TPC PLUS BERHAD

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

ANNUAL REPORT 2020

TABLE OF CONTENTS

2 .... Notice of Annual General Meeting

5 .... Corporate Information

6 .... Group Structure

7 .... Directors' Profile

10 .... Key Management Profile

11 .... Letter to Shareholders

13 .... Management Discussion and Analysis

21 .... Sustainability Statement

27 .... Corporate Governance Overview Statement

33 .... Statement on Risk Management and Internal Control

39 .... Audit Committee Report

41 .... Additional Compliance Information

43 .... Statement on Directors' Responsbility in Relation to the Financial Statements

44 .... Financial Statements

106 .... List of Properties

108 .... Analysis of Shareholdings

108 .... Directors' Interests in the Company and Related Corporation

.... Proxy Form

Please scan the QR code for Annual Report 2020

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 18th Annual General Meeting of the Company will be held at OGCC Golfer Tavern, Orna Golf & Country Club, Batu 16, Jalan Gapam, Ladang Gapam, Bemban, 77200 Hang Tuah Jaya, Melaka on **Monday, 31 May 2021** at **9:30 a.m.** 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 2020 together with the Directors' and Auditors' Reports thereon.
   Please refer to Explanatory Note (a)

2. To approve the payment of Directors' Fees amounting to RM226,800.00 for the financial year ended 31 December 2020. **Resolution 1**

3. To approve the payment of Directors' benefits (other than Directors' fees) to Non-Executive Directors for the period from 1 June 2021 until the next Annual General Meeting to be held in 2022. **Resolution 2**
   Please refer to Explanatory Note (b)

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

   4.1 Mr Lim Yew Chua **Resolution 3**

   4.2 Mr Chong Chee Siong **Resolution 4**

5. To re-appoint Crowe Malaysia PLT as Auditors of the Company for the financial year ending 31 December 2021 and to authorise the Directors to fix their remuneration. **Resolution 5**

As Special Business

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

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

   "THAT subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the renewal of the mandate to Teck Ping Chan Agriculture Sdn Bhd, a wholly-owned subsidiary of the Company, to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.5 of the Circular to Shareholders dated 30 April 2021 with the related parties mentioned therein which are necessary for its day-to-day operations provided that the transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

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

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

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

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

whichever is the earlier.

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

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

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend the 18th Annual General Meeting, the Company shall 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 24 May 2021. Only a depositor whose name appears on the Record of Depositors as at 24 May 2021 shall be entitled to attend the 18th 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
30 April 2021

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

Notes:

(i) A member entitled to attend and vote at the 18th 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 deposited at the Company's registered office at PT 1678, Mukim of Serkam, 77300 Merlimau, Melaka or received by the Company via e-mail at proxyform@tpc.com.my not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof.

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

Explanatory Notes:

(a) Agenda 1

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

(b) Resolution 2

Pursuant to Section 230 of the Companies Act 2016, the Company is seeking shareholders' approval for the payment of attendance allowance of RM400 a day to its Non-Executive Directors for attending meetings held during the period from 1 June 2021 until the day of the 19th Annual General Meeting to be held in 2022.

(c) Resolution 6

Ordinary Resolution 6, if passed, will allow Teck Ping Chan Agriculture Sdn Bhd, a wholly-owned subsidiary of the Company, to enter into recurrent related party transactions in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This approval shall continue to be in force until the conclusion of the 19th Annual General Meeting or the expiration of the period within which the 19th Annual General Meeting is required by the law to be held or revoked/varied by a resolution passed by the shareholders in a general meeting.

BOARD OF DIRECTORS

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

Lim Yew Chua
Managing Director /
Non-Independent Executive Director

Lim Yew Kwang
Non-Independent Executive Director

Lim Yew Piau
Non-Independent Executive Director

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

Chong Chee Siong
Independent Non-Executive Director

Chong Peng Khang
Independent Non-Executive Director

CORPORATE INFORMATION

AUDIT COMMITTEE

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

NOMINATION AND REMUNERATION COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

COMPANY SECRETARY

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

AUDITORS

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

SHARE REGISTRAR

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

PRINCIPAL BANKERS

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

REGISTERED OFFICE

PT 1678, Mukim of Serkam
77300 Merlimau, Melaka
Tel No. : 06-2686 315
Fax No. : 06-2686 327

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad

WEBSITE

www.tpc.com.my

GROUP STRUCTURE
AS AT 31 MARCH 2021

TPC PLUS BERHAD

100%
TECK PING CHAN AGRICULTURE SDN BHD

100%
TECK PING CHAN (1976) SDN BHD

100%
MESTIKA ARIF SDN BHD

DIRECTORS' PROFILE

YBhg. Tan Sri Datuk Seri (Dr.) ABU SEMAN BIN HAJI YUSOP

Chairman, Senior Independent Non-Executive Director

Aged 77

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

YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop is currently the Chairman of the Board of Trustee of Yayasan Alor Gajah (Jan 1995 till todate). Besides that, he has also held several senior positions in the private and public sectors. He was a Senior Legal Adviser with Malaysian Shipping Corporation Berhad (MISC) and the Chairman of Majlis Amanah Rakyat (MARA) (2000 – 2004), University of Kuala Lumpur (2000 – 2004), Kolej Poly-Tech MARA (2000 - 2004), Powertec Berhad (1995 – 1997) and ICM Industries Corp. Bhd (1997).

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

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

LIM YEW CHUA

Managing Director, Non-Independent Executive Director

Aged 54

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 about 30 years of experience in the poultry industry and is actively involved in the planning and construction of new high-tech farms in the Group.

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

LIM YEW KWANG

Non-Independent Executive Director

Aged 47

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

Mr Lim Yew Kwang has been in poultry farming for about 25 years and is currently managing the various aspects of the farms' operations.

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

DIRECTORS' PROFILE
(CONT'D)

LIM YEW PIAU

Non-Independent
Executive Director

Aged 44

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

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

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

CHONG PENG KHANG

Independent
Non-Executive Director

Aged 41

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

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

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

LIANG AH LIT @ NYAH CHUNG MUN

Senior Independent
Non-Executive Director

Aged 77

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 CHEE SIONG

Independent
Non-Executive Director

Aged 45

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

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

All the above Directors are male and are Malaysian.

Save as disclosed, the above Directors do not have family relationship with any Director and/or substantial shareholder of TPC Plus Berhad and none of the Directors:

i. have any conflict of interests with TPC Plus Berhad;
ii. have been convicted of any offences within the past 5 years (other than traffic offences, if any); and
iii. have public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2020.

KEY MANAGEMENT PROFILES

LIM YEW CHUA

Managing Director

Aged 54

Male – Malaysian

The profile of Lim Yew Chua is listed in the Directors' Profile on page 7.

LIM YEW KWANG

Executive Director

Aged 47

Male – Malaysian

The profile of Lim Yew Kwang is listed in the Directors' Profile on page 7.

LIM YEW PIAU

Executive Director

Aged 44

Male – Malaysian

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

CHAM CHEE SONG

Feedmill Manager

Aged 38

Male – Malaysian

Mr. Cham Chee Song joined TPC Group in 2017. Prior to joining TPC Group, he has worked in the poultry farming sector for more than 10 years. Mr. Cham is currently in charge of the company's feed production planning and the performance monitoring as well as the in-process and outgoing quality control of the raw materials and feeds.

Mr. Cham does not have any family relationship with any Directors/major shareholder of the Company. He does not have any conflict of interest with the Company. Mr. Cham has no conviction of any offences within the past five (5) years, or any sanctions and penalties imposed by relevant regulatory bodies during the financial year ended 31 December 2020.

LIM CHIN YOONG

Senior Grading Store Supervisor

Aged 37

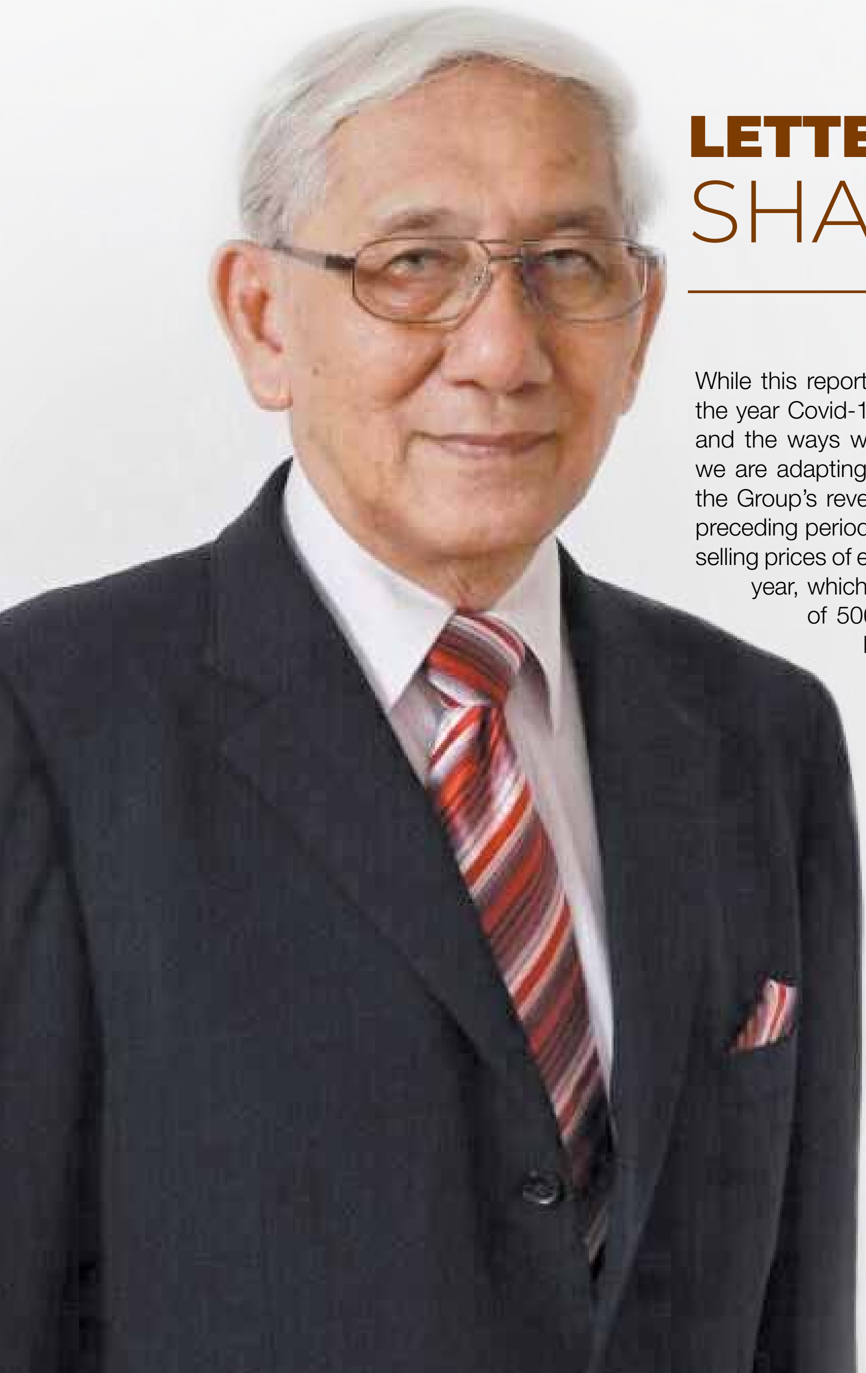
Male – Malaysian

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

Mr. Lim is the nephew of Managing Director, Lim Yew Chua and Executive Directors, Lim Yew Kwang and 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 2020.

Dear Shareholders,

On behalf of the Board of Directors of TPC Plus Berhad ("**TPC**" or "**Company**"), I am honoured to present the Annual Report and the Audited Financial Statements for the financial year ended 31 December 2020 (**FY2020**). This letter provides us with good opportunity to step back and evaluate on the milestones we have achieved and yet to achieve along the journey and more importantly, a chance to look ahead and share with you where our company is headed.



LETTER TO SHAREHOLDERS

While this report focuses on our actions and changes in the FY2020, the year Covid-19 pandemic is impacting global markets, communities and the ways we do businesses. The full impact is still uncertain but we are adapting to the evolving situation. For the financial year 2020, the Group's revenue stands at RM241.78 million, 1.49% less than the preceding period mainly due to lower number of eggs sold and average selling prices of eggs during the year. TPC produces 452 million eggs this year, which is 10.7% lesser compared to the previous year's level of 506 million eggs. However, this impact was partly offset by the increase in the sales of poultry feeds. In FY2020, TPC sold approximately 44.6% or 27,406 metric ton more of poultry feeds, recording its highest turnover volume at 88,866 metric ton. Consequently, the Group incurred a net loss after tax of RM22.75 million in FY2020 compared to the preceding year's net profit of RM2.08 million. This result was mainly due to unfavourable average selling prices of eggs, higher production costs primarily due to higher feeds prices during the year. Management has embarked on various measures which included, among others, a reduction in the production of eggs as we remain concerned that excess supply will continue to pressure the eggs market prices.

LETTER TO SHAREHOLDERS
(CONT'D)

IMPACT OF COVID-19

The year 2020 recorded waves of challenges as the result of Covid-19 pandemic which has brought unprecedented disruption to many global economic activities. Many countries have implemented Movement Control Orders (MCO) and closed all the non-essential businesses to curb the spread of infections. Malaysia Government has also implemented MCO for the first time in history in March 2020 which halted all "non-essential" social and business activities which has caused many adverse consequences to local and international trade activities. Initially, the market demand of eggs increased drastically during March to April 2020 as consumers began to stock up for essential goods. However, this panic buying behaviour has slowed down a few months later. Even though our sector was classified under "essential businesses" and was allowed to operate during MCO, the closure of many public and private sectors, restriction to travel between countries and the extensive and recurring lockdowns imposed have caused a sudden decrease in the consumption of eggs which adversely affects the average selling prices of eggs during the year.

As the result of the unprecedented challenges during the year, the Company has started to implement a host of measures to mitigate the operational impacts in response to Covid-19 pandemic. It includes changing working shifts, implement remote work model and to require all employees to wear face masks at workplace due to the safety reasons. As the industry continues to grapple with challenges, the Board's discussions focused on longer term strategic planning and on how to improve the business operations in order to restore stability. The Board wishes to set a clear path on ensuring progress and prepare for existing and future changes to stay in this competitive business in a sustainable manner. We hope to monitor and respond to broader issues in order to ensure our business is well placed to succeed in the future.

ACTION PLANS DURING TURBULENT TIMES

In spite of the current challenging conditions, our production facilities ran well throughout the year as the management did an excellent job across our operations. The Board recognises that FY2021 will continue to be an unpredictable year, against the backdrop of the ongoing uncertainties and supply chain disruption due to the Covid-19 outbreak and the rising raw material prices (corn, soybean meals) which have triggered feeds costs to rise.

Looking ahead, we will continue to take all the necessary precautions in the management of our operations in response to the Covid-19 outbreaks. The Management has addressed immediate challenges that Covid-19 represents to the Group's workforce, customers and financial institutions. We hope this pandemic will accelerate to a containable level soon after the introduction of Covid-19 immunisation programme by the Government which is known to be the largest vaccination drive in Malaysia's history.

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

The Group's vision to be one of the leading egg producers in Malaysia will continue to be of the utmost importance for us. The Board remains confident in the Group's prudent management, uncompromising ethical behaviour of all stakeholders from employees to all levels of the Group's supply chain management, established relationships that provide it with intrinsic capital for growth.

ACKNOWLEDGEMENT

In such challenging times, I am deeply grateful to our fellow directors for their wise guidance and dedicated commitment to work together to steer the Group through the storm. On behalf of the Board of Director, I wish to convey my sincere appreciation to our valued shareholders, customers, vendors, business partners and financial lenders for their continued support for all these years. I would also like to express our heartfelt gratitude to our management and employees for their exceptional great jobs, dedication and rapid response to the rapid changes around us. The Covid-19 pandemic has emphasised the importance of solid supports from our stakeholders.

Thank you very much for entrusting us and we really appreciate your support.

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

MANAGEMENT DISCUSSION AND ANALYSIS

The information in this management discussion and analysis should be read in conjunction with the audited financial statements of TPC Plus Bhd ("TPC" or "the Company") for the year ended 31st December 2020 and the notes related thereto.

GROUP BUSINESS AND OPERATION

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

TPC is an investment holding company and its subsidiaries ("TPC Group" or "The Group") are principally engaged in the production, grading, packaging and marketing of chicken eggs and manufacturing of layer feeds. We grow day-old chicks ("DOCs"), maintain flocks of pullets (female birds under 18 weeks of age), layers (mature birds) and manufacture poultry feeds and distribute our products to a diverse group of customers. The layer farms and feedmill plant are located in Alor Gajah (Melaka) and Rembau (Negeri Sembilan).

TPC has devoted to achieve the vision to be one of the leading egg producers in Malaysia by continuous improvement in the existing farms management and expansion on its eggs production capacity. The Company constantly exploits new technologies to achieve better efficiency, to improve the hens' productivity, eggs qualities, and above all, to work with passion and commitment. We hope to reap economies of scale in operation as well as to attain more sustainability and consistency in the supply of table eggs.

Being a staple food producer, it is our responsibilities to ensure high quality and nutrition in our eggs as they are to be consumed largely and routinely by the community. With the daily production of approximately 1.50 mil eggs, we occupied about 2-3% market share of the commercial table eggs industry in the Peninsular Malaysia. Our customers are mainly wholesale egg dealers, retailers, distributors and food manufacturers and we are looking to expand into new markets in order to broaden our geographic reach.

GROUP BUSINESS AND OPERATION (CONT'D)

Along with the completion of the new feedmill plant in mid of July 2017, the production capacity of the plant has increased significantly from a total 43,000 tons of feeds in 2017 to 159,000 tons of feeds in 2020. In order to take better control over the quality of table eggs, the Group has decided to adopt a fully integrated business process. TPC manufactures high quality of feed that are carefully formulated and mixed to cater the needs of commercial layers at different growing stages.

From the production of the feeds to eggs handling, the business processes are fully controlled and monitored internally within the Group. We believe our constant attention to improve our operating efficiency and the focus on automation will enable us to be a low cost egg supplier in the markets we compete.

COVID-19 PANDEMIC

TPC Group has constantly increased in the egg production over the years and achieving its peak production at approximately 506 million pieces of eggs during the year 2019, recording an impressive growth of 77% in a four-year period. Based on the historical consumption trends, we believe the general demand of eggs increases in line with overall population growth.

However, since March 2020, the Covid-19 outbreak has brought substantial disruptions to the community, markets and egg farming businesses. The domestic eggs consumption has decreased drastically as Malaysia has imposed entry and movement restrictions on all foreign nationals. As we always align our business model to deliver progress based on the changing consumer demands, management decided to reduce the eggs production in order to minimise operational losses. The total eggs production has reduced by 10.7% to approximately 452 million pieces of eggs during year 2020. The average selling prices of eggs remained relatively weak during the year due to the declining demand of eggs as the result of the implementation of movement control order (MCO) and the closure of non-essential businesses and tourisms to curb the spread of infections. In addition, the Company has incurred additional costs due to the mandatory Covid-19 tests for all foreign workers during the year. At the current stage, the full impact is still uncertain and we are adapting to the evolving situation.

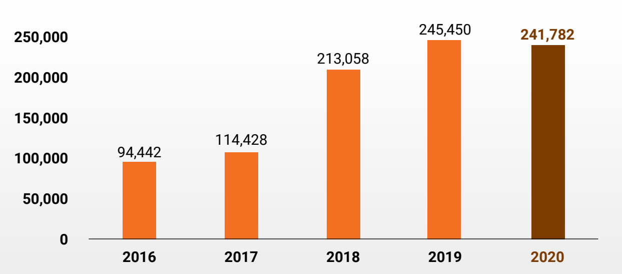
Across our operations, we have urgently assessed the farming and grading work places to ensure that a safe work place can be maintained and business continuity ensured. As a food supplier, we have the responsibility to do our best to maintain our work schedule during the critical period. We continue to implement appropriate protections by taking into account of the safety measures recommended by government health agencies in order to ensure a safe working environment.

During this challenging period, the Company was compelled to rethink its existing business strategies, workplace and started to make necessary arrangement to embrace Work-From-Home (WFH) and to have virtual meetings if required.

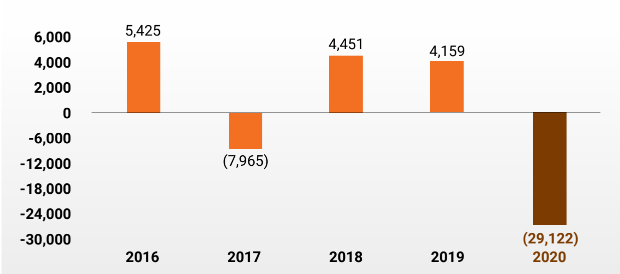
HIGHLIGHTS OF THE GROUP FINANCIAL PERFORMANCE FOR THE PAST FIVE (5) FINANCIAL YEARS

	FINANCIAL YEAR ENDED 31 DECEMBER				
	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Revenue	94,442	114,428	213,058	245,450	241,783
Profit/(Loss) before taxation	5,425	(7,965)	4,451	4,159	(29,122)
Profit/(Loss) attributable to owners of the Company	3,887	(5,329)	3,289	2,084	(22,754)
Total assets	139,466	175,114	188,491	198,017	203,460
Net assets	87,302	81,977	85,314	87,398	66,868
Current assets	58,415	63,590	75,252	91,037	98,305
Current liabilities	29,816	59,968	69,795	79,592	112,247
Share capital	46,755	46,764	52,010	52,010	57,099
Basic earnings / (loss) per share (sen)	1.74	(2.28)	1.41	0.89	(9.70)
Diluted earnings / (loss) per share (sen)	1.62	N/A	1.22	0.77	N/A
Weighted average number of shares issued	223,751,528	233,792,801	233,795,275	233,795,275	234,525,557
Current Ratio	1.96	1.06	1.08	1.14	0.88

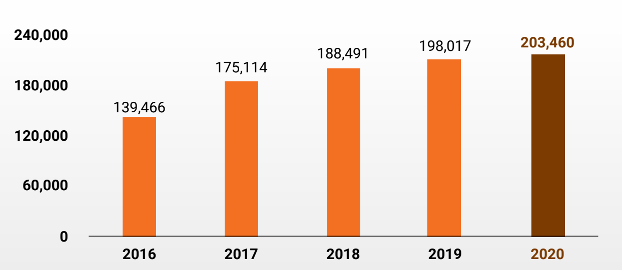
REVENUE
RM'000



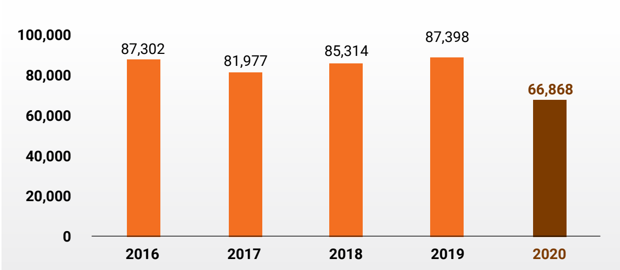
PROFIT/(LOSS) BEFORE TAXATION
RM'000



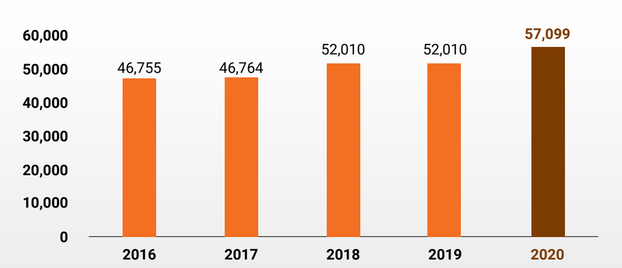
TOTAL ASSETS
RM'000



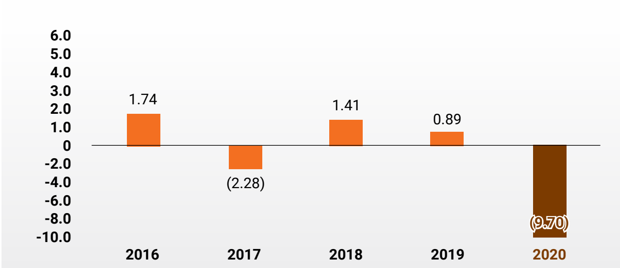
NET ASSETS
RM'000



SHARE CAPITAL
RM'000



BASIC EARNINGS/(LOSS) PER SHARE
Sen



FINANCIAL PERFORMANCE REVIEW

The purpose of this review is to highlight and provide brief insights on key financial and operating information at Group level.

	2020 (RM'000)	2019 (RM'000)	Percentage changes %
Revenue	241,783	245,450	(1.49)
Other Income	858	247	247.37
Net (Loss)/Profit After Taxation	(22,754)	2,084	(1,191.84)

The financial year 2020 was characterized by the Covid-19 pandemic which delivered significant challenges for the egg industry. As the result of the implementation of movement control order (MCO) and the closure of non-essential businesses to curb the spread of infections starting from March 2020 onwards, egg selling prices have plummeted due to the declining demand.

As a result, TPC Group's turnover has dropped by 1.49% to RM241.78 million in comparison to the prior year. Such drop in revenue was predominantly impacted by lower average selling prices of eggs and number of eggs sold in FYE2020. On the contrary, the sale of poultry feeds has increased significantly and was able to sustain the decline in the revenue generated from the sales of eggs. During the year the sales of fresh fruit bunch and poultry farming by-products are also showing an upward trend compared to the previous year.

TPC Group recorded a net loss after taxation of RM22.75 million in FYE2020, indicating a significant drop of 1,191.84% as compared to the preceding year's net profit of RM2.08 million. Other than the reasons stated earlier, this result was due to the loss on changes in fair value of the biological assets, amounting to approximately RM10 million. In addition, the production cost in the manufacturing of poultry feeds was higher compare to prior year due to the surge in the cost of raw materials imported from overseas.

The Group's financial performances are heavily relying and directly tied to egg prices, feed costs, operating costs and quantity of eggs sold. Egg prices are highly volatile and subject to wide fluctuation during the year. Therefore, the margins remain depressed throughout the year as most of the businesses and tourism are still operating below optimal efficiency due to the stricter operating procedures.

The financial pressures on the industry during the year were demonstrated clearly through the financial performance of the Company. The limited ability to pass on some of the increased costs has created substantial pressure on all egg producers.

During the year, the other incomes for the Group have increased by approximately 247.37% or RM0.61million. This is mainly due to the financial aids the Company received from the Government under the wage subsidy program during the challenging time.

The other operating expenses of TPC for FYE2020 are relatively lower comparing to prior year. This is the result of one of the measures embarked by the Group to reduce the total egg production in order to cushion unwarranted losses.

	2020	2019	Percentage changes %
Total Assets (RM'000)	203,460	198,017	2.75
Total Liabilities (RM'000)	136,592	110,619	23.48
Debt / Asset Ratio	0.67	0.56	

TPC Group recorded its total assets at RM203 million as at 31 December 2020, an increase of RM5 million or 2.75% from RM198 million as at 31 December 2019. The Group's non-current assets are made up 52% of the Group's total assets while the current assets comprised 48% of total assets at the close of the FYE2020.

During the year, the Group has invested approximately RM8 million in the Group's Right-of-Use Assets for farm expansion. However, the increase in the non-current assets was sustain by significant losses in the fair value of biological assets as at 31 December 2020.

FINANCIAL PERFORMANCE REVIEW (CONT'D)

The Group's total liabilities were RM26 million higher comparing to the previous year, standing at RM137 million as at 31 December 2020, from RM111 million a year before. This increase in liabilities is predominantly driven by the increased in the utilisation of short term borrowings to support daily operation costs during the year. The trade payables has partially contributed to the increase as the result of purchase of raw materials at higher prices to manufacture poultry feeds for the livestock.

The Group's Statement of Cash Flow recorded a slight increase of RM0.8 million in cash and cash equivalents year-on-year to RM4.01 million as at 31 December 2020.

OPERATING ACTIVITIES

The net cash for operating activities stood at RM6.08 million in FYE2020 compared to the net cash from operating activities of RM3.22 million in FYE 2019. The reduction in cash inflow was mainly resulted from the loss before taxation for the financial year as the result of lower average egg selling prices during the year. During the year, the Group experienced slower collection from receivables as the result of the challenging business environment.

INVESTING ACTIVITIES

Due to the market uncertainty as the result of the pandemic, the Group has decided to delay some of its expansion plans. The investing activities during the year including the purchase of property, plant and equipment and right-of-used assets.

FINANCING ACTIVITIES

The Group's net cash from financing activities in FYE2020 was approximately RM6.96 million, which was RM12.63 million higher compared to the net cash flow for financing activities of RM5.66 million in FYE2019. The increase was a significant contribution from the proceeds received by the Group when warrant holders exercise their warrants amounting to RM2.22 million. Apart from that, the Group has increased its utilisation of bankers' acceptances to pay its daily operation costs and suppliers.

CAPITAL EXPENDITURE

The capital expenditure incurred during the year for the following purposes:-

A) Has progressively upgraded the existing conventional open house farms to closed house farms. In a closed house system, flocks are reared in a closed building with controlled ventilation and this can improve the productivity of all the flocks.

B) Continue to upgrade the existing machines and equipment in the farms, egg grading stores and feedmill plant in order to reduce the usage of manpower and to increase the existing capacity.

CAPITAL REQUIREMENT, STRUCTURE AND RESOURCES

The Group has secured sufficient trade facilities from financial institutions and with the proceeds from the exercise of warrants, the Group is able to meet its working capital and trade requirements for current and future projects.

RISK FACTORS EXPOSURE AND MITIGATION MEASURES

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

AGRICULTURAL RISKS

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

RISK FACTORS EXPOSURE AND MITIGATION MEASURES (CONT'D)

AGRICULTURAL RISKS (CONT'D)

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

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

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

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 not be presumed to be our future performances. During the time of increased demand, egg industry players tend to gear up in order to produce more eggs and hence resulting in an oversupply of eggs in the market. Feed cost represents the largest element of egg production costs. As such, any increases in feed costs unaccompanied by the increases in the selling prices of eggs will affect the results of our operation.

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

VOLATILITY IN PRICES OR RAW MATERIALS

Feed cost represents the largest element of the production costs of an egg. The quality of raw materials (i.e.: soya bean meals, corn/maize) use in the production of animal feeds would affect the quality of feeds, and hence the performance of the flocks. Given that commodity prices are extremely volatile and difficult to predict due to seasons, natural disasters and economic factors. Increases in the feed costs unaccompanied by the increases in the selling prices of eggs can caused adverse effect on the result of our operations and cash flow.

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

RISK FACTORS EXPOSURE AND MITIGATION MEASURES (CONT'D)

EVENTS BEYOND OUR CONTROL

Since early 2020, Covid-19 outbreak has caused significant disruptions in the economies and markets. The potential impact of the pandemic on our business in the future is uncertain. The pandemic, or similar disease outbreaks in the future may depress the demand for eggs due to travel bans, restrictions on public interactions and social activities. Furthermore, the operation of the Group will be negatively affected if any of the employees are required to be quarantined for a period after detection and factories will have to be closed for sanitisation.

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

DEPENDENT OF MANAGEMENT AND SUCCESSION PLANS

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

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

LABOUR SHORTAGES AND INCREASE IN LABOUR COSTS

Labour is a primary component of our farm production costs. A shortage of labour available to us could cause our farms to operate with reduced workers which could impact our production capacity and will require the Company to increase wages to attract labours. In addition, any significant increase in local and foreign wage requirement will increase the labour costs. During the year 2020, the introduction of new foreign workers has been limited as the Government has restricted their entries and closed the borders. The Company has worked hard to retain existing employees and to pursue a multi-prolong strategy in order to improve employees' retention and to increase operational efficiency.

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.

BUSINESS OUTLOOK

Generally, the outlook for the year 2021 remains bleak as the current pandemic situation continues to remain extremely fluid and riddled with uncertainties. During the first quarter of 2021, the Malaysia Government has reinstated MCO conditional movement control order (CMCO) and recovery movement control order (RMCO) in different states in order to contain the spread of the pandemic which in turn has affected the recovery momentum of the economy.

Volatile and unexpected sharp rise in raw material costs since October 2020 have caused widespread implication for all of the poultry players. Feed cost which constitutes a significant portion of the total costs of an egg could adversely affect the financial performance of the Group. Furthermore, the increase in the feed cost unaccompanied by the increase in the average selling price of eggs has created adverse financial performance to all the players. Therefore, we foresee the coming year will continue to be rather challenging.

Without a doubt, the unprecedented Covid-19 pandemic has led many businesses to reconsider the importance of business diversification and the fundamental ways of working. Despite of all the challenges, the experience and foundation the Company has built over the years will serve as a testament to our business sustainability and we have confident we are well placed to ride the challenges ahead. We will continue to remain focused on expanding our current scope of managing our costs efficiencies and to closely monitor the unforeseen adverse impact that may arise in order to remain competitive in the industry.

DIVIDEND POLICY

In view of the Group's current financial position and performance as well as the ongoing expansion plans and projects, the Board did not recommend any declaration of dividends for the FYE2020.

SUSTAINABILITY STATEMENT

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

While this SS focuses on our actions in the year 2020, the year Covid-19 pandemic is impacting our market and stakeholders, and changing the ways we do businesses. The full impact is still uncertain and we are adapting to the evolving situation. During the year, we consider the impacts of our operations and take appropriate steps to sustainably conserve environment and resources. We are committed to create a positive and enduring social impacts through our sustainability initiatives that support our businesses, the environment and the communities in which we operate.

REPORTING SCOPE

This SS covers the reporting period from 1st January 2020 till 31st December 2020, focusing on the Company's commitment towards ensuring that the businesses undertakings are conducted sustainably based on the Economic, Environmental and Social ("EES") categories. Our scopes cover on the Company's layer farming and feedmill divisions in Malaysia.

APPROACH TO SUSTAINABILITY

As we set key financial targets and pursue new growth opportunities, we also recognize the importance of building sustainability and shared value creation into our corporate strategies.

Our Group's approach to sustainability is formulated based on our Vision, Mission and Core Values as follows:

Vision

One of the leading egg producers in Malaysia

Mission

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

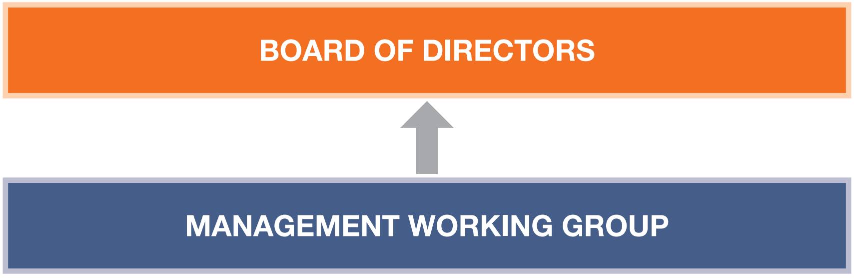
Core Values

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

We continue to work on developing processes that will help our internal and external stakeholders develop better understanding of the principles of sustainability, and how they can be integrated into our business operations to create long term value and business growth. The Board also takes ultimate responsibility in ensuring that the Company strategic plans support long term value creation which must include EES considerations.

SUSTAINABILITY STRUCTURE

The following illustrates the reporting structure of the Group



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

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

The Management Working Group will carry out the duties below:-

- Set sustainability priorities and goals
- Advise on sustainability opportunities and innovation
- Address and manage challenges and constraints to the sustainability initiatives
- Conduct materiality assessment
- Track, monitor and analyse sustainability measures

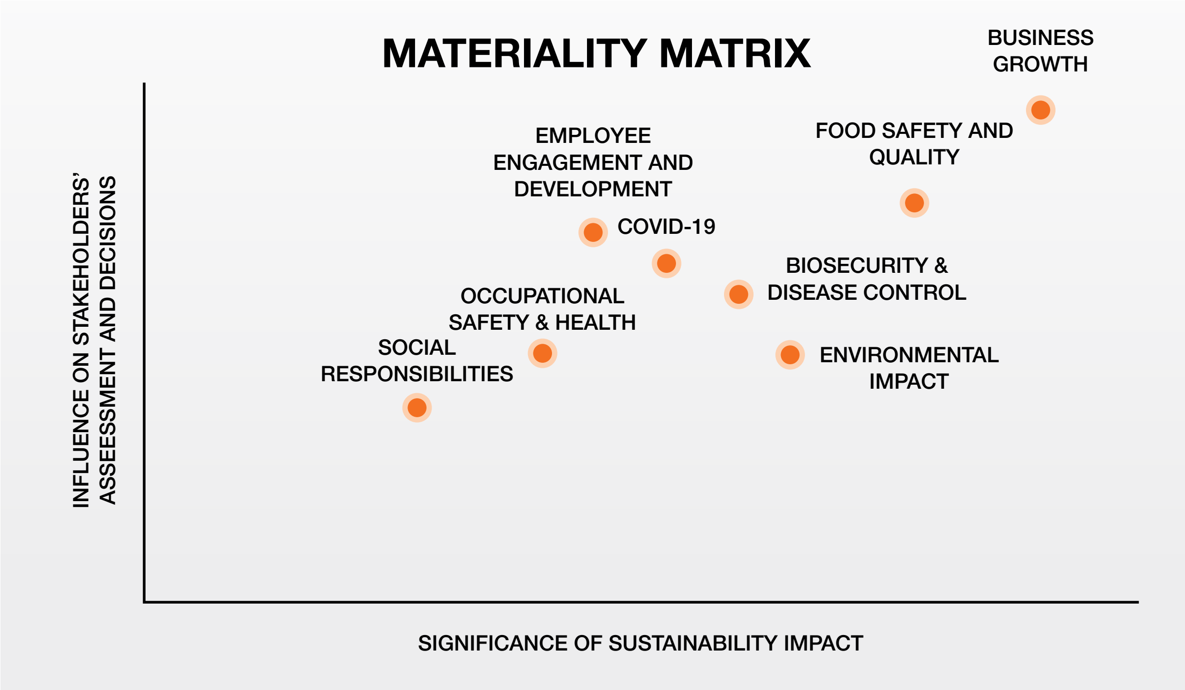
MATERIAL SUSTAINABILITY CORE FOCUS AREAS

Objectives & Scopes → Management & Stakeholders Engagement → Identify & Prioritise Relevant Issues

We conducted materiality assessment during the year within the management for material sustainability issues relevant to TPC and its stakeholders. This process will enable working group to identify and prioritise the issues that matter the most to our business and stakeholders.

MATERIAL SUSTAINABILITY CORE FOCUS AREAS (CONT'D)

In determining sustainability priority, we combined the views from the management and stakeholders in order to identify and address key sustainability issues which reflect significant economic, environmental and social impact on our business.



CORE FOCUS AREAS

BUSINESS GROWTH

The Company has pursued growth strategy in expanding the egg production over the years since 2012. The strength of our position is evidenced by having increasing market shares over the past years. We have marketed the eggs to a diverse group of customers, including wholesale egg dealers, retailers, fast food restaurants and even directly to food manufacturers.

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

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

FOOD SAFETY AND QUALITY

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

a) HALAL Certification by Jabatan Kemajuan Islam Malaysia (JAKIM)

b) Grade A Certification by Jabatan Keselamatan Dan Kesihatan Pekerjaan Malaysia (Kementerian Sumber Manusia)

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

CORE FOCUS AREAS (CONT'D)

ENVIRONMENTAL IMPACT

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

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

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

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

BIOSECURITY AND DISEASE CONTROL

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

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

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

CORE FOCUS AREAS (CONT'D)

EMPLOYEE ENGAGEMENT AND DEVELOPMENT

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

When Covid-19 pandemic struck in the early of 2020, virtual meetings and trainings have become the norm, replacing face to face communication. The Company has started to explore digital learning and provide necessary guidance and training to employees on new technology. We believe this new ways of leaning is for our employees' growth plans for their future performance rather than immediate role improvement.

COVID-19

Following the Covid-19 pandemic outbreaks, the Company has put in place various measures recommended by Ministry of Health in order to protect our employees at workplace which includes the following :-

a) Everyone who enters the workplace is required to scan MySejahtera as attendance, undergo body temperature measurement, wear a facemask and sanitize the hands

b) Comply with physical distancing, avoid shaking hands and wash/sanitise hands frequently.

c) Person who is suspected to be in contact with any Covid-19 patient is not allowed to enter workplace.

d) Attend safety briefings session related to control and preventive measures related to Covid-19 and rules to comply at workplace.

e) The management has reduced non-essential travels for meetings and training and most of them are to be conducted by virtual.

f) Most of the common areas at workplace such as pantry, meeting room, toilets and others are to be sanitized regularly.

OCCUPATIONAL SAFETY AND HEALTH

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

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

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

CORE FOCUS AREAS (CONT'D)

SOCIAL RESPONSIBILITIES

The Group believes that contribution towards local communities is crucial to sustainable success of a business. During the year, the Group has supported the community by providing financial assistance for the projects undertaken by local schools and religious associations. Beside cash contribution, we also sponsored 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

This year is the third year we have prepared the Sustainability Report which marks the initiatives and commitments to our journey to align our operations with deeper focus on EES. Although we have made some development towards formalising sustainability within our business, we still recognise the need to enhance our sustainability reporting and initiatives.

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

Looking back to 2020, the Covid-19 is impacting our markets and poultry industry and the full impact is still uncertain. The business is expected to remain challenging in the coming year. Nevertheless, the Company will continue with sustainability efforts by forging ahead with new measures in order to meet any challenges ahead.

The Statement has been approved by the Board on 6 April 2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("**Board**") of TPC Plus Berhad ("**TPC**" or "**Company**") is pleased to present below an overview of the application of the Principles set out in the Malaysian Code on Corporate Governance ("**Code**") during the financial year ended 31 December 2020.

The application of each Practice set out in the Code is disclosed in the Corporate Governance Report 2020 and is made available on the Company's website www.tpc.com.my.

PRINCIPLE A
BOARD LEADERSHIP AND EFFECTIVENESS

1. Board Responsibilities

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

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

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

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

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

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

During the financial year ended 31 December 2020, the Board had convened a total of 4 Board meetings to deliberate and discuss the Company's quarterly financial results, matters raised by the Board committees and also the operations and performance of the Group. Relevant management members were invited to attend Board meetings to brief and provide the Board with their views and clarifications on issues raised by the Directors. Where decisions were made by the Board via Directors' Circular Resolutions in between Board meetings, all the Circular Resolutions approved by the Board were tabled for notation at the next Board Meeting.

During the financial year ended 31 December 2020, the Board had 4 Board Meetings which were attended by all the Directors. The NRC is satisfied with the level of commitment and devotion given by each Director towards fulfilling his roles and responsibilities.

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 published and made available on the Company's website, www.tpc.com.my.

PRINCIPLE A
BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. Board Composition

The Board currently comprises 3 Executive Directors and 4 Independent Non-executive Directors including its Chairman. None of the Independent Directors have served on the Board for 9 years or more.

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

By looking at the size of the Group and the number of shareholders of TPC, the Board agreed with the NRC that having 7 members on the Board is conducive enough for Board deliberations and decision making. It also reflects fairly the investment of shareholders other than the major shareholder who holds 59.02% of the total shares issued by the Company. Hence no new Director, particularly a female Director, was appointed during the financial year ended 31 December 2020. Moreover, the Board also has a majority of 4 Independent Directors who are able to provide independent and unbiased judgement as well as check-and-balance to safeguard the interest of the minority shareholders and other stakeholders.

During the year, other than evaluating the Audit Committee, the NRC which is chaired by an Independent Director had also evaluated the Board by using the Board Evaluation Form adopted from the 3rd Edition Corporate Governance Guide. The NRC was satisfied with the current composition and mix of the Board and that overall the Directors had been discharging their duties and responsibilities effectively. Other than recommending some of the Directors to be more tech-savvy, the NRC had also proposed to the Board for the re-election of the Directors who are retiring by rotation at the forthcoming 18th Annual General Meeting.

The assessment of individual Directors was carried out through self-assessment by using the Board Skills Matrix Form also adopted from the 3rd Edition Corporate Governance Guide. The Directors had been assessing and identifying their own training needs every year. The training programmes attended by the Directors during the financial year ended 31 December 2020 are as follows:

Directors	Training
YBhg. Tan Sri Datuk Sri (Dr.) Abu Seman bin Haji Yusop	Corporate Liability – Section 17A of the MACCA 2018 – How to develop adequate procedures as a line of defence for commercial organisation, its directors, partners & top management against corporate liability arising from corruption prosecution
Lim Yew Chua	Budget 2021
Lim Yew Kwang	Budget 2021
Lim Yew Piau	Adequate Procedures: Anti-Bribery & Corruption
Liang Ah Lit @ Nyah Chung Mun	Adequate Procedures: Anti-Bribery & Corruption
Chong Chee Siong	5S Awareness Training HACCP Awareness Training National Budget 2021

PRINCIPLE A
BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. Board Composition (Cont'd)

Directors	Training
Chong Peng Khang	Risk Management and Section 17A of the MACC Act
	Tax Related Measures to Counteract Economic Impact of COVID-19
	Remote Tax Audit and Investigation due to COVID-19 Disruption
	COVID-19: Financial Reporting Impacts
	Responding to COVID-19 – Employers Do's and Don'ts
	Transfer Pricing Considerations in light of COVID-19
	Combating COVID-19 with Resilience
	Impact of COVID-19 – Perspective from China
	Breach of Fiduciary Duty in a Downturn
	Comprehensive Tax Updates
	Captain's Forum: Transformation Towards Recovery
	Analytics and Big Data for Accountants
	Anti-Bribery and Corruption Management
	Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries

3. Remuneration

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

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

PRINCIPLE A
BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

3. Remuneration (Cont'd)

None of the Directors were remunerated in 2020 based on the Company's or Group's turnover. The breakdown of the remuneration of the Directors for the financial year ended 31 December 2020 are as follows:

	TPC Plus Berhad (RM'000)							
	Fees *	Salary	Bonus	EPF	SOCSO	EIS	Allowance	Total
Executive Directors								
Lim Yew Chua	–	–	–	–	–	–	–	–
Lim Yew Kwang	–	–	–	–	–	–	–	–
Lim Yew Piau	–	–	–	–	–	–	–	–
Non-Executive Directors								
YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop	32.40	–	–	–	–	–	1.70	34.10
Liang Ah Lit @ Nyah Chung Mun	32.40	–	–	–	–	–	1.70	34.10
Chong Chee Siong	32.40	–	–	–	–	–	1.70	34.10
Chong Peng Khang	32.40	–	–	–	–	–	1.70	34.10

	Subsidiaries of TPC Plus Berhad (RM'000)							
	Fees *	Salary	Bonus	EPF	SOCSO	EIS	Allowance	Total
Executive Directors								
Lim Yew Chua	32.40	120	-	14.40	0.829	0.095	–	167.72
Lim Yew Kwang	32.40	120	-	14.40	0.829	0.095	–	167.72
Lim Yew Piau	32.40	120	-	14.40	0.829	0.095	–	167.72
Non-Executive Directors								
YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop	–	–	–	–	–	–	–	–
Liang Ah Lit @ Nyah Chung Mun	–	–	–	–	–	–	–	–
Chong Chee Siong	–	–	–	–	–	–	–	–
Chong Peng Khang	–	–	–	–	–	–	–	–

Note

* Directors' fees are subject to shareholders' approval at the forthcoming 18th Annual General Meeting.

PRINCIPLE B
EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Audit Committee

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

The Audit Committee has an External Auditors Assessment Policy established which was approved by the Board of Directors. An evaluation on the Company's External Auditors, Crowe Malaysia PLT, was carried out during the year by the Audit Committee. The Audit Committee was satisfied with the suitability of Crowe Malaysia PLT to continue to act as the Company's External Auditors based on the independence, quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Group and therefore had recommended for the Board to endorse the re-appointment of Crowe Malaysia PLT as the Company's External Auditors at the forthcoming 18th Annual General Meeting.

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

2. Risk Management and Internal Control Framework

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

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

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

The internal audit of the Group are carried out in accordance with the Internal Audit Plan approved by the Board of Directors. During the financial year ended 31 December 2020, the Internal Auditors had carried out audit on the Group's sales and distribution management, credit control management and anti-bribery and corruption management.

During the year, the Internal Auditors had also updated the Audit Committee on the status of the action plans formulated in previous audits and the Management's response towards actions plans that are not completed or still outstanding. All in all, the Board was satisfied that actions were taken by the Management to mitigate all the risks identified and that the internal control system put in place during 2020 was sufficient to safeguard shareholders' investment and the Group's assets.

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

PRINCIPLE C
INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1. Communication with Stakeholders

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

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

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

2. Conduct of General Meetings

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

Due to the uncertainties brought about by the COVID-19 pandemic, a 21-day notice was given in accordance with the Companies Act 2016, the Listing Requirements of Bursa Malaysia Securities Berhad and the Company's Constitution for the 17th AGM to be held physically as soon as possible. Physical distancing and other safety and precautionary measures were exercised throughout the 17th AGM.

Members were encouraged to appoint the Chairman of the meeting as their proxy to vote on their behalf in accordance to their wishes as indicated in the proxy form. Members may also send in any question they have in relation to the business of the 17th AGM via email not less than 7 working days before the time fixed for holding the AGM.

All the Directors were present at the Company's 17th AGM to answer all the questions raised by the shareholders before the resolutions were put to vote by way of poll.

An independent scrutineer was appointed by the Board to validate the votes cast at the 17th AGM and the result of the polls was announced to Bursa Malaysia Securities Berhad on the same day of the meeting.

This Corporate Governance Overview Statement and the Corporate Governance Report are made in accordance with a resolution of the Board of Directors passed on 6 April 2021.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

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

BOARD RESPONSIBILITY

The Board is ultimately responsible for maintaining a sound risk management practices, reviewing and overseeing the effectiveness and adequacy of the Group's risk management and internal controls system implemented by management so as to provide assurance on the achievement of the Group's mission, vision, core values, strategies and business objectives as well as to safeguard all its stakeholders' interests and protecting the Group's assets. The Board is to establish risk appetite of the Group based on the corporate objectives, strategies, external environment, business nature and corporate/product lifecycle.

The Board has delegated these aforementioned responsibilities to the Risk Management Committee whereby the Risk Management Committee is assigned with the duty, through its charter and the Risk Management Framework approved by the Board, to act as governance oversight function on risk management and to provide assurance to the Board on the adequacy and effectiveness of risk management system of the Group. Through the Audit Committee as governance oversight function for internal control system, the Board is kept informed of all significant financial and non-financial issues brought to the attention of the Audit Committee by the Management, the internal audit function and the external auditors. For identification, assessment and management of key business risks and opportunities of the Group, the Board delegates these duties to the Risk Management Working Group which made up of Senior Management and Head of Departments.

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

The internal control system covers inter-alia, control environment, risk assessment control activities, information and communication and monitoring activities. Due to the inherent limitations in any internal control system, such system put into effect by the Management by its nature is designed to manage, rather than to eliminate, the risk of failure to achieve the Group's business objectives. Accordingly, the internal control system can only provide reasonable and not absolute assurance against material misstatement, losses or fraud.

RISK MANAGEMENT SYSTEM

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

RISK MANAGEMENT SYSTEM (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. In addition, specific strategic and key operational risks and opportunities are highlighted and deliberated by the Audit Committee and/or the Board during the review of the financial performance of the Group in the scheduled meetings.

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

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

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

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

INTERNAL CONTROL SYSTEM

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

- Board of Directors/Board Committees

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

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

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

- Integrity and Ethical Value

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

  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.

  Authority limit are established within the Group to provide a clear functional framework of authority for critical control points.

- Risk Assessment and Control Activities

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

- Human Resource, Whistleblowing and Anti-Corruption Policy

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

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

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

INTERNAL CONTROL SYSTEM (CONT'D)

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

- Information and Communication

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

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

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

- Monitoring and Review

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

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

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

- Biosecurity and Disease Control

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

INTERNAL AUDIT FUNCTION

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

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

INTERNAL AUDIT FUNCTION (CONT'D)

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

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

The outsourced internal audit function is accorded unrestricted access to all functions, records, property, personnel, Audit Committee and other 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-of-defense, the internal control review procedures performed by the internal audit function are designed to understand, document and evaluate risks and related controls to determine the adequacy and effectiveness of governance, risk and control structures and processes and 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 2020, the outsourced internal audit functions had conducted reviews to assess the Sales and Distribution Management and Credit Control Management and Anti-Bribery and Corruption ("ABC") Management of Teck Ping Chan Agriculture Sdn Bhd. which is in accordance to the internal audit plans approved by Audit Committee.

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

The cost incurred in maintaining the outsourced internal audit function for the financial year ended 31 December 2020 amounted to RM37,093.65

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

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

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

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

ASSURANCE PROVIDED BY EXTERNAL AUDITORS

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

AAPG 3 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form 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 6 April 2021.

AUDIT COMMITTEE REPORT

1. COMPOSITION OF THE AUDIT COMMITTEE

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

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

2. TERMS OF REFERENCE

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

3. MEETINGS AND ATTENDANCE

The Audit Committee met 4 times during the financial year ended 31 December 2020 and all the Committee Members attended 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 2020 are as follows:

4.1 Financial reporting and external audit

(a) Reviewed the Group's unaudited quarterly financial results and audited financial statements for the year ended 31 December 2019 with the Management and External Auditors before recommending the same to the Board of Directors for their approval and announcement to Bursa Malaysia Securities Berhad.

(b) Discussed matters such as revenue recognition, valuation of biological assets, addition of right-of-use assets, related party transactions, corrected and uncorrected misstatements raised by the External Auditors in their Report to the Audit Committee for the financial year ended 31 December 2019.

(c) Discussed with the External Auditors the Audit Plan for the financial year ended 31 December 2020 including potential key audit matters and areas of audit emphasis and risks.

(d) 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 18th Annual General Meeting.

(e) Reviewed the audit fees prior to recommending the same for the Board's approval.

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

4.2 Internal audit

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

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

(i) Sales and distribution management;
(ii) Credit control management; and
(iii) Anti-bribery and corruption management.

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

(d) Reviewed the Approval Limit Matrix and the Capital Expenditure and Disposal Policy and Procedures before recommending the same to the Board of Directors for their approval.

(e) Discussed the Key Observations on the Effectiveness of Internal Audit Function of Listed Issuers published by Bursa Malaysia Securities Berhad.

(f) Assessed and evaluated the outsourced Internal Auditors and the competency, resources and authority that they have in carrying out their work.

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

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

(d) Ensured that there are no related party transactions outside the Group's ordinary course of business.

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

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

As at 31 March 2021, a total proceeds of RM14,891,701.60 was raised from the exercise of 74,458,508 Warrants 2016/2021 out of which RM5,200,000.00 was already utilised for the purchase of raw materials to manufacture poultry feeds.

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

2. AUDIT AND NON-AUDIT FEES

The audit and non-audit fees incurred for services rendered to the Company and its subsidiaries for the financial year ended 31 December 2020 by the Company's Auditors, or a firm or a corporation affiliated to the Auditors are as follows:

	Audit Fees (RM)	Non-audit Fees * (RM)
Company	35,000	8,500
Subsidiaries	55,000	16,500
Total	90,000	25,000

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

3. RECURRENT RELATED PARTY TRANSACTIONS

The recurrent related party transactions conducted during the financial year ended 31 December 2020 which are all within the shareholders' mandate given to Teck Ping Chan Agriculture Sdn Bhd ("TPCA") are as follows:

Related party	Nature of relationship	Nature of transaction	Amount Transacted (RM)
Huat Lai Resources Berhad ("HLRB")	HLRB is a major shareholder of TPC Plus Berhad holding 59.02% direct interest.	Sale of eggs by TPCA to HLRB	9,410,751.40
		Sale of layer feed by TPCA to HLRB	12,881,750.27
		Purchase of eggs, raw material and livestock by TPCA from HLRB	39,323,473.49
Huat Lai Feedmill Sdn Bhd ("HLFM")	HLFM is a wholly-owned subsidiary of HLRB	Sale of layer feed by TPCA to HLFM	47,232,441.87
		Purchase of grower feed and raw material by TPCA from HLFM	5,062,461.72
HLRB Processing Sdn Bhd ("HLPR")	HLPR is a wholly-owned subsidiary of HLRB	Sales of spent layers by TPCA to HLPR	3,366,868.09
Linggi Agriculture Sdn Bhd ("LASB")	LASB is a wholly-owned subsidiary of HLRB	Sale of layer feed and eggs by TPCA to LASB	62,544,493.85
		Purchase of eggs by TPCA from LASB	Nil

3. RECURRENT RELATED PARTY TRANSACTIONS (CONT'D)

Related party	Nature of relationship	Nature of transaction	Amount Transacted (RM)
Chuan Hong Poultry Farm Sdn Bhd ("CHPF")	CHPF is a wholly-owned subsidiary of HLRB	Sale of layer feed, eggs@ and raw material by TPCA to CHPF	2,746,097.13
		Purchase of eggs@ by TPCA from CHPF	Nil
Jalin Indah Poultry Farm Sdn Bhd ("JIPF")	JIPF is a wholly-owned subsidiary of HLRB	Sale of layer feed and eggs@ from TPCA to JIPF	45,590.00
Huat Lai Paper Products Sdn Bhd ("HLPP")	HLPP is a wholly-owned subsidiary of HLRB	Purchase of egg trays by TPCA from HLPP	3,193,524.18

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

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

STATEMENT ON DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

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

In preparing the financial statements of the Group and the Company for the financial year ended 31 December 2020, 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 6 April 2021.

45 .... Directors' Report

49 .... Statement by Directors

49 .... Statutory Declaration

50 .... Independent Auditors' Report

54 .... Statements of Financial Position

55 .... Statements of Profit or Loss and Other Comprehensive Income

56 .... Statements of Changes in Equity

57 .... Statements of Cash Flows

59 .... Notes to the Financial Statements

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

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

RESULTS

	THE GROUP RM	THE COMPANY RM
Loss after taxation for the financial year	(22,753,774)	(133,008)
Attributable to:-		
Owners of the Company	(22,753,774)	(133,008)

DIVIDENDS

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

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) the Company increased its issued and paid-up share capital from RM52,009,612 to RM57,098,778 by way of issuance of 11,119,000 new ordinary shares from the exercise of Warrants 2016/2021 at the exercise price of RM0.20 per warrant as disclosed in Note 17 to the financial statements which amounted to RM2,223,800.

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

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

WARRANTS

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

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

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

DIRECTORS' REPORT

(CONT'D)

OPTIONS GRANTED OVER UNISSUED SHARES

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

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS' 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
LIM YEW PIAU *

* Directors of the Company and its subsidiaries.

DIRECTORS' INTERESTS

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 35(b) to the financial statements.

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

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 30 to the financial statements.

INDEMNITY AND INSURANCE COST

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

SUBSIDIARIES

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 39 to the financial statements.

DIRECTORS' REPORT
(CONT'D)

HOLDING COMPANIES

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

AUDITORS

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

The details of the auditors' remuneration are disclosed in Note 29 to the financial statements.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 6 APRIL 2021

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 54 to 105 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 2020 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 6 APRIL 2021

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 54 to 105 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 6 April 2021

LIM YEW CHUA

Before Me

XXXXX
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 2020 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 54 to 105.

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 2020, 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
Refer to Notes 5.9 and 10 to the financial statements

Key audit matter	How our audit addressed the key audit matter
The Group's biological assets (comprise pullets and layers) have a carrying amount of approximately RM27.4 million. In determining the fair value of the biological assets, the Group uses the discounted cash flows model and significant judgement is involved in determining the key assumptions which will impact the amount of fair value of biological assets recognised. We focused on this component because of its significance to the balance sheet and the significant judgement involved in determining the key assumptions, namely the projected number of table eggs produced by each layer, the projected selling price of the table eggs, mortality rate, feed consumption rate and feed costs over the remaining life of the layers, as well as the discount rates. The accounting policy for biological assets has been disclosed in Note 5.9 to the financial statements. The key assumptions used in the discounted cash flow model and the sensitivity analysis are disclosed in Note 10 to the financial statements.	We evaluated the appropriateness of the methodology and key assumptions used by management in valuing the biological assets. We checked the mathematical accuracy of the valuation model prepared by management. We corroborated the projected number of table eggs produced and feed consumption volume to the historical data. In respect of the projected selling prices and feed costs, we compared the projected prices against historical prices and checked the reasonableness of the adjustments made for abnormal market movements. We test checked the mortality rate assumption against historical actual mortality rate. We assessed the appropriateness of the range used to test the sensitivity analysis performed by management as disclosed in Note 10.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

- 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

Tan Lin Chun
02839/10/2021 J
Chartered Accountant

Melaka

6 April 2021

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2020

	Note	The Group 2020 RM	The Group 2019 RM	The Company 2020 RM	The Company 2019 RM
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	6	–	–	63,214,316	63,214,316
Property, plant and equipment	7	87,742,266	95,616,989	–	–
Investment property	8	160,000	400,000	–	–
Right-of-use assets	9	17,252,828	10,963,553	–	–
		105,155,094	106,980,542	63,214,316	63,214,316
CURRENT ASSETS					
Biological assets	10	27,426,328	36,319,696	–	–
Inventories	11	9,898,331	7,320,679	–	–
Trade receivables	12	5,798,546	6,364,888	–	–
Other receivables, deposits and prepayments	13	1,297,725	1,047,583	3,260	3,260
Amount owing by related companies	14	46,281,433	33,650,718	45,000	60,000
Short-term investment	15	829,399	924,575	–	–
Current tax assets		–	15,175	–	–
Fixed deposits with a licensed bank	16	565,000	565,000	–	–
Cash and bank balances		6,208,447	4,828,242	1,594,687	40,272
		98,305,209	91,036,556	1,642,947	103,532
TOTAL ASSETS		203,460,303	198,017,098	64,857,263	63,317,848
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	57,098,778	52,009,612	57,098,778	52,009,612
Warrant reserve	17(a)	16,459,529	19,324,895	16,459,529	19,324,895
(Accumulated losses)/Retained profits		(6,690,273)	16,063,501	(8,872,428)	(8,739,420)
Equity attributable to owners of the Company		66,868,034	87,398,008	64,685,879	62,595,087
NON-CURRENT LIABILITIES					
Deferred tax liabilities	18	5,393,360	11,822,538	–	–
Long term borrowings	19	11,391,608	15,221,792	–	–
Lease liabilities	20	7,560,085	3,982,624	–	–
		24,345,053	31,026,954	–	–
CURRENT LIABILITIES					
Trade payables	22	60,827,931	46,076,879	–	–
Other payables and accruals	23	2,317,407	1,688,196	171,384	268,475
Amount owing to related companies	24	381,503	454,217	–	454,286
Bank overdrafts (secured)	25	2,197,521	1,646,524	–	–
Short term borrowings	26	42,398,631	25,871,230	–	–
Lease liabilities	20	4,114,501	3,844,140	–	–
Current tax liabilities		9,722	10,950	–	–
		112,247,216	79,592,136	171,384	722,761
TOTAL LIABILITIES		136,592,269	110,619,090	171,384	722,761
TOTAL EQUITY AND LIABILITIES		203,460,303	198,017,098	64,857,263	63,317,848

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 2020

	Note	The Group 2020 RM	The Group 2019 RM	The Company 2020 RM	The Company 2019 RM
REVENUE	27	241,782,832	245,449,946	180,000	240,000
COST OF SALES		(264,482,987)	(231,143,147)	–	–
GROSS (LOSS)/PROFIT		(22,700,155)	14,306,799	180,000	240,000
OTHER INCOME		858,001	247,131	–	–
		(21,842,154)	14,553,930	180,000	240,000
ADMINISTRATIVE EXPENSES		(2,229,582)	(2,861,406)	(313,008)	(407,969)
SELLING AND DISTRIBUTION EXPENSES		(1,118,992)	(1,271,827)	–	–
OTHER EXPENSES		(27,766)	(28,000)	–	–
FINANCE COSTS		(3,374,976)	(3,371,013)	–	–
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS	28	(529,028)	(2,863,073)	–	–
(LOSS)/PROFIT BEFORE TAXATION	29	(29,122,498)	4,158,611	(133,008)	(167,969)
INCOME TAX INCOME/(EXPENSE)	32	6,368,724	(2,074,158)	–	440
(LOSS)/PROFIT AFTER TAXATION		(22,753,774)	2,084,453	(133,008)	(167,529)
OTHER COMPREHENSIVE INCOME		–	–	–	–
TOTAL COMPREHENSIVE (EXPENSES)/ INCOME FOR THE FINANCIAL YEAR		(22,753,774)	2,084,453	(133,008)	(167,529)
(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		(22,753,774)	2,084,453	(133,008)	(167,529)
TOTAL COMPREHENSIVE (EXPENSES)/ INCOME ATTRIBUTABLE TO:-					
Owners of the Company		(22,753,774)	2,084,453	(133,008)	(167,529)
Earnings per share (sen)	33				
- Basic		(9.70)	0.89		
- Diluted		–	0.77		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	NOTE	Share Capital RM	Non-Distributable Warrant Reserve RM	Distributable Retained Profits/ (Accumulated Losses) RM	Attributable to Owners of The Company RM
The Group					
Balance at 1.1.2019		52,009,612	19,324,895	13,979,048	85,313,555
Profit after taxation/Total comprehensive income for the financial year		–	–	2,084,453	2,084,453
Balance at 31.12.2019/1.1.2020		52,009,612	19,324,895	16,063,501	87,398,008
Exercise of warrants		5,089,166	(2,865,366)	–	2,223,800
Loss after taxation/Total comprehensive expenses for the financial year		–	–	(22,753,774)	(22,753,774)
Balance at 31.12.2020		57,098,778	16,459,529	(6,690,273)	66,868,034
The Company					
Balance at 1.1.2019		52,009,612	19,324,895	(8,571,891)	62,762,616
Loss after taxation/Total comprehensive expenses for the financial year		–	–	(167,529)	(167,529)
Balance at 31.12.2019/1.1.2020		52,009,612	19,324,895	(8,739,420)	62,595,087
Exercise of warrants		5,089,166	(2,865,366)	–	2,223,800
Loss after taxation/Total comprehensive expenses for the financial year		–	–	(133,008)	(133,008)
Balance at 31.12.2020		57,098,778	16,459,529	(8,872,428)	64,685,879

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	The Group		The Company	
	2020 RM	2019 RM (Restated)	2020 RM	2019 RM
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES				
(Loss)/Profit before taxation	(29,122,498)	4,158,611	(133,008)	(167,969)
Adjustments for:-				
Impairment losses on trade receivables	529,028	2,863,073	–	–
Depreciation of investment property	240,000	240,000	–	–
Depreciation of property, plant and equipment	8,183,187	8,239,775	–	–
Depreciation of right-of-use assets	1,927,259	1,121,950	–	–
Property, plant and equipment written off	194,170	455,398	–	–
Interest expense on lease liabilities	661,416	515,250	–	–
Interest expenses	2,713,560	2,855,763	–	–
Interest income	(20,252)	(16,989)	–	–
Dividend income	(4,824)	(53,180)	–	–
Operating (loss)/profit before working capital changes	(14,698,954)	20,379,651	(133,008)	(167,969)
Increase in inventories	(2,577,652)	(1,076,123)	–	–
Decrease/(Increase) in biological assets	8,893,368	(1,290,740)	–	–
(Increase)/Decrease in trade and other receivables	(12,843,543)	(18,311,610)	–	128
Increase/(Decrease) in trade and other payables	15,189,629	3,572,977	(97,091)	103,875
CASH (FOR)/FROM OPERATIONS	(6,037,152)	3,274,155	(230,099)	(63,966)
Income tax paid	(63,385)	(66,534)	–	–
Income tax refunded	16,878	10,670	–	840
NET CASH (FOR)/FROM OPERATING ACTIVITIES	(6,083,659)	3,218,291	(230,099)	(63,126)

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

STATEMENTS OF CASH FLOWS

(CONT'D)

	Note	The Group 2020 RM	The Group 2019 RM (Restated)	The Company 2020 RM	The Company 2019 RM
CASH (FOR)/FROM INVESTING ACTIVITIES					
Decrease/(Increase) in short-term investment		95,176	(353,180)	–	–
Increase in pledged fixed deposits with a licensed bank		–	(105,000)	–	–
Interest income received		20,252	16,989	–	–
Dividend received		4,824	53,180	–	–
Purchase of property, plant and equipment	34(a)	(150,000)	(126,459)	–	–
Purchase of right-of-use assets	34(b)	(19,647)	(262,501)	–	–
Repayment from/(Advances to) related companies		–	–	15,000	(60,000)
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(49,395)	(776,971)	15,000	(60,000)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Interest paid	34(c)	(3,374,976)	(3,371,013)	–	–
(Repayment to)/Advances from related companies	34(c)	(72,714)	113,173	(454,286)	90,730
Drawdown of bankers' acceptances	34(c)	16,598,000	4,794,000	–	–
Repayment of lease liabilities	34(c)	(4,511,065)	(3,465,227)	–	–
Repayment of term loans	34(c)	(3,900,783)	(3,734,876)	–	–
Proceeds from issuance of ordinary shares for warrants exercised		2,223,800	–	2,223,800	–
NET CASH FROM/(FOR) FINANCING ACTIVITIES		6,962,262	(5,663,943)	1,769,514	90,730
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		829,208	(3,222,623)	1,554,415	(32,396)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		3,181,718	6,404,341	40,272	72,668
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	34(e)	4,010,926	3,181,718	1,594,687	40,272

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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 6 April 2021.

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: Definition of a Business
Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform
Amendments to MFRS 16: COVID-19-Related Rent Concessions
Amendments to MFRS 101 and MFRS 108: Definition of Material
Amendments to References to the Conceptual Framework in MFRS Standards

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

4. BASIS OF PREPARATION (CONT'D)

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

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

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Critical Accounting Estimates and Judgements

Key Sources of Estimation Uncertainty

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

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

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

(b) *Write-down of Inventories*

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

(c) *Impairment of Trade Receivables*

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and 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 Note 12 and Note 14 to the financial statements.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 Critical Accounting Estimates and Judgements (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

(d) Impairment of Non-Trade Receivables

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

(e) Biological Assets

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

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

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

(f) Income Taxes

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

Critical Judgements Made in Applying Accounting Policies

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

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

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

5. 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.

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.

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

Equity Instruments

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

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 Financial Instruments (Cont'd)

(b) *Financial Liabilities*

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

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

(ii) *Other Financial Liabilities*

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

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

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.7 Investment Property

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

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

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

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

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

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

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

5.8 Leases

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

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

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

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

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.9 Biological Assets

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

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

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

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

5.10 Inventories

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

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

5.11 Cash and Cash Equivalents

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

5.12 Impairment

(a) Impairment of Financial Assets

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

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

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.12 Impairment (Cont'd)

(b) Impairment of Non-financial Assets

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

An impairment loss is recognised in profit or loss.

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

5.13 Employee Benefits

(a) Short-term Benefits

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

(b) Defined Contribution Plans

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

5.14 Income Taxes

(a) Current Tax

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

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.14 Income Taxes (Cont'd)

(b) Deferred Tax (Cont'd)

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

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

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

5.15 Operating Segments

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

5.16 Earnings Per Ordinary Share

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

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

5.17 Borrowing Costs

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

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

5.18 Fair Value Measurements

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.18 Fair Value Measurements (Cont'd)

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

Level 1:	Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
Level 2:	Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
Level 3:	Inputs are unobservable inputs for the asset or liability.

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

5.19 Revenue from Contracts with Customers

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

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

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

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

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

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

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

5.20 Other Operating Income

(a) *Interest Income*

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

(b) *Dividend Income*

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

(c) *Rental Income*

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

6. INVESTMENT IN SUBSIDIARIES

	The Company	
	2020 RM	2019 RM
Unquoted shares, at cost	77,479,899	77,479,899
Less: Accumulated impairment losses	(14,265,583)	(14,265,583)
	63,214,316	63,214,316

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2020 %	2019 %	Principal Activities
Subsidiaries of the Company				
Teck Ping Chan Agriculture Sdn. Bhd.	Malaysia	100	100	Poultry farming
Teck Ping Chan (1976) Sdn. Bhd.	Malaysia	100	100	Dormant
Mestika Arif Sdn. Bhd. *	Malaysia	100	100	Oil palm plantation

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

7. PROPERTY, PLANT AND EQUIPMENT

The Group	As 1.1.2020 RM	Additions (Note 34(a)) RM	Write Off RM	Reclassification RM	Depreciation Charges RM	At 31.12.2020 RM
2020						
CARRYING AMOUNT						
Freehold land	33,750,411	–	–	–	–	33,750,411
Buildings	26,914,186	–	(194,170)	21,066	(3,974,073)	22,767,009
Plant and machinery	33,417,425	150,000	–	–	(3,743,503)	29,823,922
Office equipment, furniture and fittings	1,046,638	–	–	–	(314,383)	732,255
Road	6,944	–	–	–	(2,950)	3,994
Motor vehicles	258,169	535,000	–	–	(145,805)	647,364
Bearer plant	19,784	–	–	–	(2,473)	17,311
Work-in-progress	203,432	–	–	(203,432)	–	–
Total	95,616,989	685,000	(194,170)	(182,366)	(8,183,187)	87,742,266

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

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

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

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

The carrying amount of property, plant and equipment pledged to licensed banks for banking facilities extended to the Group as disclosed in Note 25 to the financial statements is as follows:-

Carrying Amount	**The Group** **2020** **RM**	**2019** **RM**
Freehold land	29,766,692	29,766,692
Buildings	20,520,692	24,330,112
Plant and machinery	10,734,059	11,632,427
Work-in-progress	–	203,432
	61,021,443	65,932,663

8. INVESTMENT PROPERTY

	The Group 2020 RM	The Group 2019 RM
Cost:-		
At 1 January /31 December	1,200,000	1,200,000
Accumulated depreciation:-		
At 1 January	800,000	560,000
Depreciation during the financial year	240,000	240,000
At 31 December	1,040,000	800,000
	160,000	400,000
Represented by:-		
Freehold commercial building	160,000	400,000
At 31 December	160,000	400,000
Fair value	1,200,000	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 25 to the financial statements.

9. RIGHT-OF-USE ASSETS

The Group	At 1.1.2020 RM	Additions (Note 34(b)) RM	Reclassification RM	Depreciation Charges RM	At 31.12.2020 RM
2020					
CARRYING AMOUNT					
Buildings	3,665,336	1,483,468	182,366	(323,013)	5,008,157
Plant and machinery	4,073,221	4,752,696	–	(533,029)	8,292,888
Motor vehicles	3,224,996	1,798,004	–	(1,071,217)	3,951,783
Total	10,963,553	8,034,168	182,366	(1,927,259)	17,252,828

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

The Group	< ---1.1.2019--- As Previously Reported RM	Initial Application of MFRS 16 RM	As Restated RM --- >	Additions (Note 34(b)) RM	Depreciation Charges RM	At 31.12.2019 RM
2019						
CARRYING AMOUNT						
Buildings	–	3,865,790	3,865,790	77,400	(277,854)	3,665,336
Plant and machinery	–	3,146,722	3,146,722	1,224,976	(298,477)	4,073,221
Motor vehicles	–	1,728,285	1,728,285	2,042,330	(545,619)	3,224,996
Total	–	8,740,797	8,740,797	3,344,706	(1,121,950)	10,963,553

	The Group 2020 RM	2019 RM
Analysed by:-		
Cost	21,304,596	13,088,062
Accumulated depreciation	(4,051,768)	(2,124,509)
	17,252,828	10,963,553

The Group has leased certain buildings, plant and machinery and motor vehicles under hire purchase arrangements with lease terms ranging from 3 to 5 years (2019 – 3 to 5 years). At the end of the lease term, the Group has the option to purchase the asset at an insignificant amount. The leases bear effective interest rates ranging from 4.31% to 8.38% (2019 – 4.48% to 8.39%) and are secured by the leased assets.

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

The carrying amount of right-of-use assets pledged to licensed banks for banking facilities extended to the Group as disclosed in Note 25 to the financial statements is as follows:-

	The Group	
	2020 RM	2019 RM
Buildings	3,436,156	3,665,336
Plant and machinery	340,757	369,172
	3,776,913	4,034,508

10. BIOLOGICAL ASSETS

	The Group	
	2020 RM	2019 RM
At fair value less cost to sell:-		
Pullets and layers	27,426,328	36,319,696

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

	The Group	
	2020 RM	2019 RM
At 1 January	36,319,696	35,028,956
Increase due to purchases	28,791,339	27,845,666
Livestock losses	(4,596,902)	(3,496,336)
Change in fair value	(9,999,489)	409,194
Depopulation	(23,088,316)	(23,467,784)
At 31 December	27,426,328	36,319,696

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

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

10. BIOLOGICAL ASSETS (CONT'D)

Description of valuation technique and inputs used	**Significant unobservable inputs**	**Inter-relationship between significant unobservable inputs and fair value measurements**
Discounted cash flows: The valuation method considers the projected quantity and price of table eggs to be produced over the life of the layers, taking into account layers' mortality rate.	Significant assumptions made in determining the fair value of the table eggs as follows: • the projected selling prices of the table eggs are based on management's estimate by reference to historical selling price adjusted for abnormal market movements. • management's estimate of feed and other variable costs projected to incur throughout the laying period.	The fair value is sensitive to projected selling prices and projected feed costs.

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

	The Group	
	2020	**2019**
Projected selling prices of the table eggs (RM)	0.260	0.290
Feed and other variable costs (per bird)	4.749	4.771
Discount rate	2.50%	6.00%

<u>Sensitivity analysis</u>

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 RM3,548,000 (2019 – RM3,393,000).

If the projected feed costs had been 1 sen higher than management estimates, the fair value of the biological assets would have decreased by RM629,000 (2019 – RM617,000).

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

11. INVENTORIES

	The Group	
	2020	2019
	RM	RM
Eggs	600,319	588,946
Raw materials	7,842,248	5,388,171
Feeds	1,388,614	1,234,700
Medicine	67,150	108,862
	9,898,331	7,320,679
Recognised in profit or loss:-		
Inventories recognised as cost of sales	122,384,812	97,317,389

None of the inventories are stated at net realisable value.

12. TRADE RECEIVABLES

	THE GROUP	
	2020	2019
	RM	RM
Trade receivables	9,062,997	9,100,311
Allowance for impairment losses	(3,264,451)	(2,735,423)
	5,798,546	6,364,888
Allowance for impairment losses:-		
At 1 January	2,735,423	309,230
Addition during the financial year (Note 28)	529,028	2,426,193
At 31 December	3,264,451	2,735,423

The Group's normal trade credit terms range from 7 to 90 days (2019 – 7 to 90 days).

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Other receivables	7,238	7,238	–	–
Deposits	215,651	218,571	–	–
Prepayments	1,074,836	821,774	3,260	3,260
	1,297,725	1,047,583	3,260	3,260

14. AMOUNT OWING BY RELATED COMPANIES

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Immediate holding company				
Trade balances	3,663,621	5,324,047	–	–
Subsidiary				
Non-trade balances	–	–	45,000	60,000
Fellow subsidiaries				
Trade balances	43,183,786	28,905,653	–	–
Non-trade balances	28,664	15,656	–	–
	43,212,450	28,921,309	–	–
Allowance for impairment losses:-				
- trade balances	(594,638)	(594,638)	–	–
	42,617,812	28,326,671	–	–
	46,281,433	33,650,718	45,000	60,000

Allowance for impairment losses:-				
At 1 January	594,638	157,758	–	–
Addition during the financial year (Note 28)	–	436,880	–	–
At 31 December	594,638	594,638	–	–

(a) The trade balance is subject to the normal trade credit term range from 30 to 120 (2019 – 30 to 120) days. The amount owing is to be settled in cash.

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

15. SHORT-TERM INVESTMENT

	The Group			
	2020		2019	
	Carrying Amount RM	**Market Value RM**	**Carrying Amount RM**	**Market Value RM**
Money market funds, at fair value	829,399	829,399	924,575	924,575

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

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

16. FIXED DEPOSITS WITH A LICENSED BANK

Fixed deposits of the Group of RM565,000 (2019 – RM565,000) are pledged to a licensed bank for banking facilities granted to the Group as disclosed in Note 25 to the financial statements.

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

	The Group	
	2020 %	2019 %
Fixed deposits with a licensed bank	3.11	3.84

The average maturities of fixed deposits with a licensed bank of the Group at the end of the reporting period are 365 days (2019 – 365 days).

17. SHARE CAPITAL

	The Group/The Company			
	2020	2019	2020	2019
	Number Of Shares		RM	RM
ISSUED AND FULLY PAID-UP				
ORDINARY SHARES				
AT 1 JANUARY	233,795,275	233,795,275	52,009,612	52,009,612
EXERCISE OF WARRANTS	11,119,000	–	5,089,166	–
AT 31 DECEMBER	244,914,275	233,795,275	57,098,778	52,009,612

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

(a) Warrant Reserve

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

18. DEFERRED TAX LIABILITIES

The Group	At 1.1.2020 RM	Recognised In Profit Or Loss (Note 32) RM	At 31.12.2020 RM
2020			
Deferred Tax Liabilities			
Property, plant and equipment	11,230,282	(280,498)	10,949,784
Investment property	77,334	–	77,334
Right-of-use assets	1,825,503	1,093,497	2,919,000
Biological assets	3,239,419	(2,399,877)	839,542
	16,372,538	(1,586,878)	14,785,660
Deferred Tax Assets			
Lease liabilities	(1,852,000)	(935,000)	(2,787,000)
Unutilised capital allowance	–	(2,190,000)	(2,190,000)
Unutilised agriculture allowance	(318,000)	261,000	(57,000)
Unutilised industrial building allowance	(284,000)	236,000	(48,000)
Unabsorbed tax losses	(1,908,000)	(2,084,000)	(3,992,000)
Impairment losses on trade receivables	(188,000)	(126,000)	(314,000)
	(4,550,000)	(4,838,000)	(9,388,000)
	11,822,538	(6,424,878)	5,397,660

The Group	As Previously Reported RM	< ---- 1.1.2019 ---- > Initial Application Of MFRS 16 RM	As Restated RM	Recognised In Profit Or Loss (Note 32) RM	At 31.12.2019 RM
2019					
Deferred Tax Liabilities					
Property, plant and equipment	11,487,181	(1,591,709)	9,895,472	1,334,810	11,230,282
Investment property	38,667	–	38,667	38,667	77,334
Right-of-use assets	–	1,591,709	1,591,709	233,794	1,825,503
Biological assets	3,141,213	–	3,141,213	98,206	3,239,419
	14,667,061	–	14,667,061	1,705,477	16,372,538

18. DEFERRED TAX LIABILITIES (CONT'D)

The Group	As Previously Reported RM	Initial Application Of MFRS 16 RM	As Restated RM	Recognised In Profit Or Loss (Note 32) RM	At 31.12.2019 RM
	< ---- 1.1.2019	----	---- >		
2019					
Deferred Tax Assets					
Hire purchase payable	(1,774,000)	1,774,000	–	–	–
Lease liabilities	–	(1,774,000)	(1,774,000)	(78,000)	(1,852,000)
Unutilised capital allowance	(473,000)	–	(473,000)	473,000	–
Unutilised agriculture allowance	(247,000)	–	(247,000)	(71,000)	(318,000)
Unutilised industrial building allowance	(246,000)	–	(246,000)	(38,000)	(284,000)
Unabsorbed tax losses	(2,145,000)	–	(2,145,000)	237,000	(1,908,000)
Impairment losses on trade receivables	–	–	–	(188,000)	(188,000)
	(4,885,000)	–	(4,885,000)	335,000	(4,550,000)
	9,782,061	–	9,782,061	2,040,477	11,822,538

19. LONG TERM BORROWINGS

	The Group 2020 RM	The Group 2019 RM
Term loans (secured) (Note 21)	11,391,608	15,221,792

20. LEASE LIABILITIES

	The Group 2020 RM	2019 RM
At 1 January		
- As previously reported	7,826,764	–
- Initial application of MFRS 16	–	7,786,021
- As restated	7,826,764	7,786,021
Addition of lease liabilities	8,358,887	3,505,970
Interest expense recognised in profit or loss (Note 29)	661,416	515,250
Repayment of principal	(4,511,065)	(3,465,227)
Repayment of interest	(661,416)	(515,250)
At 31 December	11,674,586	7,826,764
Analysed by:-		
Current liabilities	4,114,501	3,844,140
Non-current liabilities	7,560,085	3,982,624
	11,674,586	7,826,764

21. TERM LOANS (SECURED)

	The Group 2020 RM	2019 RM
Current liabilities (Note 26)	3,718,631	3,789,230
Non-current liabilities (Note 19)	11,391,608	15,221,792
	15,110,239	19,011,022

(a) The term loans are repayable over 72 to 180 (2019 – 84 to 180) monthly instalments from the date of drawdown and are secured in the same manner as the bank overdrafts as disclosed in Note 25 to the financial statements.

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

	Weighted Average Effective Interest Rate %	THE GROUP 2020 RM	2019 RM
Floating rate term loans	6.42	15,110,239	19,011,022

22. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 (2019 – 30 to 90) days.

23. OTHER PAYABLES AND ACCRUALS

	The Group 2020 RM	The Group 2019 RM	The Company 2020 RM	The Company 2019 RM
Other payables	784,498	300,065	1,784	1,675
Amount payables for property, plant and equipment (Note 34(a))	535,000	327,374	–	–
Payroll liabilities	676,109	738,957	–	–
Accrued expenses	321,800	321,800	169,600	266,800
	2,317,407	1,688,196	171,384	268,475

The normal credit terms granted to the Group for amount payable for purchase of property, plant and equipment range from 30 to 90 (2019 – 30 to 90) days.

24. AMOUNT OWING TO RELATED COMPANIES

	The Group 2020 RM	The Group 2019 RM	The Company 2020 RM	The Company 2019 RM
Immediate holding company				
Non-trade balances	19,703	18,449	–	–
Subsidiaries				
Non-trade balances	–	–	–	454,286
Fellow subsidiaries				
Non-trade balances	361,800	435,768	–	–
	381,503	454,217	–	454,286

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. BANK OVERDRAFTS (SECURED)

Bank overdrafts bore weighted average effective interest rate at 6.93% (2019 – 8.27%) per annum and are secured as follows:-

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

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

(iii) by corporate guarantee from immediate holding company.

26. SHORT TERM BORROWINGS

	The Group 2020 RM	The Group 2019 RM
Bankers' acceptances (secured)	38,680,000	22,082,000
Term loans (secured) (Note 21)	3,718,631	3,789,230
	42,398,631	25,871,230

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

	The Group 2020 %	The Group 2019 %
Term loans (secured)	6.42	7.69
Bankers' acceptances (secured)	3.81	5.23

The bankers' acceptances are secured in the same manner as the bank overdrafts as disclosed in Note 25 to the financial statements.

27. REVENUE

	The Group 2020 RM	The Group 2019 RM	The Company 2020 RM	The Company 2019 RM
Sales of poultry farming products	240,757,087	244,620,368	–	–
Sales of by-products from poultry farming	655,939	569,019	–	–
Sales of fresh fruit bunch	369,806	260,559	–	–
Management fee	–	–	180,000	240,000
	241,782,832	245,449,946	180,000	240,000

28. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	The Group 2020 RM	The Group 2019 RM
Impairment losses:		
- trade receivables (Note 12)	529,028	2,426,193
- amount owing by related companies (Note 14)	–	436,880
	529,028	2,863,073

29. (LOSS)/PROFIT BEFORE TAXATION

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
(Loss)/Profit before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- audit fees	90,000	90,000	35,000	35,000
- non-audit fees	5,000	10,000	5,000	10,000
Depreciation of property, plant and equipment (Note 7)	8,183,187	8,239,775	–	–
Depreciation of investment property (Note 8)	240,000	240,000	–	–
Depreciation of right-of-use assets (Note 9)	1,927,259	1,121,950	–	–
Direct operating expenses on investment property	13,195	18,110	–	–
Lease expenses:				
- short-term leases	820	46,820	–	–
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- bank overdrafts	143,709	102,639	–	–
- term loans	1,157,850	1,604,915	–	–
- bankers' acceptances	1,412,001	938,488	–	–
- vendor financing	–	209,721	–	–
Interest expense on lease liabilities (Note 20)	661,416	515,250	–	–
Property, plant and equipment written off (Note 7)	194,170	455,398	–	–
Rental income from investment property	(39,600)	(40,800)	–	–
Dividend income:				
- short-term investment	(4,824)	(53,180)	–	–
Interest income on financial assets measured at amortised cost:				
- fixed deposits with a licensed bank	(20,252)	(16,989)	–	–

30. 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	
	2020 RM	2019 RM	2020 RM	2019 RM
Directors of the Company				
Short-term employee benefits:				
- fees	226,800	226,800	129,600	226,800
- salaries, allowances and bonus	369,570	577,570	6,800	4,800
	596,370	804,370	136,400	231,600
Defined contribution benefits	43,200	68,400	–	–
	639,570	872,770	136,400	231,600

31. STAFF COSTS

	The Group 2020 RM	The Group 2019 RM
Wages, salaries and bonus	11,359,188	11,231,042
Defined contribution benefits	428,945	458,474
Other employee benefits	253,650	185,921
	12,041,783	11,875,437

Staff costs included amounts of RM190,315 (2019 – RM175,524) in respect of remuneration paid to employees related to Directors of the Group.

32. INCOME TAX (INCOME)/EXPENSE

	The Group 2020 RM	The Group 2019 RM	The Company 2020 RM	The Company 2019 RM
Current tax expense	58,200	40,100	–	–
Under/(Over) provision in the previous financial year	2,254	(6,419)	–	(440)
	60,454	33,681	–	(440)
Deferred tax (Note 18):				
- Relating to origination and reversal of temporary differences	(6,841,958)	667,237	–	–
- Under provision in the previous financial year	412,780	1,970	–	–
- Effect of change in real property gains tax rate	–	1,371,270	–	–
	(6,429,178)	2,040,477	–	–
	(6,368,724)	2,074,158	–	(440)

32. INCOME TAX (INCOME)/EXPENSE (CONT'D)

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

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
(Loss)/profit before taxation	(29,122,498)	4,158,611	(133,008)	(167,969)
Tax at the statutory tax rate of 24% (2019 – 24%)	(6,989,400)	998,067	(31,922)	(40,313)
Tax effects of:-				
Non-deductible expenses	206,800	275,764	31,922	40,313
Non-taxable income	(1,158)	(12,763)	–	–
(Over)/Under provision of current tax in the previous financial year	2,254	(6,419)	–	(440)
Under provision of deferred taxation in the previous financial year	412,780	1,970	–	–
Effect of change in real property gains tax rate	–	1,371,270	–	–
Tax incentives	–	(553,731)	–	–
	(6,368,724)	2,074,158	–	(440)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019 – 24%) of the estimated assessable profit for the financial year.

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

	The Group	
	2020 RM	2019 RM
Unutilised capital allowances	9,123,000	–
Unutilised agriculture allowances	239,000	1,325,900
Unutilised industrial building allowances	200,400	1,184,400
Unutilised reinvestment allowances	4,941,700	3,182,100
Unabsorbed tax losses	19,251,000	10,567,500
	33,755,100	16,259,900

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

33. (LOSS)/EARNINGS PER SHARE

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

	The Group 2020 RM	The Group 2019 RM
(Loss)/Profit after taxation (RM)	(22,753,774)	2,084,453
Weighted average number of ordinary shares in issue	234,525,557	233,795,275
Basic (loss)/earnings per share (sen)	(9.70)	0.89

	The Group 2020 RM	The Group 2019 RM
Profit after taxation (RM)	–	2,084,453
Weighted average number of ordinary shares for basic earnings per share	–	233,795,275
Shares deemed to be issued for no consideration: - warrants	–	36,359,522
Weighted average number of ordinary shares for diluted earnings per share computation	–	270,154,797
Diluted earnings per share (sen)	–	0.77

34. CASH FLOW INFORMATION

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

	The Group 2020 RM	The Group 2019 RM
Cash payments	150,000	126,459
Under payables for purchase of property, plant and equipment (Note 23)	535,000	327,374
	685,000	453,833

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

	The Group 2020 RM	The Group 2019 RM
Cash payments	19,647	262,501
Amount financed through lease liabilities (Note (c) below)	8,014,521	3,082,205
	8,034,168	3,344,706

34. CASH FLOW INFORMATION (CONT'D)

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

The Group	Term Loans (secured) RM	Lease Liabilities RM	Bankers' Acceptances (secured) RM	Bank Overdrafts (secured) RM	Amount Owing To Related Companies RM	Total RM
2020						
At 1 January, as previously reported	19,011,022	7,826,764	22,082,000	–	454,217	49,374,003
Changes in Financing Cash Flows						
Proceeds from drawdown	–	–	16,598,000	*	–	16,598,000
Repayment of principal	(3,900,783)	(4,511,065)	–	–	–	(8,411,848)
Repayment of interests	(1,157,850)	(661,416)	(1,412,001)	(143,709)	–	(3,374,976)
Repayment to related companies	–	–	–	–	(72,714)	(72,714)
Non-cash Changes						
Acquisition of new leases for assets purchased in current financial year (Note (b) above)	–	8,014,521	–	–	–	8,014,521
Acquisition of new leases for assets purchased in previous financial year	–	344,366	–	–	–	344,366
Interest expenses recognised in profit or loss	1,157,850	661,416	1,412,001	143,709	–	3,374,976
At 31 December	15,110,239	11,674,586	38,680,000	–	381,503	65,846,328

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

34. CASH FLOW INFORMATION (CONT'D)

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

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

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

34. CASH FLOW INFORMATION (CONT'D)

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

The Company	**Amount Owing To Related Companies RM**
2020	
At 1 January	454,286
Changes in Financing Cash Flows	
Repayment to related companies	(454,286)
At 31 December	–

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

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

	The Group	
	2020 RM	**2019 RM**
Payment of short-term lease	820	46,820
Interest paid on lease liabilities	661,416	515,250
Payment of lease liabilities	4,511,065	3,465,227
	5,173,301	4,027,297

34. CASH FLOW INFORMATION (CONT'D)

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

	The Group		The Company	
	2020 RM	2019 RM (Restated)	2020 RM	2019 RM
Fixed deposits with a licensed bank	565,000	565,000	–	–
Cash and bank balances	6,208,447	4,828,242	1,594,687	40,272
Bank overdrafts (secured)	(2,197,521)	(1,646,524)	–	–
	4,575,926	3,746,718	1,594,687	40,272
Less: Fixed deposits pledged to a licensed bank (Note 16)	(565,000)	(565,000)	–	–
	4,010,926	3,181,718	1,594,687	40,272

35. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

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

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

(b) Significant Related Party Transactions and Balances

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

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Immediate holding company				
Sales of goods	(22,273,261)	(39,600,965)	–	–
Purchase of goods	39,363,285	52,061,856	–	–
Subsidiaries				
Management fee receive/received	–	–	180,000	240,000
Fellow subsidiaries				
Sales of goods	(113,775,084)	(60,782,394)	–	–
Purchase of goods	8,297,815	4,917,282	–	–

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.

36. 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	
	2020	**2019**
	RM	**RM**
Customer A	61,227,583	48,659,851
Customer B	45,566,114	–

37. CAPITAL COMMITMENTS

	The Group	
	2020	**2019**
	RM	**RM**
Purchase of property, plant and equipment	982,000	4,195,000

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 25 to the financial statements.

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

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	
	2020	**2019**
	RM	**RM**
Effects on (loss)/profit after taxation		
Increase of 122 basis points (2019 – 20 basis points)	+529,816	-60,841
Decrease of 122 basis points (2019 – 20 basis points)	-529,816	+60,841

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

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

Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 2 (2019 – 3) customers which constituted approximately 76% (2019 – 75%) of its trade receivables (including related companies) at the end of the reporting period.

Exposure to Credit Risk

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

In additional, 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.

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

Assessment of Impairment Losses

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

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

Trade Receivables

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

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

The measurement of expected credit losses for related companies trade balances are disclosed in Note 38.1(b) – Amount Owing by Related Companies.

The Group considers any trade receivables having significant balances outstanding more than 150 days, are deemed credit impaired.

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

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

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2020				
Current (not past due)	19,072,101	–	(294,574)	18,777,527
1 to 30 days past due	9,846,704	–	(398,850)	9,447,854
31 to 60 days past due	8,734,445	–	(163,196)	8,571,249
61 to 90 days past due	6,001,214	–	(80,948)	5,920,266
91 to 120 days past due	5,580,379	–	(56,884)	5,523,495
121 to 150 days past due	1,896,373	–	(19,536)	1,876,837
More than 150 days past due	2,097,214	–	(163,127)	1,934,087
Credit impaired	2,681,974	(2,681,974)	–	–
	55,910,404	(2,681,974)	(1,177,115)	52,051,315

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

<u>Assessment of Impairment Losses (Cont'd)</u>

Trade Receivables (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables (including related companies) are summarised below (Cont'd):-

The Group	**Gross Amount RM**	**Individual Impairment RM**	**Collective Impairment RM**	**Carrying Amount RM**
2019				
Current (not past due)	17,863,365	–	(103,446)	17,759,919
1 to 30 days past due	7,274,396	–	(181,802)	7,092,594
31 to 60 days past due	5,607,001	–	(128,258)	5,478,743
61 to 90 days past due	4,839,683	–	(137,011)	4,702,672
91 to 120 days past due	3,440,688	–	(129,729)	3,310,959
121 to 150 days past due	1,378,429	–	(60,818)	1,317,611
More than 150 days past due	378,499	–	(41,047)	337,452
Credit impaired	2,547,950	(2,547,950)	–	–
	43,330,011	(2,547,950)	(782,111)	39,999,950

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

Other Receivables

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

Fixed Deposits with A Licensed Bank, Cash and Bank Balances

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

Amount Owing By Related Companies

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

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

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

(c) Liquidity Risk

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

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk (Cont'd)

Maturity Analysis

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

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM
2020					
Non-derivative Financial Liabilities					
Trade payables	-	60,827,931	60,827,931	60,827,931	–
Other payables and accruals	-	2,317,407	2,317,407	2,317,407	–
Amount owing to related companies	-	381,503	381,503	381,503	–
Bank overdrafts (secured)	6.93	2,197,521	2,197,521	2,197,521	–
Lease liabilities	6.05	11,674,586	13,042,886	5,312,082	7,730,804
Term loans (secured)	6.42	15,110,239	18,032,239	5,150,850	12,881,389
Bankers' acceptances (secured)	3.81	38,680,000	38,680,000	38,680,000	–
		131,189,187	135,479,487	114,867,294	20,612,193

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

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 Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
2020			
Other payables and accruals	171,384	171,384	171,384
Financial guarantee contracts in relation to corporate guarantee given to a subsidiary	–	62,793,859	62,793,859
	171,384	62,965,243	62,965,243
2019			
Other payables and accruals	268,475	268,475	268,475
Amount owing to related companies	454,286	454,286	454,286
Financial guarantee contracts in relation to corporate guarantee given to a subsidiary	–	42,739,546	42,739,546
	722,761	43,462,307	43,462,307

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.

38. FINANCIAL INSTRUMENTS (CONT'D)

38.2 Capital Risk Management (Cont'd)

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

	The Group	
	2020 RM	2019 RM
Lease liabilities (Note 20)	11,674,586	7,826,764
Term loans (secured) (Note 21)	15,110,239	19,011,022
Bank overdrafts (secured) (Note 25)	2,197,521	1,646,524
Bankers' acceptances (secured) (Note 26)	38,680,000	22,082,000
	67,662,346	50,566,310
Less: Fixed deposits with a licensed bank (Note 16)	(565,000)	(565,000)
Less: Cash and bank balances	(6,208,447)	(4,828,242)
Net debt	60,888,889	44,248,493
Total equity	66,863,734	87,398,008
Debt-to-equity ratio	0.91	0.51

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

38.3 Classification of Financial Instruments

	2020		2019	
	The Group RM	The Company RM	The Group RM	The Company RM
Financial Assets				
Mandatorily at Fair Value Through Profit or Loss				
Short-term investment (Note 15)	829,399	–	924,575	–
Amortised Cost				
Trade receivables (Note 12)	5,798,546	–	6,364,888	–
Other receivables and deposits (Note 13)	222,889	–	225,809	–
Amount owing by related companies (Note 14)	46,281,433	45,000	33,650,718	60,000
Fixed deposits with a licensed bank (Note 16)	565,000	–	565,000	–
Cash and bank balances	6,208,447	1,594,687	4,828,242	40,472
	59,076,315	1,639,687	45,634,657	100,472

38. FINANCIAL INSTRUMENTS (CONT'D)

38.3 Classification of Financial Instruments (Cont'd)

	2020 The Group RM	2020 The Company RM	2019 The Group RM	2019 The Company RM
Financial Liabilities				
Amortised Cost				
Trade payables (Note 22)	60,827,931	–	46,076,879	–
Other payables and accruals (Note 23)	2,317,407	171,384	1,688,196	268,475
Amount owing to related companies (Note 24)	381,503	–	454,217	454,286
Bank overdrafts (secured) (Note 25)	2,197,521	–	1,646,524	–
Term loans (secured) (Note 21)	15,110,239	–	19,011,022	–
Bankers' acceptances (secured) (Note 26)	38,680,000	–	22,082,000	–
	119,514,601	171,384	90,958,838	722,761

38.4 Gains or Losses Arising from Financial Instruments

	2020 The Group RM	2020 The Company RM	2019 The Group RM	2019 The Company RM
Financial Assets				
Fair Value Through Profit or Loss				
Net gains recognised in profit or loss	4,824	–	53,180	–
Amortised Cost				
Net losses recognised in profit or loss	(508,895)	–	(2,846,084)	–
Financial Liabilities				
Amortised Cost				
Net losses recognised in profit or loss	(2,713,560)	–	(2,855,763)	–

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.

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	Carrying Amount
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	RM	RM
2020								
Financial Assets								
Short-term investments								
- Fair value through profit or loss	–	829,399	–	–	–	–	829,399	829,399
Financial Liabilities								
Term loans (secured)	–	–	–	–	15,110,239	–	15,110,239	15,110,239
2019								
Financial Assets								
Short-term investments								
- Fair value through profit or loss	–	924,575	–	–	–	–	924,575	924,575
Financial Liabilities								
Term loans (secured)	–	–	–	–	19,011,022	–	19,011,022	19,011,022

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

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

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

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

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

39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as global pandemic. Following the declaration, the Government of Malaysia has on 18 March 2020 imposed the Movement Control Order ("MCO") and subsequently entered into various phases of the MCO until 31 December 2020 to curb the spread of the COVID-19 pandemic in Malaysia.

Coronavirus outbreak still poses an uncertain downside to the economy given the recent resurgence of Covid-19 cases in Malaysia. Subsequent to the Government's announcement of the Movement Control Order 2.0 ("MCO2.0") effective from 13 January 2021 until the 18 February 2021 and followed by the Conditional MCO ongoing, most of the business sectors are limiting their operations and business hours. This in turn has caused declining demand of eggs from hospitality and tourism sectors, school canteens and among others which in turn caused weaker selling price of eggs. In addition, there was a sharp rise in the feed costs due to the rapid increase in the demand of raw materials from China.

With the ongoing pandemic, the Group will continue to closely monitor the performance of the Group and take timely action in order to remain competitive. The management expect the condition to substantially improve, with the vaccination programme introduced by the Government to public from April and May 2021 onward.

40. COMPARATIVE FIGURES

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

	As Previously Reported RM	As Restated RM
Statement of Cash Flows (Extract):-		
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES		
Increase in short-term investment	–	(353,180)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	6,975,736	6,404,341
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	4,106,293	3,181,718

LIST OF PROPERTIES
AS AT 31 DECEMBER 2020

The top 10 properties of the Group in terms of highest net book value as at 31 December 2020 are as follows:-

	Registered/ Beneficial Owner and Location	Existing Use/ Decsription	Land Area and Tenure	Revaluation Date	Approximate Age of Buildings (Years)	Net Book Value (RM)
1	TECK PING CHAN AGRICULTURE SDN BHD Lot No. 3047 (Formerly Lot 659) Lot No. 3015 (Formerly Lot 660) Mukim of Melekek District of Alor Gajah, Melaka	Agriculture land use as layer poultry farm	27.481 hectares Freehold	31.08.2016	5 to 34	29,530,711.43
2	TECK PING CHAN AGRICULTURE SDN BHD Lot No. 96 & 97 Mukim of Melekek District of Alor Gajah, Melaka	Agriculture land use as layer poultry farm	5.6959 hectares Freehold	31.08.2016	6 to 31	
3	TECK PING CHAN AGRICULTURE SDN BHD Lot No. 125, 126 and 127 Mukim of Sungei Buloh District of Alor Gajah, Melaka	Agriculture land use as layer poultry farm	11.2171 hectares Freehold	31.08.2016	6 to 31	
4	MESTIKA ARIF SDN BHD Lot No. 2141 - 2149 (Formerly PT 303 - 311) Mukim of Taboh Naning District of Alor Gajah, Melaka	Agriculture land with oil palm trees	31.723 hectares Freehold	31.08.2016	NA	10,189,966.93
5	TECK PING CHAN AGRICULTURE SDN BHD Geran No. Hakmilik 61725 Lot 1409, Mukim Titian Bintagor, Daerah Rembau Negeri Sembilan	Agriculture land use as layer poultry farm	3.8698 hectares Freehold	NA	4	6,576,821.99
6	TECK PING CHAN AGRICULTURE SDN BHD Lot No. 1158 & 1159 Mukim of Melekek District of Alor Gajah, Melaka	Agriculture land use as layer poultry farm	8.114 hectares Freehold	31.08.2016	13	3,472,407.40
7	TECK PING CHAN AGRICULTURE SDN BHD Lot 102, GM 13 Mukim Sungai Buloh Daerah Alor Gajah, Melaka	Agriculture land use as chicken droppings store	2.0335 hectares Freehold	NA	3	2,159,572.26

LIST OF PROPERTIES
(CONT'D)

	Registered/ Beneficial Owner and Location	Existing Use/ Decsription	Land Area and Tenure	Revaluation Date	Approximate Age of Buildings (Years)	Net Book Value (RM)
8	TECK PING CHAN AGRICULTURE SDN BHD Lot No. 1512 - 1513 Mukim of Pegoh District of Alor Gajah, Melaka	Agriculture land with oil palm trees	4.695 hectares Freehold	31.08.2016	NA	1,570,000.00
9	TECK PING CHAN AGRICULTURE SDN BHD Lot 123 Mukim of Sungei Buloh District of Alor Gajah, Melaka	Agriculture land use as chicken droppings store	2.0967 hectares Freehold	31.08.2016	7	1,308,684.21
10	TECK PING CHAN AGRICULTURE SDN BHD Lot No. PT 290 Mukim of Taboh Naning District of Alor Gajah, Melaka	Agriculture land with oil palm trees	3.6869 hectares Freehold	31.08.2016	NA	1,184,160.59

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2021

No. of shares issued	:	308,232,783
Class of shares	:	Ordinary shares
Voting rights	:	One vote for each ordinary share
Number of shareholders	:	1,629

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 2021.

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

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

Note:

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

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

ANALYSIS BY SIZE OF HOLDINGS

Size of Holdings	**No. of Holders**	**%**	**No. of Shares**	**%**
Less than 100	25	1.53	742	0.00
100 – 1,000	416	25.54	380,450	0.12
1,001 – 10,000	495	30.39	2,761,221	0.90
10,001 – 100,000	522	32.05	20,290,016	6.58
100,001 to less than 5% of the issued shares	168	10.31	102,880,316	33.38
5% and above of the issued shares	3	0.18	181,920,038	59.02
TOTAL	1,629	100.00	308,232,783	100.00

ANALYSIS OF SHAREHOLDINGS
(CONT'D)

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

	Name	No. of Shares	%
1.	UOBM Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Huat Lai Resources Berhad (PCB)*	74,327,361	24.11
2.	Huat Lai Resources Berhad	73,818,402	23.95
3.	Huat Lai Resources Berhad	33,774,275	10.96
4.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Yap Kee Hor (E-TJJ)*	12,733,850	4.13
5.	Yap Yi Xuan	9,950,000	3.23
6.	Siah Tian Yee	9,031,900	2.93
7.	Kenanga Nominees (Tempatan) Sdn Bhd *Beneficiary : Chong Mei*	3,501,500	1.14
8.	Eng Soon Cheik	3,500,000	1.14
9.	Eng Soon Cheik	2,296,200	0.74
10.	Chong Peh Chin	2,020,000	0.66
11.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lee Cheong Keat @ Lee Chong Keat (Penang-CL)*	2,000,800	0.65
12.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Siah Tian Yee (E-TJJ)*	1,866,200	0.61
13.	Lim Lai Chuan	1,760,000	0.57
14.	Malacca Equity Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ho Kok Kiang*	1,600,000	0.52
15.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Kong Kok Choy (8092812)*	1,500,000	0.49
16.	Yap Kee Hor	1,500,000	0.49
17.	Low Kim Joo	1,011,700	0.33
18.	Foong Thin Choy	1,000,000	0.32
19.	Wong Nyong How	917,700	0.30
20.	Liew Yew Seng	909,000	0.29
21.	Tee Kim Heng	905,800	0.29
22.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Kean Leong Poultry Trading Sdn Bhd (E-BMM)*	885,600	0.29
23.	Tung Kai Hng	848,500	0.28
24.	Lee Chee Beng	837,333	0.27
25.	Ong Tian Leong	824,500	0.27
26.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Wong Wai Kong*	800,000	0.26
27.	Boon Seu Mui	783,000	0.25
28.	Chua Kau @ Chua Kim Yan	783,000	0.25
29.	Chua Kau @ Chua Kim Yan	783,000	0.25
30.	How Kim Soon	700,000	0.23

TPC PLUS BERHAD

Registration No. 200301012910 (615330-T)

PROXY FORM

No. of shares held

*I/We, ____ of ____

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

______________________________________ or failing him/her ____

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

as *my/our proxy to attend and vote on *my/our behalf at the 18th Annual General Meeting of the Company to be held at **OGCC Golfer Tavern, Orna Golf & Country Club, Batu 16, Jalan Gapam, Ladang Gapam, Bemban, 77200 Hang Tuah Jaya, Melaka** on **Monday, 31 May 2021** at **9:30 a.m.** and at any adjournment thereof.

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

		For	Against
Resolution 1	Approve the payment of Directors' fees		
Resolution 2	Approve the payment of Directors' benefits (other than Directors' fees)		
Resolution 3	Re-elect Mr Lim Yew Chua as Director		
Resolution 4	Re-elect Mr Chong Chee Siong as Director		
Resolution 5	Re-appoint Crowe Malaysia PLT as Auditors		
Resolution 6	Renew the mandate for recurrent related party transactions		

Dated this ______ day of ____________________ 2021

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

First named proxy	%
Second named proxy	%
	100%

Signature of shareholder or
Common seal of corporate shareholder

Notes:

(i) A member entitled to attend and vote at the 18th 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 deposited at the Company's registered office at PT 1678, Mukim of Serkam, 77300 Merlimau, Melaka or received by the Company via e-mail at proxyform@tpc.com.my not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof.

* Strike out whichever is not desired

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary

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

1st fold here

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

PT 1678, Mukim of Serkam, 77300 Merlimau, Melaka, Malaysia.
Office Number: +606 2686 315 **General Fax Number:** +606 2686 327

www.tpc.com.my