessed the suitability and independence of the External Auditors and made recommendation to the Board on the re-appointment of the External Auditors at the 19th Annual General Meeting.

(j) Reviewed the audit and non-audit fees before recommending the same to the Board for approval.

(k) Reviewed the Audit Committee Report before publishing it in the Company's Annual Report.

4.2 Internal control and internal audit

(a) Discussed matters raised in the Internal Audit Reports on the adequacy and effectiveness of the internal control and risk management system on the following areas and assessed the findings and implementation plans raised in the respective report:

(i) Egg grading;
(ii) Liquid egg production management; and
(iii) Farm management

(b) Reviewed and discussed with the Management and Internal Auditors the status and progress of the Management's action plan in managing potential risks identified in previous internal audit findings.

(c) Reviewed the Internal Audit Plan for the financial year ended 31 December 2021 and financial year ending 31 December 2022.

(d) Reviewed the Approval Limit Matrix, the Capital Expenditure and Disposal Policy and Procedures, the Internal Audit Charter and the Anti-Corruption Policy before recommending the same to the Board of Directors for their approval.

(e) Reviewed the Statement on Risk Management and Internal Control before recommending it to the Board of Directors for approval and publish in the Company's Annual Report.

(f) Assessed and evaluated the outsourced internal audit function and the competency, resources and authority that the Internal Auditors have in carrying out their work before recommending to the Board of Directors for their re-appointment.

(g) Reviewed the engagement letter and audit fees proposed by the Internal Auditors prior to recommending the same to the Board for approval.

4.3 Related party transactions

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

(b) Ensured that mandate has been received from shareholders for all recurrent related party transactions.

(c) Ensured that all recurrent related party transactions are within the mandate received from shareholders.

(d) Ensured that all related party transactions are carried out in the ordinary course of business.

(e) Reviewed the Circular to Shareholders in relation to the proposed renewal of the existing shareholder mandate for recurrent related party transactions of a revenue or trading nature.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

As at 31 March 2022, a total proceeds of RM14,891,701.60 was raised from the exercise of 74,458,508 Warrants 2016/2021 and all the proceeds raised have been fully utilised to purchase raw materials for the manufacturing of poultry feeds.

The Warrants 2016/2021 had expired on 19 January 2021 and was removed from the Official List of Bursa Malaysia Securities Berhad with effect from 20 January 2021.

2. AUDIT AND NON-AUDIT FEES

The audit and non-audit fees incurred for services rendered to the Company and its subsidiaries for the financial year ended 31 December 2021 by the Company's Auditors, or a firm or a corporation affiliated to the Auditors are as follows:

	Audit Fees (RM)	**Non-audit Fees * (RM)**
Company	37,000	8,500
Subsidiaries	63,000	16,700
Total	100,000	25,200

* Non-audit fees consist of fees for reviewing Statement on Risk Management and Internal Control and tax fees

3. RECURRENT RELATED PARTY TRANSACTIONS

The recurrent related party transactions conducted during the financial year ended 31 December 2021 which are all within the shareholders' mandate given to Teck Ping Chan Agriculture Sdn Bhd ("TPCA") are as follows:

Related party	**Nature of relationship**	**Nature of transaction**	**Amount Transacted (RM)**
Huat Lai Resources Berhad ("HLRB")	HLRB is a major shareholder of TPC Plus Berhad holding 59.02% direct interest.	Sale of eggs by TPCA to HLRB	11,570,857.00
		Sale of layer feed by TPCA to HLRB	24,558,972.95
		Purchase of eggs, raw material and livestock by TPCA from HLRB	51,181,674.56
Huat Lai Feedmill Sdn Bhd ("HLFM")	HLFM is a wholly-owned subsidiary of HLRB	Sale of layer feed by TPCA to HLFM	68,910,510.96
		Purchase of grower feed and raw material by TPCA from HLFM	14,792,871.45
HLRB Processing Sdn Bhd ("HLPR")	HLPR is a wholly-owned subsidiary of HLRB	Sales of spent layers by TPCA to HLPR	2,728,175.71
Linggi Agriculture Sdn Bhd ("LASB")	LASB is a wholly-owned subsidiary of HLRB	Sale of layer feed and eggs by TPCA to LASB	76,725,421.35
		Purchase of eggs by TPCA from LASB	303,857.50

ADDITIONAL COMPLIANCE INFORMATION

(CONT'D)

3. RECURRENT RELATED PARTY TRANSACTIONS (CONT'D)

Related party	Nature of relationship	Nature of transaction	Amount Transacted (RM)
Chuan Hong Poultry Farm Sdn Bhd ("CHPF")	CHPF is a wholly-owned subsidiary of HLRB	Sale of layer feed, eggs and raw material by TPCA to CHPF	6,700,579.58
		Purchase of eggs by TPCA from CHPF	1,148,965.46
Jalin Indah Poultry Farm SdnBhd ("JIPF")	JIPF is a wholly-owned subsidiary of HLRB	Sale of layer feed and eggs from TPCA to JIPF	3,106,596.05
Huat Lai Paper Products Sdn Bhd ("HLPP")	HLPP is a wholly-owned subsidiary of HLRB	Purchase of egg trays by TPCA from HLPP	4,001,192.25

4. 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 2021, the Directors are satisfied that the Management had:

i. adopted appropriate accounting policies and consistently applied them;
ii. made judgments 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 accounting records properly 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 18 April 2022.

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 2021.

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
Loss after taxation for the financial year	(28,453,229)	(226,434)
Attributable to:-		
Owners of the Company	(28,453,229)	(226,434)

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) the Company increased its issued and paid-up share capital from RM57,098,778 to RM86,079,659 by way of issuance of 63,318,508 new ordinary shares from the exercise of Warrants 2016/2021 at the exercise price of RM0.20 per warrant as disclosed in Note 17 to the financial statements which amounted to RM12,663,701.

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

(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

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.

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.

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 18 APRIL 2022.

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 55 to 104 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 2021 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 18 APRIL 2022.

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 55 to 104 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 18 April 2022

Before me **Lim Yew Chua**

Shahrizah Binti Yahya (M084)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TPC PLUS BERHAD (INCORPORATED IN MALAYSIA)
[REGISTRATION 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 2021 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 55 to 104.

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 2021, 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to Note 4.1 to the financial statements, which indicates that the Group incurred a net loss of RM28,453,229 during the financial year ended 31 December 2021, and as of 31 December 2021, the Group's current liabilities exceeded its current assets by RM29,055,253. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

The appropriateness of preparing the financial statements to continue as a going concern is dependent on the ability of the Group to generate adequate positive cash flow and profits from their future operations and the continuing financial support from their bankers. The directors are confident that the Profit and Cash Flows Forecasts are achievable with the continued financial support from the banks and will allow the Group to fulfil its obligations as and when they arise. Accordingly, the financial statements do not include any adjustments relating to the amounts and classifications of assets and liabilities that might be necessary should the Group be unable to continue as going concerns.

Our opinion is not modified in respect of this matter.

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.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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 RM28.7 million. 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.

INDEPENDENT AUDITORS' REPORT

(CONT'D)

Key Audit Matters (Cont'd)

<table>
<tr><td colspan="2">Impairment assessment of Property, Plant and Equipment ("PPE") and Right-of-Use Assets ("ROU") of the Group
Refer to Notes 5.6, 7 and 9 to the financial statements</td></tr>
<tr><td>Key Audit Matter</td><td>How our audit addressed the Key Audit Matter</td></tr>
<tr><td>As at 31 December 2021, the Group has PPE and ROU with carrying amounts of approximately RM94.4 million and RM16.2 million respectively representing approximately 50% of the Group's total assets.

The Group has been incurring losses since financial year 2020. These resulted in indications that the carrying amounts of PPE and ROU may be impaired. Accordingly, the estimated recoverable amount of PPE and ROU is determined based on the higher of its fair value less costs of disposal ("FV") and its value-in-use ("VIU").

VIU is calculated using cash flows projections and discounting them at an appropriate rate. The FV on the PPE and ROU were based on valuation by independent professional valuers.

The abovementioned is also disclosed in Note 5.1(b) to the financial statements as one of the key assumptions used by management under the section of Key Sources of Estimation Uncertainty.

The recoverable amount of the Group's PPE and ROU is highly sensitive to key assumptions applied in respect of future revenue growth rate and gross margin used in the cash flows projections. A small change in the assumption can have a significant impact on the estimation of the recoverable amount.</td><td>We identified the impairment review of PPE and ROU as a key audit matter as these two items collectively represent the largest component in the Group's statement of financial position and the use of significant judgement in determining the recoverable amounts.

We have performed the following audit procedures to address this area of audit focus:
• Obtained the future cash flow projections and the assumptions used by the management for the purpose of these projections together with calculations for deriving the VIU of the relevant CGU and the residual values of the PPE and ROU;
• Evaluated the key assumptions applied such as projected selling price of table eggs and feed costs and compared to those in the previous financial years;
• Performed a sensitivity analysis by changing certain key assumptions used in the VIU calculation and assessed the impact of the recoverable amount of the PPE and ROU;
• Assessed whether the discount rate (weighted average cost of capital) used to determine the present value of the future cash flows reflects the return that investors would require if they were to choose and investment that would generate cash flows of amounts, timing and risk profile comparable to those that the entity expects to derive; and
• Evaluated the objectivity and competency of the independent professional valuers and the methodology and key assumptions used by the valuers in the valuation based on our knowledge of the industry and checked the comparability of the input data used to current industry data.</td></tr>
</table>

INDEPENDENT AUDITORS' REPORT

(CONT'D)

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.

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the 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.

INDEPENDENT AUDITORS' REPORT

(CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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 (Cont'd):-

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

- 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.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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
02839/10/2023 J
Chartered Accountant

Melaka

18 April 2022

STATEMENTS OF FINANCIAL POSITION
AT 31 DECEMBER 2021

	NOTE	The Group 2021 RM	The Group 2020 RM	The Company 2021 RM	The Company 2020 RM
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	6	–	–	63,214,316	63,214,316
Property, plant and equipment	7	94,423,966	87,742,266	–	–
Investment property	8	–	160,000	–	–
Right-of-use assets	9	16,201,312	17,252,828	–	–
		110,625,278	105,155,094	63,214,316	63,214,316
CURRENT ASSETS					
Biological assets	10	28,668,861	27,426,328	–	–
Inventories	11	9,626,399	9,898,331	–	–
Trade receivables	12	8,993,031	5,798,546	–	–
Other receivables, deposits and prepayments	13	1,220,191	1,297,725	3,260	3,260
Amount owing by related companies	14	51,387,427	46,281,433	14,012,145	45,000
Short-term investment	15	846,065	829,399	–	–
Current tax assets		28,260	–	–	–
Fixed deposits with a licensed bank	16	565,000	565,000	–	–
Cash and bank balances		9,325,210	6,208,447	207,303	1,594,687
		110,660,444	98,305,209	14,222,708	1,642,947
TOTAL ASSETS		221,285,722	203,460,303	77,437,024	64,857,263
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	86,079,659	57,098,778	86,079,659	57,098,778
Warrant reserve	17	–	16,459,529	–	16,459,529
Revaluation reserve	18	11,793,613	–	–	–
Accumulated losses		(35,001,153)	(6,690,273)	(8,956,513)	(8,872,428)
Equity attributable to owners of the Company		62,872,119	66,868,034	77,123,146	64,685,879
NON-CURRENT LIABILITIES					
Deferred tax liabilities	19	6,297,863	5,393,360	–	–
Long-term borrowings	20	7,534,293	11,391,608	–	–
Lease liabilities	21	4,865,750	7,560,085	–	–
		18,697,906	24,345,053	–	–
CURRENT LIABILITIES					
Trade payables	23	85,018,794	60,827,931	–	–
Other payables and accruals	24	1,508,408	2,317,407	313,878	171,384
Amount owing to related companies	25	299,396	381,503	–	–
Bank overdrafts (secured)	26	1,224,465	2,197,521	–	–
Short-term borrowings	27	48,307,263	42,398,631	–	–
Lease liabilities	21	3,344,896	4,114,501	–	–
Current tax liabilities		12,475	9,722	–	–
		139,715,697	112,247,216	313,878	171,384
TOTAL LIABILITIES		158,413,603	136,592,269	313,878	171,384
TOTAL EQUITY AND LIABILITIES		221,285,722	203,460,303	77,437,024	64,857,263

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 2021

	NOTE	The Group 2021 RM	The Group 2020 RM	The Company 2021 RM	The Company 2020 RM
REVENUE	28	302,213,150	241,782,832	180,000	180,000
COST OF SALES		(327,283,839)	(264,482,987)	–	–
GROSS (LOSS)/PROFIT		(25,070,689)	(22,700,155)	180,000	180,000
OTHER INCOME		650,418	858,001	–	–
		(24,420,271)	(21,842,154)	180,000	180,000
ADMINISTRATIVE EXPENSES		(2,128,732)	(2,229,582)	(406,434)	(313,008)
SELLING AND DISTRIBUTION EXPENSES		(1,224,065)	(1,118,992)	–	–
OTHER EXPENSES		(44,485)	(27,766)	–	–
FINANCE COSTS		(3,163,286)	(3,374,976)	–	–
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS	29	–	(529,028)	–	–
LOSS BEFORE TAXATION	30	(30,980,839)	(29,122,498)	(226,434)	(133,008)
INCOME TAX INCOME	33	2,527,610	6,368,724	–	–
LOSS AFTER TAXATION		(28,453,229)	(22,753,774)	(226,434)	(133,008)
OTHER COMPREHENSIVE INCOME					
Item that Will Not be Reclassified Subsequently to Profit or Loss					
Revaluation of property, plant and equipment and right-of-use assets	18	11,793,613	–	–	–
TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL YEAR		(16,659,616)	(22,753,774)	(226,434)	(133,008)
LOSS AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		(28,453,229)	(22,753,774)	(226,434)	(133,008)
TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO:-					
Owners of the Company		(16,659,616)	(22,753,774)	(226,434)	(133,008)
Losses per share (sen)	34				
- Basic		(9.66)	(9.70)		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The Group	NOTE	Share Capital RM	Non-Distributable Warrant Reserve RM	Non-Distributable Revaluation Reserve RM	Distributable Retained Profits/ (Accumualated Losses) RM	Attributable to Owners of the Company RM
Balance at 1.1.2020		52,009,612	19,324,895	–	16,063,501	87,398,008
Exercise of warrants		5,089,166	(2,865,366)	–	–	2,223,800
Loss after taxation/ Total comprehensive expenses for the financial year		–	–	–	(22,753,774)	(22,753,774)
Balance at 31.12.2020/1.1.2021		57,098,778	16,459,529	–	(6,690,273)	66,868,034
Exercise of warrants		28,980,881	(16,459,529)	–	142,349	12,663,701
Loss after taxation		–	–	–	(28,453,229)	(28,453,229)
Other comprehensive income for the financial year - Revaluation of property, plant and equipment and right-of-use assets	18	–	–	11,793,613	–	11,793,613
Total comprehensive expenses for the financial year		–	–	11,793,613	(28,453,229)	(16,659,616)
Balance at 31.12.2021		86,079,659	–	11,793,613	(35,001,153)	62,872,119

The Company	Share Capital RM	Non - Distributable Warrant Reserve RM	Distributable Accumulated Losses RM	Total Equity RM
Balance at 1.1.2020	52,009,612	19,324,895	(8,739,420)	62,595,087
Exercise of warrants	5,089,166	(2,865,366)	–	2,223,800
Loss after taxation/Total comprehensive expenses for the financial year	–	–	(133,008)	(133,008)
Balance at 31.12.2020/1.1.2021	57,098,778	16,459,529	(8,872,428)	64,685,879
Exercise of warrants	28,980,881	(16,459,529)	142,349	12,663,701
Loss after taxation/Total comprehensive expenses for the financial year	–	–	(226,434)	(226,434)
Balance at 31.12.2021	86,079,659	–	(8,956,513)	77,123,146

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FOR OPERATING ACTIVITIES				
Loss before taxation	(30,980,839)	(29,122,498)	(226,434)	(133,008)
Adjustments for:-				
Net impairment losses on trade receivables	–	529,028	–	–
Depreciation of investment property	160,000	240,000	–	–
Depreciation of property, plant and equipment	7,702,906	8,183,187	–	–
Depreciation of right-of-use assets	2,445,844	1,927,259	–	–
Property, plant and equipment written off	42,570	194,170	–	–
Interest expense on lease liabilities	653,074	661,416	–	–
Interest expenses	2,510,212	2,713,560	–	–
Interest income	(17,567)	(20,252)	–	–
Dividend income	(16,666)	(4,824)	–	–
Operating loss before working capital changes	(17,500,466)	(14,698,954)	(226,434)	(133,008)
Decrease/(Increase) in inventories	271,932	(2,577,652)	–	–
(Increase)/Decrease in biological assets	(1,242,533)	8,893,368	–	–
Increase in trade and other receivables	(8,194,959)	(12,843,543)	–	–
Increase/(Decrease) in trade and other payables	23,916,864	15,189,629	142,494	(97,091)
CASH FOR OPERATIONS	(2,749,162)	(6,037,152)	(83,940)	(230,099)
Income tax paid	(81,072)	(63,385)	–	–
Income tax refunded	7,384	16,878	–	–
NET CASH FOR OPERATING ACTIVITIES	(2,822,850)	(6,083,659)	(83,940)	(230,099)

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(CONT'D)

	NOTE	The Group 2021 RM	The Group 2020 RM	The Company 2021 RM	The Company 2020 RM
CASH FLOWS (FOR)/ FROM INVESTING ACTIVITIES					
(Increase)/Decrease in short-term investment		(16,666)	95,176	–	–
Interest income received		17,567	20,252	–	–
Dividend received		16,666	4,824	–	–
Purchase of property, plant and equipment	35(a)	(12,597)	(150,000)	–	–
Purchase of right-of-use assets	35(b)	–	(19,647)	–	–
Repayment from/ (Advances to) related companies		(27,986)	–	(13,967,145)	15,000
NET CASH (FOR)/ FROM INVESTING ACTIVITIES		(23,016)	(49,395)	(13,967,145)	15,000
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid	35(c)	(3,163,286)	(3,374,976)	–	–
Repayment to related companies	35(c)	(82,107)	(72,714)	–	(454,286)
Drawdown of bankers' acceptances	35(c)	5,833,000	16,598,000	–	–
Repayment of lease liabilities	35(c)	(4,533,940)	(4,511,065)	–	–
Repayment of term loans	35(c)	(3,781,683)	(3,900,783)	–	–
Proceeds from issuance of ordinary shares for warrants exercised		12,663,701	2,223,800	12,663,701	2,223,800
NET CASH FROM FINANCING ACTIVITIES		6,935,685	6,962,262	12,663,701	1,769,514
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		4,089,819	829,208	(1,387,384)	1,554,415
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		4,010,926	3,181,718	1,594,687	40,272
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	35(e)	8,100,745	4,010,926	207,303	1,594,687

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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 18 April 2022.

2. 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.

3. 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.

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 Going Concern

During the financial year ended 31 December 2021, the Group incurred a net loss of RM28,453,229, and as of 31 December 2021, the Group's current liabilities exceeded its current assets by RM29,055,253. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

The appropriateness of preparing the financial statements to continue as a going concern is dependent on the ability of the Group to generate adequate positive cash flow and profits from their future operations and the continuing financial support from their bankers. The directors are confident that the Profit and Cash Flows Forecasts are achievable with the continued financial support from the banks and will allow the Group to fulfil its obligations as and when they arise.

Accordingly, the financial statements for the financial year ended 31 December 2021 have been prepared on a going concern basis.

4.2 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)
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2

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

4. BASIS OF PREPARATION (CONT'D)

4.3 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
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

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

The outbreak of the COVID-19 has brought unprecedented challenges and added economic uncertainties in Malaysia and markets in which the Group operates. While the Group has considered the potential financial impact of the COVID-19 pandemic in the preparation of these financial statements, the full financial impact to the Group remains uncertain. Accordingly, there is a possibility that factors not currently anticipated by management could occur in the future and therefore affect the recognition and measurement of the Group's assets and liabilities at the reporting date.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 Critical Accounting Estimates and Judgements (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

(b) Impairment of Property, Plant and Equipment and Right-of-Use Assets

The Group determines whether an item of its property, plant and equipment and right-of-use assets is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates which are subject to higher degree of estimation uncertainties due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in markets in which the Group operates. The carrying amounts of property, plant and equipment and right-of-use assets as at the reporting date are disclosed in Notes 7 and 9 to the financial statements respectively.

(c) Property, Plant and Equipment and Right-of-Use Assets under Revaluation

Certain properties of the Group are reported at revalued amounts which are based on valuations performed by independent professional valuers by reference to the selling prices of recent transactions and asking prices of similar properties of nearby location and where necessary, adjusting for tenure, location, size and market trends. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuations. The carrying amounts of property, plant and equipment and right-of-use assets measured at revaluation as at the reporting date are disclosed in Notes 7 and 9 to the financial statements respectively.

(d) 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.

(e) 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 adjusts 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 Notes 12 and 14 to the financial statements respectively.

(f) 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. It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. 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 and forward-looking information. The carrying amounts of other receivables and amount owing by related companies as at the reporting date are disclosed in Notes 13 and 14 to the financial statements respectively.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 Critical Accounting Estimates and Judgements (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

(g) 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.

(h) 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.

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 if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 Basis of Consolidation (Cont'd)

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.

(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 the consideration paid or received is recognised directly in the 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 of the 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 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 calculating 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).

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 fair value changes do not include interest or dividend income.

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 (excluding interest expense) 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 costs 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 specified 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 Investments in Subsidiaries

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

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

5.6 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.6 Property, Plant and Equipment (Cont'd)

The Group has changed its accounting policy with respect to the measurement of land and buildings from the cost model to the revaluation model. The Group applied the change in accounting policy prospectively. The Group's properties were revalued in the financial year ended 31 December 2021 by independent professional qualified valuers. Valuations will be performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the reporting date. The effects from the change are disclosed in Note 40.

Freehold land is stated at valuation less impairment losses recognised after the date of the revaluation. Buildings are stated at revalued amount less accumulated depreciation and impairment losses recognised after the date of the revaluation.

Freehold land and buildings are revalued periodically, at least once in every five years. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

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 20%
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. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 the 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, other than buildings, is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability.

The Group has changed its accounting policy with respect to the measurement of buildings from the cost model to the revaluation model. The Group applied the change in accounting policy prospectively. The Group's properties were revalued in the financial year ended 31 December 2021 by independent professional qualified valuers. Valuations will be performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the buildings at the reporting date. The effects from the change are disclosed in Note 40.

Buildings are stated at revalued amount less accumulated depreciation and impairment losses recognised after the date of the revaluation.

Buildings are revalued periodically, at least once in every five years. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.8 Leases (Cont'd)

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.

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 and demand deposits 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 a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

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 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 estimates 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.

5.13 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 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.

5.15 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.

5.16 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.17 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.

5.18 Fair Value Measurements

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

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

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

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

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

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

5.19 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 to date.

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)

5.20 Other Operating Income

(a) *Dividend Income*

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

(b) *Interest Income*

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

(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	
	2021 RM	**2020 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 2021 %	2020 %	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	At 1.1.2021 RM	Additions (Note 35(a)) RM	Revaluation Surplus RM	Write Off (Note 30) RM	Transfer to Right-of-Use Assets (Note 9) RM	Depreciation Charges (Note 30) RM	At 31.12.2021 RM
2021							
CARRYING AMOUNT							
Freehold land	33,750,411	–	1,324,589	–	–	–	35,075,000
Buildings	22,767,009	–	13,624,990	(42,570)	–	(3,603,328)	32,746,101
Plant and machinery	29,823,922	–	–	–	–	(3,713,761)	26,110,161
Office equipment, furniture and fittings	732,255	3,600	–	–	–	(280,675)	455,180
Road	3,994	–	–	–	–	(2,269)	1,725
Motor vehicles	647,364	8,997	–	–	(535,000)	(100,400)	20,961
Bearer plant	17,311	–	–	–	–	(2,473)	14,838
Total	87,742,266	12,597	14,949,579	(42,570)	(535,000)	(7,702,906)	94,423,966

The Group	At 1.1.2020 RM	Additions (Note 35(a)) RM	Write Off (Note 30) RM	Transfer to Right-of-Use Assets (Note 9) RM	Depreciation Charges (Note 30) RM	At 31.12.2020 RM
2020						
CARRYING AMOUNT						
Freehold land	33,750,411	–	–	–	–	33,750,411
Buildings	26,914,186	–	(194,170)	21,066	(3,974,073)	22,767,009
Plant and machinery	33,417,425	150,000	–	–	(3,743,503)	29,823,922
Office equipment, furniture and fittings	1,046,638	–	–	–	(314,383)	732,255
Road	6,944	–	–	–	(2,950)	3,994
Motor vehicles	258,169	535,000	–	–	(145,805)	647,364
Bearer plant	19,784	–	–	–	(2,473)	17,311
Work-in-progress	203,432	–	–	(203,432)	–	–
Total	95,616,989	685,000	(194,170)	(182,366)	(8,183,187)	87,742,266

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

The Group 2021	At Cost RM	At Valuation RM	Accumalated Depreciation RM	Carrying Amount RM
Freehold land	–	35,075,000	–	35,075,000
Buildings	–	33,627,666	(881,565)	32,746,101
Plant and machinery	76,198,982	–	(50,088,821)	26,110,161
Office equipment, furniture and fittings	12,551,105	–	(12,095,925)	455,180
Road	208,087	–	(206,362)	1,725
Motor vehicles	4,431,711	–	(4,410,750)	20,961
Bearer plant	24,730	–	(9,892)	14,838
Total	93,414,615	68,702,666	(67,693,315)	94,423,966

2020	At Cost RM	Accumalated Depreciation RM	Carrying Amount RM
Freehold land	33,750,411	–	33,750,411
Buildings	38,802,850	(16,035,841)	22,767,009
Plant and machinery	76,198,982	(46,375,060)	29,823,922
Office equipment, furniture and fittings	12,547,505	(11,815,250)	732,255
Road	208,087	(204,093)	3,994
Motor vehicles	4,957,714	(4,310,350)	647,364
Bearer plant	24,730	(7,419)	17,311
Total	166,490,279	(78,748,013)	87,742,266

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:-

	The Group	
Carrying Amount	**2021 RM**	**2020 RM**
Freehold land	30,900,000	29,766,692
Buildings	32,526,016	20,451,601
Plant and machinery	8,707,210	10,734,059
	72,133,226	60,952,352

During the financial year, the Group changed its accounting policy for freehold land and buildings from a cost less accumulated depreciation and impairment model to revaluation less accumulated depreciation and impairment model as disclosed in Note 40 to the financial statements.

On 1 November 2021, the Group's freehold land and buildings were revalued by independent professional valuers. The surpluses arising from the valuations, net of deferred taxation, have been credited to other comprehensive income and accumulated in equity under the revaluation reserve as disclosed in Note 18 to the financial statements.

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

Had the revalued properties been carried at cost less accumulated depreciation, the net book value of the properties that would have been included in the financial statements are as follows:-

Carrying Amount	**The Group 2021 RM**
Freehold land	33,750,411
Buildings	19,577,863
	53,328,274

The details of the Group's properties that carried at fair value are analysed as follows:-

2021	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**
Freehold land	–	35,075,000	–	35,075,000
Buildings	–	32,746,101	–	32,746,101
	–	67,821,101	–	67,821,101

The level 2 fair values have been determined based on the market comparison approach that reflects recent transaction prices for similar properties. The most significant input into this valuation approach is the price per square foot of comparable properties.

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

8. INVESTMENT PROPERTY

	The Group	
	2021 RM	**2020 RM**
Cost:-		
At 1 January/31 December	1,200,000	1,200,000
Accumulated depreciation:-		
At 1 January	1,040,000	800,000
Depreciation during the financial year (Note 30)	160,000	240,000
At 31 December	1,200,000	1,040,000
	–	160,000
Represented by:-		
Freehold commercial building	–	160,000
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 has been determined based on valuations performed by independent professional valuers at the end of the reporting date using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size, location, market trends and others. The most significant input into this valuation approach is the price per square foot of comparable properties.

The fair value of the investment property is within level 2 of the fair value hierarchy.

9. RIGHT-OF-USE ASSETS

The Group	At 1.1.2021 RM	Additions (Note 35(b)) RM	Revaluation Surplus RM	Transfer from Property, Plant and Equipment (Note 7) RM	Depreciation Charges (Note 30) RM	At 31.12.2021 RM
2021						
CARRYING AMOUNT						
Buildings	5,008,157	–	324,328	–	(358,573)	4,973,912
Plant and machinery	8,292,888	–	–	–	(735,995)	7,556,893
Motor vehicles	3,951,783	535,000	–	535,000	(1,351,276)	3,670,507
Total	17,252,828	535,000	324,328	535,000	(2,445,844)	16,201,312

The Group	At 1.1.2020 RM	Additions (Note 35(b)) RM	Transfer from Property, Plant and Equipment (Note 7) RM	Depreciation Charges (Note 30) RM	At 31.12.2020 RM
2020					
CARRYING AMOUNT					
Buildings	3,665,336	1,483,468	182,366	(323,013)	5,008,157
Plant and machinery	4,073,221	4,752,696	–	(533,029)	8,292,888
Motor vehicles	3,224,996	1,798,004	–	(1,071,217)	3,951,783
Total	10,963,553	8,034,168	182,366	(1,927,259)	17,252,828

	The Group	
	2021 RM	2020 RM
Analysed by:-		
At cost	16,469,023	21,304,596
At valuation	5,057,334	–
Accumulated depreciation	(5,325,045)	(4,051,768)
	16,201,312	17,252,828

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 (2020 – 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 4.31% to 7.20% (2020 – 4.31% to 8.38%) and are secured by the leased assets.

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	
	2021	**2020**
	RM	**RM**
Buildings	3,510,169	3,436,156
Plant and machinery	312,343	340,757
	3,822,512	3,776,913

During the financial year, the Group changed its accounting policy for buildings from a cost less accumulated depreciation and impairment model to revaluation less accumulated depreciation and impairment model as disclosed in Note 40 to the financial statements.

On 1 November 2021, the Group's buildings were revalued by independent professional valuers. The surpluses arising from the valuations, net of deferred taxation, have been credited to other comprehensive income and accumulated in equity under the revaluation reserve as disclosed in Note 18 to the financial statements.

Had the revalued properties been carried at cost less accumulated depreciation, the net book value of the properties that would have been included in the financial statements are as follows:-

	The Group 2021 RM
Carrying Amount	
Buildings	4,641,289

The details of the Group's properties that carried at fair value are analysed as follow:-

2021	**Level 1 RM**	**Level 2 RM**	**`Level 3 RM**	**Total RM**
Buildings	–	4,973,912	–	4,973,912

The level 2 fair values have been determined based on the market comparison approach that reflects recent transaction prices for similar properties. The most significant input into this valuation approach is the price per square foot of comparable properties.

10. BIOLOGICAL ASSETS

	The Group	
	2021 RM	2020 RM
At fair value less cost to sell:-		
Pullets and layers	28,668,861	27,426,328

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

	The Group	
	2021 RM	2020 RM
At 1 January	27,426,328	36,319,696
Increase due to purchases	29,196,512	28,791,339
Livestock losses	(2,859,572)	(4,596,902)
Change in fair value	(485,079)	(9,999,489)
Depopulation	(24,609,328)	(23,088,316)
At 31 December	28,668,861	27,426,328

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.

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.

10. BIOLOGICAL ASSETS (CONT'D)

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

	The Group 2021	The Group 2020
Projected selling prices of the table eggs (RM)	0.328	0.260
Feed and other variable costs (per bird) (RM)	6.173	4.749
Discount rate	3.00%	2.50%

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 RM3,378,000 (2020 – RM3,548,000).

If the projected feed costs had been 10 sen higher than management estimates, the fair value of the biological assets would have decreased by RM1,548,000 (2020 – RM1,477,000).

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.

11. INVENTORIES

	The Group 2021 RM	The Group 2020 RM
Eggs	156,851	600,319
Raw materials	7,867,433	7,842,248
Feeds	1,514,224	1,388,614
Medicine	87,891	67,150
	9,626,399	9,898,331
Recognised in profit or loss:-		
Inventories recognised as cost of sales	173,516,669	122,384,812

None of the inventories are stated at net realisable value.

12. TRADE RECEIVABLES

	The Group 2021 RM	The Group 2020 RM
Trade receivables	11,976,730	9,062,997
Allowance for impairment losses	(2,983,699)	(3,264,451)
	8,993,031	5,798,546
Allowance for impairment losses:-		
At 1 January	3,264,451	2,735,423
Addition during the financial year (Note 29)	–	529,028
Reversal during the financial year (Note 29)	(280,752)	–
At 31 December	2,983,699	3,264,451

The Group's normal trade credit terms range from 7 to 90 days (2020 – 7 to 90 days).

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Other receivables	7,238	7,238	–	–
Deposits	226,811	215,651	–	–
Prepayments	986,142	1,074,836	3,260	3,260
	1,220,191	1,297,725	3,260	3,260

14. AMOUNT OWING BY RELATED COMPANIES

	The Group		The Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Immediate holding company				
Trade balances	3,014,597	3,663,621	–	–
Subsidiary				
Non-trade balances	–	–	14,012,145	45,000
Fellow subsidiaries				
Trade balances	49,191,570	43,183,786	–	–
Non-trade balances	56,650	28,664	–	–
	49,248,220	43,212,450	–	–
Allowance for impairment losses:-				
- trade balances	(875,390)	(594,638)	–	–
	48,372,830	42,617,812	–	–
	51,387,427	46,281,433	14,012,145	45,000
Allowance for impairment losses:-				
At 1 January	594,638	594,638	–	–
Addition during the financial year (Note 29)	280,752	–	–	–
At 31 December	875,390	594,638	–	–

(a) The trade balance is subject to the normal trade credit term range from 30 to 120 (2020 – 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	
	2021 RM	2020 RM
Money market funds, at fair value	846,065	829,399

The funds invest mainly into debentures, 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.

16. FIXED DEPOSITS WITH A LICENSED BANK

Fixed deposits of the Group of RM565,000 (2020 – RM565,000) 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	
	2021 %	2020 %
Fixed deposits with a licensed bank	0.01	3.11

The average maturities of fixed deposits with a licensed bank of the Group at the end of the reporting period are 366 days (2020 – 365 days).

17. SHARE CAPITAL

	The Group/The Company			
	2021	2020	2021	2020
	Number of Shares		RM	RM
Issued and fully paid-up				
Ordinary Shares				
At 1 January	244,914,275	233,795,275	57,098,778	52,009,612
Exercise of Warrants	63,318,508	11,119,000	28,980,881	5,089,166
At 31 December	308,232,783	244,914,275	86,079,659	57,098,778

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.

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. REVALUATION RESERVE

	The Group 2021 RM	The Group 2020 RM
Surplus on revaluation of		
- property, plant and equipment, net of tax	11,547,124	–
- right-of-use assets, net of tax	246,489	–
	11,793,613	–

The revaluation reserve represents the increase in the fair value of freehold land and buildings of the Group (net of deferred tax, where applicable) presented under property, plant and equipment and right-of-use assets.

19. DEFERRED TAX LIABILITIES

The Group	At 1.1.2021 RM	Recognised in Profit or Loss (Note 33(a)) RM	Recognised in Other Comprehensive Income (Note 33(b)) RM	At 31.12.2021 RM
2021				
Deferred Tax Liabilities				
Property, plant and equipment	10,945,484	(8,127,915)	3,402,455	6,220,024
Investment property	77,334	(77,334)	–	–
Right-of-use assets	2,919,000	(2,919,000)	77,839	77,839
Biological assets	839,542	(839,542)	–	–
	14,781,360	(11,963,791)	3,480,294	6,297,863
Deferred Tax Assets				
Lease liabilities	(2,787,000)	2,787,000	–	–
Unutilised capital allowance	(2,190,000)	2,190,000	–	–
Unutilised agriculture allowance	(57,000)	57,000	–	–
Unutilised industrial building allowance	(48,000)	48,000	–	–
Unabsorbed tax losses	(3,992,000)	3,992,000	–	–
Impairment losses on trade receivables	(314,000)	314,000	–	–
	(9,388,000)	9,388,000	–	–
	5,393,360	(2,575,791)	3,480,294	6,297,863

19. DEFERRED TAX LIABILITIES (CONT'D)

The Group	At 1.1.2020 RM	Recognised in Profit or Loss (Note 33(a)) RM	At 31.12.2020 RM
2020			
Deferred Tax Liabilities			
Property, plant and equipment	11,230,282	(284,798)	10,945,484
Investment property	77,334	–	77,334
Right-of-use assets	1,825,503	1,093,497	2,919,000
Biological assets	3,239,419	(2,399,877)	839,542
	16,372,538	(1,591,178)	14,781,360
Deferred Tax Assets			
Lease liabilities	(1,852,000)	(935,000)	(2,787,000)
Unutilised capital allowance	–	(2,190,000)	(2,190,000)
Unutilised agriculture allowance	(318,000)	261,000	(57,000)
Unutilised industrial building allowance	(284,000)	236,000	(48,000)
Unabsorbed tax losses	(1,908,000)	(2,084,000)	(3,992,000)
Impairment losses on trade receivables	(188,000)	(126,000)	(314,000)
	(4,550,000)	(4,838,000)	(9,388,000)
	11,822,538	(6,429,178)	5,393,360

20. LONG-TERM BORROWINGS

	The Group 2021 RM	2020 RM
Term loans (secured) (Note 22)	7,534,293	11,391,608

21. LEASE LIABILITIES

	The Group 2021 RM	2020 RM
At 1 January	11,674,586	7,826,764
Addition of lease liabilities	1,070,000	8,358,887
Interest expense recognised in profit or loss (Note 30)	653,074	661,416
Repayment of principal	(4,533,940)	(4,511,065)
Repayment of interest	(653,074)	(661,416)
At 31 December	8,210,646	11,674,586
Analysed by:-		
Current liabilities	3,344,896	4,114,501
Non-current liabilities	4,865,750	7,560,085
	8,210,646	11,674,586

22. TERM LOANS (SECURED)

	The Group	
	2021 RM	2020 RM
Current liabilities (Note 27)	3,794,263	3,718,631
Non-current liabilities (Note 20)	7,534,293	11,391,608
	11,328,556	15,110,239

(a) The term loans are repayable over 72 to 180 (2020 – 72 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.

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

	Weighted Average Effective Interest Rate	The Group	
	%	2021 RM	2020 RM
Floating rate term loans	6.40	11,328,556	15,110,239

23. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 (2020 – 30 to 90) days.

24. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Other payables	524,054	784,498	19,878	1,784
Amount payables for property, plant and equipment (Note 35(a))	–	535,000	–	–
Payroll liabilities	627,354	676,109	–	–
Accrued expenses	357,000	321,800	294,000	169,600
	1,508,408	2,317,407	313,878	171,384

In the previous financial year, the normal credit terms granted to the Group for amount payables for purchase of property, plant and equipment range from 30 to 90 days.

25. AMOUNT OWING TO RELATED COMPANIES

	The Group	
	2021 RM	2020 RM
Immediate holding company		
Non-trade balances	–	19,703
Fellow subsidiaries		
Non-trade balances	299,396	361,800
	299,396	381,503

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 6.73% (2020 – 6.93%) per annum and are secured as follows:-

(i) by a first party legal charge over certain freehold land and buildings of the Group as disclosed in Notes 7, 8 and 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.

27. SHORT-TERM BORROWINGS

	The Group	
	2021 RM	2020 RM
Bankers' acceptances (secured)	44,513,000	38,680,000
Term loans (secured) (Note 22)	3,794,263	3,718,631
	48,307,263	42,398,631

The weighted average effective interest rates at the reporting period for borrowings were as follows:-

	The Group	
	2021 %	2020 %
Term loans (secured)	6.40	6.42
Bankers' acceptances (secured)	3.75	3.81

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		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Sales of poultry farming products	301,310,139	240,757,087	–	–
Sales of by-products from poultry farming	432,596	655,939	–	–
Sales of fresh fruit bunch	470,415	369,806	–	–
Management fee	–	–	180,000	180,000
	302,213,150	241,782,832	180,000	180,000

29. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	The Group	
	2021 RM	2020 RM
Impairment losses:		
- trade receivables (Note 12)	(280,752)	529,028
- amount owing by related companies (Note 14)	280,752	–
	–	529,028

30. LOSS BEFORE TAXATION

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Loss before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- audit fees	100,000	90,000	37,000	35,000
- non-audit fees	5,000	5,000	5,000	5,000
Depreciation of property, plant and equipment (Note 7)	7,702,906	8,183,187	–	–
Depreciation of investment property (Note 8)	160,000	240,000	–	–
Depreciation of right-of-use assets (Note 9)	2,445,844	1,927,259	–	–
Direct operating expenses on investment property	9,951	13,195	–	–
Lease expenses:				
- short-term leases	820	820	–	–
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- bank overdrafts	143,092	143,709	–	–
- term loans	825,973	1,157,850	–	–
- bankers' acceptances	1,541,147	1,412,001	–	–
Interest expense on lease liabilities (Note 21)	653,074	661,416	–	–
Property, plant and equipment written off (Note 7)	42,570	194,170	–	–
Rental income from investment property	(40,800)	(39,600)	–	–
Dividend income:				
- short-term investment	(16,666)	(4,824)	–	–
Interest income on financial assets measured at amortised cost:				
- fixed deposits with a licensed bank	(17,567)	(20,252)	–	–

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	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Directors of the Company				
Short-term employee benefits:				
- fees	252,000	226,800	252,000	129,600
- salaries, allowances and bonus	370,770	369,570	8,000	6,800
	622,770	596,370	260,000	136,400
Defined contribution benefits	43,200	43,200	–	–
	665,970	639,570	260,000	136,400

32. STAFF COSTS

	The Group	
	2021 RM	**2020 RM**
Wages, salaries and bonus	10,078,845	11,359,188
Defined contribution benefits	371,176	428,945
Other employee benefits	227,358	253,650
	10,677,379	12,041,783

Staff costs included amounts of RM160,306 (2020 – RM190,315) in respect of remuneration paid to employees related to Directors of the Group.

33. INCOME TAX INCOME

(a) Income Tax Income Recognised in Profit or Loss

	The Group		The Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Current tax expense	65,000	58,200	–	–
(Over)/Under provision in the previous financial year	(16,819)	2,254	–	–
	48,181	60,454	–	–
Deferred tax (Note 19):				
- Relating to origination and reversal of temporary differences	(2,559,110)	(6,841,958)	–	–
- (Over)/Under provision in the previous financial year	(16,681)	412,780	–	–
	(2,575,791)	(6,429,178)	–	–
	(2,527,610)	(6,368,724)	–	–

33. INCOME TAX INCOME (CONT'D)

(a) Income Tax Income Recognised in Profit or Loss (Cont'd)

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

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Loss before taxation	(30,980,839)	(29,122,498)	(226,434)	(133,008)
Tax at the statutory tax rate of 24% (2020 – 24%)	(7,435,401)	(6,989,400)	(54,344)	(31,922)
Tax effects of:-				
Non-deductible expenses	221,679	206,800	54,344	31,922
Non-taxable income	(7,781)	(1,158)	–	–
(Over)/Under provision of current tax in the previous financial year	(16,819)	2,254	–	–
(Over)/Under provision of deferred taxation in the previous financial year	(16,681)	412,780	–	–
Deferred tax assets not recognised in current year	4,727,393	–	–	–
	(2,527,610)	(6,368,724)	–	–

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2020 – 24%) of the estimated assessable profit for the financial year.

(b) Income Tax Expenses Recognised in Other Comprehensive Income

	The Group	
	2021 RM	2020 RM
Deferred tax on revaluation of property, plant and equipment and right-of-use assets (Note 19)	3,480,294	–

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 and of the Company are as follows:-

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Unutilised capital allowances	18,264,400	9,123,100	–	–
Unutilised agriculture allowances	486,400	239,000	–	–
Unutilised industrial building allowances	402,100	200,400	–	–
Unutilised reinvestment allowances	4,941,700	4,941,700	–	–
Unabsorbed tax losses	39,619,300	19,342,400	233,000	91,300
	63,713,900	33,846,600	233,000	91,300

33. INCOME TAX INCOME (CONT'D)

The unabsorbed tax losses and unutilised reinvestment allowances are allowed to be carried forward for a maximum period of 10 and 7 consecutive years of assessment respectively. 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.

At the end of the reporting period, the amounts of deferred tax assets not recognised (state at gross) due to uncertainty of their realisation are as follows:-

	The Group	
	2021	**2020**
	RM	**RM**
Unabsorbed tax losses	19,799,300	580,000

34. LOSSES PER SHARE

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

	The Group	
	2021	**2020**
Loss after taxation (RM)	(28,453,229)	(22,753,774)
Weighted average number of ordinary shares in issue	294,654,686	234,525,557
Basic loss per share (sen)	(9.66)	(9.70)

35. CASH FLOW INFORMATION

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

	The Group	
	2021	**2020**
	RM	**RM**
Cash payments	12,597	150,000
Under payables for purchase of property, plant and equipment (Note 24)	–	535,000
	12,597	685,000

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

	The Group	
	2021	**2020**
	RM	**RM**
Cash payments	–	19,647
Amount financed through lease liabilities (Note (c) below)	535,000	8,014,521
	535,000	8,034,168

35. CASH FLOW INFORMATION (CONT'D)

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

The Group	Term Loans (secured) RM	Lease Liabilities RM	Bankers' Acceptances (secured) RM	Bank Overdrafts (secured) RM	Amount Owing To Related Companies RM	Total RM
2021						
At 1 January	15,110,239	11,674,586	38,680,000	–	381,503	65,846,328
Changes in Financing Cash Flows						
Proceeds from drawdown	–	–	5,833,000	*	–	5,833,000
Repayment of principal	(3,781,683)	(4,533,940)	–	–	–	(8,315,623)
Repayment of interests	(825,973)	(653,074)	(1,541,147)	(143,092)	–	(3,163,286)
Repayment to related companies	–	–	–	–	(82,107)	(82,107)
Non-cash Changes						
Acquisition of new leases for assets purchased in current financial year (Note (b) above)	–	535,000	–	–	–	535,000
Acquisition of new leases for assets purchased in previous financial year	–	535,000	–	–	–	535,000
Interest expenses recognised in profit or loss	825,973	653,074	1,541,147	143,092	–	3,163,286
At 31 December	11,328,556	8,210,646	44,513,000	–	299,396	64,351,598
2020						
At 1 January	19,011,022	7,826,764	22,082,000	–	454,217	49,374,003
Changes in Financing Cash Flows						
Proceeds from drawdown	–	–	16,598,000	*	–	16,598,000
Repayment of principal	(3,900,783)	(4,511,065)	–	–	–	(8,411,848)
Repayment of interests	(1,157,850)	(661,416)	(1,412,001)	(143,709)	–	(3,374,976)
Repayment to related companies	–	–	–	–	(72,714)	(72,714)
Non-cash Changes						
Acquisition of new leases for assets purchased in current financial year (Note (b) above)	–	8,014,521	–	–	–	8,014,521
Acquisition of new leases for assets purchased in previous financial year	–	344,366	–	–	–	344,366
Interest expenses recognised in profit or loss	1,157,850	661,416	1,412,001	143,709	–	3,374,976
At 31 December	15,110,239	11,674,586	38,680,000	–	381,503	65,846,328

* 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**
2020	
At 1 January	454,286
Changes in Financing Cash Flows Repayment to related companies	(454,286)
At 31 December	-

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

	The Group	
	2021 RM	**2020 RM**
Payment of short-term lease	820	820
Interest paid on lease liabilities	653,074	661,416
Payment of lease liabilities	4,533,940	4,511,065
	5,187,834	5,173,301

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

	The Group		**The Company**	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Fixed deposits with a licensed bank	565,000	565,000	–	–
Cash and bank balances	9,325,210	6,208,447	207,303	1,594,687
Bank overdrafts (secured)	(1,224,465)	(2,197,521)	–	–
	8,665,745	4,575,926	207,303	1,594,687
Less: Fixed deposits pledged to a licensed bank (Note 16)	(565,000)	(565,000)	–	–
	8,100,745	4,010,926	207,303	1,594,687

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.

36. RELATED PARTY DISCLOSURES (CONT'D)

(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	
	2021 RM	2020 RM	2021 RM	2020 RM
Immediate holding company				
Sales of goods	(36,129,830)	(22,273,261)	–	–
Purchase of goods	51,181,675	39,363,285	–	–
Subsidiary				
Management fee receive/received	–	–	(180,000)	(180,000)
Fellow subsidiaries				
Sales of goods	(158,171,284)	(113,775,084)	–	–
Purchase of goods	20,365,163	8,297,815	–	–

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.

37. 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	
	2021 RM	2020 RM
Customer A	74,804,031	61,227,583
Customer B	66,287,355	45,566,114
Customer C	35,446,803	–

38. CAPITAL COMMITMENTS

	The Group	
	2021 RM	2020 RM
Purchase of property, plant and equipment	–	982,000

39. 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.

39.1 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.

(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 22 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	
	2021 RM	**2020 RM**
Effects on loss after taxation		
Increase of 122 basis points (2020 – 122 basis points)	+520,210	+529,816
Decrease of 122 basis points (2020 – 122 basis points)	-520,210	-529,816

(iii) Equity Price Risk

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

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

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade receivables and related companies. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. The Group monitors the results of these related companies regularly and repayments made by the related companies. 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 subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to a subsidiary. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 2 (2020 – 2) customers which constituted approximately 65% (2020 – 76%) 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).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

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 and Amount Due from Related Companies

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

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 expected loss rates are based on the payment profiles of sales over a period of 36 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 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 (including related companies) are summarised below:-

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2021				
Current (not past due)	24,817,813	–	(246,698)	24,571,115
1 to 30 days past due	15,983,951	–	(44,026)	15,939,925
31 to 60 days past due	7,062,141	–	(64,793)	6,997,348
61 to 90 days past due	5,233,574	–	(573,255)	4,660,319
91 to 120 days past due	4,497,464	–	(71,978)	4,425,486
121 to 150 days past due	119,400	–	(61,443)	57,957
More than 150 days past due	3,786,580	–	(114,922)	3,671,658
Credit impaired	2,681,974	(2,681,974)	–	–
	64,182,897	(2,681,974)	(1,177,115)	60,323,808
2020				
Current (not past due)	19,072,101	–	(294,574)	18,777,527
1 to 30 days past due	9,846,704	–	(398,850)	9,447,854
31 to 60 days past due	8,734,445	–	(163,196)	8,571,249
61 to 90 days past due	6,001,214	–	(80,948)	5,920,266
91 to 120 days past due	5,580,379	–	(56,884)	5,523,495
121 to 150 days past due	1,896,373	–	(19,536)	1,876,837
More than 150 days past due	2,097,214	–	(163,127)	1,934,087
Credit impaired	2,681,974	(2,681,974)	–	–
	55,910,404	(2,681,974)	(1,177,115)	52,051,315

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

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 (Non-trade)

The Group considers amount due from related companies (non-trade) have low credit risks. As the Group is able to determine the timing of payments from the related companies (non-trade) when they are payable, the Group considers the amount outstanding to be in default when the related companies (non-trade) are not able to pay when demanded.

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

Assessment of Impairment Losses (Cont'd)

Amount Owing By Related Companies (Cont'd)

The Group determines the probability of default for these amount outstanding individually using internal information available.

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

The Group	**Gross Amount RM**	**Lifetime Loss Allowance RM**	**Carrying Amount RM**
2021			
Low credit risk	56,650	–	56,650
2020			
Low credit risk	28,664	–	28,664

The Company	**Gross Amount RM**	**Lifetime Loss Allowance RM**	**Carrying Amount RM**
2021			
Low credit risk	14,012,145	–	14,012,145
2020			
Low credit risk	45,000	–	45,000

The movements in the loss allowances are disclosed in Note 14 to the financial statements.

(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.

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk (Cont'd)

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
2021					
Non-derivative Financial Liabilities					
Trade payables	–	85,018,794	85,018,794	85,018,794	–
Other payables and accruals	–	1,508,408	1,508,408	1,508,408	–
Amount owing to related companies	–	299,396	299,396	299,396	–
Bank overdrafts (secured)	6.73	1,224,465	1,224,465	1,224,465	–
Lease liabilities	5.96	8,210,646	9,039,317	4,587,170	4,452,147
Term loans (secured)	6.40	11,328,556	12,881,389	5,150,850	7,730,539
Bankers' acceptances (secured)	3.75	44,513,000	44,513,000	44,513,000	–
		152,103,265	154,484,769	142,302,083	12,182,686
2020					
Non-derivative Financial Liabilities					
Trade payables	–	60,827,931	60,827,931	60,827,931	–
Other payables and accruals	–	2,317,407	2,317,407	2,317,407	–
Amount owing to related companies	–	381,503	381,503	381,503	–
Bank overdrafts (secured)	6.93	2,197,521	2,197,521	2,197,521	–
Lease liabilities	6.05	11,674,586	13,042,886	5,312,082	7,730,804
Term loans (secured)	6.42	15,110,239	18,032,239	5,150,850	12,881,389
Bankers' acceptances (secured)	3.81	38,680,000	38,680,000	38,680,000	–
		131,189,187	135,479,487	114,867,294	20,612,193

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 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
2021			
Other payables and accruals	313,878	313,878	313,878
Financial guarantee contracts in relation to corporate guarantee given to a subsidiary	–	61,764,849	61,764,849
	313,878	62,078,727	62,078,727
2020			
Other payables and accruals	171,384	171,384	171,384
Financial guarantee contracts in relation to corporate guarantee given to a subsidiary	–	62,793,859	62,793,859
	171,384	62,965,243	62,965,243

39. FINANCIAL INSTRUMENTS (CONT'D)

39.2 Capital Risk Management

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

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net 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	
	2021	**2020**
	RM	**RM**
Lease liabilities (Note 21)	8,210,646	11,674,586
Term loans (secured) (Note 22)	11,328,556	15,110,239
Bank overdrafts (secured) (Note 26)	1,224,465	2,197,521
Bankers' acceptances (secured) (Note 27)	44,513,000	38,680,000
	65,276,667	67,662,346
Less: Fixed deposits with a licensed bank (Note 16)	(565,000)	(565,000)
Less: Cash and bank balances	(9,325,210)	(6,208,447)
Net debt	55,386,457	60,888,899
Total equity	62,872,119	66,868,034
Debt-to-equity ratio	0.88	0.91

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

39. FINANCIAL INSTRUMENTS (CONT'D)

39.3 Classification of Financial Instruments

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Financial Assets				
Mandatorily at Fair Value Through Profit or Loss				
Short-term investment (Note 15)	846,065	829,399	–	–
Amortised Cost				
Trade receivables (Note 12)	8,993,031	5,798,546	–	–
Other receivables and deposits (Note 13)	234,049	222,889	–	–
Amount owing by related companies (Note 14)	51,387,427	46,281,433	14,012,145	45,000
Fixed deposits with a licensed bank (Note 16)	565,000	565,000	–	–
Cash and bank balances	9,325,210	6,208,447	207,303	1,594,687
	70,504,717	59,076,315	14,219,448	1,639,687
Financial Liabilities				
Amortised Cost				
Trade payables (Note 23)	85,018,794	60,827,931	–	–
Other payables and accruals (Note 24)	1,508,408	2,317,407	313,878	171,384
Amount owing to related companies (Note 25)	299,396	381,503	–	–
Bank overdrafts (secured) (Note 26)	1,224,465	2,197,521	–	–
Lease liabilities (Note 21)	8,210,646	11,674,586	–	–
Term loans (secured) (Note 22)	11,328,556	15,110,239	–	–
Bankers' acceptances (secured) (Note 27)	44,513,000	38,680,000	–	–
	152,103,265	131,189,187	313,878	171,384

39.4 Gains or Losses Arising from Financial Instruments

	The Group	
	2021 RM	2020 RM
Financial Assets		
Fair Value Through Profit or Loss		
Net gain recognised in profit or loss	16,666	4,824
Amortised Cost		
Net gain/(losses) recognised in profit or loss	17,567	(508,895)
Financial Liabilities		
Amortised Cost		
Net losses recognised in profit or loss	(3,163,286)	(3,374,976)

39. FINANCIAL INSTRUMENTS (CONT'D)

39.5 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.

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:-

THE GROUP	FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE			FAIR VALUE OF FINANCIAL INSTRUMENTS NOT CARRIED AT FAIR VALUE			TOTAL FAIR VALUE	CARRYING AMOUNT
	LEVEL 1 RM	LEVEL 2 RM	LEVEL 3 RM	LEVEL 1 RM	LEVEL 2 RM	LEVEL 3 RM	RM	RM
2021								
Financial Assets								
Short-term investments								
- Fair value through profit or loss	–	846,065	–	–	–	–	846,065	846,065
Financial Liabilities								
Term loans (secured)	–	–	–	–	11,328,556	–	11,328,556	11,328,556
2020								
Financial Assets								
Short-term investments								
- Fair value through profit or loss	–	829,399	–	–	–	–	829,399	829,399
Financial Liabilities								
Term loans (secured)	–	–	–	–	15,110,239	–	15,110,239	15,110,239

39. FINANCIAL INSTRUMENTS (CONT'D)

39.5 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

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

40. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

Accounting for Property, Plant and Equipment and Right-of-Use Assets

During the financial year, the Group changed its accounting policy with respect to the subsequent measurement of property, plant and equipment and right-of-use assets (for land and buildings) from cost model less depreciation and impairment loss to the revaluation model less depreciation and impairment loss, with differences in fair value and carrying amount recognised in other comprehensive income. The Group believes that subsequent measurement using the revaluation model provides more relevant information about the financial performance of these assets and assists users to better understand the risk associated with these assets.

The revaluation of land and buildings is derived as follows:-

	RM
Revaluation surplus for property, plant and equipment	14,949,579
Revaluation surplus for right-of-use assets	324,328
	15,273,907

LIST OF PROPERTIES

AS AT 31 DECEMBER 2021

The top 10 properties of the Group in terms of highest net book value as at 31 December 2021 are as follows:-

	Registered Owner and Location	Existing Use/ Decsription	Land Area and Tenure	Revaluation Date	Approximate age of buildings (years)	Net book value (RM)
1	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	Agriculture land use as layer poultry farm	27.481 hectares Freehold	1.11.2021	6 to 35	
2	TECK PING CHAN AGRICULTURE SDN BHD Lot No. 96 & 97, Mukim of Melekek District of Alor Gajah, Melaka	Agriculture land use as layer poultry farm	5.6959 hectares Freehold	1.11.2021	7 to 32	40,458,447.63
3	TECK PING CHAN AGRICULTURE SDN BHD Lot No. 125, 126 and 127 Mukim of Sungei Buloh District of Alor Gajah, Melaka	Agriculture land use as layer poultry farm	11.2171 hectares Freehold	1.11.2021	7 to 32	
4	MESTIKA ARIF SDN BHD Lot No. 2141 - 2149 (Formerly PT 303 - 311) Mukim of Taboh Naning District of Alor Gajah, Melaka	Agriculture land with oil palm trees	31.723 hectares Freehold	1.11.2021	NA	10,190,000.00
5	TECK PING CHAN AGRICULTURE SDN BHD Geran No. Hakmilik 61725, Lot 1409 Mukim Titian Bintagor Daerah Rembau Negeri Sembilan	Agriculture land use as layer poultry farm	3.8698 hectares Freehold	1.11.2021	5	7,573,552.63
6	TECK PING CHAN AGRICULTURE SDN BHD Lot No. 1158 & 1159 Mukim of Melekek District of Alor Gajah, Melaka	Agriculture land use as layer poultry farm	8.114 hectares Freehold	1.11.2021	14	6,075,615.38
7	TECK PING CHAN AGRICULTURE SDN BHD Lot 102,GM 13,Mukim Sungai Buloh Daerah Alor Gajah, Melaka	Agriculture land use as chicken droppings store	2.0335 hectares Freehold	1.11.2021	4	2,258,188.16
8	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	1.11.2021	8	1,727,959.62
9	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	1.11.2021	NA	1,625,000.00
10	TECK PING CHAN AGRICULTURE SDN BHD Lot No. PT 290 Mukim of Taboh Naning District of Alor Gajah, Melaka	Agriculture land with oil palm trees	3.6869 hectares Freehold	1.11.2021	NA	1,275,000.00

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2022

No. of shares issued	:	308,232,783
Class of shares	:	Ordinary shares
Voting rights	:	One vote for each ordinary share
Number of shareholders	:	1,590

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

		Direct		Indirect		
	Name	**No. of Shares**	**%**	**No. of Shares**	**%**	
1.	Huat Lai Resources Berhad	181,920,038	59.02	–	–	
2.	Esprit Unity Sdn Bhd	–	–	181,920,038	59.02	*
3.	Lim Yeow Her	–	–	181,920,038	59.02	**
4.	Lim Yeow Kian	–	–	181,920,038	59.02	**
5.	Datuk Wira Lim Yeow Siong	–	–	181,920,038	59.02	**

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	25	1.57	742	0
100 – 1,000	412	25.91	374,450	0.12
1,001 – 10,000	482	30.31	2,676,521	0.87
10,001 – 100,000	505	31.76	20,071,416	6.51
100,001 to less than 5% of the issued shares	163	10.25	103,189,616	33.48
5% and above of the issued shares	3	0.19	181,920,038	59.02
TOTAL	**1,590**	**100.00**	**308,232,783**	**100.00**

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

	Name	No. of Shares	%
1.	UOBM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Huat Lai Resources Berhad (PCB)	74,327,361	24.11
2.	Huat Lai Resources Berhad	73,818,402	23.95
3.	Huat Lai Resources Berhad	33,774,275	10.96
4.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yap Kee Hor (E-TJJ)	12,733,850	4.13
5.	Yap Yi Xuan	9,950,000	3.23
6.	Siah Tian Yee	9,031,900	2.93
7.	Kenanga Nominees (Tempatan) Sdn Bhd Beneficiary : Chong Mei	3,501,500	1.14
8.	Eng Soon Cheik	3,500,000	1.14
9.	Eng Soon Cheik	2,296,200	0.74
10.	Malacca Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ho Kok Kiang	2,165,100	0.70
11.	Chong Peh Chin	2,020,000	0.66
12.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Cheong Keat @ Lee Chong Keat (Penang-CL)	2,000,800	0.65
13.	Lim Lai Chuan	2,000,000	0.65
14.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Siah Tian Yee (E-TJJ)	1,866,200	0.61
15.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kong Kok Choy (8092812)	1,656,600	0.54
16.	Yap Kee Hor	1,500,000	0.49
17.	Low Kim Joo	1,013,100	0.33
18.	Wong Nyong How	918,400	0.30
19.	Tee Kim Heng	913,800	0.30
20.	Liew Yew Seng	909,000	0.29
21.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kean Leong Poultry Trading Sdn Bhd (E-BMM)	885,600	0.29
22.	Foong Thin Choy	850,000	0.28
23.	Tung Kai Hng	848,500	0.28
24.	Lee Chee Beng	837,333	0.27
25.	Ong Tian Leong	824,500	0.27
26.	Boon Seu Mui	783,000	0.25
27.	Chua Kau @ Chua Kim Yan	783,000	0.25
28.	Chua Kau @ Chua Kim Yan	783,000	0.25
29.	Tey Sui Kiat	743,500	0.24
30.	How Kim Soon	700,000	0.23

DIRECTORS' INTERESTS IN THE COMPANY AND RELATED CORPORATION

None of the Directors of the Company hold any shares in the Company and/or its related corporation as at 31 March 2022.

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

PROXY FORM

No. of shares held [ ]

*I/We, ____________________ of ____________________

being a member of **TPC Plus Berhad** hereby appoint ____________________ of

____________________ or failing him/her ____________________

of ____________________ or failing him/her *the Chairman of the Meeting

as *my/our proxy to attend and vote on *my/our behalf at the 19th Annual General Meeting of the Company to be held at **the Hang Li Po Meeting Room at AMES Hotel, Jalan PKAK 1 & PKAK 2, Pusat Komersial Ayer Keroh, 75450 Ayer Keroh, Melaka** on **Monday, 30 May 2022** at **12.00 noon** and at any adjournment thereof.

(Please indicate with an 'X' in the space provided below how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion)

		For	Against
Resolution 1	Approve the payment of Directors' fees		
Resolution 2	Approve the payment of Directors' benefits (other than Directors' fees)		
Resolution 3	Re-elect Mr Liang Ah Lit @ Nyah Chung Mun as Director		
Resolution 4	Re-elect Mr Chong Peng Khang as Director		
Resolution 5	Re-appoint Crowe Malaysia PLT as Auditors		
Resolution 6	Renew the mandate for recurrent related party transactions		

Dated this ______ day of ____________________ 2022

The proportion of my shareholding
to be represented by my proxies is as follows:

First named proxy	%
Second named proxy	%
	100%

____
Signature of shareholder or
Common seal of corporate shareholder

Notes:

(i) A member entitled to attend and vote at the 19th Annual General Meeting ("AGM") shall be entitled to appoint another person(s) as his proxy(ies) to exercise all or any of his rights to attend, speak and vote at the AGM. There shall be no restriction as to the qualification of the proxy(ies).

(ii) Where a member appoints more than one proxy, the proxies shall only be entitled to vote on poll and the appointment shall not be valid unless the member specifies the proportion of his holdings to be represented by each proxy.

(iii) Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(iv) The instrument appointing a proxy shall be in writing under the hand of the member or his attorney duly authorised in writing or, if the member is a corporation, the instrument shall be executed under its common seal or under the hand of an officer or attorney duly authorised.

(v) The duly completed proxy form must be received by the Company at its registered office located at PT 1678, Mukim of Serkam, 77300 Merlimau, Melaka or via e-mail at proxyform@tpc.com.my not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof.

(vi) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the AGM Notice will be put to vote by poll.

* Strike out whichever is not desired

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary

TPC Plus Berhad
PT 1678, Mukim of Serkam
77300 Merlimau, Melaka

1st fold here

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

PT 1678, Mukim of Serkam, 77300 Merlimau, Melaka, Malaysia.
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