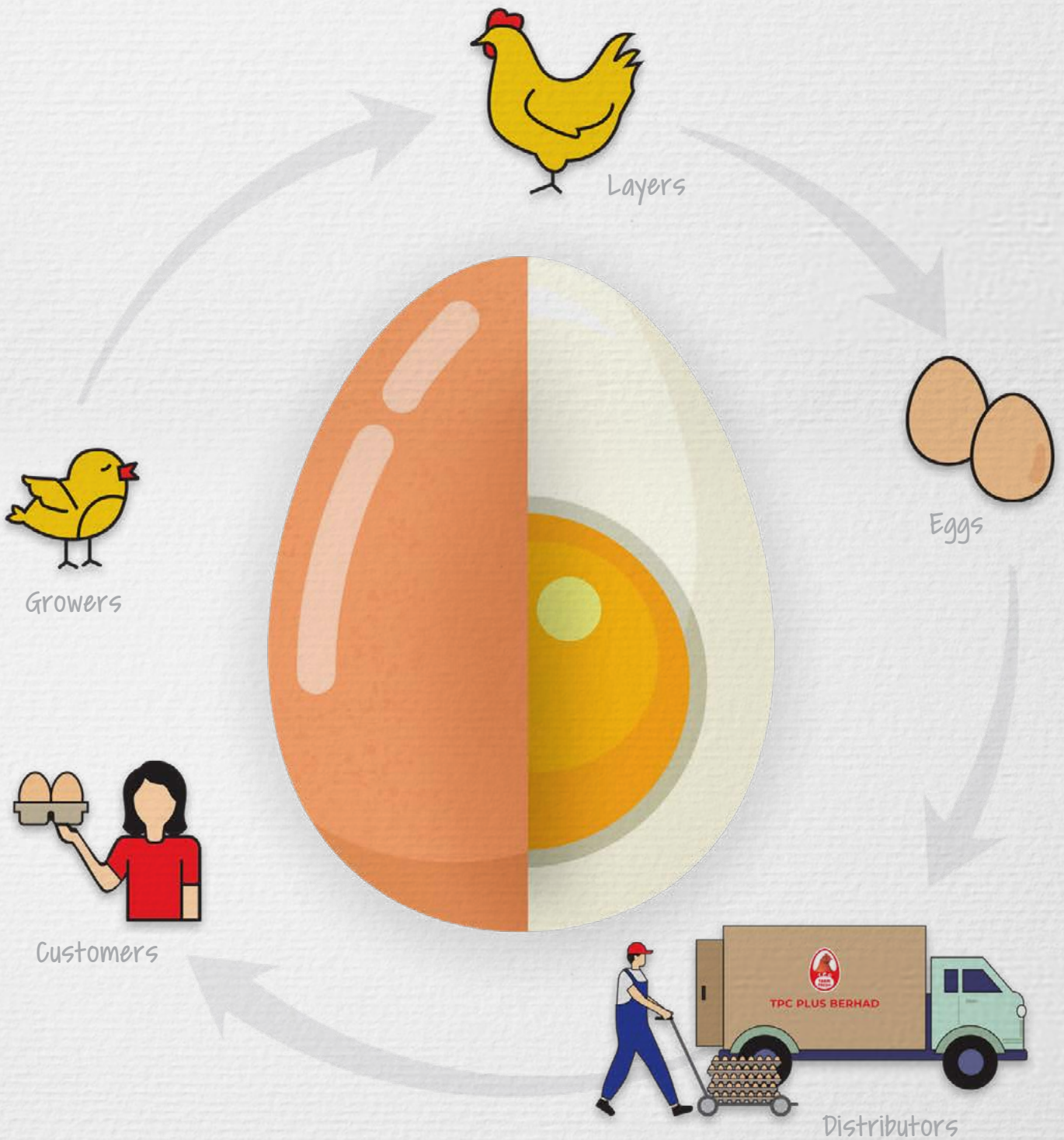




# TPC PLUS BERHAD

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



# INSIDE THIS REPORT

|  |    |   |     |
|--|----|---|-----|
| Our Profile  | 1  | <b>FINANCIAL STATEMENTS</b>                                 |     |
| Corporate Information  | 2  | Directors' Report   | 57  |
| Group Structure  | 3  | Statement by Directors                                      | 61  |
| Directors' Profile   | 4  | Statutory Declaration                                       | 61  |
| Key Management Profiles  | 8  | Independent Auditors' Report                                | 62  |
| Financial Highlights   | 10 | Statements of Financial Position                            | 66  |
| Chairman Statement   | 12 | Statements of Profit or Loss and Other Comprehensive Income | 67  |
| Management Discussion and Analysis ("MDNA")                                    | 16 | Statements of Changes in Equity                             | 68  |
| Sustainability Statement   | 24 | Statements of Cash Flows                                    | 69  |
| Corporate Governance Overview Statement  | 39 | Notes to the Financial Statements                           | 71  |
| Statement on Risk Management and Internal Control                              | 45 | List of Properties  | 124 |
| Audit Committee Report   | 51 | Analysis of Shareholdings                                   | 125 |
| Additional Compliance Information  | 53 | Directors' Interest in the Company and Related Corporation  | 127 |
| Statement on Directors' Responsibility in Relation to the Financial Statements | 55 | Notice of Annual General Meeting                            | 128 |
|  |    | Proxy Form  |     |

## 20<sup>TH</sup> ANNUAL GENERAL MEETING

Hang Li Po Meeting Room  
AMES Hotel, Jalan PKAK 1 & PKAK 2,  
Pusat Komersial Ayer Keroh,  
75450 Ayer Keroh, Melaka

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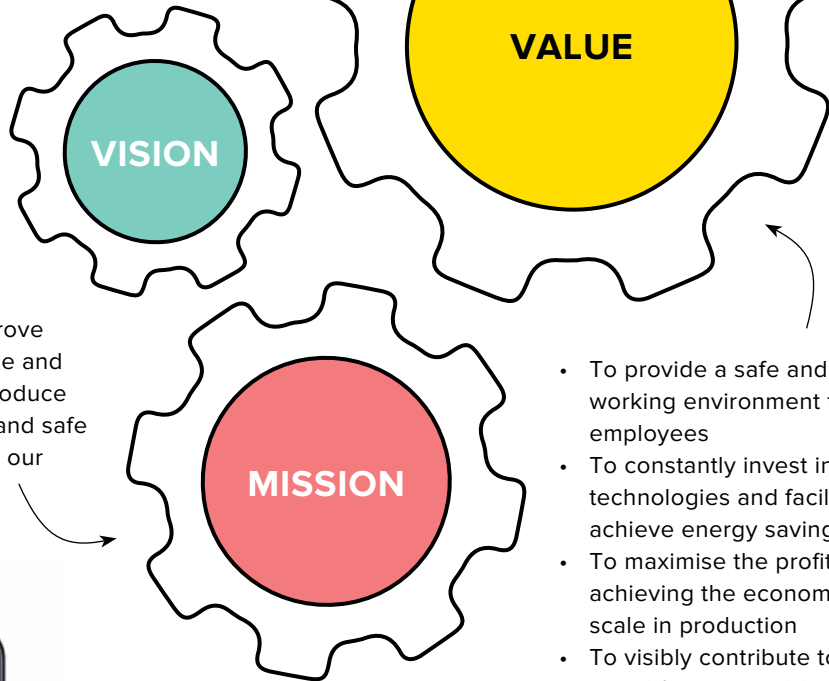
Date: Tuesday, 30 May 2023 Time: 12.00 noon

# OUR PROFILE

Incorporated and has been in existence since 1978 in Malaysia.

TPC Plus Berhad (“TPC” or “the Company”) is an investment holding company and its subsidiaries (“the Group”) are principally engaged in the poultry farming industry and the cultivation of oil palm plantation. The Company was publicly listed in Bursa Malaysia Securities Berhad on 5 June 2003 which marked a significant milestone and it has now gained continuous support from investors. The Company’s integrated operations consist of growing flock of pullets and layers, manufacturing feeds, producing, packaging and distributing of eggs and poultry feeds in Malaysia. Being a staple food producer, it has always been the Group’s priority to ensure high quality and nutrition in the eggs produced as they are to be consumed largely and routinely by the local community.

To be one of the leading egg producers and the most reliable suppliers of fresh and high quality eggs and poultry products in the country



To continuously improve and invest in People and Technologies to produce fresh, high quality and safe poultry products to our valued customers

- 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



Kindly scan this QR code to get access to TPC Plus Berhad’s website.



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

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

**Lim Yew Chua**  
Managing Director/  
Non-Independent  
Executive Director

**Lim Yew Kwang**  
Non-Independent  
Executive Director

**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

## COMPANY SECRETARY

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

## NOMINATION AND REMUNERATION COMMITTEE

Chong Chee Siong (Chairman)  
Liang Ah Lit @ Nyah Chung Mun  
Chong Peng Khang

## AUDITORS

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

## 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

## 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

## REGISTERED OFFICE

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

## PRINCIPAL BANKERS

Bangkok Bank Berhad  
Bank of China (M) Berhad

## AUDIT COMMITTEE

Chong Peng Khang (Chairman)  
Liang Ah Lit @ Nyah Chung Mun  
Chong Chee Siong

## STOCK EXCHANGE LISTING

Main Market  
Bursa Malaysia Securities Berhad

## WEBSITE

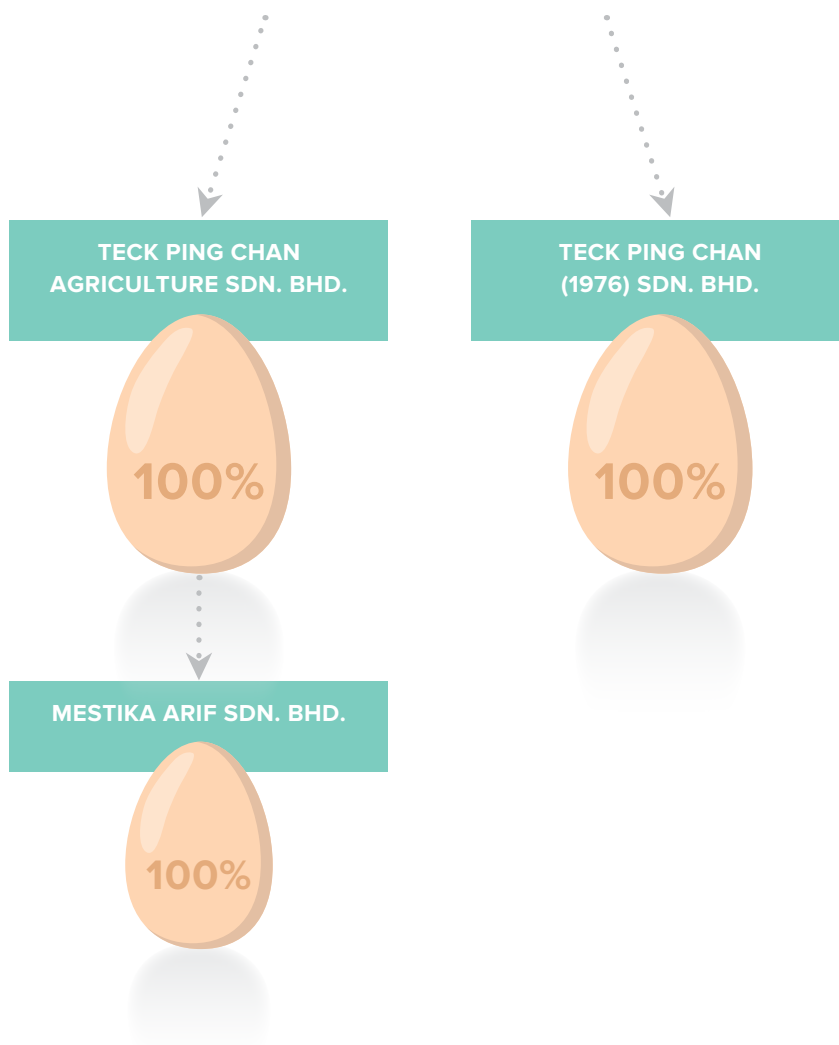
[www.tpc.com.my](http://www.tpc.com.my)

# GROUP STRUCTURE

AS AT 31 MARCH 2023



## TPC PLUS BERHAD



# DIRECTORS' PROFILE

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

Chairman/  
Senior Independent Non-Executive Director



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 (January 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



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 over 30 years of poultry farming experience and knowledge. Mr Lim took several senior leadership roles in strategising and overseeing the Group's development throughout the years. He is also proficient in construction and managerial roles. Currently, he is primarily responsible in the overall development and construction of farm houses and various projects 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.

## DIRECTORS' PROFILE

(CONT'D)

### LIM YEW KWANG

Non-Independent Executive Director



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 over 25 years of poultry farming experience and knowledge. Mr. Lim gains vast experience through direct involvement in various farm projects and has been leading the management team on the day-to-day operations of the Company. Currently, he is primarily responsible for managing the various aspects of the farm operation and flock health and for developing strategic plans of the Company's current projects and expansion plans.

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.

### DATUK LIM YEW PIAU

Non-Independent Executive Director



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 over 20 years of poultry farming experience and knowledge. Datuk Lim undertook various positions in operating, purchasing, sales and marketing divisions before being promoted to the current position. Presently, he is tasked to assist the organization in streamlining its operations and to oversee the logistic, marketing and distribution of eggs and feeds 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.

## DIRECTORS' PROFILE

(CONT'D)

### LIANG AH LIT @ NYAH CHUNG MUN

Senior Independent Non-Executive Director



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



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 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 two other Malaysian public listed companies.



## DIRECTORS' PROFILE

(CONT'D)

### CHONG CHEE SIONG

Independent Non-Executive Director



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.

#### Other information in respect of all Directors

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

None of the Directors:

- i. have any conflict of interests with TPC Plus Berhad;
- ii. have been convicted of any offences within the past five (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 2022.

# KEY MANAGEMENT PROFILES

## LIM YEW CHUA

Managing Director

|                                 |                       |                   |
|---------------------------------|-----------------------|-------------------|
| Nationality<br><b>Malaysian</b> | Gender<br><b>Male</b> | Aged<br><b>56</b> |
|---------------------------------|-----------------------|-------------------|

The profile of Mr Lim Yew Chua is listed in the Directors' Profile on page 4.

## LIM YEW KWANG

Executive Director

|                                 |                       |                   |
|---------------------------------|-----------------------|-------------------|
| Nationality<br><b>Malaysian</b> | Gender<br><b>Male</b> | Aged<br><b>49</b> |
|---------------------------------|-----------------------|-------------------|

The profile of Mr Lim Yew Kwang is listed in the Directors' Profile on page 5.

## DATUK LIM YEW PIAU

Executive Director

|                                 |                       |                   |
|---------------------------------|-----------------------|-------------------|
| Nationality<br><b>Malaysian</b> | Gender<br><b>Male</b> | Aged<br><b>46</b> |
|---------------------------------|-----------------------|-------------------|

The profile of Datuk Lim Yew Piau is listed in the Directors' Profile on page 5.

## CHAM CHEE SONG

Feedmill Manager

|                                 |                       |                   |
|---------------------------------|-----------------------|-------------------|
| Nationality<br><b>Malaysian</b> | Gender<br><b>Male</b> | Aged<br><b>39</b> |
|---------------------------------|-----------------------|-------------------|

Mr Cham Chee Song joined TPC Group in 2017. Prior to joining TPC Group, he has worked in the poultry farming sector for nearly 20 years. Mr Cham is currently in charge of the company's feed production planning and 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 2022.

## LIM CHIN YOONG

Senior Grading Store Supervisor

|                                 |                       |                   |
|---------------------------------|-----------------------|-------------------|
| Nationality<br><b>Malaysian</b> | Gender<br><b>Male</b> | Aged<br><b>37</b> |
|---------------------------------|-----------------------|-------------------|

Mr 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 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 the Managing Director, Mr Lim Yew Chua and the Executive Directors, Mr 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 2022.

## KEY MANAGEMENT PROFILES

(CONT'D)

**ARSHAD AZIZ ABDULLAH**

Farm Manager

Nationality  
**Malaysian**Gender  
**Male**Aged  
**59**

Encik Arshad Aziz Abdullah joined TPC Group in 2021. Mr Arshad graduated from Universiti Pertanian Malaysia in 1988 with a Diploma in Animal Health and Production. Prior to joining TPC Group, he began his career with various poultry farming companies as the veterinary and farm manager. Mr Arshad has accumulated more than 30 years of experience in poultry management. He is currently responsible for managing the various aspects of the layer farm's operation and monitoring the health and production performance of the flocks. He also oversees the maintenance of all the machineries and equipment in the farms.

Mr Arshad 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 Arshad 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 2022.

**LIM CHIAN HARN**

Finance Manager

Nationality  
**Malaysian**Gender  
**Female**Aged  
**33**

Ms Lim Chian Harn joined TPC Group in 2014. Ms Lim graduated with a Bachelor of Science Degree in Accounting and Finance from London School of Economics and Political Science, United Kingdom (UK). She began her career as a finance executive and was responsible for overseeing all the corporate finance and accounting activities of the Group. Presently, she provides assistance to directors in any corporate exercise activities, strategic planning, compliance, internal audits, business improvement initiatives as well as managing the cash flow and costing of the Group. Ms Lim is also responsible for administration matters of the Group, particularly those involving submissions to regulatory authorities, stakeholders and other relevant parties or authorities for TPC Group.

Ms Lim is the niece of the Managing Director, Lim Yew Chua and the Executive Directors, Lim Yew Kwang and Datuk Lim Yew Piau. She 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 2022.

**FOO SHI JING**

Account Manager

Nationality  
**Malaysian**Gender  
**Male**Aged  
**31**

Mr Foo Shi Jing joined TPC Group in 2018. Mr Foo graduated with an Advanced Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman University College, Kuala Lumpur. Prior to joining TPC Group, he started his career as an audit associate and worked his way up to become the audit senior before joining the Group in 2018. During his tenure in the field of auditing, he gained vast exposure and experience being involved in audits, tax, audit investigation, accounting, due diligence and corporate advisory works. His portfolio of clients ranged from small and medium sized enterprises, manufacturing companies, trading, property developers, public listed companies and large multinational companies. Mr Foo then started his career path with the Group as an account executive and was subsequently promoted as the account manager.

Presently, Mr Foo oversees the financial management of TPC Group. He is responsible for managing the accounting, taxation, the preparation and the reporting of financial as well as the non-financial related matters of TPC Group.

Mr Foo 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 Foo 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 2022.

# FINANCIAL HIGHLIGHTS

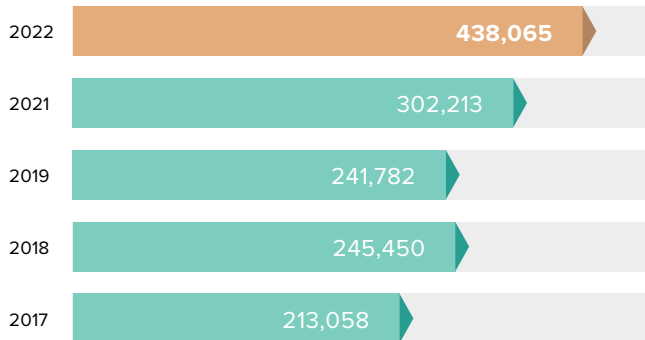
|   | FINANCIAL YEAR ENDED 31 DECEMBER |                |                |                |                    |
|---|----------------------------------|----------------|----------------|----------------|--------------------|
|   | 2018<br>RM'000                   | 2019<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2022<br>RM'000     |
| Revenue   | 213,058                          | 245,450        | 241,782        | 302,213        | <b>438,065</b>     |
| Profit/(Loss) before taxation                       | 4,451                            | 4,159          | (29,122)       | (30,981)       | <b>7,386</b>       |
| Profit/(Loss) attributable to owners of the Company | 3,289                            | 2,084          | (22,754)       | (28,453)       | <b>7,318</b>       |
| Total assets  | 188,491                          | 198,017        | 203,460        | 221,286        | <b>227,739</b>     |
| Net assets  | 85,314                           | 87,398         | 66,868         | 62,872         | <b>70,190</b>      |
| Current assets                                      | 75,252                           | 91,037         | 98,305         | 110,660        | <b>123,027</b>     |
| Current liabilities                                 | 69,795                           | 79,592         | 112,247        | 139,716        | <b>143,630</b>     |
| Share capital                                       | 52,010                           | 52,010         | 57,099         | 86,080         | <b>86,080</b>      |
| Basic earnings/(loss) per share (sen)               | 1.41                             | 0.89           | (9.70)         | (9.66)         | <b>2.37</b>        |
| Diluted earnings/(loss) per share (sen)             | 1.22                             | 0.77           | N/A            | N/A            | <b>N/A</b>         |
| Weighted average number of shares issued            | 233,795,275                      | 233,795,275    | 234,525,557    | 294,654,686    | <b>308,232,783</b> |
| Current Ratio (times)                               | 1.08                             | 1.14           | 0.88           | 0.79           | <b>0.86</b>        |

## FINANCIAL HIGHLIGHTS

(CONT'D)

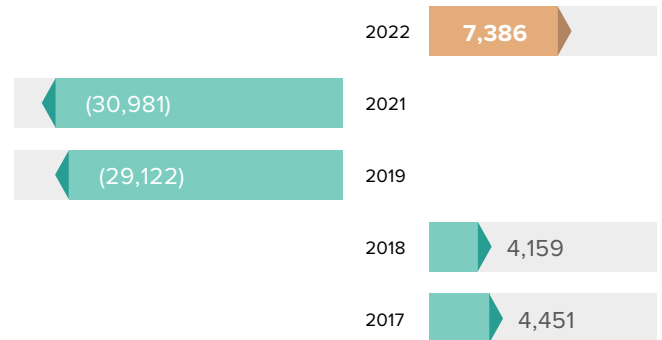
### REVENUE

RM'000



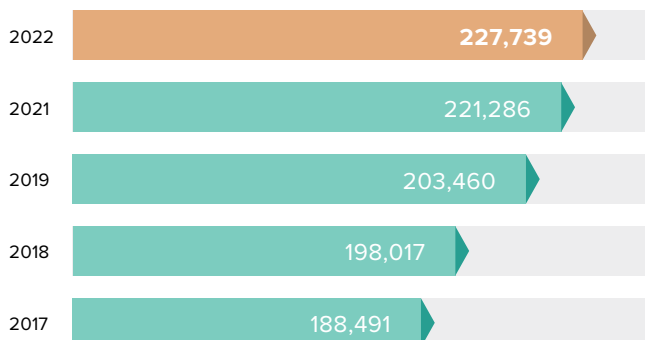
### PROFIT/(LOSS) BEFORE TAXATION

RM'000



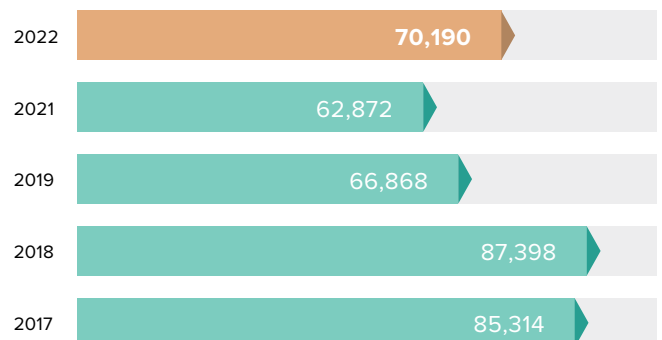
### TOTAL ASSETS

RM'000



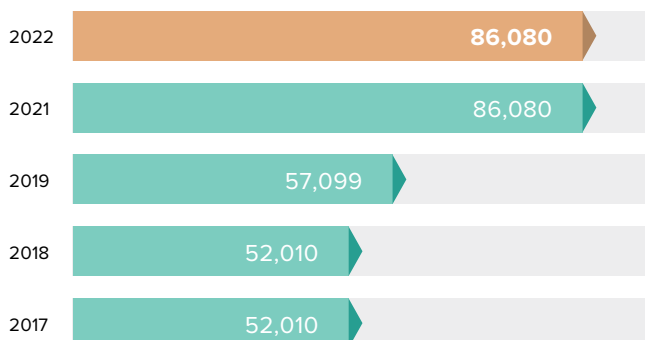
### NET ASSETS

RM'000



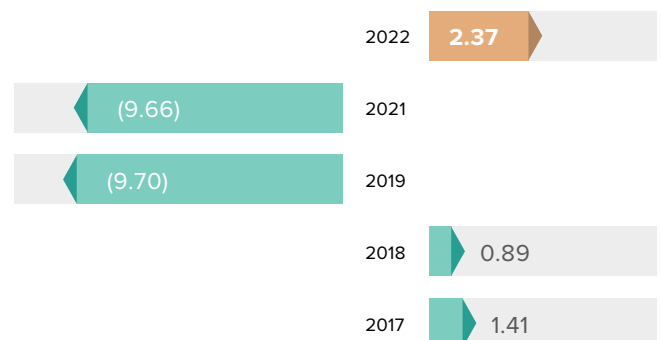
### SHARE CAPITAL

RM'000



### BASIC EARNINGS/(LOSS) PER SHARE

SEN



# CHAIRMAN STATEMENT



“  
To be one of the leading  
egg producers and the  
most reliable suppliers  
of fresh and high  
quality eggs and poultry  
products in Malaysia ”

## Dear Esteemed Shareholders,

On behalf of the Board of Directors, I am humbled to present the Annual Report and Audited Financial Statement of TPC Plus Berhad (“Group” or “Company”) for the financial year ended 31 December 2022 (“FY2022”).

TPC Group will reach a milestone with twenty years anniversary of our initial public offering (IPO) next year. We are proud of our nearly twenty years of business growth and service that is built on our cornerstone: a longstanding vision to serve as one of the leading egg producers and the most reliable suppliers of fresh and high quality eggs and poultry products in Malaysia.

The past two years were ones in which key consensus assumptions were upset by unforeseen circumstances, creating both unique challenges and exceptional opportunities. Considering the dynamic of FY2022, I am impressed to report that the Group’s performance in delivering a strong financial and operational performance despite the setbacks of the aftershocks of COVID-19, inflationary cost pressure, high interest rates and the knock-on-effect of the war between Russia and Ukraine that has caused sharp rise in major raw material prices of the poultry feeds.

## OPERATIONAL HIGHLIGHTS

- ✓ **Continued growth in its existing eggs production and poultry feeds capacities**
- ✓ **Extension of market presence and expansion of existing customer base**



# CHAIRMAN STATEMENT

(CONT'D)

After the historically depressed selling prices of eggs last year as the result of the negative economic impact of the COVID-19 pandemic, the egg prices recovered strongly as a result of the rebound in economic growth notwithstanding the adverse impact from the price control scheme imposed by the Government in an efforts aimed at mitigating inflation.

The Group’s revenue reached its historically high, standing at RM438.1 million, showing an increase of 45% compared to the preceding year mainly due to the recovery of the average selling prices of eggs, higher sales volume and prices of poultry feeds and eggs.

During the financial under review, TPC produced a total of 462 million eggs in FY2022 compared to 430 million eggs in FY2021, showing an increase of 7.4%. The Company manufacture a total of 180,640 metric ton of poultry feeds which is 16.4% higher or an increase of 25,395 metric ton compared to the total feed production of 155,245 metric ton in the previous financial year.



## KEY FINANCIAL METRICS



### REVENUE

**RM438.1**  
Million

**+45.0%**

Higher sales in poultry products

### PROFIT AFTER TAXATION

**RM7.3**  
Million

**+125.7%**

Higher selling prices of poultry products and subsidies received

### NET ASSETS

**RM70.2**  
Million

**+11.6%**

Result improvement and capital conservation

In tandem with the higher revenue, the Company recorded a profit after taxation of RM7.3 million in FY2022 as compared to a loss after taxation of RM28.5 million as the result of the prolonged pandemic impact which had depressed the performance during the preceding financial year. The improved performance was mainly due to the subsidies received from the Government to cushion rising production cost as well as the recovery of the selling price of eggs. During the year, historically high feed costs as well as the imposition of the ceiling price of eggs remained as the major challenges for producers. Management has been exercising extra prudent in capital management with sufficient liquidity in response to the prevailing market challenges.

Further details on our Group’s financial and operating performances for FY2022 will be discussed more extensively in the Management Discussion and Analysis (“MDNA”) in this Annual Report.

# CHAIRMAN STATEMENT

(CONT'D)

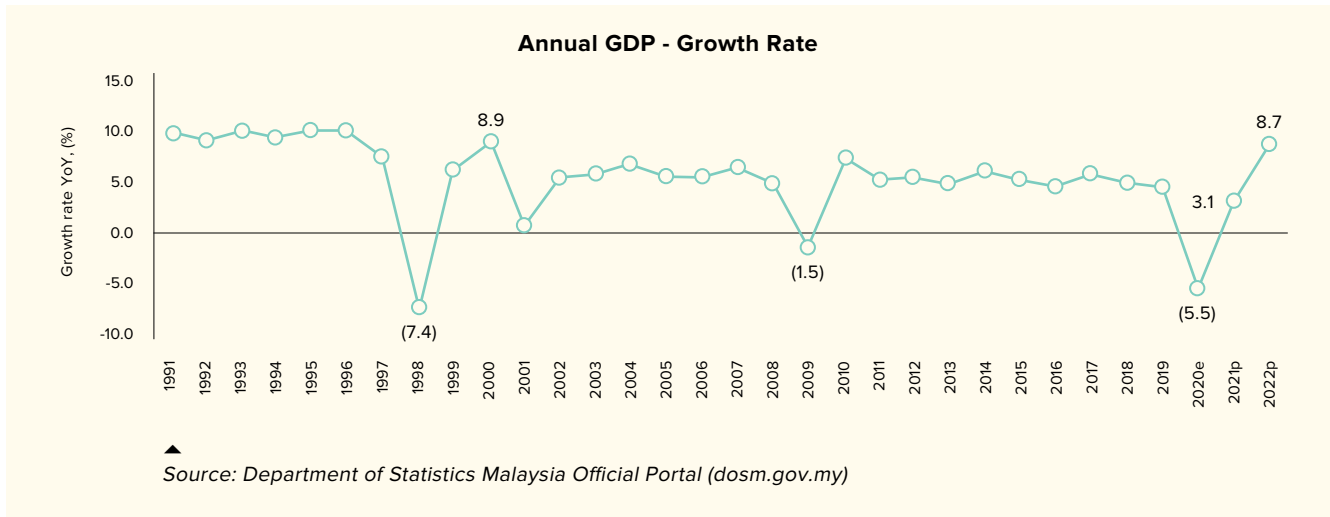
## BUILDING INTEGRITY AND SUSTAINABLE FUTURE

The Board is proud to oversee an emphasis on the fundamental ethics within business operations, and had hence reiterated our commitment to sustainable business practices which have been published in the Company’s website [www.tpc.com.my](http://www.tpc.com.my)

The Group also firmly believes that business has an important role to play for a sustainable future. We try to strike a balance between positive return to shareholders and the interest of other stakeholders. In order to ensure our existing resources are deployed for a sustainable future, management started to conduct, review and reassess exercises to measure our business impact to the economy, environment, society and governance of the Group.

Our approaches to ensuring sustainability through responsible management are set out in the Sustainability Statement in this Annual Report.

## ECONOMY AND BUSINESS OUTLOOK



The Malaysian economy expanded strongly by 8.7% in 2022 driven by the recovery in private and public sector spending following the full reopening of the economy. After the strong performance in 2022, the economy is expected to moderate in 2023 amid a slower global economy. Growth will remain driven by domestic demand. Household spending will be underpinned by sustained improvements in employment and income prospects. Tourist arrivals are expected to continue rising, further lifting tourism-related activities. The continued progress of multi-year infrastructure projects will support investment activity. The implementation of projects from the recently re-tabled Budget 2023 would provide upside risks to the domestic growth outlook. Downside risks continue to stem mainly from global developments, including from weaker-than-expected growth outturns or much tighter and more volatile global financial conditions.

Headline and core inflation are expected to moderate over the course of 2023, but will continue to be elevated amid lingering demand and cost factors. The extent of upward pressures to inflation will remain partly contained by existing price controls and fuel subsidies, and the remaining spare capacity in the economy. The balance of risk to the inflation outlook is tilted to the upside and continues to be highly subject to any changes to domestic policy on subsidies and price controls, as well as global commodity price developments.

▲ (Source: Monetary Statement Press Release by Bank Negara Malaysia on 9<sup>th</sup> March 2023)



## CHAIRMAN STATEMENT

(CONT'D)

Looking back at FY2020 and FY2021 which had posed enormous and unique challenges to all of us in the Group, we are gratified that we have risen to the challenges in an outstanding way in FY2022. The Group was able to deliver resilient revenue and higher profit but more importantly, to increase agility and adaptability to strengthen stability and sustainability for the future.

The global economy continues to remain highly uncertain in FY2023 due to the business environment from pandemic, strengthening of US Dollar and prolonged conflicts between Russia and Ukraine that began last year. The hike in the prices of feeds (i.e: corns, soybean meals) continues to be a cause of concern as this factor will affect the financial performance of the Group significantly. Although domestic demand is expected to continue to drive growth in FY2023, supported by the recovery in the labour market, our Company's operating profit is still highly tied to Government's decision whether to float the prices of chicken eggs or to continue subsidising producers in order to ensure the supply stability of chicken eggs in the country.

In light of the above, the Group remains committed to take advantage if any growth opportunities arise and to continue to refine its existing cost efficiencies and capital management. The Company's prudent strategic perspective is to continue to increase its current eggs production and feed capacities, leveraging modern technology in order to sustain growth despite of many impediments.

Whilst the immediate future will undoubtedly be challenging, the Board and Management will continue to adapt strategies to control and to manage risks in order to stay ahead and defend our Company's market position as one of the main egg producers in Malaysia.



### ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to extend my sincere appreciation to all of our stakeholders for the continuous trust and unwavering support in TPC Group throughout these difficult times. We would also like to convey our gratitude to all of the employees, thank you for your substantial contributions and dedication to work together to steer the Group through the storms.

The Board puts full support behind the Group's current strategic direction and is confident the Company and its Management team remain well placed to execute their plans to deliver future success.

**YBHG. TAN SRI DATUK SERI (DR.)**

**ABU SEMAN BIN HAJI YUSOP**

Chairman

TPC Plus Berhad

# MANAGEMENT DISCUSSION AND ANALYSIS (“MDNA”)

## COMPANY OVERVIEW



TPC Plus Berhad is a renowned company in the poultry farming industry in Malaysia since 1978 and is headquartered in Alor Gajah, Melaka.

TPC Plus Berhad (“TPC” or the “Company”) is an investment holding company and its subsidiaries (the “Group”) are principally engaged in the production, grading, packaging and marketing of egg products. 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.

In April 2012, TPC Group was acquired by Huat Lai Resources Berhad (currently held 59.02% of the issued share capital of TPC as at the reporting date) for the purpose of expanding their own layer farms and egg productions.

The Company’s integrated operations are to grow day-old chicks (“DOCs”), maintain flocks of pullets (female birds under 18 weeks of age), layers (mature birds above 18 weeks) and manufacture poultry feeds and distribute our products to a diverse group of customers.

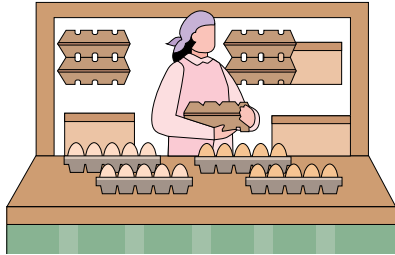
**“ The Group constantly exploits new technologies and talents to achieve better efficiency, to improve the hens’ productivity, eggs qualities, and above all, to work with passion and commitment ”**



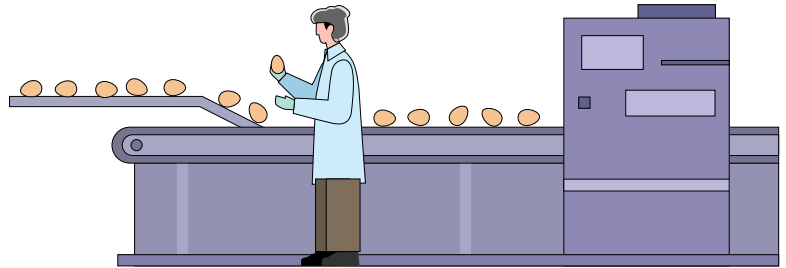
# MANAGEMENT DISCUSSION AND ANALYSIS (“MDNA”)

(CONT'D)

## Existing Diverse Customer Base:



**Serve wholesalers and retailers customers**



**Food manufacturing service**

Currently, all of the layer farms and the feedmill plant are located in Alor Gajah, Melaka and Rembau, Negeri Sembilan. As at the close of FY2022, the Company sold approximately 1.35 million eggs daily to a diverse group of customers, including wholesalers, distributors, food manufacturers, bakery and confectionary industries in the Peninsular Malaysia.

TPC remains devoted to achieve the vision to be one of the leading egg producers and the most reliable suppliers of fresh and high quality eggs and poultry products in Malaysia. The Group constantly exploits new technologies and talents 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.



As at the end of 31 December 2022, the Company owned a total of land extent of 255.2 acres with the total costs in the book of RM35.07 million, on a freehold basis. Being a staple food producer, it has always been the Group's priority to ensure high quality and nutrition in the eggs produced as they are to be consumed largely and routinely by the local community.

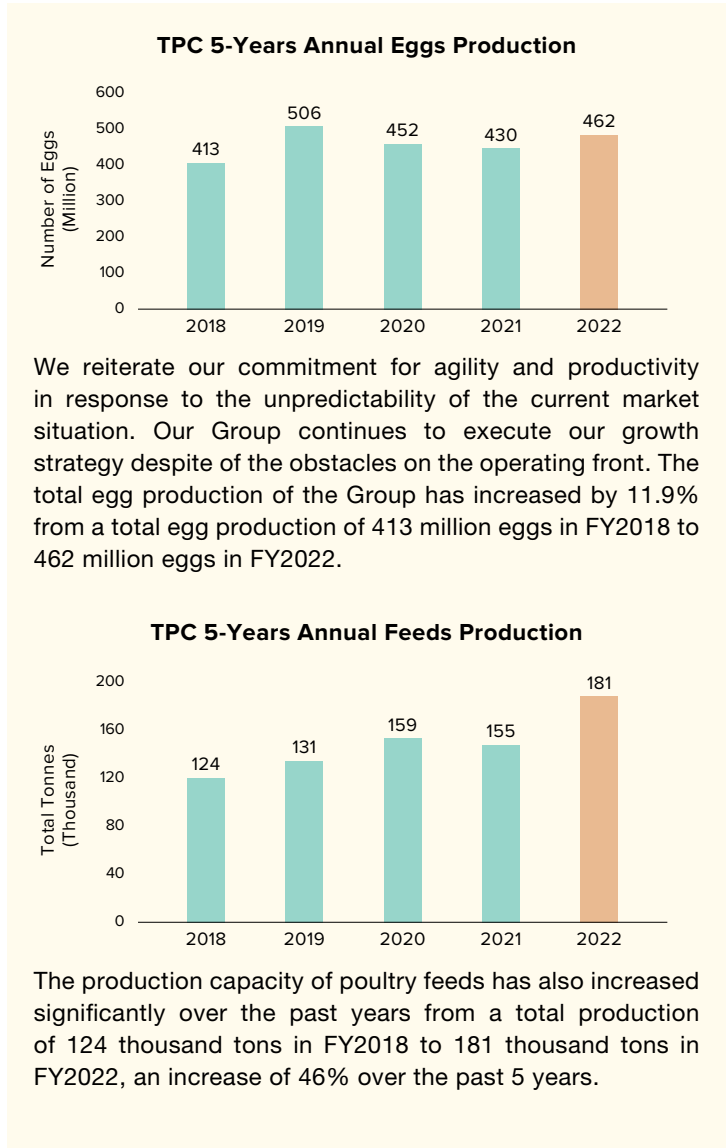
# MANAGEMENT DISCUSSION AND ANALYSIS (“MDNA”)

(CONT'D)

## REVIEW OF OPERATIONS

FY2022 was another year of global economic challenges, led by the impact of the invasion of Ukraine by Russia, continued COVID-19 lockdowns in China, high level of inflation and rising interest rates. Along with the rest of the world, our country continued to face many socio-economic effects of the COVID-19 pandemic. Although the domestic economy showed a notable pick up in FY2022 with a GDP of 8.7% compare to 3.1% in FY2021, inflation was the new threat that had an impact across the industry during the year. The challenges during the year were principally in the form of higher feed costs and the flow through effect which put pressure on margins at a time when our main product – chicken egg prices was controlled by the Government for more than a year. As the result, maintaining the current egg production became even more challenging for all producers leading to delayed inputs and early culling, which in turn affected the poultry industry.

Considering the dynamics of FY2022, TPC Group’s total production as well as the financial performance were creditable as we continued to ensure good and sustainable business growth and enhanced shareholder value, despite of the volatility of market and unforeseen circumstances. Balancing between prudence during the pandemic while taking advantage of the growth opportunities, the Group continued to refine cost efficiencies and capital management especially in the area of business expansion and capital expenditure.



## MANAGEMENT DISCUSSION AND ANALYSIS (“MDNA”)

(CONT'D)

### REVIEW OF FINANCIALS

For FY2022, the Group emerged strongly from COVID-19 crises with the best performance ever. Being the major revenue and profit contributor, the price of eggs has played a pivotal role in the Group's overall performance.

|                             | FYE 2022<br>(RM'000) | FYE 2021<br>(RM'000) | Percentage<br>changes % |
|-----------------------------|----------------------|----------------------|-------------------------|
| Revenue                     | <b>438,065</b>       | 302,213              | 44.95                   |
| Cost of Sales               | <b>434,212</b>       | 327,284              | 32.67                   |
| Other Incomes               | <b>11,216</b>        | 650                  | 1,625.54                |
| Net Profit/(Loss) After Tax | <b>7,318</b>         | (28,453)             | 125.72                  |

#### Revenue

As the results of the nimble management, the Group recorded an increase in revenue by approximately 45% to RM438.1 million in FY2022 compared to RM302.2 million in the last financial year despite of the market volatility. The significant revenue growth was largely driven by overall increase in the selling prices of eggs and feeds as well as higher sales volume of eggs and poultry feeds. The higher average selling prices were primarily due to the current inflationary environment and rising feed ingredients.

#### Cost of Sales

The cost of sales consists of the costs directly related to farm production costs including feeds, packaging materials, medicine and amortization of biological assets.



The following presents the key variables affecting our cost of sales:

- ▶ Feed costs increased by 16% or RM332 per metric ton in FY2022 compare to FY2021, primarily due to the war between Russia and Ukraine which has resulted in the severe shortfalls in global supply for corns and soybean meals
- ▶ Cost of packaging materials increased by 25.8% as the manufacturers increased the prices of paper egg trays due to the rise in the prices of its raw materials and also the increase in the number of eggs sold
- ▶ Medicine cost increased by 89.7% in FY2022 compare to FY2021 due to the increase in the number of birds in the farms and to reduce the likelihood of disease outbreak during the year
- ▶ Higher amortization expense in biological assets due to additional cost assumptions captured during the financial year

## MANAGEMENT DISCUSSION AND ANALYSIS (“MDNA”)

(CONT'D)

### Other Incomes

Total other incomes consist of items not directly charged to, or related to, operations such as interest income, among other items.

The Company recorded an income of RM11.2 million in FY2022 compare to RM0.65 million in FY2021. The increase in other incomes was primarily derived from the chicken egg subsidies received from the Government to cushion the rise in the production costs and higher interest income earned from the Company’s daily available funds in its bank accounts with licensed banks.

### Finance Costs

Total finance costs of the Group during the year decreased marginally by 8.0% to RM2.9 million despite the Bank Negara Malaysia (BNM) had increased Overnight Policy Rate (OPR) forth times throughout FY2022. That is largely due to the lower utilisation of bank borrowings by the management and to pay its creditors partially by using its internally generated funds and the subsidies received from Government.

### Net Profit/(Loss) After Taxation

The net profit after taxation of the Group increased by RM35.8 million or 125.7% to RM7.3 million in FY2022 compare to FY2021. The increase in profits resulted primarily from overall increase in the selling prices of eggs and feeds as well as the higher sales volume of eggs and feeds, partially offset by the increased in the production costs particularly feeds, packaging materials and medicine costs.

The improvement in the financial performance of the Group was commendable and could not have been possible without the dedication of the team. The increase in profit before taxation during the year was also aided by the Group’s cost optimisation initiatives as well as the subsidies received from the Government to partially offset the rising production costs as the result of the controlled egg prices. The hikes in the feed prices resulting from the increase in corn and soybean meal prices had a direct negative impact on the performance of the Group. The corn and soybean meals prices were approximately RM1,600 per metric ton and RM2,700 per metric ton respectively in FY2022, representing an increase of 20% compared to the prices in FY2021.

High feed costs continued into FY2023 and as other factors such as the Russia-Ukraine war, increased fuel costs, transportation and strong export demand and restrictions further compounded the existing issues that contributed to near-historical high prices for commodities prices worldwide and overall higher feed ingredient cost.

### Balance Sheet Strength

|                            | FYE 2022       | FYE 2021 | Percentage change % |
|----------------------------|----------------|----------|---------------------|
| Total Assets (RM'000)      | <b>227,739</b> | 221,286  | 2.92                |
| Total Liabilities (RM'000) | <b>157,549</b> | 158,414  | (0.54)              |
| Debt/Asset Ratio           | <b>0.69</b>    | 0.72     | (4.17)              |
| Net Asset Per Share (RM)   | <b>0.23</b>    | 0.20     | 15.0                |
| Gearing Ratio (Times)      | <b>2.24</b>    | 2.52     | (11.1)              |

The Group’s balance sheet is the pillar of our support, underpinning our ability to drive core business outcomes. The Group achieved total assets at RM227.7 million as at 31 December 2022 indicating an increase of 2.9% from RM221.3 million in FY2021. The increase in the total assets was due to the increase in cash and cash equivalents of the Group during the year, with an increase of RM7 million compare to the prior year’s cash and cash equivalent balance. The Group’s current assets comprising of inventories, biological assets, trade and other receivables, short term investment and cash and cash equivalents made up approximately 54.0% of the total assets.

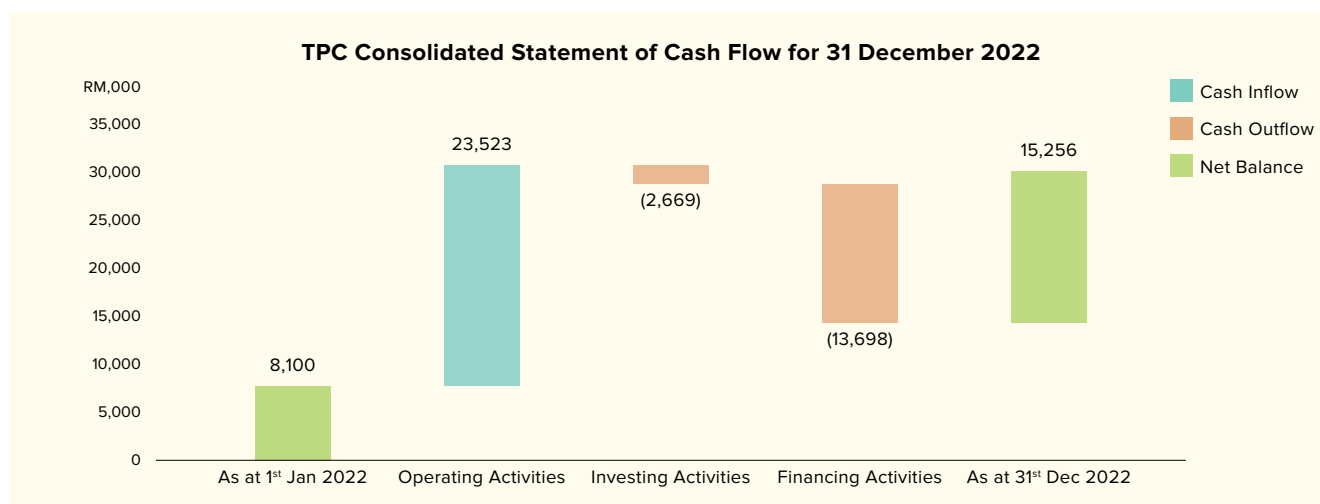
The Group’s total liabilities decreased by RM0.9 million or 0.54% standing at RM157.5 million as at 31 December 2022. The change was primarily due to the lower utilisation of short-term borrowings as a result of overall improvement in the Group’s cash flow position. The total liabilities as at the end of FY2022 stood at RM157.5 million against shareholders’ funds of RM70.2 million, translating into gearing ratio of 2.24, an improvement by 11.1% compare to a year ago. The Group’s current liabilities comprising of trade and other payables and short term borrowings which made up approximately 91.2% of the total liabilities. Total equity attributable to the shareholders as at 31 December 2022 improved by 11.6% from RM62.9 million (RM0.20 per share) in FY2021 to RM70.2 million (RM0.23 per share).

## MANAGEMENT DISCUSSION AND ANALYSIS (“MDNA”)

(CONT'D)

### CASH AND CAPITAL MANAGEMENT

The Group regularly review and manage our capital structure to achieve a balance between shareholders’ return and maintain a strong balance sheet.



In order to maintain a strong capital structure, the Group takes into consideration of its operating cash flow, capital commitment and strategic investment opportunities, if any, which arise from time to time. In response to the prevailing market challenges, we have exercised extra prudence in capital and cash management. There was no major capital expenditure made during the year. Liquidity position of the Group remains robust with cash and cash equivalents of RM15.3 million as at 31 December 2022 compare to RM8.1 million as at 31 December 2021.

#### Cash Flow from Operating Activities

During the financial year under review, the key focus was to drive operational improvement which was significantly affected by depressed selling egg prices as the result of the economic consequences of the pandemic in the last two years.

The net cash provided from operating activities was RM23.5 million for FY2022 compare to a net cash provided for operating activities of RM2.7 million for FY2021. The increase in cash flow from operations resulted primarily from higher selling prices of eggs and feeds as well as the increased in the volume of sales of eggs and feeds, partially offset by the increased feed costs and processing costs. During the year, there was a decrease of RM2.1 million in trade and other receivables compare to FY2021 as the result of improved cash generating abilities of the Group’s core business activities due to better collection of debts from its existing customers.

#### Cash Flow from Investing Activities

There is no major capital expenditure made during the year except a decrease of cash flow from investing activities due to the RM2.4 million pledged to a financial institution during the year.

#### Cash Flow from Financing Activities

The Group’s net cash provided for financing activities was recorded at RM13.7 million in FY2022 from the net cash provided from financing activities of RM6.9 million in FY2021. The Group received RM12.7 million from the warrants exercised by the shareholders which has been fully utilised for working capital purpose in FY2021.

Where as in FY2022, more internally generated fund was used to repay the term loans and lease liabilities amounting to RM7.4 million. The Company also utilised lower banker acceptance amounting to RM3.2 million as compared to prior year despite of the sharp increase in the feed prices. This also indicates that the Group would have sufficient financing capabilities to tap on new investment opportunities, if any. Our improved cash flow for FY2022 financial year is encouraging indicator of advancement in the right direction.

#### Capital Requirement, Structure and Resources

The Group has secured sufficient trade facilities from financial institutions to meet the current working capital and trade facilities requirement for the existing projects.

## MANAGEMENT DISCUSSION AND ANALYSIS (“MDNA”)

(CONT'D)

### 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 implements and monitors vaccination programmes to minimise the risks of disease outbreak. Efficient and effective programmes would ensure the flocks' performance is maintained at the optimal level. At the same time, overall farm productivity and state of health of the biological assets would not be compromised.

Furthermore, the Group is in the midst of converting all conventional opened flock houses into closed houses system (“CHS”) that has a higher degree of biosecurity. This is due to the built-in ventilation technology to maintain the optimal temperatures and reduce the risk of heat stress. CHS 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. For the first time, Malaysia temporarily allowed the import of eggs from India as there's acute shortage of eggs in the country.



## MANAGEMENT DISCUSSION AND ANALYSIS (“MDNA”)

(CONT'D)

Despite the aforesaid, the Group will continue to manage and limit the risks through, amongst others, continued investment in CHS, 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, no assurance can be given that any changes to these factors will not have a material implication to the Group's performance and that the Company can maintain its current market position in the future.

### Changes in Digital Technology and Cyber Threats

Changes in digital technology and cyber threats are external factors that have developed and evolved very rapidly. In today's environment, due to competition and business development, it is crucial that businesses rely more on the use of modern technology and connectivity of information from various devices and work processes via the internet to increase business efficiency and create good experiences for customers while considering the security of the information technology system of the organization.

Therefore, the company has prepared to support such developments and technological changes, as well as consider technology risks that may have a significant impact on current business disruptions, through the establishment of an information technology center in order to plan, monitor, and provide tools to prevent risks and continue to manage the Company's existing system.

### Climate Change and Natural Disaster

Fire, extreme weather, climate change, 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. Necessary steps have been taken to acquire related insurance policies that cover damages due to certain accidents and to preserve cash during challenging times.

### 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 scheme on poultry products can bring impact to the Group.

The Group constantly keeps up-to-date with the current economic, political, and regulatory conditions so that preventive and corrective actions can be taken in a prompt and immediate manner upon the awareness of any changes that can affect the Group's business. The key management personnel always work closely with the Department of Veterinary Services (DVS), Audit Committee and supported by other external professionals to always stay updated about the latest change in regulations and requirements.

### 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.

### FUTURE OUTLOOK

We remain optimistic on the overall prospect of TPC Group. Moving forward, although supply side disruption will remain as an on-going challenge due to the elevated commodity prices, management will continue to remain agile in responding to the current market unpredictability by seeking new ways to grow, revamp and to improve on its operational efficiency.

The Group will continue to focus to complete the construction of existing facilities and to operationalise them to achieve cost savings and efficiency in order to strengthen our competitive position as one of the most reliable egg suppliers in Malaysia.



# SUSTAINABILITY STATEMENT

This Sustainability Statement (“SS”) provides TPC Plus Berhad’s stakeholder’s insights about TPC Plus Berhad’s and its subsidiaries (hereinafter referred to as “TPC” or “the Group”) sustainability practices and performance in an accountable manner, in line with the amendments to the Main Market Listing Requirement (“MMLR”) on sustainability reporting issued by Bursa Malaysia Securities Berhad (“Bursa”). We have also taken into consideration the Sustainability Reporting Guide – 3<sup>rd</sup> Edition along with its accompanying toolkits from Bursa Securities.

Throughout this SS, we highlight the strides we have made towards achieving sustainable development, including stakeholder engagement initiatives and considering the impacts of our operations and take appropriate steps to sustainably conserve the environment and resources.

## REPORTING SCOPES AND BOUNDARIES

This SS covers the reporting period from 1<sup>st</sup> January 2022 till 31<sup>st</sup> December 2022, focusing on the review of our material sustainability topics that we have previously identified 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 prioritise conducting our businesses sustainably based on the principles of good corporate governance, as well as corporate social and environmental responsibility.

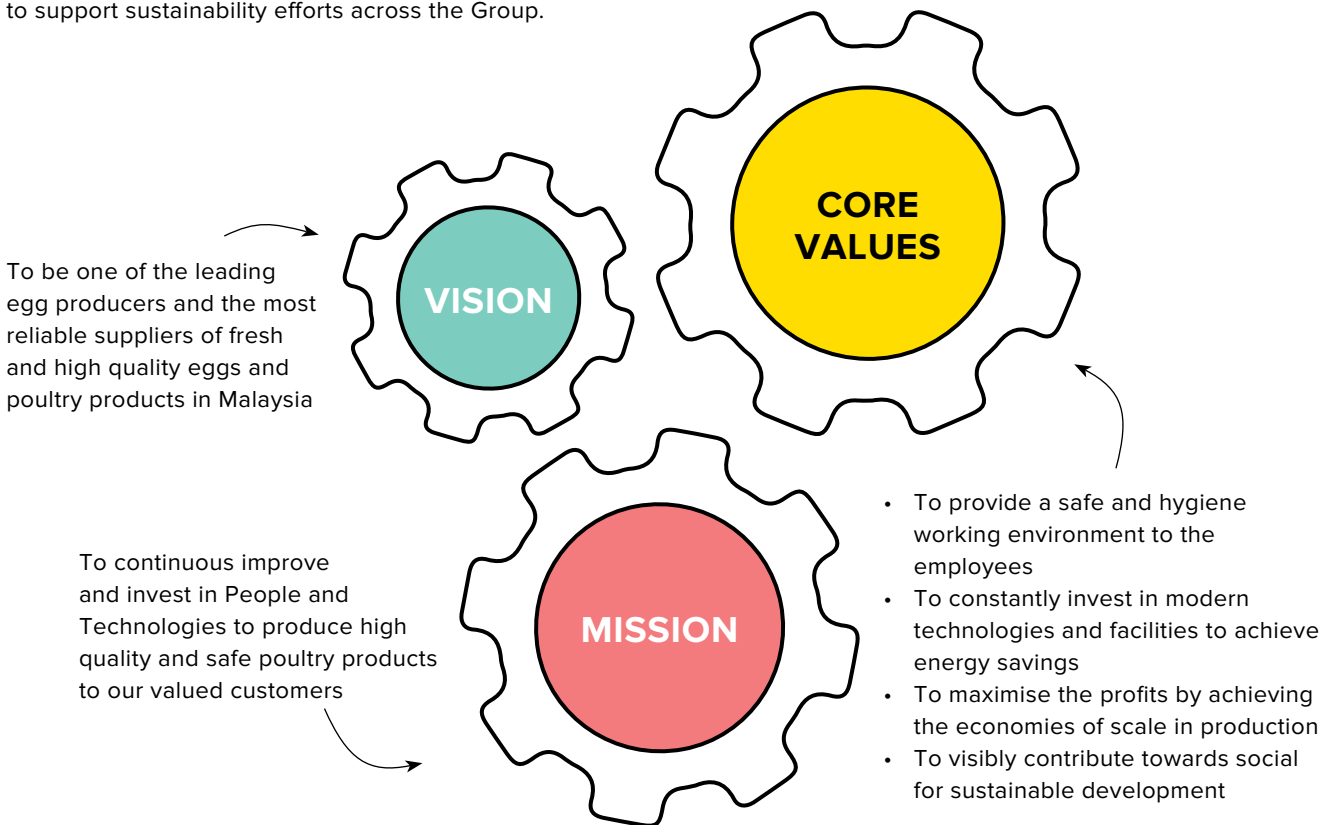
Our scopes and boundaries cover the Group’s layer farming and feed mill divisions in Malaysia. The Group is being advised by an external consultant to assist on the sustainability reporting enhancement and internal auditors to support sustainability efforts across the Group.

## APPROACH TO SUSTAINABILITY

Our approach to sustainability is based on our core values of excellence, unity, integrity, humility and building relationship, supported by policies and procedures at the Group level. We consistently embed sustainability into the core of our business. The following value-added sustainability framework forms the basis of TPC’s steps to strengthen our 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:



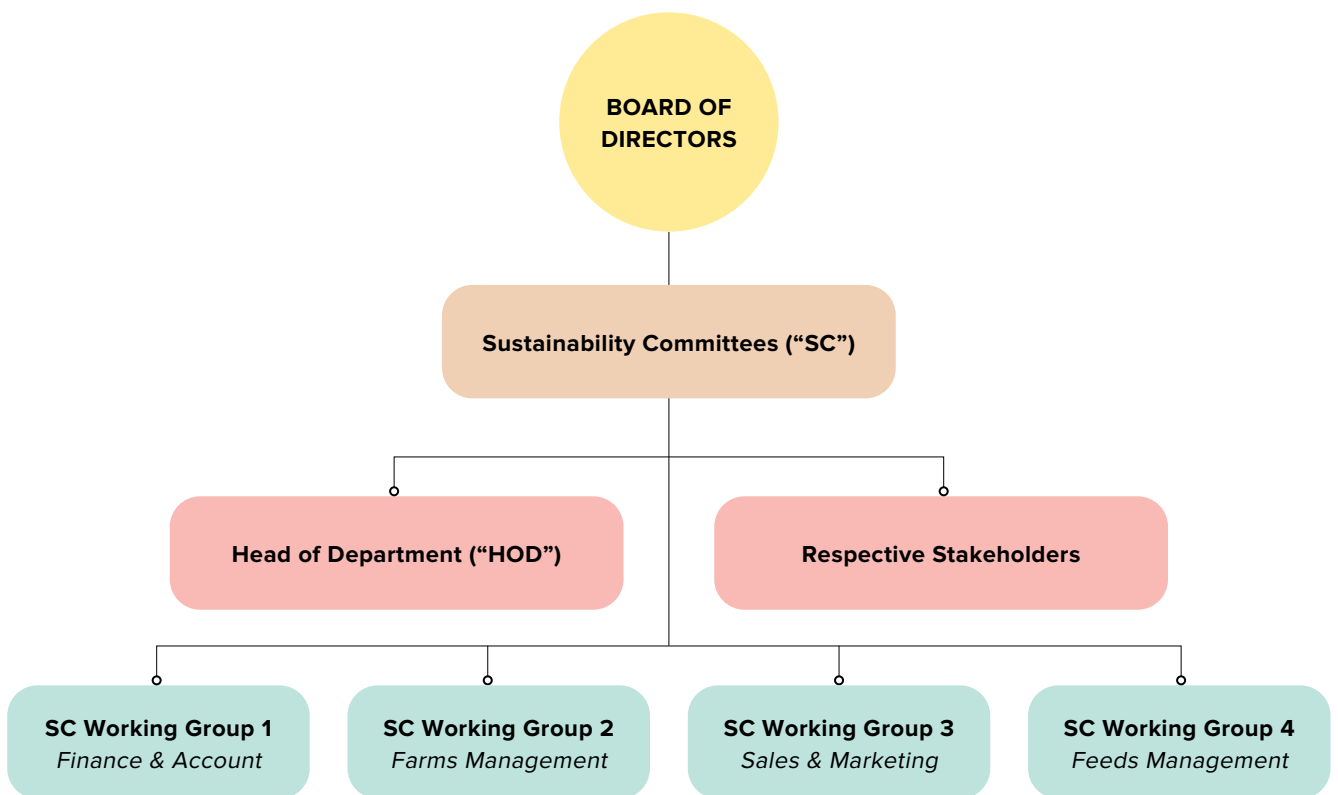
# SUSTAINABILITY STATEMENT

(CONT'D)

We continue to work on developing processes that will help our internal and external stakeholders to develop a 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 for ensuring that the Group’s strategic plans support long-term value creation which must include EES considerations.

## ORGANISATION STRUCTURE FOR SUSTAINABILITY

Being a public listed company, TPC complies with the standards of corporate governance (“CG”) practices and is closely monitored under the leadership of our Board of Directors, as guided by the Malaysian Code on Corporate Governance 4<sup>th</sup> Edition.



Whilst the Board of Directors is primarily responsible for the sustainability performance of the Group, it has delegated to the Sustainability Committee (“SC”) to oversee the risk management and internal control system, which includes the exposure of the Group to sustainability risk. The SC comprises of the Managing Director, two (2) Executive Directors and two (2) of the Finance and Account Managers of the Group. Those few selected top managements are the main drivers of sustainability measures and their initiatives are supported by their team of senior management personnel in implementing the strategies towards achieving sustainable performance of the Group.

The Group integrates sustainability into its risk management system, where sustainability is invariably a mooted point at the discussions when risk management matters are discussed and deliberated upon, especially when an update of the risk profile of the Group is undertaken. The SC is assisted by the respective HOD in providing updates on matters related to risk and sustainability. The outcome of any SC meeting is then escalated to the Board by the Audit Committee Chairman for further deliberation.

# SUSTAINABILITY STATEMENT

(CONT'D)

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

- Advising the Board on the sustainable strategies
  - Advising the Board on the Group's risk appetite with respect to sustainability risks and ensuring potential sustainability risks are captured
  - Monitoring the implementation of sustainability strategies as approved by the Board
  - Overseeing stakeholder engagement to ensure all issues, grievances and suggestions raised are taken into consideration in managing sustainability matters
  - Recommending to the Board of its approval the identified material sustainability matters, sustainability-related policies, its goals and targets
  - Monitoring the implementation of policies and initiatives of sustainability management
  - Overseeing the management of sustainability matters by focusing on matters material to the Group
  - Overseeing the preparation of the SS and recommending it for Board's approval
- 

- Address and manage challenges and constraints to the sustainability initiatives
  - Conduct materiality assessment
  - Track, monitor and analyse sustainability measures
  - Discuss and report any challenges and constraints with SC
- 



The governance of our sustainability agenda is a process that is important to the Group as it enables the business to effectively embed sustainability. Good governance structures also ensure that we are consistently aligned to our principles and standards. Demonstrating its commitment from the top, the Group's sustainability agenda is governed by a SC.

# SUSTAINABILITY STATEMENT





(CONT'D)

## OUR CONTRIBUTION TOWARDS SUSTAINABLE DEVELOPMENT

Seventeen (17) Sustainable Development Goals (SDGs) were set by the United Nations General Assembly in 2015 to counter major global issues such as urbanization, climate change, resource scarcity, demographic and social change and global economic condition by the year 2030 entails contributions from governments, civil society and businesses. All the countries and stakeholders, acting in collaboration, will strive to implement this plan. The 2030 Agenda for Sustainable Development shapes the journey and sustainable enhancement in Malaysia. Aligning with the aspiration of our Government, we will enhance our strategies and efforts to adopt these goals progressively as part of our sustainability journey.



Aligning ourselves to the aspirations of the Malaysian Government, we have identified five (5) SDGs that the Group commits to support directly and/or indirectly as part of our sustainability journey.

| SDG  | GOALS  | MANAGEMENT APPROACHES  |
|--|--|--|
|  <p><b>Good Health and Well-being</b></p>              | Ensure healthy lives and promote well-being for all at all ages.   | We are committed to creating a safe workplace and promoting healthy living amongst our employees.  |
|  <p><b>Quality Education</b></p>                      | Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.  | We provide highly intensive training and retraining to our staffs due to the nature of our business.   |
|  <p><b>Decent Work and Economic Growth</b></p>        | Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.  | We aim to create a workplace that is conducive to productivity and growth by providing job opportunities and equipping our employees with various training and development programs. |
|  <p><b>Responsible Consumption and Production</b></p> | Ensure sustainable consumption and production patterns.  | We ensure that our business complies with the rules and regulations of waste management.   |
|  <p><b>Peace, Justice and Strong Institution</b></p>  | Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels. | We place ethics and integrity at the centre of our business operations and have policies in place towards embedding such values throughout our organisation.                         |

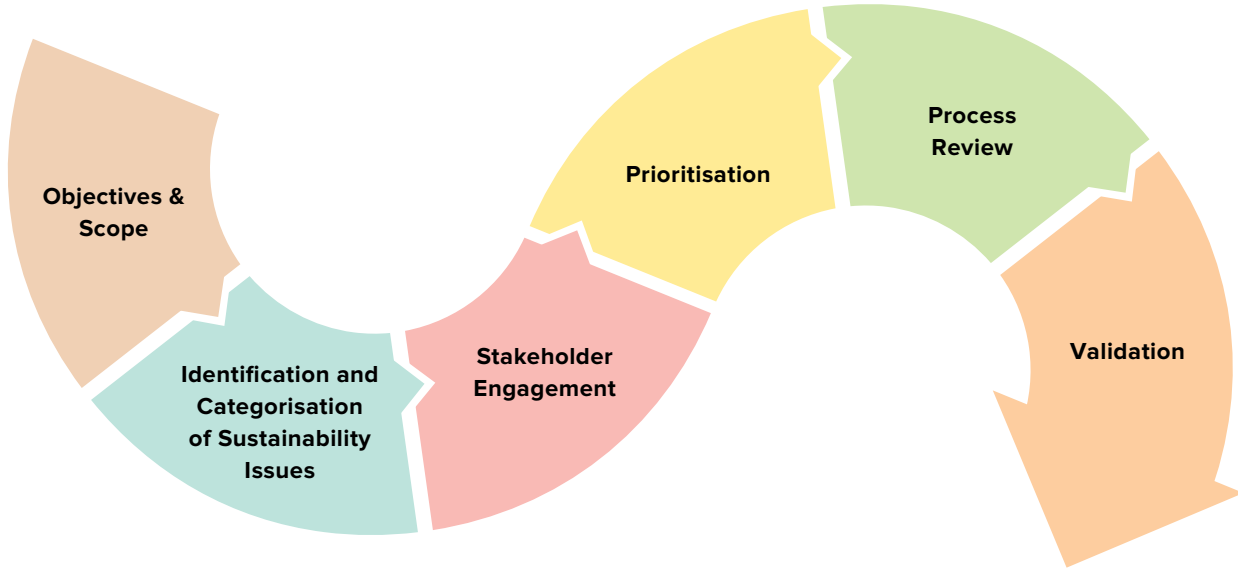
## STRATEGIES AND DIRECTIONS

Despite the challenging operating environment, TPC continues to practise prudence and stay focused on delivering quality growth, while being watchful of emerging risks. The Group is fully committed to uphold responsible financing which is reflected through its prudent infrastructure transformation as well as sustainability in its supply chain.

# SUSTAINABILITY STATEMENT

(CONT'D)

## OUR MATERIALITY ASSESSMENT PROCESS



### Objectives & Scope

TPC undertook a materiality study within the top management and middle management to determine the objectives and scope of the sustainability reporting. Our scope and boundaries cover all our entities and operations in Malaysia.

### Identification and Categorisation of Sustainability Issues

The process was initiated with sustainability issues relevant to TPC and its stakeholders. In generating the list, the Group assesses the operating environment and emerging trends affecting our sector and conducted a study across a broad range of references to identify the relevant sustainability issues. The references include Bursa Malaysia’s Sustainability Reporting Guide and Toolkits, and international standards such as the Global Reporting Initiative Standards on a segment basis.

Moving forward in 2023, we plan to undertake a continuous review of material factors and sustainability matters to ensure that our understanding of both the current and future risks and opportunities facing our markets is adequately addressed, as well as to gather stakeholder perspectives and ensure that we are responding to their needs. As we update our material factors, we will continue to evolve our management approach to ensure that we are addressing them in a holistic and integrated manner. This may involve developing new policies and procedures, implementing various initiatives, measures and action plans, setting indicators as well as establishing a proper mechanism to capture, analyse and report sustainability data and information.

### Our Materiality Factors

As we monitor, manage and report on a wide variety of issues, the key to our approach is focusing our resources on the material sustainability risks and opportunities that are associated with each material factor. Understanding our key priority allows us to set our time, resources and investment to the best use.

The materiality process involved several steps including:

- Identification of potential material topics by reviewing the partial segment of Global Reporting Initiative (“GRI”) aspects in analysing past reports, which reflects the feedback from customers, community representatives and employees generally.
- Inventory of aspects and topics most important to external stakeholders, customers and their supply chain vendors, based upon requests, surveys and ongoing engagement during the reporting period.

We conduct a materiality assessment every year to ensure that the material matters are timely and relevant. This process will enable committees and working groups 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 to identify and address key sustainability issues which reflect the significant economic, environmental and social impact on our business.

The matrix below illustrates 14 materiality factors which have been identified as being relevant to our business operation, based on the priorities of the organisation.

# SUSTAINABILITY STATEMENT








(CONT'D)

● Environmental 
 ● Social 
 ● Governance

|                               | FACTORS   | WHY MATERIAL   | MANAGING MATERIALITY  | FREQUENCY              | MANAGEMENT INITIATIVES   |
|-------------------------------|---|--|---|------------------------|--|
| MATERIALITY<br>VERY IMPORTANT | <b>Market Condition</b><br><span style="color: #FFB74D;">●</span>   | Market condition affects all businesses in every industry.                                   | Our business segment very much depends on the market condition where we conduct market study prior engaging in any new projects.                          | Weekly<br><br>Monthly  | Management will review the market condition pertaining to the changes.<br><br>Key Senior Management meets regularly to discuss and come out with an action plan.   |
|                               | <b>Compliance</b><br><span style="color: #4DB6AC;">●</span> <span style="color: #FFB74D;">●</span>  | Compliance with laws and regulations is one of our main requirements.                        | We provide adequate training and resources to ensure we meet compliance obligations.  | Yearly                 | Staff attend the workshop and training to get the updated laws & regulations. i.e: Malaysian Financial Reporting Standards ("MFRS") and Halal Awareness Trainings. |
|                               | <b>Occupational Safety and Health</b><br><span style="color: #4DB6AC;">●</span> <span style="color: #E57373;">●</span> <span style="color: #FFB74D;">●</span> | Impact on safety of workforce to avoid any accidents.  | We support the ongoing training of operational teams to ensure understanding in recognising and improving as well as maintaining safe working conditions. | Regularly              | By providing fire safety training and health training.<br><br>Keep the working environment safe.   |
|                               | <b>Quality</b><br><span style="color: #4DB6AC;">●</span> <span style="color: #E57373;">●</span> <span style="color: #FFB74D;">●</span>                        | It is part of our core business value to satisfy all of our customers.                       | By obtaining prompt stakeholder feedback to gauge our quality.  | Continuously<br>Yearly | Product quality control will be improved based on the customers' requirements.   |
|                               | <b>Customer Satisfaction</b><br><span style="color: #4DB6AC;">●</span> <span style="color: #E57373;">●</span> <span style="color: #FFB74D;">●</span>          | It is important for us to benchmark ourselves and to the industry to achieve mutual success. | We conduct customer satisfaction surveys to obtain customer's feedbacks to stay relevant in the industry.   | Continuously           | Sale team will receive feedbacks from customers by phone calls or emails.  |
|                               | <b>Reputation</b><br><span style="color: #4DB6AC;">●</span> <span style="color: #E57373;">●</span> <span style="color: #FFB74D;">●</span>                     | To get a more realistic picture of how the business is actually being perceived by others.   | We take initiatives to enhance our reputation by providing balance reporting.   | Continuously           | We participate in Corporate Social Reporting ("CSR") programs to help vulnerable groups and care about the society.  |
|                               | <b>Procurement</b><br><span style="color: #4DB6AC;">●</span> <span style="color: #FFB74D;">●</span>   | It ensures the stable, sustainable procurement and supply of resources.                      | We are always on the lookout for best quality and economical pricing in-order to be competitive.  | Continuously           | The procurement team are responsible to ensure the purchased raw material/ feeds/medicine/day old chicks are in the best quality with reasonable prices.           |

# SUSTAINABILITY STATEMENT

(CONT'D)

|                               | FACTORS   | WHY MATERIAL  | MANAGING MATERIALITY  | FREQUENCY    | MANAGEMENT INITIATIVES  |
|-------------------------------|---|---|---|--------------|---|
| MATERIALITY<br>Very Important | <b>Corporate Governance</b><br>              | To ensure that the Group protects the members, officers and management.                       | Governance is conducted according to various regulations and sub committees.<br><br>The board and management oversee the governance on a daily basis and it is reflected on quarterly reporting to regulators and stakeholders. | Regularly    | Compliance with the updated rules and regulations such as Malaysian Code on Corporate Governance 2021 (“MCCG 2021”), MFRS and Finance Bill. |
|                               | <b>Customer Privacy</b><br>                  | It is important to build customer trust and loyalty.  | We take necessary measures to protect the customer’s privacy by having our staff trained on this matter.  | Continuously | Compliance of Personal Data Protection Act (PDPDA) with the policy to keep customers’ information in private and confidential.              |
|                               | <b>Business Model/ Business Growth</b><br> | Business model plays a vital role in challenging market condition of the market and business. | We engaged high level review on the business model with the management.   | Continuously | Expanding the new channel to improve products exposure.   |
|                               | <b>Product Mix</b><br>                     | To have a variety of products that will fit each customer’s needs.                            | In order to be highly competitive we take the initiatives to create varieties of egg products.  | Continuously | Other than selling normal eggs, we have added omega eggs and LSL eggs in our product list.  |
|                               | <b>Business Ethics/Code</b><br>            | Maintaining business ethics is our core values.   | We proactively promote and positively reinforce good behaviours to the employees.   | Continuously | Having own Employees Code of Conducts and Ethics.   |
| MATERIALITY<br>Important      | <b>Local Environment Impact</b><br>        | It safeguards the environment impact.   | We monitor and review the environmental compliance strategy and performance.  | Continuously | Prevent the environmental pollution by renovate the site area.  |
|                               | <b>Business Mix</b><br>                    | Diversification is part of our business model to stay sustainable.                            | We are always on the lookout for potential business synergy which creates a better value to our core business.  | Ad-Hoc       | Consistently review existing business plans.  |

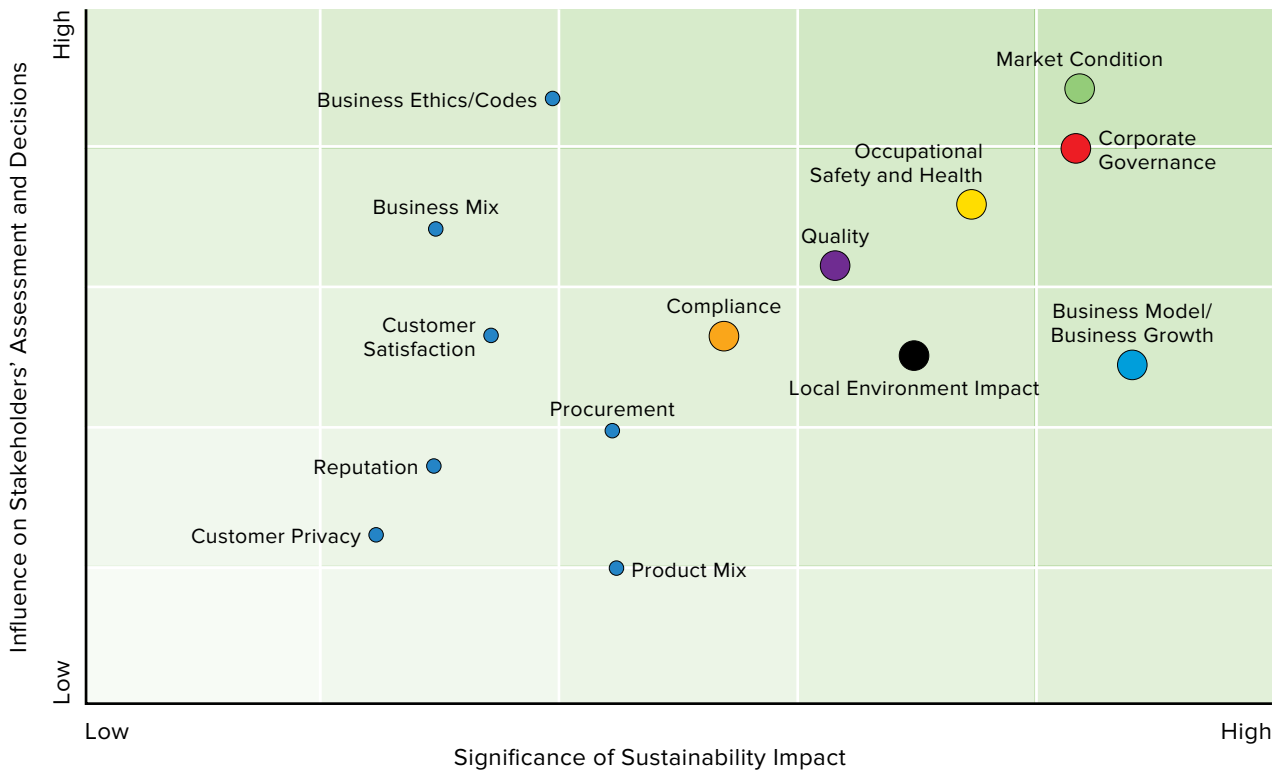


# SUSTAINABILITY STATEMENT

(CONT'D)

From the 14 materiality factors identified, the materiality matrix has been derived as follow:

## MATERIALITY MATRIX



### KEY TO MATERIALITY

This section aims to provide insights on the Group’s sustainability commitment and practices across the three key areas of Environmental, Social and Governance undertaken by Committees and Working Groups.

#### Market Condition

Despite growing optimism over the global economic recovery entering into 2022, the economic risks remain present. The production cost of eggs continue to be inflamed by soaring feed prices brought about by the Russia-Ukraine war which disrupted the supply of the commodities (i.e: corns, soybean meals). As the result, the skyrocketing commodities prices have affected the performance of the Group due to the rising feed cost pressure and supply chain strains. During the year, the industry continued to face the challenges of prolonged labour shortage, government’s intervention to control the selling prices of eggs throughout the year together with the plan to raise the minimum wage effective from 1<sup>st</sup> May 2022. Despite of the ongoing high feed prices, distribution costs

and rising labour costs, the introduction of the Government subsidy program has helped all producers to overcome the spike in the production costs.

During the year, the management of the Group continue to do our best to ensure business continuity and sustainability and also to strengthen our resilience during trying times. Management will regularly meet to discuss about the changes in the market condition in order to identify opportunities from setbacks.

#### Compliance

The Group has arranged training sessions for the employees in order to develop their competencies and skills throughout the reporting period.

Besides, the Group has complied with the regulatory standards and guidelines in place through its adherence and actions towards cultivating its sustainability initiatives regarding its material matters. The Group did not violate any environmental laws and has not been penalized for any major environmental violation in financial under review.

## SUSTAINABILITY STATEMENT

(CONT'D)

Our Group complies with relevant laws and regulations as stated below:

- a) HALAL Certification by Jabatan Kemajuan Islam Malaysia (JAKIM)
- b) MeSTI (*Makanan Selamat Tanggungjawab Industri*) Certification by Kementerian Kesihatan Malaysia (KKM)

### Occupational Safety and Health

TPC Group views occupational safety and health at the workplace as of utmost importance. We commit to provide a safe and conducive working environment and facilities for all our employees as well as stakeholders, including contractors, suppliers and visitors. Trainings and briefings will be provided to create awareness of the 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 an offensive, intimidating or inappropriate working environment. The Group has established a complaint procedure for reporting 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 with 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 a high degree of safety and health awareness in the workforce.

### Quality

TPC regularly take necessary steps to improve our eggs, poultry feeds quality and delivery service efforts in order to demonstrate our commitment to all of our customers. During the year, the Group has diversified our products to produce omega eggs on top of our existing normal eggs in order to satisfy different demand needs.

Our sales and marketing team is committed to regularly obtain our customers’ feedbacks, resolve customers’ concerns and complaints immediately in order to gauge our product quality. Besides, the Group’s Quality Assurance team will conduct in-house test and to issue Certificate of Analysis (“COA”) to our liquid eggs customers from different food industry in order to confirm our product meet its appropriate specification. The Group accentuates quality assurance of the production process to ensure safety and quality as per the standard.

### Corporate Governance

As part of effective board leadership and oversight the integration of sustainability considerations in corporate strategy, governance, and decision-making, as sustainability and its underlying environmental, social as well as ESG issues are discussed during the management and board meetings that are material to the ability of the Group to create durable and sustainable value and maintain the confidence of their stakeholders. To be resilient, the Board takes a much more holistic view of the business coupled with proactive and effective measures to anticipate and address material ESG risks and opportunities.

We are moving towards a long-term strategy and a clear plan for sustainability including supporting the global transition that will distinguish itself by building the confidence of its stakeholders, ie, consumers, investors, policymakers, and regulators. We are alert for the Group to adapt to shifts and changes faced in the global landscape. The Group addresses its sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

The Board together with management takes responsibility for the governance of sustainability in the Group including setting the sustainability strategies, priorities and targets. The Board also takes into account sustainability considerations when exercising its duties including among others the development and implementation of Group strategies, business plans, major plans of action and risk management. The Strategic management of material sustainability matters are discussed and implemented at the senior management level.

The Board ensures that the Group’s sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders. Hence the Board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the Group and its business, including climate-related risks and opportunities.

# SUSTAINABILITY STATEMENT

(CONT'D)

The Board is working towards a performance evaluation of the Board members and senior management include a review of the performance of the board and senior management in addressing the Group's material sustainability risks and opportunities.

The Board has a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the Group.

The Board and management continuously engage and consider the views of its internal and external stakeholders to better understand and manage the Group's sustainability risks and opportunities. We recognised the sustainability issues as a material issue to the decision-making considerations of a Group's stakeholders. We continuously consider the institutional investor's consideration in the integration of ESG factors in their investment decision-making process as part of the fiduciary responsibility and have committed to hold Boards and senior management accountable for the management and oversight of sustainability.

Stakeholder expectations are heightening across various sustainability issues such as health and safety, data governance and privacy as well as climate action.

The global commitment and acceleration of efforts to transition towards a net zero economy have also resulted in the Group for better demand for greater action on our part. We are in the process to evaluate the operations process and setting science-based emissions reductions to target to support cleaner and sustainable growth.

The Group's sustainability strategies, priorities as well as targets and performance against these targets are communicated to the internal and external stakeholders of the Group. Employee awareness and understanding of the Group's approach to sustainability ('what we do and why we do it') on sustainability issues and support actions on sustainability across the Group are communicated.

External stakeholders are also informed through the appropriate means such as engagements and Group disclosures. In preparing the latter, the Board and senior management consider, among others, the information which stakeholders require to assess the Group's sustainability risks and opportunities, and ensure the information are disclosed, focusing on substance and not merely form. We are partially moving forward to set the Group's targets, and actions that the Group has or will take to address any gaps.

The Boards have sufficient understanding and knowledge of sustainability issues that are relevant to the Group and its business, to discharge their role effectively. As a proactive measure, the Board has taken capacity and competency benchmarks on its ability to tackle questions and deliberate on sustainability, as well as evaluate the sustainability risks and opportunities, and make informed decisions on the matter. To ensure the Board is equipped and ready to execute its role, the board identify its professional development needs concerning sustainability and ensures these are addressed. The Board also consider whether a change in its composition or of its skills matrix is required to strengthen board leadership and oversight of sustainability issues.

As addressing material sustainability risks and opportunities is the responsibility of the Board and senior management, they will consider and evaluate how well they have performed their respective roles. These may include, where applicable, progress against the achievement of sustainability targets. The performance evaluations are conducted to promote accountability and identify issues that may require intervention by the Board and/or senior management. Outcomes from the evaluations and next steps should also be shared with the Group's shareholders.

The economic scenario remains as our core element based on the market condition of the global influence. Senior management has taken a great level of measures to identify the critical risk which influence the strategy of the Group. By taking indispensable steps with the senior management and the Board, we foresee mitigating the risk elements. We also conduct ad-hoc meetings with the HOD on the business aspects to cater for the market needs, whenever necessary.

Our commitment to the business is focused on strong corporate governance and prudent management in view of the challenging internal and external environment. We strive to achieve this by enforcing the following aspects.

- Details of the below practices are elaborated on our website:
- Anti-Bribery Corruption Policy
- Board Charter
- Audit Committee
- Constitution
- Corporate Disclosure Policy
- Employee Code of Conduct and Ethics

# SUSTAINABILITY STATEMENT

(CONT'D)

Details of the below practices are elaborated on our website:

Fit and Proper Policy

Terms of Reference of Audit Committee

Terms of Reference of Remuneration Committee

Terms of Reference of Nominating Committee

Whistle-blowing Policy and Procedures

Corporate Governance and Compliance

Risk Management Committee and Key Risk Profile

## Business Model / Business Growth

The Group has pursued a growth strategy in expanding its eggs production over the years since 2012. The total egg production has grown by 78.4% from 259 million eggs in FY2014 compare to 462 million eggs in FY2022. The strength of our position is evidenced by having increasing market shares over the past years. We have marketed our eggs to a diverse group of customers, including wholesale egg dealers, retailers, fast food restaurants and even directly to food manufacturers in Malaysia.

In July 2017, the management decided to take the business to another level by building its own feed mill plant. The Group adopted a fully integrated business process by manufacturing high quality feed that are carefully formulated and mixed to cater for the needs of commercial layers at different growing stage. From the production of the feeds to egg handling, the business processes are fully controlled and monitored internally within the Group.

Over the years, management continues to implement the growth strategy, operate and expand the existing businesses. If opportunities arise, the Group still look forward to pursue any additional growth opportunities that could add value or to diversify our existing operations.

## Local 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 been put in place. The Group pursues practices that promote preserving natural resources for future generations, leaving minimal adverse environmental footprints.

Conserving nature is always the Group's top priority. Poultry manures in the Group will be sold as organic fertilisers for use in the agriculture industry instead of chemical fertilisers which will help to create a 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 the farms. It is currently in the process of converting all of its farmhouses to the closed-housed system which will likely alleviate the problems with flies.

Apart from that, recycling 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 be transferred to the grading store. This is to slowly minimise the usage of paper egg trays to reduce waste 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 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 use.

As a Group with sustainable commitment, we promote water-saving practices among employees. The water consumed by the employees is obtained from the municipal water supply. We have taken small steps to control the water used to be in line with the sustainability efforts, namely:

- **Slow the flow** - Adjusting water pressure/outflow for toilets, washbasins, and pantry, throughout our office premises
- **Seek the leak** - Conducting checks and fixing leaks immediately, where possible

We understand that energy management is essential for combating climate change and for lowering an organisation's overall environmental footprint. Our electricity supply is from the local supply and we aim to minimise the energy usage in our head office by implementing the following efforts:

- A lighting schedule across key areas in our premises to switch off lights during certain hours of less use
- Maintenance and replacement of electrical equipment and light fittings to maximise energy efficiency
- Other electrical appliances in the office and pantry when they are not required

# SUSTAINABILITY STATEMENT

(CONT'D)

TPC acknowledges that the environmental impact of paper usage is significant. The Group’s approach to waste management is to avoid unnecessary paper consumption and waste generation, where possible and appropriate, in order to reduce wastage. TPC has always looked at ways to reduce paper usage so that less waste. Generally, the Group practises the following on paper management:

**Reducing paper**  
By encouraging avoiding printing and photocopying and emphasising paperless and electronic mode. In addition to this, practise double-sided printing or reduce the size to have the best economical usage of papers

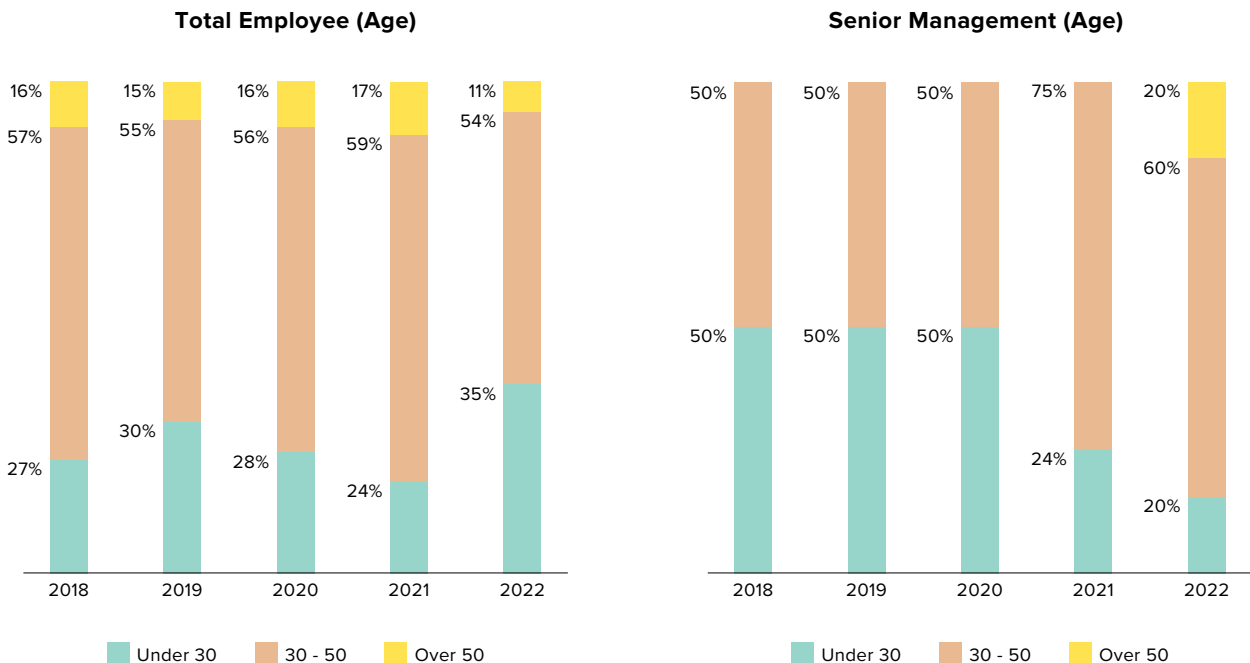
**Reusing**  
By printing on the other side of the printed papers

**Recover and recycle**  
Recycle the papers by having proper recycling bins

## Our People

A diverse and inclusive workforce creates a working environment built on respect, tolerance and harmony by integrating different values across different races, religion, age group and ethnicity.

### AGE COMPOSITION

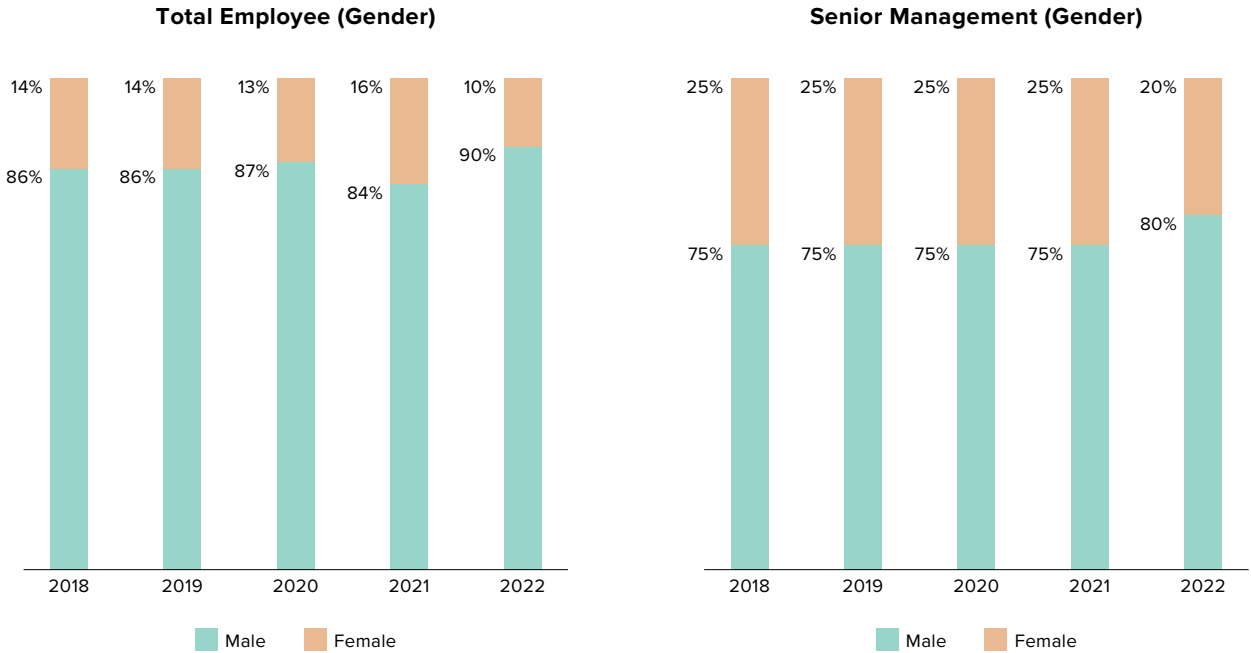


At TPC, a majority of our workforce are male within the 30-50 years old age group. We believe that balancing young talent and seasoned employees creates a conducive workforce that integrates industry experience and new perspectives that enhances the Group’s adaptability in the ever-changing markets.

# SUSTAINABILITY STATEMENT

(CONT'D)

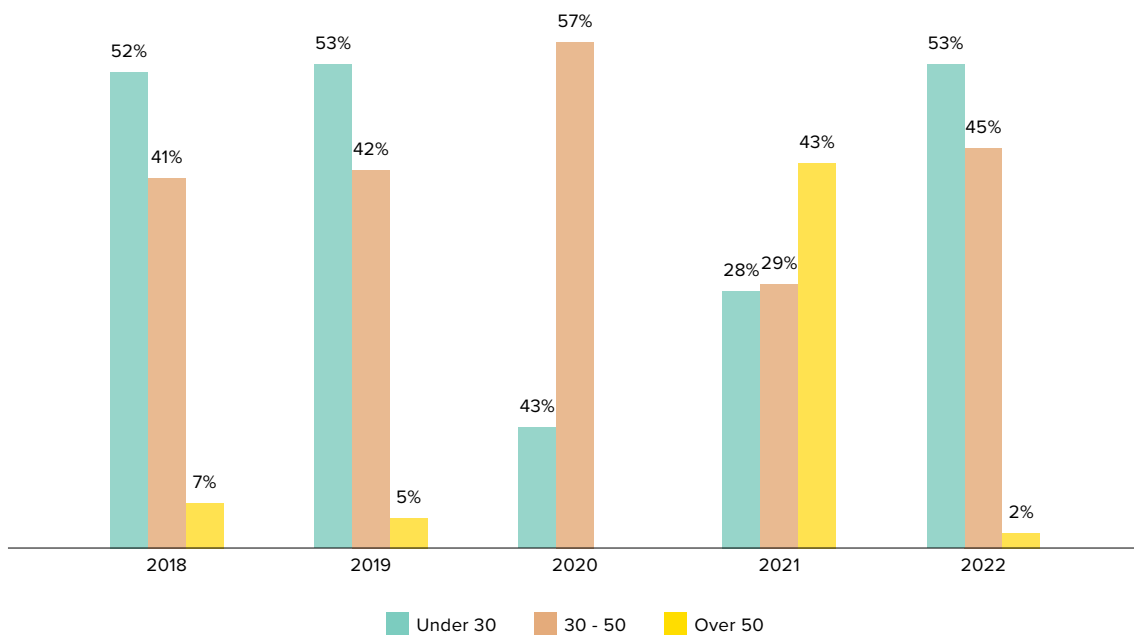
## GENDER COMPOSITION



Agriculture industry is widely considered to be more male-dominated. Gender diversity is prominent throughout across the Group as we strive to be a more all-encompassing workforce in the coming years.

## NEW HIRES COMPOSITION

### New Hires By Age Group



TPC is trying to improve the composition of youth within workforce to ensure sustainable pipeline of the Group is maintained.

## SUSTAINABILITY STATEMENT

(CONT'D)

### OUR STAKEHOLDER'S ENGAGEMENT

Our interaction involves a large number of different stakeholder groups and this kind of engagement is important to ensure we can identify, prioritise and address material matters and be adopted in our business strategies. The business and functional units are empowered to interact with their respective stakeholders on their chosen platforms. All issues raised by stakeholders are brought to the attention of the management committee or management meetings by the respective business and functional units. On-going engagements where applicable, are carried out regularly as they are integral to our business development, relationships with stakeholders and commitment to sustainability.

Our key stakeholders are outlined in the below table, along with the forms of engagement approaches and key focus and objectives of the engagement:

| STAKEHOLDER GROUP   | ENGAGEMENT APPROACH  | ENGAGEMENT FOCUS & OBJECTIVES   | FREQUENCY                          | INITIATIVE TO INCLUDE  |
|---|--|---|------------------------------------|--|
| <b>Customers</b>  | <ul style="list-style-type: none"> <li>Customer feedbacks/ Complaints</li> <li>Face-to-face meeting</li> <li>Questionnaires</li> </ul>   | <ul style="list-style-type: none"> <li>Food safety and quality</li> <li>Supply consistency</li> <li>Customer feedback review</li> </ul>   | On-going                           | Customer Careline, Market Research, Social Media   |
| <b>Employees &amp; Talent</b>                             | <ul style="list-style-type: none"> <li>On-going trainings</li> <li>Performance appraisal system</li> <li>Internship programme</li> <li>Questionnaires</li> </ul>   | <ul style="list-style-type: none"> <li>Employees' welfare and safety</li> <li>Career development</li> <li>Benefits and compensation</li> <li>Biosecurity</li> </ul>                           | On-going/<br>Quarterly/<br>Yearly  | Yearly trainings, top management messages, yearly performance appraisal, CSR volunteering activities             |
| <b>Suppliers / Subcontractors &amp; Business Partners</b> | <ul style="list-style-type: none"> <li>Face-to-face meeting</li> <li>Direct negotiation by phone calls or via email</li> <li>Questionnaires</li> </ul>   | <ul style="list-style-type: none"> <li>Payments</li> <li>Clean procurement practices</li> </ul>   | On-going/<br>Periodical            | Request for proposals, supplier commitment, supplier audit and evaluation, sound payment practices               |
| <b>Government &amp; Regulators</b>                        | <ul style="list-style-type: none"> <li>Bursa Malaysia Reporting</li> <li>Authorities</li> <li>Investor relations</li> </ul>  | <ul style="list-style-type: none"> <li>Compliance</li> <li>Food safety</li> <li>Biosecurity</li> <li>Labour and employment issues</li> <li>Government taxes contribution</li> </ul>           | Quarterly/<br>Yearly               | Formal meeting physically and virtually, inspection by local authorities, quarterly production report submission |
| <b>Community</b>  | <ul style="list-style-type: none"> <li>Community engagement programme (CSR projects)</li> <li>Sponsorships</li> <li>Questionnaires</li> </ul>  | <ul style="list-style-type: none"> <li>Social welfare and contributions</li> <li>Biosecurity and farm management</li> </ul>   | On-going                           | Sponsorships and donation of eggs, participation in CSR activities   |
| <b>Shareholders &amp; Investors</b>                       | <ul style="list-style-type: none"> <li>Annual general meeting</li> <li>Investor relations</li> <li>Quarterly announcement</li> <li>Annual report</li> <li>Corporate website</li> <li>Questionnaires</li> </ul> | <ul style="list-style-type: none"> <li>Financial performance</li> <li>Business growth and risk</li> <li>Corporate Strategy and performance</li> <li>Business outlook and prospects</li> </ul> | Quarterly/<br>Yearly/<br>As needed | Annual General Meetings (AGMs), Quarterly financial result announcement  |

# SUSTAINABILITY STATEMENT

(CONT'D)

| STAKEHOLDER GROUP | ENGAGEMENT APPROACH  | ENGAGEMENT FOCUS & OBJECTIVES  | FREQUENCY                           | INITIATIVE TO INCLUDE  |
|-------------------|--|--|-------------------------------------|--|
| <b>Bankers</b>    | <ul style="list-style-type: none"> <li>Quarterly announcement</li> <li>Annual report</li> <li>Face-to-face meeting/ farm visits</li> <li>Direct communication via phone calls or emails</li> <li>Questionnaires</li> </ul> | <ul style="list-style-type: none"> <li>Financial performance and liquidity</li> <li>Business growth and risk</li> <li>Repayment ability</li> </ul> | Monthly/<br>Quarterly/<br>As needed | Formal meeting physically and virtually, email and phone communication, site visits, monthly bank statements |

## PRIORITIZATION OF MATERIAL SUSTAINABILITY MATTERS

TPC has undertaken a stakeholder prioritisation and engagement process to engage with its stakeholders. These include ongoing efforts to engage with stakeholders in the usual course of business through the day-to-day operations, as well as specific engagements carried out to seek stakeholders' feedback. The outcome of these engagements was considered in the course of the Group's materiality assessment.

As part of the process in conducting the materiality assessment of sustainability matters, the Group has conducted the specific engagement process as follows:

- To determine the key stakeholders with whom the Group should engage, the Group carried out assessments to identify key stakeholders based on each stakeholder's influence and dependence on the Group
- To gain an insight into these key stakeholders' concerns, interests and expectations, the Group conducted discussions including on-going sessions throughout the year to gauge stakeholders' concerns on the list of sustainability matters identified
- Where applicable, TPC also took into account feedback from other stakeholder groups, gathered through various channels and the on-going engagements during the course of conducting its business operation

## PROCESS REVIEW

The materiality process is undertaken as a key component of the Group's journey towards identifying the material sustainability matters. SC has reviewed and approved the processes and outcome of the materiality process including the Group's materiality which guides the Group in addressing and managing its material sustainability matters in its business operations. Selected materiality is illustrated under significant material factors.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

TPC acknowledges the social influences of its operations and activities to its employees, customers and local communities.

We work on being an organization that provides a diverse and inclusive workplace, learning and development opportunities as well as work life balance to our employees.

Over the years, TPC practised a culture of giving back to unprivileged sections of society. The Group believes that contribution towards local communities is crucial to the 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. Besides cash contributions, 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.

## MOVING FORWARD

Although the Financial Year 2022 has brought on unprecedented challenges; we took them as an opportunity to rethink the way we do our business. The Group will continue with sustainability efforts by forging ahead with new measures to meet any challenges ahead.

Having incorporated consideration of sustainability matters, the Group will continue to put in efforts to manage the ESG risks and opportunities relevant to its businesses, with a specific focus on Material Sustainability Matters. Ongoing assessment and consideration will also be undertaken to identify and evaluate any emerging ESG risk or opportunities, in addition to the Group's established risk management process which focuses on strategic, operational and financial risks, to enhance the long-term value creation of the Group. We will continue to navigate the challenging market conditions, TPC's intent to continuously improve its engagement with internal and external stakeholders and in its overall sustainability performance. Moving forward, we aim to improve the quality of our ESG data and the methods we use to gather data throughout our supply chains to get a more complete picture of our sustainability performance. This will allow us to make better decisions for the longevity of the business and for the good of the planet.

This Statement has been approved by the Board and is current as at 20 April 2023.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“**Board**”) of TPC Plus Berhad (“**TPC**” or “**Company**”) is pleased to present below an overview of how TPC Group has applied the following 3 principles set out in the Malaysian Code on Corporate Governance (“**Code**”) during the financial year ended 31 December 2022 (“**FYE 2022**”):

|                  |          |  |
|------------------|----------|--|
| <b>PRINCIPLE</b> | <b>A</b> | <b>Board leadership and effectiveness;</b>   |
|                  | <b>B</b> | <b>Effective audit and risk management; and</b>  |
|                  | <b>C</b> | <b>Integrity in corporate reporting and meaningful relationship with stakeholders.</b> |

This Corporate Governance Overview Statement is complemented by a Corporate Governance Report made according to the format prescribed by Bursa Malaysia Securities Berhad (“**Bursa**”). The Corporate Governance Report can be found on the Company’s website at [www.tpc.com.my](http://www.tpc.com.my).

## **PRINCIPLE** **BOARD LEADERSHIP AND EFFECTIVENESS**

### **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 (“**MMLR**”) of 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 had 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](http://www.tpc.com.my). These charters are reviewed periodically and amended when 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 their respective committee meetings. Proposals of the committee will be tabled at Board meeting for consideration and 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 Company’s 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 is not a member of the NRC and the Audit Committee 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 committee to the Board for approvals.

The principal duties of the Chairman are to conduct the meetings of the Board and shareholders and to facilitate constructive discussions at these meetings. The Managing Director on the other hand is responsible for the day-to-day running of the businesses of the Group and the implementation of strategies and policies approved by the Board.

The Board is supported by a Company Secretary who is a member of the Malaysian Institute of Chartered Secretaries and Administrators and qualified to act under Section 235 of the Companies Act 2016. The Company Secretary is also the secretary of all the Board committees.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

All Board members have access to the advice and services of the Company Secretary and Senior Management. The Directors, whether as a full board or in their individual capacity, may seek independent professional advice in the discharge of their duties and responsibilities at the Company's expense.

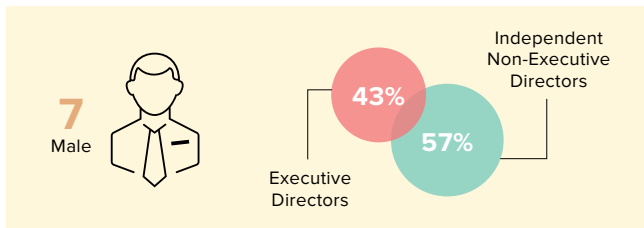
Board meetings for each financial year are scheduled at the 4<sup>th</sup> quarter of the preceding financial year to give the Directors sufficient time to plan their own schedules and be able to attend the meetings. Although each Director is his own judge of his abilities and how best to manage his time effectively in the companies in which he holds directorship, none of the Directors hold more than 5 directorships in public listed companies.

5 Board meetings were held during the FYE 2022 and all the Directors attended every meeting held. Members of the Senior Management were invited to attend Board and Board committee meetings to brief and provide additional information to the Board and the committees on questions or issues raised by the Directors. Where decisions were made by the Board via Directors' Circular Resolutions in between Board meetings, 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 made available on the Company's website, [www.tpc.com.my](http://www.tpc.com.my).

The Board together with the Management acknowledge their responsibilities in promoting sustainability in areas covering environment, social and governance. Further information on the Company's approach towards sustainability is provided in the Sustainability Statement of this Annual Report.

## Board Composition



The Board currently comprises 3 Executive Directors and 4 Independent Non-Executive Directors. The Board is satisfied with its current composition in providing a check and balance as there is a fair representation of minority interest on the Board through the 57% composition of Independent Non-Executive Directors.

The Board recognises the benefits of having a diverse Board and workforce and had adopted a Diversity Policy for the Group to promote diversity in terms of age, gender, ethnicity and cultural backgrounds and to provide a different range of perspective, experience and expertise required to achieve effective stewardship and management.

The NRC will endeavour that gender diversity, being part of the Diversity Policy adopted, will be considered in the recruitment and succession planning of the Board and Senior Management. The Group had always maintained a working environment where there is respect for people regardless of their gender and where it is free from gender harassment and discrimination in order to attract and retain women participation on the Board and the management of the Group.

During the year, the NRC had discussed on having at least a female Director by 1 June 2023 to comply with Paragraph 15.02 of the MMLR of Bursa and also on maintaining at least half of the Board to consist of Independent Directors as set out in Practice 5.2 of the Code. The NRC will source the right female candidate and propose to the Board for its consideration and decision. Moving forward, the NRC will consider gender diversity as part of the criteria for the selection of Director whenever there is a vacancy in order to achieve the 30% women representation on the Board as encouraged by the Code.

The NRC had 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. From the Independent Directors' self-assessment checklist completed by them during the year, 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 continue exercising independent judgement and not affected by any influences that could jeopardise their objectivity. None of the Independent Directors have served on the Board for 9 years or more.

During the year, the NRC had proposed to the Board of Directors a Fit and Proper Policy for the Group and the policy was approved by the Board on 30 May 2022. The NRC also evaluated the Directors on 29 November 2022 in accordance with the Fit and Proper Policy adopted.

Having assessed the Directors, the NRC had proposed to the Board and the Board had agreed to endorse the re-election of the Directors who are retiring by rotation at the forthcoming 20<sup>th</sup> Annual General Meeting ("AGM") to be held on 30 May 2023.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

The assessment on each individual Directors were also carried out through self-assessment using the Board Skills Matrix Form from which the Directors were able to identify their own training needs. The training programmes attended by the Directors during the FYE 2022 are as follows:

| DIRECTORS  | TRAINING  |
|--|---|
| <b>YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop</b> | Conduct of Directors & Common Breaches of Listing Requirements  |
| <b>Lim Yew Chua</b>  | ESG Requirement for PLC's as Required by Bursa Malaysia   |
| <b>Lim Yew Kwang</b>   | Malaysia Tax Budget Conference 2023: Riding the Post-Pandemic Tide  |
| <b>Datuk Lim Yew Piau</b>                                      | Malaysia Tax Budget Conference 2023: Riding the Post-Pandemic Tide  |
| <b>Liang Ah Lit @ Nyah Chung Mun</b>                           | Conduct of Directors & Common Breaches of Listing Requirements  |
| <b>Chong Chee Siong</b>  | Bursa Malaysia Immersive Experience: The Board "Agender"  |
| <b>Chong Peng Khang</b>  | 2021 MFRS Updates & MCCG 2021 Updates<br>TCFD 101: Getting Started with Climate-Related Financial Reporting<br>TCFD 102: Building Experience in Climate-Related Financial Reporting<br>Environmental, Social and Governance (ESG)<br>AOB Conversation with Audit Committees<br>Account Payable (AP) Automation<br>Key Amendments to Listing Requirements 2022<br>Candlestick Chart Patterns You-Must-Know in Today's Market<br>Sustainability Governance & Operationalising Sustainability<br>Driving Profitability Using the Activity Based Costing<br>Honda Corporate Governance Talk: Strengthening Governance in Local Supply Chain |

### Remuneration

The Remuneration Policies and Procedures for Directors and Senior Management discussed at the NRC meeting on 24 November 2021 was approved by the Board on 28 February 2022.

During the year, the NRC had proposed to the Board of Directors on the Directors' fees to be paid for the financial year ended 31 December 2022. The decision made by the Board on the Directors' fees payable is subject to shareholders' approval at the Company's forthcoming 20<sup>th</sup> AGM.

The Executive Directors were remunerated 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 attending Board and Board Committee meetings.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)

None of the Directors were remunerated based on the Company's or Group's turnover. The breakdown of the remuneration of the Directors for the FYE 2022 are as follows:

|  | TPC Plus Berhad (RM'000) |        |       |     |        |     |             | Total |
|--|--------------------------|--------|-------|-----|--------|-----|-------------|-------|
|  | Fees *                   | Salary | Bonus | EPF | SOCSSO | EIS | Allowance ^ |       |
| <b>Executive Directors</b>                                 |                          |        |       |     |        |     |             |       |
| Lim Yew Chua   | -                        | -      | -     | -   | -      | -   | -           | -     |
| Lim Yew Kwang  | -                        | -      | -     | -   | -      | -   | -           | -     |
| Datuk Lim Yew Piau   | -                        | -      | -     | -   | -      | -   | -           | -     |
| <b>Non-Executive Directors</b>                             |                          |        |       |     |        |     |             |       |
| YBhg. Tan Sri Datuk Seri (Dr.)<br>Abu Seman bin Haji Yusop | 45.60                    | -      | -     | -   | -      | -   | 2.00        | 47.6  |
| Liang Ah Lit @ Nyah Chung Mun                              | 45.60                    | -      | -     | -   | -      | -   | 2.00        | 47.6  |
| Chong Chee Siong   | 45.60                    | -      | -     | -   | -      | -   | 2.00        | 47.6  |
| Chong Peng Khang   | 45.60                    | -      | -     | -   | -      | -   | 2.00        | 47.6  |

|  | Subsidiaries of TPC Plus Berhad (RM'000) |        |       |       |        |      |           | Total |
|--|--|--------|-------|-------|--------|------|-----------|-------|
|  | Fees *                                   | Salary | Bonus | EPF   | SOCSSO | EIS  | Allowance |       |
| <b>Executive Directors</b>                                 |  |        |       |       |        |      |           |       |
| Lim Yew Chua   | 45.60                                    | 120    | 60    | 21.60 | 0.90   | 0.10 | -         | 248.2 |
| Lim Yew Kwang  | 45.60                                    | 120    | 60    | 21.60 | 0.90   | 0.10 | -         | 248.2 |
| Datuk Lim Yew Piau   | 45.60                                    | 120    | 60    | 21.60 | 0.90   | 0.10 | -         | 248.2 |
| <b>Non-Executive Directors</b>                             |  |        |       |       |        |      |           |       |
| YBhg. Tan Sri Datuk Seri (Dr.)<br>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 20<sup>th</sup> AGM.

^ The payment of allowance was approved by the shareholders at the 19<sup>th</sup> AGM held on 30 May 2022.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)



## Audit Committee

The Audit Committee comprises 3 Independent Non-Executive Directors and none of them 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 Audit Committee had evaluated the External Auditors, Crowe Malaysia PLT (“**CM**”), during the year in respect of their calibre, performance, quality control processes, audit team, independence and objectivity, audit scope and planning, fees and also its communications with the Audit Committee.

In recommending to the Board for the re-appointment of CM as the Company’s External Auditors for the financial year ending 31 December 2023, the Audit Committee had also considered CM’s 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.

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

## 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 respectively.

The Risk Management Committee had during the year identified all the risks in the Group in the areas of governance, strategy, external, regulatory and legal, financial, operational, human resources, information technology, fraud and bribery. The Risk Management Committee also monitored the impact of the residual risks after controls are being implemented by the Management.

The internal audit function of the Company is outsourced 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.

Two internal audits were performed during the year i.e. one on the corporate governance practices of the Group and the other one on farm management. These audits were carried out in accordance with the Internal Audit Plan which was formulated based on the Group’s risk profile and which has been approved by the Board of Directors.

As in every year, the Internal Auditors will update the Audit Committee on the status of the Management’s action plans drawn up based on the findings of previous audits. 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 2022 was sufficient to safeguard shareholders’ investment and the Group’s assets.

The Audit Committee had evaluated the Internal Auditors during the year and was satisfied that the Internal Auditors had been independent throughout their audit and had sufficient resources and experience in carrying out their duties and responsibilities in accordance with the Company’s Internal Audit Charter and the guidance of the International Professional Practices Framework in all material aspects.



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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONT'D)



### Engagement with Stakeholders

The Board had, all the while, acknowledged and practised timely, accurate and equal dissemination of material information to its shareholders, investors and the public at large. The Board had on 30 August 2022 formally adopted the Group's Corporate Disclosure Policy which all the Directors and employees of the Group are required to adhere to.

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.

### Conduct of General Meetings

The Company's AGM remains the principal forum for dialogue and interaction with shareholders. The Company's 19<sup>th</sup> AGM was held physically on 30 May 2022 as the Board is of the opinion that the arrangement is sufficient because the Company only had 1,590 shareholders as at 31 March 2022. The Company had taken the following actions to ensure that shareholders were able to participate, engage the Board and Management and make informed voting decisions at the 19<sup>th</sup> AGM:

- i. The Notice for the 19<sup>th</sup> AGM was sent out to the shareholders on 29 April 2022 thereby giving the shareholders at least 28 days' notice to allow them to have sufficient time to consider the resolutions that will be tabled at the AGM and to make the necessary attendance and voting arrangements.
- ii. The explanatory notes to the Notice of the AGM provided sufficient explanations to the proposed resolutions and this will assist the shareholders in making their decisions and exercising their voting rights.

- iii. An Administrative Guide for the 19<sup>th</sup> AGM was sent together with the Notice of the AGM informing the shareholders, among others, where the Company's Annual Report and Circular to Shareholders can be downloaded for their information.
- iv. Shareholders were encouraged to appoint the Chairman of the AGM as their proxy and indicate in the Proxy Form how they wish their votes to be cast. The completed Proxy Form may be lodged at the Company's Registered Office or sent to the Company electronically via email.
- v. Shareholders who have questions in relation to any item on the Agenda of the 19<sup>th</sup> AGM were able to send in their questions in advance to the Company's registered office or via e-mail. The questions received will be responded at the AGM.
- vi. During the 19<sup>th</sup> AGM, the shareholders present were given sufficient time to raise questions and seek further clarification if necessary. The Directors, Senior Management and External Auditors were present at the AGM to answer all the questions raised.
- vii. An independent scrutineer was appointed by the Board to validate the votes cast at the 19<sup>th</sup> AGM. Shareholders were able to access to Bursa's or the Company's website for the results of the poll on the same day.
- viii. A summary of the key matters discussed at the AGM was uploaded to the Company's website and the minutes of the 19<sup>th</sup> AGM proceedings was also posted on the Company's website within 30 business days after the AGM for shareholders' information.

This Corporate Governance Overview Statement and the Corporate Governance Report are made in accordance with a resolution of the Board of Directors passed on 20 April 2023.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

**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 (“MCCG”) 2021. The scope of this Statement includes the Company and its subsidiaries.**

## BOARD RESPONSIBILITIES

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.

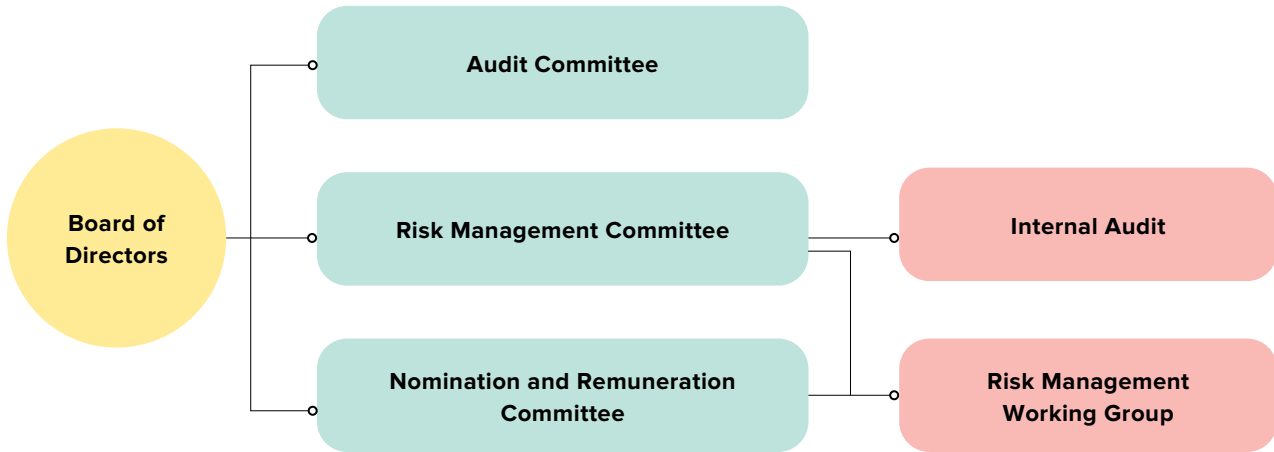
## RISK MANAGEMENT

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.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

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:



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.

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 appropriate 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.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

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, 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.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

The Group adopted Anti-Corruption Policy to promote the culture of high standards of honesty and integrity within organization. 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.

- **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 function (which reports directly to the Audit Committee) on key risk areas identified based on the key risk profile of the Group.

The internal audit function assesses 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 audit 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 function 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. 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.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(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 specialized 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 2022, the outsourced internal audit function had facilitated the management in the update and compilation of the Risk Registers of the Group. In addition, the outsourced internal audit function also reviews the Corporate Governance Practices for the Company and review of Farm Management for Teck Ping Chan Agriculture Sdn Bhd which is in accordance with 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 the 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 2022 amounted to RM44,734.74.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

### 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 as required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. 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 2022, it is 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 20 April 2023.

# AUDIT COMMITTEE REPORT

## 1. COMPOSITION OF THE AUDIT COMMITTEE

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

|          |   |
|----------|---|
| Chairman | <b>Mr Chong Peng Khang</b>                        |
| Member   | <b>Mr Liang Ah Lit</b><br><b>@ Nyah Chung Mun</b> |
|          | <b>Mr Chong Chee Siong</b>                        |

## 2. TERMS OF REFERENCE

The Terms of Reference of the Audit Committee is available for reference on the Company's website, [www.tpc.com.my](http://www.tpc.com.my).

## 3. MEETINGS AND ATTENDANCE

The Audit Committee met 5 times during the financial year ended 31 December 2022 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 2022 are as follows:

### 4.1 Financial reporting and external audit

- (a) Reviewed the Group's unaudited quarterly financial results and the audited financial statements for the year ended 31 December 2021 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) Discussed with the Management and External Auditors the 2 key audit matters i.e. the valuation of biological assets and the impairment assessment of property, plant and equipment and right-of-use assets raised in the Report to the Audit Committee for the financial year ended 31 December 2021.

The other key audit findings such as revenue recognition, related party transactions, recoverability of related parties trade debts, going concern assessment, revaluation of land and building, corrected and uncorrected misstatements were also discussed.

- (c) Ensured that the External Auditors had maintained its independence while carrying out its duties as external auditors.
- (d) Discussed with the Management on the disclosure of the revaluation surplus arising from the revaluation of the Group's land and buildings and also the deferred tax liabilities related to the revaluation surplus.
- (e) Discussed with the Management and External Auditors on the treatment of egg subsidies received from the Government in the calculation of the fair value of biological assets. Also discussed was the tax impact of fair value gain on biological assets.
- (f) Discussed the cost components of an egg and the factors that caused the sharp increase in the cost of production.
- (g) Discussed with the External Auditors the Audit Plan for the financial year ended 31 December 2022 including the key audit matter i.e. valuation of biological assets and other areas of audit emphasis such as revenue recognition, related party transactions, recoverability of trade receivables and related parties trade debts and going concern.
- (h) Took note and considered the information in the External Auditors' 2022 Transparency Report when deciding whether to recommend to the Board for the re-appointment of the External Auditors.
- (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 20<sup>th</sup> Annual General Meeting.
- (j) Reviewed the audit and non-audit fees before recommending the same to the Board for approval.

## AUDIT COMMITTEE REPORT

(CONT'D)

- (k) Reviewed the Audit Committee Report before publishing it in the Company's 2021 Annual Report.

### 4.2 Internal control and internal audit

- (a) Discussed with the Management and Internal Auditors on the Enterprise Risk Report.
- (b) Discussed matters raised in the Internal Audit Reports on the adequacy and effectiveness of the internal control and risk management system in the following areas and assessed the findings and implementation plans raised in the respective report:
  - (i) The Group's corporate governance practices; and
  - (ii) The management of the farm located at Alor Gajah, Melaka.
- (c) 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 audits.
- (d) Reviewed the Internal Audit Plan for the financial year ended 31 December 2022 and to include, among others, the internal audit on the Group's sustainability management system in the Internal Audit Plan for the financial year ending 31 December 2023.
- (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 ensured that the Review and Disclosure Procedures for Related Party Transaction is adequate and appropriate.
- (b) Ensured that mandates have been received from shareholders for all related party transactions transacted during the year.
- (c) Ensured that all recurrent related party transactions were within and did not exceed 10% of the mandate received from the shareholders.
- (d) Ensured that all related party transactions were carried out in the ordinary course of business.
- (e) Reviewed the Circular to Shareholders in relation to the proposed renewal of the existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature.

# ADDITIONAL COMPLIANCE INFORMATION

## 1. 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 2022 by the Company's Auditors, or a firm or a corporation affiliated to the Auditors are as follows:

|              | Audit Fees<br>(RM) | Non-audit Fees*<br>(RM) |
|--------------|--------------------|-------------------------|
| Company      | 37,000             | 9,000                   |
| Subsidiaries | 63,000             | 19,800                  |
| <b>Total</b> | <b>100,000</b>     | <b>28,800</b>           |

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

## 2. RECURRENT RELATED PARTY TRANSACTIONS

The recurrent related party transactions conducted during the financial year ended 31 December 2022 where shareholders' mandates were given to Teck Ping Chan Agriculture Sdn Bhd ("TPCA") are as follows:

| Related party                              | Nature of relationship  | Nature of transaction  | Amount Transacted<br>(RM) |
|--|---|--|---------------------------|
| <b>Huat Lai Resources Berhad ("HLRB")</b>  | HLRB is a major shareholder of TPC Plus Berhad holding 59.02% direct interest | Sale of raw materials by TPCA to HLRB                          | 201,976                   |
|  |   | Sale of eggs by TPCA to HLRB                                   | 6,361,085                 |
|  |   | Sale of layer feed by TPCA to HLRB                             | 56,152,116                |
|  |   | Purchase of eggs, raw material and livestock by TPCA from HLRB | 85,797,895                |
| <b>Huat Lai Feedmill Sdn Bhd ("HLFM")</b>  | HLFM is a wholly-owned subsidiary of HLRB                                     | Sale of layer feed by TPCA to HLFM                             | 100,571,732               |
|  |   | Purchase of grower feed and raw material by TPCA from HLFM     | 40,610,079                |
| <b>HLRB Processing Sdn Bhd ("HLPR")</b>    | HLPR is a wholly-owned subsidiary of HLRB                                     | Sales of spent layers by TPCA to HLPR                          | 4,647,453                 |
| <b>Linggi Agriculture Sdn Bhd ("LASB")</b> | LASB is a wholly-owned subsidiary of HLRB                                     | Sale of layer feed and eggs by TPCA to LASB                    | 97,759,030                |
|  |   | Purchase of eggs by TPCA from LASB                             | 248,549                   |

## ADDITIONAL COMPLIANCE INFORMATION

(CONT'D)

| Related party                                    | Nature of relationship                    | Nature of transaction                                       | Amount Transacted (RM) |
|--|---|---|------------------------|
| <b>Chuan Hong Poultry Farm Sdn Bhd ("CHPF")</b>  | CHPF is a wholly-owned subsidiary of HLRB | Sale of layer feed, eggs and raw material by TPCA to CHPF   | 4,653,497              |
|  |   | Purchase of eggs, feeds and raw materials by TPCA from CHPF | 2,179,155              |
| <b>Jalin Indah Poultry Farm Sdn Bhd ("JIPF")</b> | JIPF is a wholly-owned subsidiary of HLRB | Sale of layer feed and eggs from TPCA to JIPF               | 8,084,855              |
|  |   | Purchase of eggs by TPCA from JIPF                          | 1,695                  |
| <b>Huat Lai Paper Products Sdn Bhd ("HLPP")</b>  | HLPP is a wholly-owned subsidiary of HLRB | Purchase of egg trays by TPCA from HLPP                     | 4,692,921              |

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

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



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

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

In preparing the financial statements of the Group and the Company for the financial year ended 31 December 2022, 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 20 April 2023.

# FINANCIAL STATEMENTS

|   |    |
|---|----|
| Directors' Report   | 57 |
| Statement by Directors                                      | 61 |
| Statutory Declaration                                       | 61 |
| Independent Auditors' Report                                | 62 |
| Statements of Financial Position                            | 66 |
| Statements of Profit or Loss and Other Comprehensive Income | 67 |
| Statements of Changes in Equity                             | 68 |
| Statements of Cash Flows                                    | 69 |
| Notes to the Financial Statements                           | 71 |

# 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 2022.

## 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<br>Group<br>RM | The<br>Company<br>RM |
|---|--------------------|----------------------|
| Profit/(Loss) after taxation for the financial year | 7,318,104          | (2,502)              |
| Attributable to:                                    |                    |                      |
| Owners of the Company                               | 7,318,104          | (2,502)              |

## DIVIDENDS

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

## RESERVES AND PROVISIONS

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

## ISSUES OF SHARES AND DEBENTURES

During the financial year:

- (a) there were no changes in the issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

## 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 all known bad debts and that no allowance for impairment losses on receivables is required.

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

## DIRECTORS' REPORT

(CONT'D)

### 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' REPORT

(CONT'D)

### 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  
 DATUK 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 directors' remuneration as disclosed in the "Directors' Remuneration" of this report) 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 as follows:

|                                  | The<br>Group<br>RM | The<br>Company<br>RM |
|----------------------------------|--------------------|----------------------|
| Fees                             | 319,200            | 182,400              |
| Salaries, bonuses and allowances | 551,005            | 8,000                |
| Defined contribution benefits    | 64,800             | -                    |
|                                  | 935,005            | 190,400              |

### 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.

## DIRECTORS' REPORT

(CONT'D)

### 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 for the financial year are as follows:

|                | The Group<br>RM | The Company<br>RM |
|----------------|-----------------|-------------------|
| Audit fees     | 100,000         | 37,000            |
| Non-audit fees | 5,000           | 5,000             |
|                | 105,000         | 42,000            |

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 20 APRIL 2023**

**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 66 to 123 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 2022 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 20 APRIL 2023**

**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 66 to 123 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 20 April 2023

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 2022 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 66 to 123.

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 2022, 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.

### Key Audit Matters

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



## INDEPENDENT AUDITORS' REPORT

(CONT'D)

### 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<br>Refer to Notes 5.8 and 9 to the financial statements   |   |
|--|---|
| Key Audit Matter   | How our audit addressed the Key Audit Matter  |
| <p>The Group's biological assets (comprise pullets and layers) have a carrying amount of approximately RM29.3 million.</p> <p>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.</p> <p>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.</p> <p>The accounting policy for biological assets has been disclosed in Note 5.8 to the financial statements.</p> <p>The key assumptions used in the discounted cash flow model and the sensitivity analysis are disclosed in Note 9 to the financial statements.</p> | <p>We evaluated the appropriateness of the methodology and key assumptions used by management in valuing the biological assets.</p> <p>We checked the mathematical accuracy of the valuation model prepared by management.</p> <p>We corroborated the projected number of table eggs produced and feed consumption volume to the historical data.</p> <p>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.</p> <p>We test checked the mortality rate assumption against historical actual mortality rate.</p> <p>We assessed the appropriateness of the range used to test the sensitivity analysis performed by management as disclosed in Note 9.</p> |

### Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

## INDEPENDENT AUDITORS' REPORT

(CONT'D)

### Responsibilities of the Directors for the Financial Statements

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

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

### Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

## INDEPENDENT AUDITORS' REPORT

(CONT'D)

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

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

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

Melaka

20 April 2023

**Tan Lin Chun**  
02839/10/2023 J  
Chartered Accountant

# STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2022

|  | Note | The Group           |                          | The Company        |             |
|--|------|---------------------|--------------------------|--------------------|-------------|
|  |      | 2022<br>RM          | 2021<br>RM<br>(Restated) | 2022<br>RM         | 2021<br>RM  |
| <b>ASSETS</b>                                |      |                     |                          |                    |             |
| <i>NON-CURRENT ASSETS</i>                    |      |                     |                          |                    |             |
| Investment in subsidiaries                   | 6    | -                   | -                        | <b>73,214,316</b>  | 63,214,316  |
| Property, plant and equipment                | 7    | <b>104,711,546</b>  | 110,625,278              | -                  | -           |
|  |      | <b>104,711,546</b>  | 110,625,278              | <b>73,214,316</b>  | 63,214,316  |
| <i>CURRENT ASSETS</i>                        |      |                     |                          |                    |             |
| Biological assets                            | 9    | <b>29,341,802</b>   | 28,668,861               | -                  | -           |
| Inventories                                  | 10   | <b>15,509,797</b>   | 9,626,399                | -                  | -           |
| Trade receivables                            | 11   | <b>3,852,125</b>    | 8,993,031                | -                  | -           |
| Other receivables, deposits and prepayments  | 12   | <b>1,428,901</b>    | 1,220,191                | <b>3,260</b>       | 3,260       |
| Amount owing by related companies            | 13   | <b>53,778,389</b>   | 51,387,427               | <b>371,445</b>     | 14,012,145  |
| Short-term investment                        | 14   | <b>865,005</b>      | 846,065                  | -                  | -           |
| Current tax assets                           |      | <b>30,067</b>       | 28,260                   | -                  | -           |
| Fixed deposits with licensed banks           | 15   | <b>5,965,000</b>    | 565,000                  | -                  | -           |
| Cash and bank balances                       |      | <b>12,256,302</b>   | 9,325,210                | <b>3,775,814</b>   | 207,303     |
|  |      | <b>123,027,388</b>  | 110,660,444              | <b>4,150,519</b>   | 14,222,708  |
| <b>TOTAL ASSETS</b>                          |      | <b>227,738,934</b>  | 221,285,722              | <b>77,364,835</b>  | 77,437,024  |
| <b>EQUITY AND LIABILITIES</b>                |      |                     |                          |                    |             |
| <i>EQUITY</i>                                |      |                     |                          |                    |             |
| Share capital                                | 16   | <b>86,079,659</b>   | 86,079,659               | <b>86,079,659</b>  | 86,079,659  |
| Revaluation reserve                          | 17   | <b>11,793,613</b>   | 11,793,613               | -                  | -           |
| Accumulated losses                           |      | <b>(27,683,049)</b> | (35,001,153)             | <b>(8,959,015)</b> | (8,956,513) |
| Equity attributable to owners of the Company |      | <b>70,190,223</b>   | 62,872,119               | <b>77,120,644</b>  | 77,123,146  |
| <i>NON-CURRENT LIABILITIES</i>               |      |                     |                          |                    |             |
| Deferred tax liabilities                     | 18   | <b>6,297,863</b>    | 6,297,863                | -                  | -           |
| Long-term borrowings                         | 19   | <b>7,620,607</b>    | 12,400,043               | -                  | -           |
|  |      | <b>13,918,470</b>   | 18,697,906               | -                  | -           |
| <i>CURRENT LIABILITIES</i>                   |      |                     |                          |                    |             |
| Trade payables                               | 22   | <b>89,930,466</b>   | 85,018,794               | -                  | -           |
| Other payables and accruals                  | 23   | <b>3,870,969</b>    | 1,508,408                | <b>244,191</b>     | 313,878     |
| Amount owing to related companies            | 24   | <b>492,686</b>      | 299,396                  | -                  | -           |
| Amount owing to a director                   | 25   | <b>5,000</b>        | -                        | -                  | -           |
| Bank overdrafts (secured)                    | 26   | -                   | 1,224,465                | -                  | -           |
| Short-term borrowings                        | 27   | <b>49,324,655</b>   | 51,652,159               | -                  | -           |
| Current tax liabilities                      |      | <b>6,465</b>        | 12,475                   | -                  | -           |
|  |      | <b>143,630,241</b>  | 139,715,697              | <b>244,191</b>     | 313,878     |
| <b>TOTAL LIABILITIES</b>                     |      | <b>157,548,711</b>  | 158,413,603              | <b>244,191</b>     | 313,878     |
| <b>TOTAL EQUITY AND LIABILITIES</b>          |      | <b>227,738,934</b>  | 221,285,722              | <b>77,364,835</b>  | 77,437,024  |

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 2022

|  | Note | The Group            |               | The Company      |            |
|--|------|----------------------|---------------|------------------|------------|
|  |      | 2022<br>RM           | 2021<br>RM    | 2022<br>RM       | 2021<br>RM |
| REVENUE  | 28   | <b>438,065,077</b>   | 302,213,150   | <b>360,000</b>   | 180,000    |
| COST OF SALES  |      | <b>(434,211,896)</b> | (327,283,839) | -                | -          |
| GROSS PROFIT/(LOSS)  |      | <b>3,853,181</b>     | (25,070,689)  | <b>360,000</b>   | 180,000    |
| OTHER INCOME   |      | <b>11,216,150</b>    | 650,418       | -                | -          |
|  |      | <b>15,069,331</b>    | (24,420,271)  | <b>360,000</b>   | 180,000    |
| ADMINISTRATIVE EXPENSES  |      | <b>(3,200,566)</b>   | (2,128,732)   | <b>(362,502)</b> | (406,434)  |
| SELLING AND DISTRIBUTION<br>EXPENSES   |      | <b>(1,477,076)</b>   | (1,224,065)   | -                | -          |
| OTHER EXPENSES   |      | <b>(95,000)</b>      | (44,485)      | -                | -          |
| FINANCE COSTS  |      | <b>(2,910,377)</b>   | (3,163,286)   | -                | -          |
| PROFIT/(LOSS) BEFORE TAXATION  | 30   | <b>7,386,312</b>     | (30,980,839)  | <b>(2,502)</b>   | (226,434)  |
| INCOME TAX (EXPENSE)/INCOME  | 33   | <b>(68,208)</b>      | 2,527,610     | -                | -          |
| PROFIT/(LOSS) AFTER TAXATION   |      | <b>7,318,104</b>     | (28,453,229)  | <b>(2,502)</b>   | (226,434)  |
| OTHER COMPREHENSIVE INCOME<br><u>Item that Will Not be Reclassified</u><br><u>Subsequently to Profit or Loss</u> |      |                      |               |                  |            |
| Revaluation of property, plant<br>and equipment  | 17   | -                    | 11,793,613    | -                | -          |
| TOTAL COMPREHENSIVE INCOME/<br>(EXPENSES) FOR THE FINANCIAL<br>YEAR  |      | <b>7,318,104</b>     | (16,659,616)  | <b>(2,502)</b>   | (226,434)  |
| PROFIT/(LOSS) AFTER TAXATION<br>ATTRIBUTABLE TO:   |      |                      |               |                  |            |
| Owners of the Company  |      | <b>7,318,104</b>     | (28,453,229)  | <b>(2,502)</b>   | (226,434)  |
| TOTAL COMPREHENSIVE INCOME/<br>(EXPENSES) ATTRIBUTABLE TO:   |      |                      |               |                  |            |
| Owners of the Company  |      | <b>7,318,104</b>     | (16,659,616)  | <b>(2,502)</b>   | (226,434)  |
| Earnings/(Loss) per share (sen)  | 34   |                      |               |                  |            |
| - Basic  |      | <b>2.37</b>          | (9.66)        |                  |            |

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| The Group   | Note | Non - Distributable |                       |                           | Distributable                                   | Attributable to Owners of the Company<br>RM |
|---|------|---------------------|-----------------------|---------------------------|---|---|
|   |      | Share Capital<br>RM | Warrant Reserve<br>RM | Revaluation Reserve<br>RM | Retained Profits/<br>(Accumulated Losses)<br>RM |   |
| Balance at 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      | 17   | -                   | -                     | 11,793,613                | -   | 11,793,613                                  |
| Total comprehensive expenses for the financial year |      | -                   | -                     | 11,793,613                | (28,453,229)                                    | (16,659,616)                                |
| Balance at 31.12.2021/1.1.2022                      |      | 86,079,659          | -                     | 11,793,613                | (35,001,153)                                    | 62,872,119                                  |
| Profit after taxation                               |      | -                   | -                     | -                         | 7,318,104                                       | 7,318,104                                   |
| Balance at 31.12.2022                               |      | 86,079,659          | -                     | 11,793,613                | (27,683,049)                                    | 70,190,223                                  |

| The Company   | Share Capital<br>RM | Non - Distributable   |                           | Distributable            | Total Equity<br>RM |
|---|---------------------|-----------------------|---------------------------|--------------------------|--------------------|
|   |                     | Warrant Reserve<br>RM | Revaluation Reserve<br>RM | Accumulated Losses<br>RM |                    |
| Balance at 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 31.12.2021/1.1.2022  | 86,079,659          | -                     | -                         | (8,956,513)              | 77,123,146         |
| Loss after taxation/Total comprehensive expenses for the financial year | -                   | -                     | -                         | (2,502)                  | (2,502)            |
| Balance at 31.12.2022   | 86,079,659          | -                     | -                         | (8,959,015)              | 77,120,644         |

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

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

|  | The Group          |                          | The Company     |            |
|--|--------------------|--------------------------|-----------------|------------|
|  | 2022<br>RM         | 2021<br>RM<br>(Restated) | 2022<br>RM      | 2021<br>RM |
| <b>CASH FLOWS FROM/(FOR)<br/>OPERATING ACTIVITIES</b>  |                    |                          |                 |            |
| Profit/(Loss) before taxation                          | <b>7,386,312</b>   | (30,980,839)             | <b>(2,502)</b>  | (226,434)  |
| Adjustments for:                                       |                    |                          |                 |            |
| Depreciation of investment property                    | -                  | 160,000                  | -               | -          |
| Depreciation of property, plant and equipment          | <b>9,740,386</b>   | 10,148,750               | -               | -          |
| Property, plant and equipment written off              | -                  | 42,570                   | -               | -          |
| Bad debts written off                                  | <b>394,907</b>     | -                        | -               | -          |
| Interest expenses                                      | <b>2,910,377</b>   | 3,163,286                | -               | -          |
| Interest income  | <b>(5,844)</b>     | (17,567)                 | -               | -          |
| Dividend income  | <b>(18,940)</b>    | (16,666)                 | -               | -          |
| Operating profit/(loss) before working capital changes | <b>20,407,198</b>  | (17,500,466)             | <b>(2,502)</b>  | (226,434)  |
| (Increase)/Decrease in inventories                     | <b>(5,883,398)</b> | 271,932                  | -               | -          |
| Increase in biological assets                          | <b>(672,941)</b>   | (1,242,533)              | -               | -          |
| Decrease/(Increase) in trade and other receivables     | <b>2,138,276</b>   | (8,194,959)              | -               | -          |
| Increase/(Decrease) in trade and other payables        | <b>7,609,529</b>   | 23,916,864               | <b>(69,687)</b> | 142,494    |
| <b>CASH FROM/(FOR) OPERATIONS</b>                      | <b>23,598,664</b>  | (2,749,162)              | <b>(72,189)</b> | (83,940)   |
| Income tax paid  | <b>(83,972)</b>    | (81,072)                 | -               | -          |
| Income tax refunded                                    | <b>7,947</b>       | 7,384                    | -               | -          |
| <b>NET CASH FROM/(FOR) OPERATING ACTIVITIES</b>        | <b>23,522,639</b>  | (2,822,850)              | <b>(72,189)</b> | (83,940)   |

## STATEMENTS OF CASH FLOWS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

|   | Note  | The Group           |                          | The Company      |              |
|---|-------|---------------------|--------------------------|------------------|--------------|
|   |       | 2022<br>RM          | 2021<br>RM<br>(Restated) | 2022<br>RM       | 2021<br>RM   |
| <b>CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES</b>                   |       |                     |                          |                  |              |
| Increase in short-term investment                                   |       | <b>(18,940)</b>     | (16,666)                 | -                | -            |
| Interest income received  |       | <b>5,844</b>        | 17,567                   | -                | -            |
| Dividend received   |       | <b>18,940</b>       | 16,666                   | -                | -            |
| Fixed deposit pledged   |       | <b>(2,400,000)</b>  | -                        | -                | -            |
| Purchase of property, plant and equipment                           | 35(a) | <b>(282,654)</b>    | (12,597)                 | -                | -            |
| Repayment from/(Advances to) related companies                      |       | <b>8,051</b>        | (27,986)                 | <b>3,640,700</b> | (13,967,145) |
| <b>NET CASH (FOR)/FROM INVESTING ACTIVITIES</b>                     |       | <b>(2,668,759)</b>  | (23,016)                 | <b>3,640,700</b> | (13,967,145) |
| <b>CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES</b>                   |       |                     |                          |                  |              |
| Interest paid   | 35(b) | <b>(2,910,377)</b>  | (3,163,286)              | -                | -            |
| Repayment to related companies                                      | 35(b) | <b>(142,006)</b>    | (82,107)                 | -                | -            |
| Advances from a director  |       | <b>5,000</b>        | -                        | -                | -            |
| (Repayment)/Drawdown of bankers' acceptances                        | 35(b) | <b>(3,181,000)</b>  | 5,833,000                | -                | -            |
| Repayment of hire purchase payables                                 | 35(b) | <b>(3,627,222)</b>  | (4,533,940)              | -                | -            |
| Repayment of term loans   | 35(b) | <b>(3,842,718)</b>  | (3,781,683)              | -                | -            |
| Proceeds from issuance of ordinary shares for warrants exercised    |       | -                   | 12,663,701               | -                | 12,663,701   |
| <b>NET CASH (FOR)/FROM FINANCING ACTIVITIES</b>                     |       | <b>(13,698,323)</b> | 6,935,685                | -                | 12,663,701   |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>         |       | <b>7,155,557</b>    | 4,089,819                | <b>3,568,511</b> | (1,387,384)  |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b> |       | <b>8,100,745</b>    | 4,010,926                | <b>207,303</b>   | 1,594,587    |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>       | 35(d) | <b>15,256,302</b>   | 8,100,745                | <b>3,775,814</b> | 207,303      |

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 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 20 April 2023.

## 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 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)**

Amendments to MFRS 3: Reference to the Conceptual Framework

Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use

Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018 – 2020

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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

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

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

| <b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>   | <b>Effective Date</b> |
|---|-----------------------|
| MFRS 17 Insurance Contracts   | 1 January 2023        |
| Amendments to MFRS 16: Lease Liability in a Sale and Leaseback  | 1 January 2024        |
| Amendments to MFRS 17 Insurance Contracts   | 1 January 2023        |
| Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information                                 | 1 January 2023        |
| Amendments to MFRS 101: Disclosure of Accounting Policies   | 1 January 2023        |
| Amendments to MFRS 101: Classification of Liabilities as Current or Non-current   | 1 January 2024        |
| Amendments to MFRS 101: Non-current Liabilities with Covenants  | 1 January 2024        |
| 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 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred              |

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

### 5. SIGNIFICANT ACCOUNTING POLICIES

#### 5.1 Critical Accounting Estimates and Judgements

##### *Key Sources of Estimation Uncertainty*

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

##### *(a) Depreciation of Property, Plant and Equipment*

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

## 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*

The Group determines whether an item of its property, plant and equipment 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. The carrying amounts of property, plant and equipment as at the reporting date are disclosed in Note 7 to the financial statements respectively.

#### (c) *Property, Plant and Equipment 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 measured at revaluation as at the reporting date are disclosed in Note 7 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 10 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 11 and 13 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 12 and 13 to the financial statements respectively.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

### 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 9 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

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

### 5.2 Basis of Consolidation

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

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

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

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

#### (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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

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

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

(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.

#### 5.3 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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

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

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

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).

##### (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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

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

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

(a) *Financial Assets (Cont'd)*

*Equity Instruments (Cont'd)*

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).

(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.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

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

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

##### (d) Derecognition (Cont'd)

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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

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

#### 5.6 Property, Plant and Equipment (Cont'd)

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.

#### 5.7 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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

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

#### 5.7 Investment Property (Cont'd)

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 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.

#### 5.9 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.

#### 5.10 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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

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

#### 5.11 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

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

### 5.12 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.

### 5.13 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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

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

#### 5.14 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.

#### 5.15 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.

#### 5.16 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.

#### 5.17 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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

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

#### 5.18 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.

#### 5.19 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.

##### (d) *Government grants/subsidies*

Government grants/subsidies related to income are recognised in profit or loss over the periods to match the related costs for which the grants/subsidies are intended to compensate.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

### 6. INVESTMENT IN SUBSIDIARIES

|                                     | The Company         |              |
|-------------------------------------|---------------------|--------------|
|                                     | 2022<br>RM          | 2021<br>RM   |
| Unquoted shares, at cost            | <b>87,479,899</b>   | 77,479,899   |
| Less: Accumulated impairment losses | <b>(14,265,583)</b> | (14,265,583) |
|                                     | <b>73,214,316</b>   | 63,214,316   |
| Unquoted shares, at cost            |                     |              |
| At 1 January                        | <b>77,479,899</b>   | 77,479,899   |
| Addition during the year            | <b>10,000,000</b>   | -            |
| At 31 December                      | <b>87,479,899</b>   | 77,479,899   |

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 |        | Principal Activities |
|--------------------------------------|---|---|--------|----------------------|
|                                      |   | 2022 %  | 2021 % |                      |
| <b>Subsidiaries of the Company</b>   |   |   |        |                      |
| Teck Ping Chan Agriculture Sdn. Bhd. | Malaysia  | <b>100</b>  | 100    | Poultry farming      |
| Teck Ping Chan (1976) Sdn. Bhd.      | Malaysia  | <b>100</b>  | 100    | Dormant              |
| Mestika Arif Sdn. Bhd. *             | Malaysia  | <b>100</b>  | 100    | Oil palm plantation  |

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



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

## 7. PROPERTY, PLANT AND EQUIPMENT

| The Group                                | At<br>1.1.2022<br>RM | Additions<br>(Note 35(a))<br>RM | Depreciation<br>Charges<br>(Note 30)<br>RM | At<br>31.12.2022<br>RM       |  |                        |
|--|----------------------|---------------------------------|--|------------------------------|--|------------------------|
| <b>2022</b>                              |                      |                                 |  |                              |  |                        |
| <b>CARRYING AMOUNT</b>                   |                      |                                 |  |                              |  |                        |
| Freehold land                            | 35,075,000           | -                               | -  | 35,075,000                   |  |                        |
| Buildings                                | 37,720,013           | -                               | (3,859,946)                                | 33,860,067                   |  |                        |
| Plant and machinery                      | 33,667,054           | 3,270,000                       | (4,293,505)                                | 32,643,549                   |  |                        |
| Office equipment, furniture and fittings | 455,180              | -                               | (226,324)                                  | 228,856                      |  |                        |
| Road                                     | 1,725                | -                               | (1,592)                                    | 133                          |  |                        |
| Motor vehicles                           | 3,691,468            | 556,654                         | (1,356,546)                                | 2,891,576                    |  |                        |
| Bearer plant                             | 14,838               | -                               | (2,473)                                    | 12,365                       |  |                        |
| <b>Total</b>                             | <b>110,625,278</b>   | <b>3,826,654</b>                | <b>(9,740,386)</b>                         | <b>104,711,546</b>           |  |                        |
| The Group                                | At<br>1.1.2021<br>RM | Additions<br>(Note 35(a))<br>RM | Revaluation<br>Surplus<br>RM               | Write Off<br>(Note 30)<br>RM | Depreciation<br>Charges<br>(Note 30)<br>RM | At<br>31.12.2021<br>RM |
| <b>2021 (Restated)</b>                   |                      |                                 |  |                              |  |                        |
| <b>CARRYING AMOUNT</b>                   |                      |                                 |  |                              |  |                        |
| Freehold land                            | 33,750,411           | -                               | 1,324,589                                  | -                            | -  | 35,075,000             |
| Buildings                                | 27,775,166           | -                               | 13,949,318                                 | (42,570)                     | (3,961,901)                                | 37,720,013             |
| Plant and machinery                      | 38,116,810           | -                               | -  | -                            | (4,449,756)                                | 33,667,054             |
| Office equipment, furniture and fittings | 732,255              | 3,600                           | -  | -                            | (280,675)                                  | 455,180                |
| Road                                     | 3,994                | -                               | -  | -                            | (2,269)                                    | 1,725                  |
| Motor vehicles                           | 4,599,147            | 543,997                         | -  | -                            | (1,451,676)                                | 3,691,468              |
| Bearer plant                             | 17,311               | -                               | -  | -                            | (2,473)                                    | 14,838                 |
| <b>Total</b>                             | <b>104,995,094</b>   | <b>547,597</b>                  | <b>15,273,907</b>                          | <b>(42,570)</b>              | <b>(10,148,750)</b>                        | <b>110,625,278</b>     |

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

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

| The Group                                | At<br>Cost<br>RM   | At<br>Valuation<br>RM | Accumulated<br>Depreciation<br>RM | Carrying<br>Amount<br>RM |
|--|--------------------|-----------------------|-----------------------------------|--------------------------|
| <b>2022</b>                              |                    |                       |                                   |                          |
| Freehold land                            | -                  | 35,075,000            | -                                 | 35,075,000               |
| Buildings                                | -                  | 38,685,000            | (4,824,933)                       | 33,860,067               |
| Plant and machinery                      | 89,003,294         | -                     | (56,359,745)                      | 32,643,549               |
| Office equipment, furniture and fittings | 12,551,105         | -                     | (12,322,249)                      | 228,856                  |
| Road                                     | 208,087            | -                     | (207,954)                         | 133                      |
| Motor vehicles                           | 11,805,276         | -                     | (8,913,700)                       | 2,891,576                |
| Bearer plant                             | 24,730             | -                     | (12,365)                          | 12,365                   |
| <b>Total</b>                             | <b>113,592,492</b> | <b>73,760,000</b>     | <b>(82,642,946)</b>               | <b>104,711,546</b>       |

| The Group                                | At<br>Cost<br>RM   | At<br>Valuation<br>RM | Accumulated<br>Depreciation<br>RM | Carrying<br>Amount<br>RM |
|--|--------------------|-----------------------|-----------------------------------|--------------------------|
| <b>2021 (Restated)</b>                   |                    |                       |                                   |                          |
| Freehold land                            | -                  | 35,075,000            | -                                 | 35,075,000               |
| Buildings                                | -                  | 38,685,000            | (964,987)                         | 37,720,013               |
| Plant and machinery                      | 85,733,294         | -                     | (52,066,240)                      | 33,667,054               |
| Office equipment, furniture and fittings | 12,551,105         | -                     | (12,095,925)                      | 455,180                  |
| Road                                     | 208,087            | -                     | (206,362)                         | 1,725                    |
| Motor vehicles                           | 11,366,422         | -                     | (7,674,954)                       | 3,691,468                |
| Bearer plant                             | 24,730             | -                     | (9,892)                           | 14,838                   |
| <b>Total</b>                             | <b>109,883,638</b> | <b>73,760,000</b>     | <b>(73,018,360)</b>               | <b>110,625,278</b>       |

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

| Carrying Amount     | The Group         |                          |
|---------------------|-------------------|--------------------------|
|                     | 2022<br>RM        | 2021<br>RM<br>(Restated) |
| Freehold land       | 30,900,000        | 30,900,000               |
| Buildings           | 32,378,197        | 36,036,185               |
| Plant and machinery | 7,959,456         | 9,019,553                |
|                     | <b>71,237,653</b> | <b>75,955,738</b>        |

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

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

In the previous 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 39 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 17 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:

| Carrying Amount | The Group<br>2021<br>RM<br>(Restated) |
|-----------------|---------------------------------------|
| Freehold land   | 33,750,411                            |
| Buildings       | 24,219,152                            |
|                 | 57,969,563                            |

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

| 2021 (Restated) | Level 1<br>RM | Level 2<br>RM | Level 3<br>RM | Total<br>RM |
|-----------------|---------------|---------------|---------------|-------------|
| Freehold land   | -             | 35,075,000    | -             | 35,075,000  |
| Buildings       | -             | 37,720,013    | -             | 37,720,013  |
|                 | -             | 72,795,013    | -             | 72,795,013  |

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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

### 8. INVESTMENT PROPERTY

|  | The Group        |            |
|--|------------------|------------|
|  | 2022<br>RM       | 2021<br>RM |
| Cost:  |                  |            |
| At 1 January/31 December                         | <b>1,200,000</b> | 1,200,000  |
| Accumulated depreciation:                        |                  |            |
| At 1 January                                     | <b>1,200,000</b> | 1,040,000  |
| Depreciation during the financial year (Note 30) | -                | 160,000    |
| At 31 December                                   | <b>1,200,000</b> | 1,200,000  |
|  | -                | -          |
| Represented by:                                  |                  |            |
| Freehold commercial building                     | -                | -          |
| Fair value                                       | <b>1,200,000</b> | 1,200,000  |

The fair values of the investment properties above were estimated based on management's estimates.

The fair values of the investment properties are within level 3 of the fair value hierarchy and are arrived at by reference to market evidence of transaction prices for similar properties and recent experience in the locations and category of properties being valued. The most significant input into this valuation approach is the price per square foot of comparable properties. Adjustments are then made for differences in location, size, facilities available, market conditions and other factors in order to arrive at a common basis.

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.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

**9. BIOLOGICAL ASSETS**

|                                  | The Group         |            |
|----------------------------------|-------------------|------------|
|                                  | 2022<br>RM        | 2021<br>RM |
| At fair value less cost to sell: |                   |            |
| Pullets and layers               | <b>29,341,802</b> | 28,668,861 |

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

|                           | The Group           |              |
|---------------------------|---------------------|--------------|
|                           | 2022<br>RM          | 2021<br>RM   |
| At 1 January              | <b>28,668,861</b>   | 27,426,328   |
| Increase due to purchases | <b>33,295,775</b>   | 29,196,512   |
| Livestock losses          | <b>(3,674,705)</b>  | (2,859,572)  |
| Change in fair value      | <b>(832,095)</b>    | (485,079)    |
| Depopulation              | <b>(28,116,034)</b> | (24,609,328) |
| At 31 December            | <b>29,341,802</b>   | 28,668,861   |

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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

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

| Description of valuation technique and inputs used   | Significant unobservable inputs   | Inter-relationship between significant unobservable inputs and fair value measurements   |
|--|---|--|
| <p>Discounted cash flows:</p> <p>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.</p> | <p>Significant assumptions made in determining the fair value of the table eggs as follows:</p> <ul style="list-style-type: none"> <li>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.</li> <li>management's estimate of feed and other variable costs projected to incur throughout the laying period.</li> </ul> | <p>The fair value is sensitive to projected selling prices and projected feed costs.</p> |

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

|   | The Group    |       |
|---|--------------|-------|
|   | 2022         | 2021  |
| Projected selling prices of the table eggs (RM) | <b>0.382</b> | 0.328 |
| Feed and other variable costs (per bird) (RM)   | <b>7.521</b> | 6.173 |
| Discount rate                                   | <b>6.45%</b> | 3.00% |

#### 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 RM3,604,000 (2021 – RM3,378,000).

If the projected feed costs had been 10 sen higher than management estimates, the fair value of the biological assets would have decreased by RM2,048,000 (2021 – RM1,548,000).

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.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

**10. INVENTORIES**

|   | The Group          |             |
|---|--------------------|-------------|
|   | 2022<br>RM         | 2021<br>RM  |
| Eggs                                    | <b>332,010</b>     | 156,851     |
| Raw materials                           | <b>12,426,835</b>  | 7,867,433   |
| Feeds                                   | <b>1,717,965</b>   | 1,514,224   |
| Medicine                                | <b>1,032,987</b>   | 87,891      |
|   | <b>15,509,797</b>  | 9,626,399   |
| Recognised in profit or loss:           |                    |             |
| Inventories recognised as cost of sales | <b>252,636,700</b> | 173,516,669 |

None of the inventories are stated at net realisable value.

**11. TRADE RECEIVABLES**

|  | The Group          |             |
|--|--------------------|-------------|
|  | 2022<br>RM         | 2021<br>RM  |
| Trade receivables                            | <b>4,153,849</b>   | 11,976,730  |
| Allowance for impairment losses              | <b>(301,724)</b>   | (2,983,699) |
|  | <b>3,852,125</b>   | 8,993,031   |
| Allowance for impairment losses:             |                    |             |
| At 1 January                                 | <b>2,983,699</b>   | 3,264,451   |
| Written-off                                  | <b>(2,681,975)</b> | -           |
| Reversal during the financial year (Note 29) | -                  | (280,752)   |
| At 31 December                               | <b>301,724</b>     | 2,983,699   |

The Group's normal trade credit terms range from 7 to 90 days (2021 – 7 to 90 days).

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

#### 12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

|                   | The Group        |            | The Company  |            |
|-------------------|------------------|------------|--------------|------------|
|                   | 2022<br>RM       | 2021<br>RM | 2022<br>RM   | 2021<br>RM |
| Other receivables | 7,238            | 7,238      | -            | -          |
| Deposits          | 226,811          | 226,811    | -            | -          |
| Prepayments       | 1,194,852        | 986,142    | 3,260        | 3,260      |
|                   | <b>1,428,901</b> | 1,220,191  | <b>3,260</b> | 3,260      |

#### 13. AMOUNT OWING BY RELATED COMPANIES

|  | The Group         |            | The Company    |            |
|--|-------------------|------------|----------------|------------|
|  | 2022<br>RM        | 2021<br>RM | 2022<br>RM     | 2021<br>RM |
| Immediate holding company                    |                   |            |                |            |
| Trade balances                               | 15,168,723        | 3,014,597  | -              | -          |
| <b>Subsidiary</b>                            |                   |            |                |            |
| Non-trade balances                           | -                 | -          | 371,445        | 14,012,145 |
| <b>Fellow subsidiaries</b>                   |                   |            |                |            |
| Trade balances                               | 39,436,457        | 49,191,570 | -              | -          |
| Non-trade balances                           | 48,599            | 56,650     | -              | -          |
|  | <b>39,485,056</b> | 49,248,220 | -              | -          |
| Allowance for impairment losses:             |                   |            |                |            |
| - trade balances                             | (875,390)         | (875,390)  | -              | -          |
|  | <b>38,609,666</b> | 48,372,830 | -              | -          |
|  | <b>53,778,389</b> | 51,387,427 | <b>371,445</b> | 14,012,145 |
| Allowance for impairment losses:             |                   |            |                |            |
| At 1 January                                 | 875,390           | 594,638    | -              | -          |
| Addition during the financial year (Note 29) | -                 | 280,752    | -              | -          |
| At 31 December                               | <b>875,390</b>    | 875,390    | -              | -          |

- (a) The trade balance is subject to the normal trade credit term range from 30 to 120 (2021 – 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.



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

**14. SHORT-TERM INVESTMENT**

|                                   | The Group      |            |
|-----------------------------------|----------------|------------|
|                                   | 2022<br>RM     | 2021<br>RM |
| Money market funds, at fair value | <b>865,005</b> | 846,065    |

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.

**15. FIXED DEPOSITS WITH LICENSED BANKS**

Fixed deposits of the Group of RM2,965,000 (2021 – RM565,000) are pledged to licensed banks 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 licensed banks at the end of the reporting period were as follows:

|                                    | The Group   |           |
|------------------------------------|-------------|-----------|
|                                    | 2022<br>%   | 2021<br>% |
| Fixed deposits with licensed banks | <b>2.72</b> | 0.01      |

The average maturities of fixed deposits with licensed banks of the Group at the end of the reporting period are 243 days (2021 – 366 days).

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

### 16. SHARE CAPITAL

|                                 | The Group/The Company |             |                   |            |
|---------------------------------|-----------------------|-------------|-------------------|------------|
|                                 | 2022                  | 2021        | 2022              | 2021       |
|                                 | Number of Shares      |             | RM                | RM         |
| <b>Issued and fully paid-up</b> |                       |             |                   |            |
| Ordinary Shares                 |                       |             |                   |            |
| At 1 January                    | <b>308,232,783</b>    | 244,914,275 | <b>86,079,659</b> | 57,098,778 |
| Exercise of Warrants            | -                     | 63,318,508  | -                 | 28,980,881 |
| At 31 December                  | <b>308,232,783</b>    | 308,232,783 | <b>86,079,659</b> | 86,079,659 |

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.

### 17. REVALUATION RESERVE

|   | The Group         |            |
|---|-------------------|------------|
|   | 2022              | 2021       |
|   | RM                | RM         |
|   |                   | (Restated) |
| Surplus on revaluation of property, plant and equipment, net of tax |                   |            |
| At 1 January  | <b>11,793,613</b> | -          |
| Addition during the financial year                                  | -                 | 11,793,613 |
| At 31 December  | <b>11,793,613</b> | 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.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

**18. DEFERRED TAX LIABILITIES**

| The Group                       | At<br>1.1.2022<br>RM | Recognised<br>in Profit or<br>Loss<br>(Note 33(a))<br>RM | Recognised<br>in Other<br>Comprehensive<br>Income<br>(Note 33(b))<br>RM | At<br>31.12.2022<br>RM |
|---------------------------------|----------------------|--|---|------------------------|
| <b>2022</b>                     |                      |  |   |                        |
| <i>Deferred Tax Liabilities</i> |                      |  |   |                        |
| Property, plant and equipment   | <b>6,297,863</b>     | -  | -   | <b>6,297,863</b>       |

| The Group | At<br>1.1.2021<br>RM | Recognised<br>in Profit or<br>Loss<br>(Note 33(a))<br>RM | Recognised<br>in Other<br>Comprehensive<br>Income<br>(Note 33(b))<br>RM | At<br>31.12.2021<br>RM |
|-----------|----------------------|--|---|------------------------|
|-----------|----------------------|--|---|------------------------|

**2021 (Restated)***Deferred Tax Liabilities*

|                               |            |              |           |           |
|-------------------------------|------------|--------------|-----------|-----------|
| Property, plant and equipment | 13,864,484 | (11,046,915) | 3,480,294 | 6,297,863 |
| Investment property           | 77,334     | (77,334)     | -         | -         |
| Biological assets             | 839,542    | (839,542)    | -         | -         |
|                               | 14,781,360 | (11,963,791) | 3,480,294 | 6,297,863 |

*Deferred Tax Assets*

|  |             |             |           |           |
|--|-------------|-------------|-----------|-----------|
| Hire purchase payables                   | (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 |

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

### 19. LONG-TERM BORROWINGS

|                                  | The Group        |                          |
|----------------------------------|------------------|--------------------------|
|                                  | 2022<br>RM       | 2021<br>RM<br>(Restated) |
| Hire purchase payables (Note 20) | <b>3,997,387</b> | 4,865,750                |
| Term loans (secured) (Note 21)   | <b>3,623,220</b> | 7,534,293                |
|                                  | <b>7,620,607</b> | 12,400,043               |

### 20. HIRE PURCHASE PAYABLES

|                                   | The Group        |                          |
|-----------------------------------|------------------|--------------------------|
|                                   | 2022<br>RM       | 2021<br>RM<br>(Restated) |
| Current liabilities (Note 27)     | <b>4,130,037</b> | 3,344,896                |
| Non-current liabilities (Note 19) | <b>3,997,387</b> | 4,865,750                |
|                                   | <b>8,127,424</b> | 8,210,646                |

### 21. TERM LOANS (SECURED)

|                                   | The Group        |            |
|-----------------------------------|------------------|------------|
|                                   | 2022<br>RM       | 2021<br>RM |
| Current liabilities (Note 27)     | <b>3,862,618</b> | 3,794,263  |
| Non-current liabilities (Note 19) | <b>3,623,220</b> | 7,534,293  |
|                                   | <b>7,485,838</b> | 11,328,556 |

- (a) The term loans are repayable over 72 to 180 (2021 – 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<br>Average<br>Effective<br>Interest Rate<br>% | The Group        |            |
|--------------------------|--|------------------|------------|
|                          |  | 2022<br>RM       | 2021<br>RM |
| Floating rate term loans | 7.15   | <b>7,485,838</b> | 11,328,556 |

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

**22. TRADE PAYABLES**

The normal trade credit terms granted to the Group range from 30 to 90 (2021 – 30 to 90) days.

**23. OTHER PAYABLES AND ACCRUALS**

|                     | The Group        |            | The Company    |            |
|---------------------|------------------|------------|----------------|------------|
|                     | 2022<br>RM       | 2021<br>RM | 2022<br>RM     | 2021<br>RM |
| Other payables      | <b>1,759,721</b> | 524,054    | <b>19,791</b>  | 19,878     |
| Payroll liabilities | <b>1,687,048</b> | 627,354    | -              | -          |
| Accrued expenses    | <b>424,200</b>   | 357,000    | <b>224,400</b> | 294,000    |
|                     | <b>3,870,969</b> | 1,508,408  | <b>244,191</b> | 313,878    |

**24. AMOUNT OWING TO RELATED COMPANIES**

|                     | The Group      |            |
|---------------------|----------------|------------|
|                     | 2022<br>RM     | 2021<br>RM |
| Fellow subsidiaries |                |            |
| Trade balances      | <b>335,296</b> | -          |
| Non-trade balances  | <b>157,390</b> | 299,396    |
|                     | <b>492,686</b> | 299,396    |

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

**25. AMOUNTS OWING TO A DIRECTOR**

The amount owing to a director represents unsecured interest-free, advances which is repayable on demand. The amount owing is to be settled in cash.

**26. BANK OVERDRAFTS (SECURED)**

Bank overdrafts bore weighted average effective interest rate at Nil (2021 – 6.73%) 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 and 8 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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

### 27. SHORT-TERM BORROWINGS

|                                  | The Group         |                          |
|----------------------------------|-------------------|--------------------------|
|                                  | 2022<br>RM        | 2021<br>RM<br>(Restated) |
| Bankers' acceptances (secured)   | <b>41,332,000</b> | 44,513,000               |
| Term loans (secured) (Note 21)   | <b>3,862,618</b>  | 3,794,263                |
| Hire purchase payables (Note 20) | <b>4,130,037</b>  | 3,344,896                |
|                                  | <b>49,324,655</b> | 51,652,159               |

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

|                                | The Group   |           |
|--------------------------------|-------------|-----------|
|                                | 2022<br>%   | 2021<br>% |
| Term loans (secured)           | <b>7.15</b> | 6.40      |
| Bankers' acceptances (secured) | <b>5.57</b> | 3.75      |
| Hire purchase payables         | <b>5.88</b> | 5.96      |

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    |            |
|---|--------------------|-------------|----------------|------------|
|   | 2022<br>RM         | 2021<br>RM  | 2022<br>RM     | 2021<br>RM |
| Sales of poultry farming products         | <b>437,207,659</b> | 301,310,139 | -              | -          |
| Sales of by-products from poultry farming | <b>307,289</b>     | 432,596     | -              | -          |
| Sales of fresh fruit bunch                | <b>550,129</b>     | 470,415     | -              | -          |
| Management fee                            | -                  | -           | <b>360,000</b> | 180,000    |
|   | <b>438,065,077</b> | 302,213,150 | <b>360,000</b> | 180,000    |

### 29. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

|   | The Group  |            |
|---|------------|------------|
|   | 2022<br>RM | 2021<br>RM |
| Impairment losses:                            |            |            |
| - trade receivables (Note 11)                 | -          | (280,752)  |
| - amount owing by related companies (Note 13) | -          | 280,752    |

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

**30. PROFIT/(LOSS) BEFORE TAXATION**

|  | The Group           |                          | The Company   |            |
|--|---------------------|--------------------------|---------------|------------|
|  | 2022<br>RM          | 2021<br>RM<br>(Restated) | 2022<br>RM    | 2021<br>RM |
| Profit/(Loss) before taxation is arrived at after charging/(crediting):                      |                     |                          |               |            |
| Auditors' remuneration:  |                     |                          |               |            |
| - audit fees   | <b>100,000</b>      | 100,000                  | <b>37,000</b> | 37,000     |
| - non-audit fees   | <b>5,000</b>        | 5,000                    | <b>5,000</b>  | 5,000      |
| Depreciation of property, plant and equipment (Note 7)                                       | <b>9,740,386</b>    | 10,148,750               | -             | -          |
| Depreciation of investment property (Note 8)   | -                   | 160,000                  | -             | -          |
| Direct operating expenses on investment property   | <b>7,822</b>        | 9,951                    | -             | -          |
| Lease expenses:  |                     |                          |               |            |
| - short-term leases  | <b>820</b>          | 820                      | -             | -          |
| Interest expense on financial liabilities that are not at fair value through profit or loss: |                     |                          |               |            |
| - bank overdrafts  | <b>95,294</b>       | 143,092                  | -             | -          |
| - term loans   | <b>614,166</b>      | 825,973                  | -             | -          |
| - bankers' acceptances   | <b>1,726,305</b>    | 1,541,147                | -             | -          |
| - hire purchase payables   | <b>474,612</b>      | 653,074                  | -             | -          |
| Property, plant and equipment written off (Note 7)   | -                   | 42,570                   | -             | -          |
| Government grants/subsidies  | <b>(10,822,980)</b> | -                        | -             | -          |
| Rental income from investment property   | <b>(40,800)</b>     | (40,800)                 | -             | -          |
| Dividend income:   |                     |                          |               |            |
| - short-term investment  | <b>(18,940)</b>     | (16,666)                 | -             | -          |
| Interest income on financial assets measured at amortised cost:                              |                     |                          |               |            |
| - fixed deposits with a licensed bank  | <b>(5,844)</b>      | (17,567)                 | -             | -          |

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

### 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    |            |
|----------------------------------|----------------|------------|----------------|------------|
|                                  | 2022<br>RM     | 2021<br>RM | 2022<br>RM     | 2021<br>RM |
| <u>Directors of the Company</u>  |                |            |                |            |
| Short-term employee benefits:    |                |            |                |            |
| - fees                           | <b>319,200</b> | 252,000    | <b>182,400</b> | 252,000    |
| - salaries, allowances and bonus | <b>551,005</b> | 370,770    | <b>8,000</b>   | 8,000      |
|                                  | <b>870,205</b> | 622,770    | <b>190,400</b> | 260,000    |
| Defined contribution benefits    | <b>64,800</b>  | 43,200     | -              | -          |
|                                  | <b>935,005</b> | 665,970    | <b>190,400</b> | 260,000    |

### 32. STAFF COSTS

|                               | The Group         |            |
|-------------------------------|-------------------|------------|
|                               | 2022<br>RM        | 2021<br>RM |
| Wages, salaries and bonus     | <b>11,967,230</b> | 10,078,845 |
| Defined contribution benefits | <b>460,620</b>    | 371,176    |
| Other employee benefits       | <b>308,527</b>    | 227,358    |
|                               | <b>12,736,377</b> | 10,677,379 |

Staff costs included amounts of RM185,379 (2021 – RM160,306) in respect of remuneration paid to employees related to Directors of the Group.



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

**33. INCOME TAX EXPENSE/(INCOME)**

(a) Income Tax Expense/(Income) Recognised in Profit or Loss

|   | The Group     |             | The Company |            |
|---|---------------|-------------|-------------|------------|
|   | 2022<br>RM    | 2021<br>RM  | 2022<br>RM  | 2021<br>RM |
| Current tax expense   | <b>68,000</b> | 65,000      | -           | -          |
| Under/(Over) provision in the previous financial year           | <b>208</b>    | (16,819)    | -           | -          |
|   | <b>68,208</b> | 48,181      | -           | -          |
| Deferred tax (Note 18):   |               |             |             |            |
| - Relating to origination and reversal of temporary differences | -             | (2,559,110) | -           | -          |
| - Over provision in the previous financial year                 | -             | (16,681)    | -           | -          |
|   | -             | (2,575,791) | -           | -          |
|   | <b>68,208</b> | (2,527,610) | -           | -          |

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

**33. INCOME TAX EXPENSE/(INCOME) (CONT'D)**

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

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

|   | The Group          |              | The Company    |            |
|---|--------------------|--------------|----------------|------------|
|   | 2022<br>RM         | 2021<br>RM   | 2022<br>RM     | 2021<br>RM |
| Profit/(Loss) before taxation   | <b>7,386,312</b>   | (30,980,839) | <b>(2,502)</b> | (226,434)  |
| Tax at the statutory tax rate of 24%<br>(2021 – 24%)                    | <b>1,772,715</b>   | (7,435,401)  | <b>(600)</b>   | (54,344)   |
| Tax effects of:   |                    |              |                |            |
| Non-deductible expenses   | <b>99,824</b>      | 221,679      | <b>600</b>     | 54,344     |
| Non-taxable income  | <b>(4,546)</b>     | (7,781)      | -              | -          |
| Under/(Over) provision of current tax<br>in the previous financial year | <b>208</b>         | (16,819)     | -              | -          |
| Over provision of deferred taxation<br>in the previous financial year   | -                  | (16,681)     | -              | -          |
| Utilisation of deferred tax assets<br>previously not recognised         | <b>(1,822,793)</b> | -            | -              | -          |
| Deferred tax assets not recognised<br>in current year                   | <b>22,800</b>      | 4,727,393    | -              | -          |
|   | <b>68,208</b>      | (2,527,610)  | -              | -          |

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021 – 24%) of the estimated assessable profit for the financial year.

## (b) Income Tax Expenses Recognised in Other Comprehensive Income

|  | The Group  |            |
|--|------------|------------|
|  | 2022<br>RM | 2021<br>RM |
| Deferred tax on revaluation of property, plant and equipment (Note 18) | -          | 3,480,294  |

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

### 33. INCOME TAX EXPENSE/(INCOME) (CONT'D)

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

|   | The Group         |            | The Company    |            |
|---|-------------------|------------|----------------|------------|
|   | 2022<br>RM        | 2021<br>RM | 2022<br>RM     | 2021<br>RM |
| Unutilised capital allowances             | <b>8,265,600</b>  | 18,262,000 | -              | -          |
| Unutilised agriculture allowances         | <b>729,600</b>    | 486,400    | -              | -          |
| Unutilised industrial building allowances | <b>604,700</b>    | 402,100    | -              | -          |
| Unutilised reinvestment allowances        | <b>4,941,700</b>  | 4,941,700  | -              | -          |
| Unabsorbed tax losses:                    |                   |            |                |            |
| - expires years of assessment 2028        | <b>11,321,600</b> | 11,321,600 | -              | -          |
| - expires years of assessment 2029        | -                 | 51,800     | -              | 51,800     |
| - expires years of assessment 2030        | <b>8,128,200</b>  | 8,153,000  | <b>13,000</b>  | 37,800     |
| - expires years of assessment 2031        | <b>20,127,000</b> | 20,127,000 | <b>145,000</b> | 145,000    |
|   | <b>39,576,800</b> | 39,653,400 | <b>158,000</b> | 234,600    |
|   | <b>54,118,400</b> | 63,745,600 | <b>158,000</b> | 234,600    |

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         |            |
|-----------------------|-------------------|------------|
|                       | 2022<br>RM        | 2021<br>RM |
| Unabsorbed tax losses | <b>14,073,900</b> | 21,573,900 |

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

### 34. EARNINGS/(LOSS) PER SHARE

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

|   | The Group          |              |
|---|--------------------|--------------|
|   | 2022               | 2021         |
| Profit/(Loss) after taxation (RM)                   | <b>7,318,104</b>   | (28,453,229) |
| Weighted average number of ordinary shares in issue | <b>308,232,783</b> | 294,654,686  |
| Basic earnings/(loss) per share (sen)               | <b>2.37</b>        | (9.66)       |

### 35. CASH FLOW INFORMATION

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

|  | The Group        |                          |
|--|------------------|--------------------------|
|  | 2022<br>RM       | 2021<br>RM<br>(Restated) |
| Cash payments  | <b>282,654</b>   | 12,597                   |
| Acquired through hire purchase arrangements (Note 35(b) below) | <b>3,544,000</b> | 535,000                  |
|  | <b>3,826,654</b> | 549,597                  |

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

## 35. CASH FLOW INFORMATION (CONT'D)

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

| The Group   | Term Loans (secured) RM | Hire Purchase Payables RM | Bankers' Acceptances (secured) RM | Bank Overdrafts (secured) RM | Amount Owing To Related Companies RM | Amount Owing To A Director RM | Total RM     |
|---|-------------------------|---------------------------|-----------------------------------|------------------------------|--------------------------------------|-------------------------------|--------------|
| <b>2022</b>   |                         |                           |                                   |                              |                                      |                               |              |
| At 1 January  | 11,328,556              | 8,210,646                 | 44,513,000                        | -                            | 299,396                              | -                             | 64,351,598   |
| <u>Changes in Financing Cash Flows</u>  |                         |                           |                                   |                              |                                      |                               |              |
| Repayment of principal  | (3,842,718)             | (3,627,222)               | (3,181,000)                       | *                            | -                                    | -                             | (10,650,940) |
| Repayment of interests  | (614,166)               | (474,612)                 | (1,726,305)                       | (95,294)                     | -                                    | -                             | (2,910,377)  |
| Repayment to related companies  | -                       | -                         | -                                 | -                            | (142,006)                            | -                             | (142,006)    |
| Advances from a director  | -                       | -                         | -                                 | -                            | -                                    | 5,000                         | 5,000        |
| <u>Other Changes</u>  |                         |                           |                                   |                              |                                      |                               |              |
| Acquisition of new hire purchase arrangements for assets purchased in current financial year (Note (a) above) | -                       | 3,544,000                 | -                                 | -                            | -                                    | -                             | 3,544,000    |
| Interest expenses recognised in profit or loss  | 614,166                 | 474,612                   | 1,726,305                         | 95,294                       | -                                    | -                             | 2,910,377    |
| At 31 December  | 7,485,838               | 8,127,424                 | 41,332,000                        | -                            | 157,390                              | 5,000                         | 57,107,652   |

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

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

**35. CASH FLOW INFORMATION (CONT'D)**

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

| The Group   | Term Loans (secured) RM | Hire Purchase Payables RM | Bankers' Acceptances (secured) RM | Bank Overdrafts (secured) RM | Amount Owing To Related Companies RM | Total RM    |
|---|-------------------------|---------------------------|-----------------------------------|------------------------------|--------------------------------------|-------------|
| <b>2021 (Restated)</b>  |                         |                           |                                   |                              |                                      |             |
| At 1 January  | 15,110,239              | 11,674,586                | 38,680,000                        | -                            | 381,503                              | 65,846,328  |
| <u>Changes in Financing Cash Flows</u>  |                         |                           |                                   |                              |                                      |             |
| 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)    |
| <u>Other Changes</u>  |                         |                           |                                   |                              |                                      |             |
| Acquisition of new hire purchase arrangements for assets purchased in current financial year (Note (a) above) | -                       | 535,000                   | -                                 | -                            | -                                    | 535,000     |
| Acquisition of new hire purchase arrangements 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  |

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

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

**35. CASH FLOW INFORMATION (CONT'D)**

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

|                             | The Group  |            |
|-----------------------------|------------|------------|
|                             | 2022<br>RM | 2021<br>RM |
| Payment of short-term lease | <b>820</b> | 820        |

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

|  | The Group          |             | The Company      |            |
|--|--------------------|-------------|------------------|------------|
|  | 2022<br>RM         | 2021<br>RM  | 2022<br>RM       | 2021<br>RM |
| Fixed deposits with licensed banks                       | <b>5,965,000</b>   | 565,000     | -                | -          |
| Cash and bank balances                                   | <b>12,256,302</b>  | 9,325,210   | <b>3,775,814</b> | 207,303    |
| Bank overdrafts (secured)                                | -                  | (1,224,465) | -                | -          |
|  | <b>18,221,302</b>  | 8,665,745   | <b>3,775,814</b> | 207,303    |
| Less: Fixed deposits pledged to licensed banks (Note 15) | <b>(2,965,000)</b> | (565,000)   | -                | -          |
|  | <b>15,256,302</b>  | 8,100,745   | <b>3,775,814</b> | 207,303    |

**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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

### 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      |            |
|------------------------------------|----------------------|---------------|------------------|------------|
|                                    | 2022<br>RM           | 2021<br>RM    | 2022<br>RM       | 2021<br>RM |
| <b>Immediate holding company</b>   |                      |               |                  |            |
| Sales of goods                     | <b>(62,715,177)</b>  | (36,129,830)  | -                | -          |
| Purchase of goods                  | <b>85,797,895</b>    | 51,181,675    | -                | -          |
| <b>Subsidiary</b>                  |                      |               |                  |            |
| Management fee received/receivable | -                    | -             | <b>(360,000)</b> | (180,000)  |
| <b>Fellow subsidiaries</b>         |                      |               |                  |            |
| Sales of goods                     | <b>(215,716,568)</b> | (158,171,284) | -                | -          |
| Purchase of goods                  | <b>47,997,452</b>    | 20,365,163    | -                | -          |

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           |            |
|------------|-------------------|------------|
|            | 2022<br>RM        | 2021<br>RM |
| Customer A | <b>96,436,981</b> | 74,804,031 |
| Customer B | <b>97,411,346</b> | 66,287,355 |
| Customer C | <b>64,138,454</b> | 35,446,803 |



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

**38. 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.

**38.1 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 21 and 26 to the financial statements.

*Interest Rate Risk Sensitivity Analysis*

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

|   | The Group       |            |
|---|-----------------|------------|
|   | 2022<br>RM      | 2021<br>RM |
| <b>Effects on profit/(loss) after taxation</b>        |                 |            |
| Increase of 93 basis points (2021 – 122 basis points) | <b>-280,189</b> | +520,210   |
| Decrease of 93 basis points (2021 – 122 basis points) | <b>+280,189</b> | -520,210   |

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

### 38. FINANCIAL INSTRUMENTS (CONT'D)

#### 38.1 Financial Risk Management Policies (Cont'd)

##### (a) Market Risk (Cont'd)

###### (iii) Equity Price Risk

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

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.

##### (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.

###### (i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 2 (2021 – 2) customers which constituted approximately 90% (2021 – 65%) of its trade receivables (including related companies) at the end of the reporting period.

###### (ii) Maximum 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).

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

### 38. FINANCIAL INSTRUMENTS (CONT'D)

#### 38.1 Financial Risk Management Policies (Cont'd)

##### (b) Credit Risk (Cont'd)

###### (ii) Maximum Exposure to Credit Risk (Cont'd)

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.

###### (iii) 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 against the associated impairment, if any, when there is no reasonable expectation of recovery.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficult of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty;
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 180 days past due.

##### Trade Receivables and Amount Owing by 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).

##### *Inputs, Assumptions and Techniques used for Estimating Impairment Losses*

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

The Company measures the expected credit losses of certain major customers, trade receivables and related parties that are credit impaired and trade receivables and related parties with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales over 36 months before the reporting date 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 trade receivables and related parties to settle their debts using the linear regressive analysis. The Group has identified the unemployment rate as the key macroeconomic factor of the forward-looking information.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

### 38. FINANCIAL INSTRUMENTS (CONT'D)

#### 38.1 Financial Risk Management Policies (Cont'd)

##### (b) Credit Risk (Cont'd)

##### (iii) Assessment of Impairment Losses (Cont'd)

##### Trade Receivables and Amount Owing by Related Companies (Cont'd)

##### *Inputs, Assumptions and Techniques used for Estimating Impairment Losses (Cont'd)*

##### Allowance for Impairment Losses

| The Group                   | Gross Amount<br>RM | Collective Impairment<br>RM | Carrying Amount<br>RM |
|-----------------------------|--------------------|-----------------------------|-----------------------|
| <b>2022</b>                 |                    |                             |                       |
| Current (not past due)      | 20,466,974         | (246,698)                   | 20,220,276            |
| 1 to 30 days past due       | 14,190,306         | (44,026)                    | 14,146,280            |
| 31 to 60 days past due      | 11,015,814         | (64,793)                    | 10,951,021            |
| 61 to 90 days past due      | 8,447,545          | (573,256)                   | 7,874,289             |
| 91 to 120 days past due     | 4,629,846          | (239,797)                   | 4,390,049             |
| 121 to 150 days past due    | -                  | -                           | -                     |
| More than 150 days past due | 8,544              | (8,544)                     | -                     |
|                             | <b>58,759,029</b>  | <b>(1,177,114)</b>          | <b>57,581,915</b>     |

| The Group                   | Gross Amount<br>RM | Individual Impairment<br>RM | Collective Impairment<br>RM | Carrying Amount<br>RM |
|-----------------------------|--------------------|-----------------------------|-----------------------------|-----------------------|
| <b>2021</b>                 |                    |                             |                             |                       |
| 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          | -                           | (573,256)                   | 4,660,318             |
| 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 | 3,786,579          | -                           | (114,920)                   | 3,671,659             |
| Credit impaired             | 2,681,975          | (2,681,975)                 | -                           | -                     |
|                             | <b>64,182,897</b>  | <b>(2,681,975)</b>          | <b>(1,177,114)</b>          | <b>60,323,808</b>     |

The movements in the loss allowances in respect of trade receivables are disclosed in Notes 11 and 13 to the financial statements respectively.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

**38. FINANCIAL INSTRUMENTS (CONT'D)****38.1 Financial Risk Management Policies (Cont'd)****(b) Credit Risk (Cont'd)**

## (iii) Assessment of Impairment Losses (Cont'd)

Fixed Deposits with Licensed Banks, 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.

Other Receivables

Other receivables are also subject to the impairment requirements of MFRS 9, however the balance 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.

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

*Allowance for Impairment Losses*

| The Group       | Gross Amount<br>RM | Lifetime Loss Allowance<br>RM | Carrying Amount<br>RM |
|-----------------|--------------------|-------------------------------|-----------------------|
| <b>2022</b>     |                    |                               |                       |
| Low credit risk | <b>48,599</b>      | -                             | <b>48,599</b>         |
| <b>2021</b>     |                    |                               |                       |
| Low credit risk | 56,650             | -                             | 56,650                |
| The Company     | Gross Amount<br>RM | Lifetime Loss Allowance<br>RM | Carrying Amount<br>RM |
| <b>2022</b>     |                    |                               |                       |
| Low credit risk | <b>371,445</b>     | -                             | <b>371,445</b>        |
| <b>2021</b>     |                    |                               |                       |
| Low credit risk | 14,012,145         | -                             | 14,012,145            |

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

### 38. FINANCIAL INSTRUMENTS (CONT'D)

#### 38.1 Financial Risk Management Policies (Cont'd)

##### (c) Liquidity Risk

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

##### Maturity Analysis

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

| The Group                                   | Contractual<br>Coupon<br>Interest<br>Rate<br>% | Carrying<br>Amount<br>RM | Contractual<br>Undiscounted<br>Cash Flows<br>RM | Within<br>1 Year<br>RM | 1 – 5<br>Years<br>RM |
|---|--|--------------------------|---|------------------------|----------------------|
| <b>2022</b>                                 |  |                          |   |                        |                      |
| <u>Non-derivative Financial Liabilities</u> |  |                          |   |                        |                      |
| Trade payables                              | -  | 89,930,466               | 89,930,466                                      | 89,930,466             | -                    |
| Other payables and accruals                 | -  | 3,870,969                | 3,870,969                                       | 3,870,969              | -                    |
| Amount owing to related companies           | -  | 492,686                  | 492,686   | 492,686                | -                    |
| Amount owing to a director                  | -  | 5,000                    | 5,000   | 5,000                  | -                    |
| Hire purchase payables                      | 4.31 – 7.20                                    | 8,127,424                | 8,991,926                                       | 4,685,845              | 4,306,081            |
| Term loans (secured)                        | 5.72 – 7.62                                    | 7,485,838                | 7,962,942                                       | 3,734,772              | 4,228,170            |
| Bankers' acceptances (secured)              | 5.17 – 6.20                                    | 41,332,000               | 41,332,000                                      | 41,332,000             | -                    |
|   |  | <b>151,244,383</b>       | <b>152,585,989</b>                              | <b>144,051,738</b>     | <b>8,534,251</b>     |
| <b>2021 (Restated)</b>                      |  |                          |   |                        |                      |
| <u>Non-derivative Financial Liabilities</u> |  |                          |   |                        |                      |
| 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)                   | 6.35 – 7.12                                    | 1,224,465                | 1,224,465                                       | 1,224,465              | -                    |
| Hire purchase payables                      | 4.31 – 7.20                                    | 8,210,646                | 9,039,317                                       | 4,587,170              | 4,452,147            |
| Term loans (secured)                        | 4.72 – 6.62                                    | 11,328,556               | 12,881,389                                      | 5,150,850              | 7,730,539            |
| Bankers' acceptances (secured)              | 3.51 – 4.05                                    | 44,513,000               | 44,513,000                                      | 44,513,000             | -                    |
|   |  | <b>152,103,265</b>       | <b>154,484,769</b>                              | <b>142,302,083</b>     | <b>12,182,686</b>    |

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

**38. FINANCIAL INSTRUMENTS (CONT'D)****38.1 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<br>Amount<br>RM | Contractual<br>Undiscounted<br>Cash Flows<br>RM | Within<br>1 Year<br>RM |
|--|--------------------------|---|------------------------|
| <b>2022</b>  |                          |   |                        |
| Other payables and accruals  | 244,191                  | 244,191   | 244,191                |
| Financial guarantee contracts in relation to corporate guarantee given to a subsidiary | -                        | 52,273,474                                      | 52,273,474             |
|  | <b>244,191</b>           | <b>52,517,665</b>                               | <b>52,517,665</b>      |
| <b>2021</b>  |                          |   |                        |
| 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             |

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

#### 38. FINANCIAL INSTRUMENTS (CONT'D)

##### 38.2 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           |                          |
|--|---------------------|--------------------------|
|  | 2022<br>RM          | 2021<br>RM<br>(Restated) |
| Hire purchase payables (Note 20)                   | <b>8,127,424</b>    | 8,210,646                |
| Term loans (secured) (Note 21)                     | <b>7,485,838</b>    | 11,328,556               |
| Bank overdrafts (secured) (Note 26)                | -                   | 1,224,465                |
| Bankers' acceptances (secured) (Note 27)           | <b>41,332,000</b>   | 44,513,000               |
|  | <b>56,945,262</b>   | 65,276,667               |
| Less: Fixed deposits with licensed banks (Note 15) | <b>(5,965,000)</b>  | (565,000)                |
| Less: Cash and bank balances                       | <b>(12,256,302)</b> | (9,325,210)              |
| Net debt   | <b>38,723,960</b>   | 55,386,457               |
| Total equity                                       | <b>70,190,223</b>   | 62,872,119               |
| Debt-to-equity ratio                               | <b>0.55</b>         | 0.88                     |

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



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

**38. FINANCIAL INSTRUMENTS (CONT'D)****38.3 Classification of Financial Instruments**

|   | The Group          |                          | The Company      |            |
|---|--------------------|--------------------------|------------------|------------|
|   | 2022<br>RM         | 2021<br>RM<br>(Restated) | 2022<br>RM       | 2021<br>RM |
| <b>Financial Assets</b>                                     |                    |                          |                  |            |
| <u>Mandatorily at Fair Value<br/>Through Profit or Loss</u> |                    |                          |                  |            |
| Short-term investment (Note 14)                             | <b>865,005</b>     | 846,065                  | -                | -          |
| <u>Amortised Cost</u>                                       |                    |                          |                  |            |
| Trade receivables (Note 11)                                 | <b>3,852,125</b>   | 8,993,031                | -                | -          |
| Other receivables and deposits<br>(Note 12)                 | <b>234,049</b>     | 234,049                  | -                | -          |
| Amount owing by related companies<br>(Note 13)              | <b>53,778,389</b>  | 51,387,427               | <b>371,445</b>   | 14,012,145 |
| Fixed deposits with licensed banks<br>(Note 15)             | <b>5,965,000</b>   | 565,000                  | -                | -          |
| Cash and bank balances                                      | <b>12,256,302</b>  | 9,325,210                | <b>3,775,814</b> | 207,303    |
|   | <b>76,085,865</b>  | 70,504,717               | <b>4,147,259</b> | 14,219,448 |
| <b>Financial Liabilities</b>                                |                    |                          |                  |            |
| <u>Amortised Cost</u>                                       |                    |                          |                  |            |
| Trade payables (Note 22)                                    | <b>89,930,466</b>  | 85,018,794               | -                | -          |
| Other payables and accruals (Note 23)                       | <b>3,870,969</b>   | 1,508,408                | <b>244,191</b>   | 313,878    |
| Amount owing to related companies<br>(Note 24)              | <b>492,686</b>     | 299,396                  | -                | -          |
| Amount owing to a director (Note 25)                        | <b>5,000</b>       | -                        | -                | -          |
| Bank overdrafts (secured) (Note 26)                         | -                  | 1,224,465                | -                | -          |
| Hire purchase payables (Note 20)                            | <b>8,127,424</b>   | 8,210,646                | -                | -          |
| Term loans (secured) (Note 21)                              | <b>7,485,838</b>   | 11,328,556               | -                | -          |
| Bankers' acceptances (secured)<br>(Note 27)                 | <b>41,332,000</b>  | 44,513,000               | -                | -          |
|   | <b>151,244,383</b> | 152,103,265              | <b>244,191</b>   | 313,878    |

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

### 38. FINANCIAL INSTRUMENTS (CONT'D)

#### 38.4 Gains or Losses Arising from Financial Instruments

|  | The Group          |             |
|--|--------------------|-------------|
|  | 2022<br>RM         | 2021<br>RM  |
| <b>Financial Assets</b>                  |                    |             |
| <u>Fair Value Through Profit or Loss</u> |                    |             |
| Net gains recognised in profit or loss   | <b>18,940</b>      | 16,666      |
| <u>Amortised Cost</u>                    |                    |             |
| Net gains recognised in profit or loss   | <b>389,063</b>     | 17,567      |
| <b>Financial Liabilities</b>             |                    |             |
| <u>Amortised Cost</u>                    |                    |             |
| Net losses recognised in profit or loss  | <b>(2,910,377)</b> | (3,163,286) |

#### 38.5 Fair Values Information

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

## 38. FINANCIAL INSTRUMENTS (CONT'D)

## 38.5 Fair Values Information (Cont'd)

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

| The Group                           | Fair Value of Financial Instruments Carried at Fair Value |            |            | Fair Value of Financial Instruments Not Carried at Fair Value |            |            | Total Fair Value RM | Carrying Amount RM |
|-------------------------------------|---|------------|------------|---|------------|------------|---------------------|--------------------|
|                                     | Level 1 RM  | Level 2 RM | Level 3 RM | Level 1 RM  | Level 2 RM | Level 3 RM |                     |                    |
| <b>2022</b>                         |   |            |            |   |            |            |                     |                    |
| <u>Financial Assets</u>             |   |            |            |   |            |            |                     |                    |
| Short-term investments              |   |            |            |   |            |            |                     |                    |
| - Fair value through profit or loss | -   | 865,005    | -          | -   | -          | -          | 865,005             | 865,005            |
| <u>Financial Liabilities</u>        |   |            |            |   |            |            |                     |                    |
| Term loans (secured)                | -   | -          | -          | -   | 7,485,838  | -          | 7,485,838           | 7,485,838          |
| Hire purchase payables              | -   | -          | -          | -   | 8,127,424  | -          | 8,127,424           | 8,127,424          |
|                                     | -   | -          | -          | -   | 15,613,262 | -          | 15,613,262          | 15,613,262         |
| <b>2021 (Restated)</b>              |   |            |            |   |            |            |                     |                    |
| <u>Financial Assets</u>             |   |            |            |   |            |            |                     |                    |
| Short-term investments              |   |            |            |   |            |            |                     |                    |
| - Fair value through profit or loss | -   | 846,065    | -          | -   | -          | -          | 846,065             | 846,065            |
| <u>Financial Liabilities</u>        |   |            |            |   |            |            |                     |                    |
| Term loans (secured)                | -   | -          | -          | -   | 11,328,556 | -          | 11,328,556          | 11,328,556         |
| Hire purchase payables              | -   | -          | -          | -   | 8,210,646  | -          | 8,210,646           | 8,210,646          |
|                                     | -   | -          | -          | -   | 19,539,202 | -          | 19,539,202          | 19,539,202         |

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

### 38. FINANCIAL INSTRUMENTS (CONT'D)

#### 38.5 Fair Values Information (Cont'd)

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

- (i) The fair value of money market funds is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into.
- (ii) There were no transfer between level 1 and level 2 during the financial year.

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

- (i) The fair value of the Group's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rate on or near the reporting date.
- (ii) The fair value of the hire purchase payables are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of reporting period. The interest rates used to discount the estimated cash flows are as follows:

|                        | 2022<br>% | 2021<br>% |
|------------------------|-----------|-----------|
| Hire purchase payables | 6.95      | 5.74      |

### 39. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

Accounting for Property, Plant and Equipment

In the previous financial year, the Group changed its accounting policy with respect to the subsequent measurement of property, plant and equipment (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:

|   | 2021<br>RM<br>(Restated) |
|---|--------------------------|
| Revaluation surplus for property, plant and equipment | 15,273,907               |

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

(CONT'D)

**40. COMPARATIVE FIGURES**

The following figures have been reclassified to conform with the presentation of the current financial year:

|  | The Group                          |                      |
|--|------------------------------------|----------------------|
|  | As<br>Previously<br>Reported<br>RM | As<br>Restated<br>RM |
| <b><u>Statement of Financial Position (Extract):</u></b> |                                    |                      |
| Property, plant and equipment                            | 94,423,966                         | 110,625,278          |
| Right-of-use assets                                      | 16,201,312                         | -                    |
| Loans and borrowings                                     | 55,841,556                         | 64,052,202           |
| Lease liabilities  | 8,210,646                          | -                    |
| <b><u>Statement of Cash Flows (Extract):</u></b>         |                                    |                      |
| Depreciation of property, plant and equipment            | 7,702,906                          | 10,148,750           |
| Depreciation of right-of-use assets                      | 2,445,844                          | -                    |
| Interest expenses  | 2,510,212                          | 3,163,286            |
| Interest expenses on lease liabilities                   | 653,074                            | -                    |
| Repayment of hire purchase payables                      | -                                  | (4,533,940)          |
| Repayment of lease liabilities                           | (4,533,940)                        | -                    |

# LIST OF PROPERTIES

AS AT 31 DECEMBER 2022

The top 10 properties of the Group in terms of highest net book value as at 31 December 2022 are as follows:

| Registered Owner and Location   | Existing Use/Description                        | Land Area and Tenure         | Revaluation Date | Approximate age of buildings (years) | Net book value (RM) |
|---|---|------------------------------|------------------|--------------------------------------|---------------------|
| 1 TECK PING CHAN<br>AGRICULTURE SDN BHD<br>Lot No. 3047 (Formerly Lot 659)<br>Lot No. 3015 (Formerly Lot 660)<br>Mukim of Melekek<br>District of Alor Gajah, Melaka | Agriculture land use as layer poultry farm      | 27.481 hectares<br>Freehold  | 1.11.2021        | 7 to 36                              |                     |
| 2 TECK PING CHAN<br>AGRICULTURE SDN BHD<br>Lot No. 96 & 97, Mukim of Melekek<br>District of Alor Gajah, Melaka  | Agriculture land use as layer poultry farm      | 5.6959 hectares<br>Freehold  | 1.11.2021        | 8 to 33                              | 37,772,238.16       |
| 3 TECK PING CHAN<br>AGRICULTURE SDN BHD<br>Lot No. 125, 126 and 127<br>Mukim of Sungei Buloh<br>District of Alor Gajah, Melaka                                      | Agriculture land use as layer poultry farm      | 11.2171 hectares<br>Freehold | 1.11.2021        | 8 to 33                              |                     |
| 4 MESTIKA ARIF SDN BHD<br>Lot No. 2141 - 2149 (Formerly PT 303 - 311)<br>Mukim of Taboh Naning<br>District of Alor Gajah, Melaka                                    | Agriculture land with oil palm trees            | 31.723 hectares<br>Freehold  | 1.11.2021        | NA                                   | 10,190,000.00       |
| 5 TECK PING CHAN<br>AGRICULTURE SDN BHD<br>Geran No. Hakmilik 61725, Lot 1409<br>Mukim Titian Bintagor, Daerah Rembau<br>Negeri Sembilan                            | Agriculture land use as layer poultry farm      | 3.8698 hectares<br>Freehold  | 1.11.2021        | 6                                    | 7,207,763.16        |
| 6 TECK PING CHAN<br>AGRICULTURE SDN BHD<br>Lot No. 1158 & 1159, Mukim of Melekek<br>District of Alor Gajah, Melaka  | Agriculture land use as layer poultry farm      | 8.114 hectares<br>Freehold   | 1.11.2021        | 15                                   | 5,578,076.92        |
| 7 TECK PING CHAN<br>AGRICULTURE SDN BHD<br>Lot 102, GM 13, Mukim Sungai Buloh<br>Daerah Alor Gajah, Melaka  | Agriculture land use as chicken droppings store | 2.0335 hectares<br>Freehold  | 1.11.2021        | 5                                    | 2,179,240.79        |
| 8 TECK PING CHAN<br>AGRICULTURE SDN BHD<br>Lot 123, Mukim of Sungei Buloh<br>District of Alor Gajah, Melaka   | Agriculture land use as chicken droppings store | 2.0967 hectares<br>Freehold  | 1.11.2021        | 9                                    | 1,631,498.08        |
| 9 TECK PING CHAN<br>AGRICULTURE SDN BHD<br>Lot No. 1512 - 1513, Mukim of Pegoh<br>District of Alor Gajah, Melaka  | Agriculture land with oil palm trees            | 4.695 hectares<br>Freehold   | 1.11.2021        | NA                                   | 1,625,000.00        |
| 10 TECK PING CHAN<br>AGRICULTURE SDN BHD<br>Lot No. PT 290, Mukim of Taboh Naning<br>District of Alor Gajah, Melaka   | Agriculture land with oil palm trees            | 3.6869 hectares<br>Freehold  | 1.11.2021        | NA                                   | 1,275,000.00        |

# ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2023

|                        |   |                                  |
|------------------------|---|----------------------------------|
| No. of shares issued   | : | 308,232,783                      |
| Class of shares        | : | Ordinary shares                  |
| Voting rights          | : | One vote for each ordinary share |
| Number of shareholders | : | 1,561                            |

## SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

| Name                         | Direct        |       | Indirect      |          |
|------------------------------|---------------|-------|---------------|----------|
|                              | 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             | 1.60          | 742                | 0.00          |
| 100 – 1,000                                  | 410            | 26.26         | 371,850            | 0.12          |
| 1,001 – 10,000                               | 472            | 30.24         | 2,618,821          | 0.85          |
| 10,001 – 100,000                             | 489            | 31.33         | 19,680,016         | 6.39          |
| 100,001 to less than 5% of the issued shares | 162            | 10.38         | 103,641,316        | 33.62         |
| 5% and above of the issued shares            | 3              | 0.19          | 181,920,038        | 59.02         |
| <b>TOTAL</b>                                 | <b>1,561</b>   | <b>100.00</b> | <b>308,232,783</b> | <b>100.00</b> |

**ANALYSIS OF SHAREHOLDINGS**

AS AT 31 MARCH 2023

(CONT'D)

**THIRTY LARGEST SHAREHOLDERS**

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

|     | <b>Name</b>   | <b>No. of Shares</b> | <b>%</b> |
|-----|---|----------------------|----------|
| 1.  | UOBM Nominees (Tempatan) Sdn Bhd<br>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<br>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<br>Beneficiary : Chong Mei  | 3,501,500            | 1.14     |
| 8.  | Eng Soon Cheik  | 3,500,000            | 1.14     |
| 9.  | Alliancegroup Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Kong Kok Choy (8092812)                 | 2,641,000            | 0.86     |
| 10. | Malacca Equity Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Ho Kok Kiang                           | 2,532,400            | 0.82     |
| 11. | Eng Soon Cheik  | 2,296,200            | 0.74     |
| 12. | Chong Peh Chin  | 2,056,600            | 0.67     |
| 13. | Lim Lai Chuan   | 2,050,000            | 0.67     |
| 14. | Public Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Siah Tian Yee (E-TJJ)                          | 1,866,200            | 0.61     |
| 15. | Yap Kee Hor   | 1,500,000            | 0.49     |
| 16. | Low Kim Joo   | 1,013,100            | 0.33     |
| 17. | CGS-CIMB Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Lee Cheong Keat @ Lee Chong Keat (Penang-CL) | 1,000,800            | 0.32     |
| 18. | Liew Yew Seng   | 967,500              | 0.31     |
| 19. | Tee Kim Heng  | 925,800              | 0.30     |
| 20. | Wong Nyong How  | 918,400              | 0.30     |
| 21. | Public Nominees (Tempatan) Sdn Bhd<br>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 Lay Yan   | 824,500              | 0.27     |
| 26. | Boon Seu Mui  | 783,000              | 0.25     |
| 27. | Chua Kau @ Chua Kim Yan   | 783,000              | 0.25     |
| 28. | Tey Sui Kiat  | 773,500              | 0.25     |
| 29. | How Kim Soon  | 700,000              | 0.23     |
| 30. | Lai Boon Kiat   | 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 2023.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 20<sup>th</sup> Annual General Meeting of TPC Plus Berhad (“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 **Tuesday, 30 May 2023 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 2022 together with the Directors’ and Auditors’ Reports thereon.  
Please refer to Explanatory Note (a)
2. To approve the payment of Directors’ fees amounting to RM45,600.00 per annum for each of the Non-Executive Directors in respect of the financial year ended 31 December 2022. Resolution 1
3. To approve the payment of Directors’ benefits (other than Directors’ fees) to the Non-Executive Directors for the period from 31 May 2023 until the next Annual General Meeting to be held in 2024.  
Please refer to Explanatory Note (c) Resolution 2
4. To re-elect the following Directors who are retiring by rotation in accordance with Clause 21.5 of the Company’s Constitution and who, being eligible, have offered themselves for re-election:
  - 4.1 YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop Resolution 3
  - 4.2 Mr Lim Yew Kwang Resolution 4
  - 4.3 Datuk Lim Yew Piau Resolution 5
5. To re-appoint Crowe Malaysia PLT as Auditors of the Company for the financial year ending 31 December 2023 and to authorise the Directors to fix their remuneration. Resolution 6

### As Special Business

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

6. **ORDINARY RESOLUTION** Resolution 7  
**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 28 April 2023 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.

## NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

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 20<sup>th</sup> 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 2023 ("the ROD"). Only a depositor whose name appears on the ROD shall be entitled to attend the 20<sup>th</sup> 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  
28 April 2023

**Notes:**

- (i) A member entitled to attend and vote at the 20<sup>th</sup> 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.

## NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

- (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 AGM or any adjournment thereof.
- (vi) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa”), 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 everyone attending the 20<sup>th</sup> AGM. Please read and adhere to the Administrative Guide sent to you on 28 April 2023 and which can also be downloaded from the Company’s website at [www.tpc.com.my](http://www.tpc.com.my) or announcement via Bursa’s website at [www.bursamalaysia.com](http://www.bursamalaysia.com)

### 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 1

A Directors’ fees amounting to RM45,600.00 per annum will be paid to each of the Executive Directors by Teck Ping Chan Agriculture Sdn Bhd (“TPCA”), a wholly-owned subsidiary of the Company, in respect of the financial year ended 31 December 2022. All the Executive Directors of the Company are also directors of TPCA.

- (c) Resolution 2

The Company is seeking shareholders’ approval for the payment of an attendance allowance of RM600.00 a day to Non-Executive Directors for attending meetings held during the period from 31 May 2023 until the day of the 21<sup>st</sup> Annual General Meeting to be held in 2024.

- (d) Resolutions 3, 4 and 5

Pursuant Section 205 of the Companies Act 2016, the number nearest to 1/3 of the Directors shall retire at the conclusion of an AGM every year and pursuant to Paragraph 7.26 of the MMLR of Bursa and Clause 21.5 of the Company’s Constitution, all Directors shall retire from office once at least in each 3 years but shall be eligible for re-election.

The Board of Directors had endorsed the Nomination and Remuneration Committee’s (“NRC”) recommendation on the re-election of YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop, Mr Lim Yew Kwang and Datuk Lim Yew Piau who are retiring by rotation at this 20<sup>th</sup> AGM.

The Board, through the assessment by the NRC, is satisfied with the performance of the retiring Directors in the discharge of their duties and responsibilities. The Board collectively agreed with the NRC that there were no adverse findings on the Directors and they were able to act in the best interest of the Company.

## NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

The NRC and the Board had also considered and were satisfied that the retiring Independent Non-Executive Director, YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop, who has served on the Board for less than 9 years has maintained his independence.

Further information on the retiring Directors can be found in the Directors' Profile set out in the Annual Report 2022.

(e) Resolution 6

The Audit Committee had assessed and was satisfied with the performance, independence and capabilities of the Auditors, Crowe Malaysia PLT. Hence the Audit Committee had proposed to the Board and the Board had endorsed the re-appointment of Crowe Malaysia PLT as the Company's Auditors for the financial year ending 31 December 2023 at the 20<sup>th</sup> AGM. Representative(s) of Crowe Malaysia PLT will be attending the 20<sup>th</sup> AGM.

(f) Resolution 7

Ordinary Resolution 7, 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 MMLR of Bursa. This approval shall continue to be in force until the conclusion of the 21<sup>st</sup> AGM or the expiration of the period within which the 21<sup>st</sup> AGM is required by the law to be held or revoked/varied by a resolution passed by the shareholders in a general meeting.

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# TPC PLUS BERHAD

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

# 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 20<sup>th</sup> Annual General Meeting of the Company to be held at the **Hang Li Po Meeting Room, AMES Hotel, Jalan PKAK 1 & PKAK 2, Pusat Komersial Ayer Keroh, 75450 Ayer Keroh, Melaka on Tuesday, 30 May 2023 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 YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop as Director |     |         |
| Resolution 4 | Re-elect Mr Lim Yew Kwang as Director  |     |         |
| Resolution 5 | Re-elect Datuk Lim Yew Piau as Director                                      |     |         |
| Resolution 6 | Re-appoint Crowe Malaysia PLT as Auditors                                    |     |         |
| Resolution 7 | Renew the mandate for recurrent related party transactions                   |     |         |

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023

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

First named proxy \_\_\_\_\_ %

Second named proxy \_\_\_\_\_ %

\_\_\_\_\_ 100%

\_\_\_\_\_  
Signature of member or  
Common seal of corporate member

### Notes:

- (i) A member entitled to attend and vote at the 20<sup>th</sup> 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](mailto:proxyform@tpc.com.my) not less than 48 hours before the time fixed for holding the AGM 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

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AFFIX  
STAMP

The Company Secretary

**TPC Plus Berhad**

PT 1678, Mukim of Serkam  
77300 Merlimau, Melaka

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**TPC PLUS BERHAD**

Registration No. 200301012910 (615330-T)

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

Office Number: +606 2686 315

General Fax Number: +606 2686 327

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