ANNUAL REPORT 2022

Healthier, More Nutritious

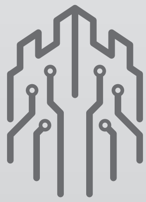
LAY HONG BERHAD

(198301011738 (107129-H)) Incorporated in Malaysia

OUR
MISSION

TO PROMOTE

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



TO BECOME

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

TO PROVIDE

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

TO WORK

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

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Yap Hoong Chai
Executive Chairman

Dato' Yeap Weng Hong
Executive Director

Dato' Yap Chor How
Executive Director

Ng Kim Tian
Executive Director

Yeap Fock Hoong
Non-Independent Non-Executive Director

Gan Lian Peng
Independent Non-Executive Director

Lim Teck Seng
Independent Non-Executive Director

Tan Chee Hau
Independent Non-Executive Director

Tadaaki Ito
Non-Independent Non-Executive Director

Yasuhito Igarashi
(Alternate Director to Tadaaki Ito)

AUDIT COMMITTEE

Gan Lian Peng
Chairman
Lim Teck Seng
Tan Chee Hau

NOMINATING COMMITTEE

Gan Lian Peng
Chairman
Lim Teck Seng
Tan Chee Hau

REMUNERATION COMMITTEE

Gan Lian Peng
Chairman
Lim Teck Seng
Tan Chee Hau

COMPANY SECRETARY

Wong Yuet Chyn
(MAICSA 7047163)
(SSM PC 202008002451)

AUDITORS

Tai, Yapp & Co PLT
No. 3-2, Jalan Indrahana 2
Off Jalan Kuchai Lama
58200 Kuala Lumpur
Wilayah Persekutuan (KL)

REGISTERED OFFICE

A1-2-2, Solaris Dutamas
No. 1, Jalan Dutamas 1
50480 Kuala Lumpur
Wilayah Persekutuan (KL)
T: 03 6413 3271
F: 03 6413 3271

SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan (KL)
T: 03 2084 9000
F: 03 2094 9940

CORPORATE OFFICE

No. 2, Level 10-12, Wisma Lay Hong
Jalan Empayar Off Persiaran
Sultan Ibrahim/KU1
41150 Klang
Selangor Darul Ehsan
T: 03 3343 4888
F: 03 3343 8839

PRINCIPAL BANKERS

AmBank (M) Berhad
Bank of China (Malaysia) Berhad
Bank Pertanian Malaysia Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market
Stock Name : LAYHONG
Stock No : 9385

WEBSITE

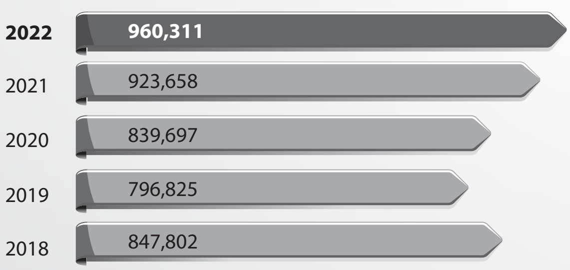
www.layhong.com.my

GROUP FINANCIAL HIGHLIGHTS

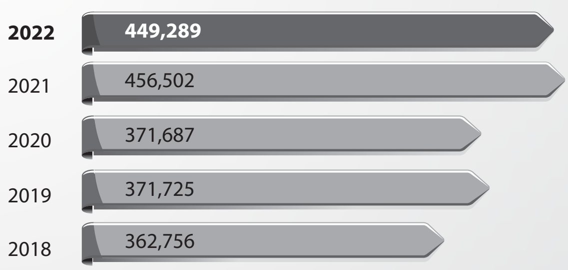
	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000 Restated*
Revenue	**960,311**	923,658	839,697	796,825	847,802
Earnings before interest, tax, depreciation and amortisation ("**EBITDA**")	**65,125**	65,384	64,531	47,178	81,290
Net profit/(loss) for the financial year	**(2,660)**	5,242	5,576	1,403	27,399
Profit/(loss) attributable to the owners of the Company	**(4,030)**	3,182	3,398	7,267	26,800
Total assets	**947,654**	944,278	850,808	820,196	797,082
Net assets (NA)	**449,289**	456,502	371,687	371,725	362,756
Share capital	**173,633**	145,621	145,621	145,621	130,109
NA per share (sen) **	**0.61**	0.69	0.56	0.56	0.55
Basic earnings per share (sen)**	**(0.59)**	0.48	0.51	1.11	4.47

* Financial year ("**FY**") 2018 results has been restated due to the 1st time adoption of MFRS 141 Biological assets.
** Based on number of ordinary shares of RM0.20 each after adjusting for Bonus Issue and Share Split in FY 2017.

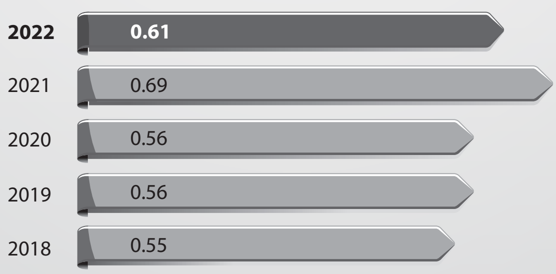
REVENUE (RM'000)



NET ASSETS (RM'000)



NET ASSETS PER SHARE (SEN)



GROUP STRUCTURE AND OPERATIONS
as at 30 June 2022

LAY HONG BERHAD

- **Integrated Livestock Farming**
  - 100% EMINENT FARM SDN BHD
  - 100% HING HONG SDN BHD
  - 100% INNOBRID SDN BHD
  - 100% EVERGREEN ORGANIC FERTILISERS SDN BHD
  - 70% INNOFARM (KLANG) SDN BHD
  - 100% SRI TAWAU FARMING SDN BHD ("STF")
    - 100% STF AGRICULTURE SDN BHD
    - 100% ST FOOD SDN BHD
- **Food Manufacturing**
  - 100% LAY HONG LIQUID EGG SDN BHD
  - 100% LAY HONG FOOD CORPORATION SDN BHD
  - 100% TAKASO SC (THAILAND) LIMITED
  - 49% NHF MANUFACTURING (MALAYSIA) SDN BHD
- **Retail Operation**
  - 100% JT TRADING SDN BHD
  - 70% G-MART BORNEO RETAIL SDN BHD
  - 100% G-MART SG SDN BHD *f.k.a Lay Hong Development Sdn Bhd*

MANAGEMENT DISCUSSION AND ANALYSIS

DEAR SHAREHOLDERS

The Board of Directors of Lay Hong Berhad and its subsidiaries would like to express our gratitude for your continuous trust and support. We are in the business of integrated poultry farming, food manufacturing and retail business for over six decades. Our operations are located both in Peninsular Malaysia and Sabah. This section is to provide shareholders and stakeholders with an overview of the business operations of Lay Hong Berhad (the "**Company**" and "**Group**"), financial review of financial year ("**FY**") 2022 and the Group's business expectations for FY2023.

CORE BUSINESS

There has been no change to the Group's core activities in FY2022, namely:

1) Integrated livestock farming
2) Food manufacturing
3) Retail operation

EXTERNAL FACTORS

The Novel Coronavirus ("**Covid-19**") pandemic which started in March 2020 appears to be continuing and is not ending anytime soon judging from the recent development particularly in China. New variants keep popping out every few months and this has caused massive disruptions in the world economy as well as in Malaysia. Though many countries including Malaysia have eased most of the earlier restrictions, a lot of businesses are still trying to come out of the woods. While the world is riding on the recovery mode by declaring it is going through an endemic stage, the war broke out between Russia and Ukraine in December 2021. With this unexpected and unfortunate event, commodity prices like corn and soya bean meal which are our Group's main input costs has skyrocketed to unprecedented heights. On top of that, the Malaysian Ringgit has also weakened from RM3.90 to RM4.40 against the US Dollar at the time of writing this report. World interest rates are also on the rise to curb inflation. Massive shortage of foreign labour has also caused production bottlenecks in our farming and processing operations, thus caused the costs to rise. Given these unfavourable scenarios, it can be summed up that FY2022 has been a very difficult and challenging year for the Group.

GROUP FINANCIAL RESULTS

	FY2022 RM'000	FY2021 RM'000
Revenue	960,311	923,658
Profit before tax ("**PBT**")	7,668	9,698
Profit/(loss) after tax ("**PAT**")	(2,660)	5,242
Total borrowings	273,373	290,058
Shareholder funds attributable to owners of the Company	437,670	405,337
Share Capital	173,633	145,621
No. of Shares ('000)	740,319	660,289
Gearing ratio (times)	0.62	0.72
Basic Earnings per share ("EPS") (sen)	(0.59)	0.48
Net asset per share (RM)	0.61	0.69

Management Discussion and Analysis (cont'd)

GROUP FINANCIAL RESULTS (CONT'D)

Revenue for the FY2022 increased by 3.97% or RM36.65 million from RM923.66 million to RM960.31 million. The increase in revenue was primarily due to the higher productivity achieved plus better average selling price ("**ASP**") from the integrated livestock farming division. Retail business also recorded higher revenue due to continuous consumers' demand and the revision of its selling prices to maintain margins during the year. However, for the food manufacturing business, it has recorded a decline due to the continuous shortage of foreign labour and certain input of raw materials in particular the mechanical deboned meat ("**MDM**") that affect the production cycle for the manufacturing of chicken nuggets and frankfurters.

Despite the increase in revenue, PBT recorded a decline of 20.93% or RM2.03 million from RM9.70million in 2021 to RM7.67 million in 2022. The decline was mainly attributed to price hike for corn and soya bean meal which accounted for 70% of input cost plus the reasons stated above. However, after accounting for taxation, the PAT has become negative due to the recognition of previous years deferred tax liability.

GROUP FINANCIAL POSITION

Total assets of the Group improved from RM944.28 million in 2021 to RM947.66 million in 2022 i.e. an increase of RM3.38 million. Total borrowings however have registered a decrease from RM290.06 million in 2021 to RM273.37 million in 2022. The reduction of RM16.69 million has led to the improvement of the Group's gearing from 0.72 times to 0.62 times. The increase in the share capital of RM28.0 million of the Company during the year arose from completion of acquiring the additional 50% stake in Sri Tawau Farming Sdn Bhd.

CORPORATE EXERCISE

During the financial year, the Company completed the acquisition of the remaining 50% equity in Sri Tawau Farming Sdn Bhd that it did not own previously. Resulting from this acquisition, the paid-up capital of the Company has increased from RM145.62 million to RM173.63 million. The number of ordinary shares has also increased from 660.31 million to 740.31 million i.e. an issuance of 80.00 million new ordinary shares at RM0.35 each.

There was a conversion of 30,000 warrants at the exercise price of RM 0.40 per warrant to 30,000 new ordinary shares during the year.

BUSINESS REVIEW

INTEGRATED LIVESTOCK FARMING

This segment of business consists of the Layer and Broiler operation as follow:

Layer

Revenue increased from RM227.01 million in FY2021 to RM246.20 million in FY2022. This was contributed by the increase in ASP of table eggs during the financial year. ASP improved from RM0.307 to RM0.349 per egg.

Revenue for the functional eggs branded under "NUTRIPLUS" has reached a saturation point and has remained flat at approximately RM78.00 million for the past 2 years. Reason for this flat performance was due to no promotional activities done during the pandemic.

BUSINESS REVIEW (CONT'D)

INTEGRATED LIVESTOCK FARMING (CONT'D)

Layer (cont'd)

No new capital expenditure was incurred during the financial year. The number of layer farms (Parent stock breeder and layer) now owned by the Group in FY2022 are as follows: -

Parent Stock Breeder Farm and Hatchery

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

Layer Farm

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

BUSINESS REVIEW (CONT'D)

INTEGRATED LIVESTOCK FARMING (CONT'D)

Broiler

In FY2022, the Group harvested a total of 44.53 million kilogram ("**kg**") of broilers compared to 40.29 million kg recorded in the previous year. The higher yield was due to better productivity achieved in all farms both in Peninsular Malaysia and Sabah. ASP also improved to RM5.32/kg from RM4.77/kg in the previous financial year. In line with the increase in harvest and ASP, revenue has also increased in tandem by 23.41% from RM192.10 million in FY2021 to RM237.07 million in FY2022.

The number of broiler farms (Parent stock breeders and broilers) owned by the Group are as follows:

Parent Stock Breeder Farm and Hatchery

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

Broiler Farm

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

FOOD MANUFACTURING

The Group's food manufacturing division (downstream division) is divided primarily into two (2) segments, processed chicken product and pasteurised liquid egg.

Chicken products

In FY2022, this division recorded a lower revenue of RM328.77 million compared to RM361.84 million recorded in FY2021. The reduction in revenue was primarily due to shortage of certain critical raw materials in the form of MDM for the manufacturing of our fast-moving anchor products i.e. nuggets and frankfurters. The difficulties encountered in employing foreign workers especially at our Tanjung Karang plants has also seriously hampered the normal production cycles thus reducing production quantities available for sale. The sale of the premium products manufactured by our joint venture with NH Food Limited, Japan are also affected by these same reasons.

Currently, the Group operates one large chicken processing/ manufacturing plant in Bagan Tengkorak, Tanjung Karang and another 4 smaller regional slaughtering plants in Sabah, located in Kota Kinabalu, Keningau, Tawau and Sandakan. The needs of these smaller plants are to overcome logistic issues faced in Sabah. Productions in these areas are not affected as the daily demand for fresh chicken are to serve the local community only.

The current shortage of chicken in the market has not affected the Group's operations materially due to its full integration built up over the last few decades. Full integration means the Group has its own upstream operations such as feedmill, breeder, layer/broiler farms and downstream activities of liquid egg processing and chicken processing plants.

Pasteurised Liquid Egg

The Group currently has two pasteurised liquid egg plants in operation. These plants are located at Meru, Klang and Iskandar Halal Hub, Pasir Gudang, Johor and have a combined capacity to pasteurise up to 1,350 metric tonnes of customized liquid egg products per month running at 20 hours per workday. The products include pasteurised egg white, egg yolk, whole egg, liquid egg with salt or sugar or other ingredients. Currently, approximately 12.8% percent of the total eggs produced by the Group are pasteurised into liquid egg and sold to local industrial consumers cum export market.

In FY2022, this segment produced 4.73 million kg as compared to 4.23 million kg in FY2021. Production has increased slightly due to gradual easing of the movement control order ('**MCO**'). Orders from confectioneries and restaurants are slowly resuming. With the recent lifting of the MCO on 1st April 2022, demand will progressively improve to pre-pandemic level.

The revenue generated from this segment was RM35.79 million compared to that of RM28.21 million recorded in the previous year.

RETAIL OPERATION

The Group's retail business is established in Peninsular Malaysia and Sabah. Presently, the Group operates the following types of outlets:

No	Branded under	Type	No. of Stores
1	G-Mart	Supermarkets	17
2	MYSHOP	Retail shops	45
3	JT Trading	Retail shops	4
		Total Stores	**66**

Total revenue generated from the retail business was slightly higher in FY2022 of RM236.82 million compared to that of RM230.60 in FY2021. The minor increase in revenue was due to the continuous patronage by loyal consumers. The revision of selling prices of retail items were also implemented during the financial year to reflect the current inflation trend affecting the country.

RETAIL OPERATION (CONT'D)

The Group currently operates 17 supermarket outlets branded under "G-Mart". This type of stores is much larger which has a shopping area between 20,000 to 40,000 square feet ("**sq ft**") area. Similarly, due to continuous MCO, the revenue generated continued to be stable.

In addition, the Group also operates 45 smaller outlets branded under 'MyShop'. These shops are of 1 or 2 shop fronts type with an area of approximately 3,000-5,000 sq ft and located in small suburban areas catering only for the local populace. Due to its popularity, it is planned that more outlets of this kind will be added in the next financial year.

ANTICIPATED OR KNOWN RISKS

Credit Risk and Default In Payment By Customers

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

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

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

Foreign Currencies Risk

The Group's certain raw materials such as corn and soya bean are transacted in United State Dollar while approximately 7% of our sales are transacted in Singapore dollars. As such, the Group is exposed to foreign exchange risk. Any favourable or unfavourable fluctuation in foreign exchange rate may have an adverse/favourable impact to the Group's financial performance and profitability.

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

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

Disease Outbreaks

The Group's operations in the livestock industry is exposed to the risk of infectious disease outbreaks such as Newcastle disease, Avian Influenza, salmonella infections, etc. Therefore, the management has taken precautionary measures such as implementation of strict bio-security procedures and policies in all the farms and diversifying its operations over a different geographical area. Presently, the Group's farm operations are in Perak, Selangor, Melaka and Sabah.

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

FORWARD LOOKING STATEMENT

The Group is an integrated poultry farmer cum food manufacturer and retail stores operator. This means the Group has almost everything in house from animal feed production, breeding of both layer and broiler day-old chicks and feed stocks right up to the harvesting of table eggs/ broilers to slaughtering and processing of downstream chicken products and the final distribution of all its branded products to the retail market. All the chicken products offered for sale are certified "HALAL" by approved authorities. The Group also converts its chicken waste to produce organic fertilizer for sale and at the same time conserve the environment. During the financial year, the Group has also built a biogas plant within the cluster of six layer farms to generate electricity to part-power some of the said farms.

Moving forward, to maintain its status as a leading producer of eggs and chicken products in Malaysia, the Group would continuously seek new farming methods and automation to reduce cost, increase efficiency and to address the labour shortage issue facing the country now. Almost all the farms in the Group are environment controlled closed house.

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

DIVIDEND

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

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

After carefully considering the above, the Board of Directors hereby proposed a first and final dividend of 0.3sen per share for the financial year ended 31 March 2022. This proposal is pending shareholders' approval at the forthcoming Annual General Meeting of the Company.

ACKNOWLEDGEMENT AND APPRECIATION

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

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

DATO' YAP HOONG CHAI
EXECUTIVE CHAIRMAN

DIRECTOR'S PROFILE

DATO' YAP HOONG CHAI
Executive Chairman
Malaysian, aged 72, Male

Dato' Yap Hoong Chai is a founder of the Lay Hong Berhad Group. He was appointed as a Managing Director on 27 September 1983 and subsequently re-designated as Executive Chairman on 8 September 2015.

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

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

He is a director and shareholder of Innofarm Sdn Bhd and Mackan Holding Sdn Bhd which are the major shareholders of the Company.

He has attended all five (5) Board Meetings held during the financial year.

DATO' YEAP WENG HONG
Executive Director
Malaysian, aged 64, Male

Dato' Yeap Weng Hong was appointed as an Executive Director on 18 April 1986.

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

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

He is a director and shareholder of Innofarm Sdn Bhd and Mackan Holding Sdn Bhd which are the major shareholders of the Company.

He has attended all five (5) Board Meetings held during the financial year.

Director's Profile (cont'd)

DATO' YAP CHOR HOW

Executive Director
Malaysian, aged 45, Male

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

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

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

He has attended all five (5) Board Meetings held during the financial year.

NG KIM TIAN

Executive Director
Malaysian, aged 68, Male

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

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

He has attended all five (5) Board Meetings held during the financial year.

YEAP FOCK HOONG

Non-Independent Non-Executive Director
Singaporean, aged 68, Male

Mr Yeap Fock Hoong was appointed as a Non-Independent Non-Executive Director on 18 January 1994.

Presently he is working as a Consultant on pilot training and business strategy in an aviation centre. He also sits on the Board of Directors of several private limited companies.

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

He is a director and shareholder of Innofarm Sdn Bhd and Mackan Holdings Sdn Bhd which are the major shareholders of the Company.

He has attended all five (5) Board Meetings held during the financial year.

GAN LIAN PENG

Independent Non-Executive Director
Malaysian, aged 70, Male

Mr Gan Lian Peng was appointed as an Independent Non-Executive Director on 3 October 2013. He is currently the Chairman of Audit Committee, Remuneration Committee and Nominating Committee.

He is a Fellow of the Chartered Association of Certified Accountants, Associate Member of the Institute of Chartered Secretaries and Administrators and Member of the Malaysian Institute of Accountants.

He served in various capacities in the auditing, hire purchase and leasing industries. He was Accounts and Administration Manager of a subsidiary of Inchcape Group and Accountant/Credit Control Manager of Tractors Malaysia Holdings Berhad. From 1998 to 2001, he was Branch Manager of Asia Commercial Finance Berhad and subsequently as Branch Manager of Affin Bank.

He has attended all five (5) Board Meetings held during the financial year.

Director's Profile (cont'd)

TAN CHEE HAU

Independent Non-Executive Director
Malaysian, aged 54, Male

Mr Tan Chee Hau was appointed as an Independent Non-Executive Director on 15 June 2017.

He is currently the member of Audit Committee, Remuneration Committee and Nominating Committee.

He graduated from RMIT University, Melbourne, Australia with a Bachelor of Business (Accountancy & Finance) with Distinction in 1991, and he obtained his Chartered Accountant (CA) membership and Certified Practising Accountant (CPA) membership from Malaysian Institute of Accountants (MIA) and CPA Australia respectively in 1995.

He has more than 29 years of experience in Corporate and Debt Restructuring, Corporate Finance, Private Equity and Accounting, and has worked for many companies/firms including as Director & Co-Head of Corporate Finance of an Investment Bank, Head of Corporate Finance in several listed and private companies, Investment Director in a Private Equity company, and Auditor in an International Accounting Firm. He has advised many companies on listings, restructuring, mergers and acquisitions, equity and debt issuance, fund raising, etc. He is presently involved in corporate finance advisory works.

Presently, he sits on the Board of Perak Corporation Berhad.

He has attended all five (5) Board Meetings held during the financial year.

LIM TECK SENG

Independent Non-Executive Director
Malaysian, aged 52, Male

Mr Lim Teck Seng was appointed as an Independent Non-Executive Director on 6 September 2018.

He is currently the member of Audit Committee, Remuneration Committee and Nominating Committee.

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

He was formerly a Non-Independent Non-Executive Director of OCR Group Berhad, Executive Director of Pegasus Heights Berhad, Non-Independent Non-Executive Director of YFG Berhad and Group Chief Executive Officer of D'nonce Technology Bhd.

Presently, he sits on the Board of Asia Poly Holdings Berhad, GIIB Holdings Berhad and European Credit Investment Bank Ltd.

He has attended all five (5) Board Meetings held during the financial year.

Director's Profile (cont'd)

TADAAKI ITO

Non-Independent Non-Executive Director
Japanese, aged 57, Male

Mr Tadaaki Ito was appointed as a Non-Independent Non-Executive Director on 1 April 2021.

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

He has attended all five (5) Board Meetings held during the financial year.

YASUHITO IGARASHI

Alternate Director to Mr Tadaaki Ito
Japanese, aged 51, Male

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

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

Notes to Director's Profile :

(1) ***Family Relationships***
Save for Dato' Yap Hoong Chai, Dato' Yeap Weng Hong, Dato' Yap Chor How and Yeap Fock Hoong, none of the Directors have any family relationship with any director and/or any major shareholder of the Company.

(2) ***Conviction of Offences***
None of the Directors have been convicted of any offences other than traffic offences, if any, within the past 5 years and there were no public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2022.

(3) ***Conflict of Interest***
None of the Directors has any personal interest or conflict of interest in any business arrangement involving the Group.

(4) ***Directorship in other Public Companies***
Save for Lim Teck Seng and Tan Chee Hau, none of the Directors hold any directorships in other public listed companies.

KEY SENIOR MANAGEMENT

YAP CHOR WEN

Director of Operations/Lay Hong Food Corporation Sdn. Bhd.
Malaysian/Male/42

Date of Appointment
- 24 January 2005

Academic/Professional Qualifications
- Bachelor of Science (University of Melbourne, Australia)
- Bachelor of Commerce (University of Melbourne, Australia)

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

Present Directorship
- Listed Entity : Nil
- Other Public Companies : Nil

Family Relationship
- He is the son of Dato' Yap Hoong Chai, the major shareholder and Executive Director of the Company.
- He is the brother of Dato' Yap Chor How, a nephew to Dato' Yeap Weng Hong and Mr Yeap Fock Hoong who are presently Directors of the Board of the Company.

BONG KIM FUI

General Manager, Operations/ STF Agriculture Sdn. Bhd.
Malaysian/Female/47

Date of Appointment
- 6 October 2003

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

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

Present Directorship
- Listed Entity : Nil
- Other Public Companies : Nil

Key Senior Management (cont'd)

WONG YEN TIEN

General Manager, Operations/ G-mart Borneo Retail Sdn. Bhd.
Malaysian/Male/54

Date of Appointment
- 1 August 2014

Academic/Professional Qualifications
- Diploma in Retail

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

Present Directorship
- Listed Entity : Nil
- Other Public Companies : Nil

ONG YONG THYE

Senior Manager - Purchasing & Feedmill/Lay Hong Berhad
Malaysian/male/59

Date of Appointment
- 15 October 1990

Academic/Professional Qualifications
- The Association of Accounting Technicians
- The Chartered Association of Certified Accountants
- The Association of International Accountants

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

Present Directorship
- Listed Entity : Nil
- Other Public Companies : Nil

Notes :

(1) Save for Yap Chor Wen, none of the key senior management have family relationship with any director and/or major shareholder of the Company.

(2) None of the key senior management has a personal interest in any business arrangement involving the Group.

(3) Other than traffic offences, if any, the key senior management has not been convicted of any offence within the past 5 years and have not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2022.

SUSTAINABILITY STATEMENT

COMMITMENT TO SUSTAINABILITY

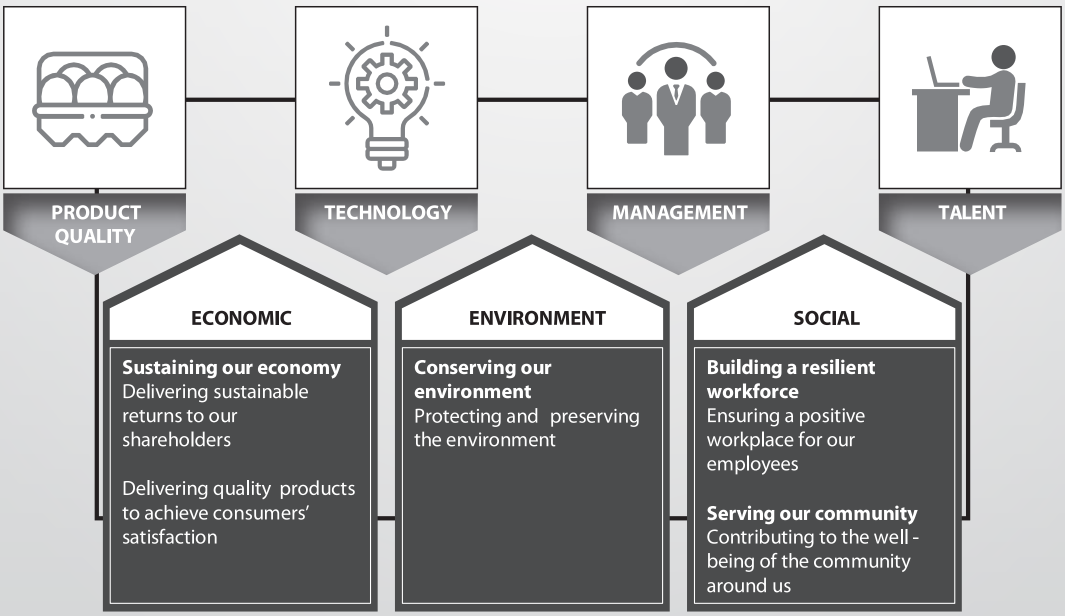
Sustainability has always been a pillar of the Group's culture as we strived to achieve continuing growth and profitability in a safe, caring and sustainable environment. We recognise that sustainability practices are fast gaining importance as a criterion in investors' investment decisions.

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

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

OUR POLICY ON SUSTAINABILITY
Embrace Sustainability in Organisation Culture
Capitalise on Latest Agricultural Technology and Information
Strengthen the Core Business
Build Regional Global Connectivity
Foster a High Performance Partnership

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



OUR SCOPE OF REPORTING

This Statement covers Lay Hong Berhad and its subsidiaries. Information disclosed in this Statement encompasses our core activities related to integrated livestock farming and food manufacturing. This statement covers data which had been compiled internally from 1 April 2021 to 31 March 2022. Where available and relevant, historical data of the preceding year has been included for comparison.

LAY HONG BERHAD

INTEGRATED LIVESTOCK FARMING	FOOD MANUFACTURING	RETAIL OPERATION
• Commercial Layers • Broilers • Breeders	• Chicken related products • Egg related products	• Supermarket • Retail store • Distribution Centers

SUSTAINABILITY GOVERNANCE

Vision, Mission and Core Value

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

VISION

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

MISSION

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

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

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

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

CORE VALUES

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

SUSTAINABILITY GOVERNANCE (CONT'D)

Corporate Governance

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

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

BOARD OF DIRECTORS	Oversees the Group's sustainability initiatives, and endorses the proposed sustainability initiatives and material sustainability matters related to the Group

AUDIT COMMITTEE	**REMUNERATION COMMITTEE**	**NOMINATING COMMITTEE**
Review the Company's processes in producing timely and accurate financial data, and internal controls as well as oversees all risk management activities	Assists the Board in developing and establishing competitive remuneration policies and packages	Oversees matters related to the proposing suitable new candidates for appointment to fill the seats of Board and Senior Management (Succession planning)

OPERATIONAL RISK MANAGEMENT COMMITTEE
Assists the Audit Committee in overseeing all risk management activities within the Group and review the efficiency and effectiveness of the internal controls within the Group

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

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

Ethical Business Practices

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

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

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

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

STAKEHOLDERS ENGAGEMENT

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

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

Shareholders	• Annual & Extraordinary General Meetings • Press releases • Bursa announcements • Quarterly report • Annual report • Timely update on corporate website	• Financial and operational performance • Dividend policy • Return on investments
Government	• Compliances to laws and regulations	• Operation regulations • Bursa listing requirements • Companies Act • Labour law • Taxations • Department of Islamic Development Malaysia (JAKIM) • Occupational Safety and Health Act, 1994
Board of directors	• Board meetings	• Corporate strategy • Corporate governance
Employees	• Technical and skills trainings • Performance appraisal • Dialogues between employers and employees	• Occupational safety & health • Remuneration policy • Career development • Performance review • Fair employment practices
Financial Institutions	• Bursa announcements • Quarterly report • Annual report • Timely update on corporate website	• Financial and operational performance • Funding requirement
Customers	• Regular meetings • Marketing activities • Sponsorship activities	• Customer satisfactions • After-sales services • Quality assurance
Suppliers	• Regular meetings • Quality audit on services and products • Contract negotiation	• Services and products' quality • Legal compliances
Communities	• Community events	• Social contribution • Job opportunities • Donation and financial aid
Analyst/Media	• Annual & Extraordinary General Meetings • Press conferences and media releases	• Financial and operational performance • General announcements

MATERIAL SUSTAINABILITY MATTERS

Economic

Shareholders

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

Consumers & Products

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

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

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

- Sales and Marketing of Nutriplus Chicken Eggs
- Sales and Marketing of Pasteurized Liquid Egg
- Manufacturing of Pasteurized Liquid Egg
- Sales and Marketing of Chicken Eggs, Chicken Cut Parts, Chicken Nuggets, Frankfurters, and Fried Chicken

as well as ISO 22000 : 2015 "Food Safety Management System".

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

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

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Economic (cont'd)

Consumers & Products (cont'd)

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

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

We are also proudly awarded by The BrandLaureate for BESTBRANDS Award for "Most Favourite Brand - Consumer Egg" for the year of 2016-2017. Once again, in 2022, our NutriPlus brand added to its accolade "The BrandLaureate WORLD PROMINENT BUSINESS BESTBRANDS Award 2022" for Consumer Premium Processing Food. In this context, Lay Hong's products are marketed under two brands namely Nutriplus and Wise Choice which are registered for trademark. Asides, the Group has achieved other commendable awards regionally and received accreditation from our business partners throughout the years. Our products quality with international quality accreditation had gained us as one of the market leaders in this industry. Plus, Lay Hong possesses teams of well-equipped employees with industry knowledge who are able to manage and deliver consumers' expectation.

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

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

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

Suppliers

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

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Environment

Operations

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

Our standard operating procedures for environmental management includes:

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

Waste Management

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

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

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

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

Water Saving Initiatives

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

Energy Saving

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

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

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Social

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

Succession Planning

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

Safe Workplace

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

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

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

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

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

Talent Motivation and Skill Development

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

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

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Social (cont'd)

Talent Motivation and Skill Development (cont'd)

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

We draw strength from the diversity and inclusiveness that is prevalent in our workplace. As at 31 March 2022, the total number of employees stood at 2,356 employees (2021: 2715 employees), of which 40% (2021: 39%) is female and the remaining 60% (2021: 61%) is male.

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

Corporate Social Responsibility

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

Aside from this, we also ensure that the welfare and wellbeing of senior staff with the age over 60 are not neglected. It is a commitment by Lay Hong to provide employment opportunities to them ever since we commenced our business operations, and as at 31 March 2022, approximately 1.7% (2021: 1.7%) of the Group's workforce is over the age of 60. We acknowledge that the senior staff could contribute positively to the Company even after their retirement and that the valuable experience, skills and mastery in their industries can still be gainfully utilised. In this respect, the Group is proud that it has been a strong source of employment for these senior staff for past years. This has raised the quality of life of these senior staff as there is greater income stability and consequently, better and improved living standards and conditions.

OUR COMMITMENT

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

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

CORPORATE GOVERNANCE OVERVIEW REPORT

The Board of Directors ("**Board**") presents this Statement to provide shareholders and investors with an overview of the application of the Principles set out in the Malaysian Code on Corporate Governance ("**CG**") ("**MCCG**") by Lay Hong Berhad ("**Lay Hong**" or the "**Company**") and should be read together with the CG Report 2022 of Lay Hong ("**CG Report**") which accompanies this Annual Report and is also available on Lay Hong's website at www.layhong.com.my ("**Lay Hong's Website**").

The CG Report provides the details on how Lay Hong has applied each Practice as set out in the MCCG during the financial year ended 31 March 2022 ("**FYE 2022**").

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

(a) BOARD RESPONSIBILITIES

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

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

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

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

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

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

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

- Audit Committee ("**AC**")
- Nominating Committee ("**NC**")
- Remuneration Committee ("**RC**")

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

(a) BOARD RESPONSIBILITIES (CONT'D)

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

The Board is supported by an External Company Secretary who is qualified to act as Company Secretary under Section 235 of the Companies Act 2016 and is an Associate Member of the Malaysian Institute of Chartered Secretaries & Administrators. The Company Secretary provides the required support to the Board in carrying out its duties and stewardship role, providing the necessary advisory role with regards to the Company's constitution, Board's policies and procedures as well as compliance with all regulatory requirements, codes, guidance and legislation.

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

The external training programmes, seminars and/or conferences attended by the Directors in office at the end of FYE 2022 were as follows:

No	Name	Training Programmes/Seminars/Conferences
1	Dato' Yap Hoong Chai	TCFD 101: Getting started with climate-related financial reporting (hosted by Bursa Malaysia)
2	Dato' Yeap Weng Hong	TCFD 101: Getting started with climate-related financial reporting (hosted by Bursa Malaysia)
3	Dato' Yap Chor How	TCFD 101: Getting started with climate-related financial reporting (hosted by Bursa Malaysia)
4	Ng Kim Tian	• TFD 101: Getting started with climate-related financial reporting (hosted by Bursa Malaysia) • Rabobank's Webinar "Unravelling 2022"
5	Tan Chee Hau	• PG Mall X JD Worldwide Selling to China Virtual Conference – Malaysia External Trade Development Corporation (MATRADE) • National Trade Blueprint – Ministry of International Trade and Industry • Upclose With Budget 2022 – K-Konsult Group • IEN International Conference for Entrepreneurs – IEN International Entrepreneur Network
6	Lim Teck Seng	SC's Audit Oversight Board Conversation with Audit Committees

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

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

(b) BOARD COMPOSITION

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

The current Board is drawn from different ethnic, cultural and socio-economic backgrounds and their ages range from 45 to 72 years to ensure that diverse viewpoints are considered in the decision-making process. The profile of each Director is set out in the director profile of this Annual Report.

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

During the FYE 2022, the Board through its NC conducted an annual review of the Board's size, composition and balance and concluded that the Board's dynamics are healthy and effective. The present members of the Board possess the appropriate skills, experience and qualities to steer the Group forward. The NC is also satisfied that the existing structure, size, composition, current mix of skills, competence, knowledge, experience and qualities of the existing Board members are appropriate to enable the Board to carry out its responsibilities effectively. The Board will continue to monitor and review the Board size and composition and will nominate new members as and when the need arises.

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

At the forthcoming 2022 AGM, Dato' Yeap Weng Hong, Mr. Lim Teck Seng and Mr. Tan Chee Hau are due to retire under Clause 134 of the Constitution of the Company and being eligible have offered themselves for re-election. Following the NC's review on the performance of the three Directors and having noted their significant and valued contributions to the Board, the NC has recommended their re-election to the Board.

The Board (with exception of the retiring Directors who abstained) recommended the retiring directors be re-elected as the Directors of the Company as they have the character, experience, integrity, competence and time to effectively discharge their role as a Director of the Company.

The Board was further satisfied that Mr. Lim and Mr. Tan complied with their criteria of independence based on the Listing Requirements and remain independent in exercising their judgement and carry out their roles as independent non-executive director.

The Board has recommended their re-election to the shareholders at the forthcoming AGM for approval.

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

(c) REMUNERATION

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

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

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

The details of the remuneration of Directors on named basis for the FYE 2022 is as follows:

	Directors' Fees (RM)	Salaries, other emoluments and benefits (RM)	Total (RM)
Executive Directors			
Dato' Yap Hoong Chai	39,000	1,844,644	1,883,644
Dato' Yeap Weng Hong	35,000	828,757	863,757
Dato' Yap Chor How	35,000	1,193,714	1,228,714
Ng Kim Tian	35,000	879,521	914,521
Subtotal	**144,000**	**4,746,636**	**4,890,636**
Non-Executive Directors			
Gan Lian Peng	39,000	–	39,000
Yeap Fock Hoong	35,000	–	35,000
Tan Chee Hau	35,000	–	35,000
Lim Teck Seng	35,000	–	35,000
Tadaaki Ito *(Appointed on 1 April 2021)*	35,000	–	35,000
Subtotal	**179,000**	**–**	**179,000**
Grand Total	**323,000**	**4,746,636**	**5,069,636**

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

(a) AUDIT COMMITTEE

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

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

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

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

(b) RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

During FYE 2022, the Board and AC were assisted by the Executive Directors and its Finance Department to maintain its risk management system, which is reviewed and updated constantly to safeguard shareholders' investments and the Group's assets.

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

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

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

(a) COMMUNICATION WITH STAKEHOLDERS

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

(b) CONDUCT OF GENERAL MEETINGS

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

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

To ensure effective participation and engagement with shareholders at the AGM in 2021, all Directors, including members of AC, NC and RC, attended and participated in the said virtual AGM.

In line with the best CG practice, the Notice of the 38th AGM and Annual Report will be sent out to shareholders at least 28 days before the date of the meeting to allow sufficient time for shareholders to consider the proposed resolutions to be tabled at the AGM.

AUDIT COMMITTEE REPORT

MEMBERS OF AUDIT COMMITTEE

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

Gan Lian Peng
Chairman, Independent Non-Executive Director

Tan Chee Hau
Member, Independent Non-Executive Director

Lim Teck Seng
Member, Independent Non-Executive Director

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

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

SECRETARY

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

TERMS OF REFERENCE

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

The detailed TOR of the AC outlining the composition, duties and functions, authority and procedures of the AC are published and available on the Company's website at www.layhong.com.my.

MEETINGS AND MINUTES

Attendance at Meetings

The record of attendance of the members of the AC for meetings held during the financial year ended 31 March 2022 ("**FYE 2022**") are as follows:

AC Member	Designation	Number of Committee Meetings attended
Gan Lian Peng	Independent Non-Executive Director	5/5
Tan Chee Hau	Independent Non-Executive Director	5/5
Lim Teck Seng	Independent Non-Executive Director	5/5

The quorum of the meeting is two (2).

MEETINGS AND MINUTES (CONT'D)

Meetings

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

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

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

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

Minutes

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

SUMMARY OF ACTIVITIES

In respect of the FYE 2022, the AC in discharging its duties and functions carried out activities which are summarised broadly as follows:

a) Internal Audit

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

The internal audit function was outsourced to Moore Stephens Associates PLT ("**Moore Stephens**") for the Company and its subsidiaries ("**Group**"). However, in view of the coronavirus disease 2019 ("**COVID-19**") pandemic and as part of safety measures against COVID-19, due to the nature of the group livestock business, the internal audit function for the FYE 2022 was carried out by in-house internal auditors.

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

During the financial year the internal audit reports which focus on internal audit and special investigation report – Kota Bahru – Depot (Eggs) was presented to the AC.

SUMMARY OF ACTIVITIES (CONT'D)

b) Financial Reporting

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

i. Reviewed the financial positions, quarterly interim financial reports, and announcements for the respective financial quarters prior to submission to the Board for consideration and approval.

ii. Ensured the quarterly reports and Audited Financial Statements ("**AFS**") were prepared in compliance with the Malaysian Financial Reporting Standards ("**MFRS**") and International Financial Reporting Standards ("**FRS**") in Malaysia, and the Requirements of the Companies Act 2016 Malaysia while the quarterly reports took into consideration Paragraph 9.22 including Appendix 9B of the MMLR;

iii. Reviewed the External Auditors' Audit Plan ("**Audit Plan**") for the FYE 2022 which covered the engagement and reporting requirements, audit approach, areas of audit emphasis, significant events during the financial year, communication with the management, engagement team, the reporting and deliverables as well as the proposed audit fees;

iv. Reviewed the External Auditors' audit findings and recommendations and the AFS for the FYE 2022;

v. Considered the performance of External Auditors, reviewed the independence of External Auditors and recommended to the Board for re-appointment;

vi. To ensure the integrity of the financial information, received assurance from the Executive Directors and Executive Director in charge of Finance, that: -

- Appropriate accounting policies had been adopted and applied consistently;
- The going concern basis applied in the AFS was appropriate;
- Prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the MFRSs and FRSs;
- Adequate controls and processes were in place for effective and efficient financial reporting and relevant disclosures under MFRSs and FRSs and Listing Requirements; and
- The consolidated AFS and the Quarterly Condensed Consolidated Financial Statements did not contain material misstatements and gave a true and fair view of the financial position.

vii. Reviewed the AC Report, CG Overview Statement, CG Report and Statement on Risk Management and Internal Control for publication in the 2022 Annual Report; and

viii. Reviewed the Statement on Risk Management and Internal Control together with the External Auditors and received assurance from the Executive Directors and Executive Director in charge of Finance that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects before recommending the Statement to the Board.

SUMMARY OF ACTIVITIES (CONT'D)

c) External Audit

Messrs. Tai, Yapp & Co Plt ("TYC") is the External Auditors for the Group except for Takaso SC (Thailand) Limited. TYC led by their engagement partner presented their External Audit Plan for FYE 2022 and had declared and confirmed that they were independent and would be independent through their audit engagement.

For the FYE 2022, the AC met with the External Auditors in the absence of Management in order to had the opportunity to assess the co-operation extended by the Management to the External Auditors, their attitude and readiness to provide documentation and explanations, as well as the adequacy of resources in the Group's Finance Department.

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

The non-audit fees payable to the External Auditors was RM11,800 for the FYE 2022. The non-audit fees were in respect of services rendered in respect of review of the Statement on Risk Management and Internal Control and review of Group reporting was not accrued.

The AC carried out an assessment of the performance and suitability of TYC based on the quality of services and relationship with Management, AC, external auditors and Board. The AC has been generally satisfied with the independence, performance, and suitability of TYC based on the assessment and are recommending to the Board and shareholders for approval for the re-appointment of TYC as External Auditors for the financial year ending 31 March 2023.

CG PRACTICES

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

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

BOARD'S RESPONSIBILITY

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

RISK MANAGEMENT FRAMEWORK

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

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

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

INTERNAL CONTROL

Internal audit plays a critical role in the objective assessment of the Group's business processes by providing the Audit Committee with reasonable independent assurance on the effectiveness and integrity of the Group's system of risk management and internal control. The key elements of the Group's internal control system are described below:-

- **Organisation Structure**

  The Group has in place an organisation structure with key responsibilities clearly defined for the Board, Committees of the Board and executive management of the Group's operating units.

- **Standard Operation Policies**

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

- **Board Approval**

  All major decisions require the final approval of the Board and are only made after appropriate in-depth analysis. The Board receives regular and comprehensive information in relation to all businesses within the Group.

INTERNAL CONTROL (CONT'D)

- **Monthly Executive Committee Meeting**

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

- **Detailed Budgeting Process**

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

REVIEW BY THE EXTERNAL AUDITORS

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

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

CONCLUSION

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

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

ADDITIONAL COMPLIANCE INFORMATION

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

Audit/ Non-Audit Fee

The amount of audit and non-audit fees incurred by the Company and Group for the financial year ended 31 March 2022 was as follows:-

	Group RM	Company RM
Statutory Audit fees	278,000	80,000
Non-audit fees	11,800	11,800

Material Contracts

To the best of the Board's knowledge, there were no material contracts entered into by the Company and/or its subsidiaries with any of the major Shareholders nor Directors in office as at 31 March 2022 except as disclose in the notes to the financial statements.

Utilisation of proceed

The Company had received a proceed of RM8.0 million from the disposal of a piece of freehold land held under Geran 35311 Lot 559, Mukim Ijok, Daerah Kuala Selangor, Negeri Selangor.

The status of utilisation is as below:

Details of Utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000
To purchase raw materials stock	8,000	8,000	–
Total	**8,000**	**8,000**	**–**

STATEMENT OF DIRECTORS' RESPONSIBILITY
in Relation to the Financial Statements

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

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

During the preparation of the financial statements for the financial year ended 31 March 2022, the directors have ensured that:

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

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

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Group and of the Company for the year ended 31 March 2022.

PRINCIPAL ACTIVITIES

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

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

RESULTS

	Group RM	Company RM
Profit/(Loss) for the year	(2,659,618)	1,842,798
Attributable to :-		
Owners of the company	(4,030,216)	–
Non-controlling interests	1,370,598	–
	(2,659,618)	–

DIVIDEND

The Board of Directors recommend a final single tier dividend of 0.3 sen per share amounting to RM2.22 million, based on the number of outstanding shares in issue at the end of the year ended 31 March 2022. The proposed final single tier dividend is subject to shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current year do not reflect this proposed final dividend. Such dividend will be accounted for in the equity as an appropriation of retained profits in the financial year ending 31 March 2023.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company's issued and fully paid share capital was increased from RM145,621,316 to RM173,633,316 by way of :

(i) Issuance of 30,000 new ordinary shares of RM0.40 per share for a cash consideration of RM12,000 via the exercise of warrants 2016/2021;

(ii) Issuance of 80,000,000 ordinary shares of RM0.35 per share for a cash consideration of RM28,000,000 pursuant to acquisition of the remaining 50% equity interest in Sri Tawau Farming Sdn Bhd.

The new ordinary shares issued ranked pari passu with the existing ordinary shares in issue.

There were no debentures issued during the financial year.

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

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

DIRECTORS

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

Dato' Yap Hoong Chai	
Dato' Yeap Weng Hong	
Yeap Fock Hoong	
Ng Kim Tian	
Dato' Yap Chor How	
Gan Lian Peng	
Tan Chee Hau	
Lim Teck Seng	
Tadaaki Ito	(Appointed on 1 April 2021)
Yasuhito Igarashi	(Re-appointed on 1 April 2021 as Alternate Director for Tadaaki Ito)

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

Yip Kim Hoong

DIRECTORS' INTEREST

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

Holding Company Lay Hong Berhad	Number of Ordinary Shares Balance as at 1.4.21	Acquired	(Disposed)	Balance as at 31.3.22
Dato' Yap Hoong Chai				
- direct	9,384,700	–	–	9,384,700
- indirect *	216,979,660	80,336,000	(8,120,000)	289,195,660
Dato' Yeap Weng Hong	4,072,000	–	–	4,072,000
Yeap Fock Hoong	120,000	150,000	–	270,000
Dato' Yap Chor How	6,283,700	–	–	6,283,700

* Deemed interested by virtue of the shares held by his direct family members, Innofarm Sdn Bhd and Mackan Holding Sdn. Bhd.

Holding company Lay Hong Berhad	Balance as at 1.4.21	Number of Warrants Acquired	Exercised	(Lapsed)	Balance as at 31.3.22
Dato' Yap Hoong Chai					
- indirect	1,403,185	–	–	(1,403,185)	–
Dato' Yeap Weng Hong	20,000	–	–	(20,000)	–
Yeap Fock Hoong	60,000	–	–	(60,000)	–

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

	Number of Ordinary Shares Balance as at 1.4.21	Acquired	Disposed	Balance as at 31.3.22
Related Companies				
Sri Tawau Farming Sdn Bhd				
Indirect interest				
Dato' Yap Hoong Chai	500,001	–	(500,001)	–
Dato' Yeap Weng Hong	500,001	–	(500,001)	–
Yeap Fock Hoong	500,001	–	(500,001)	–

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

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

DIRECTORS' BENEFITS

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

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

OTHER STATUTORY INFORMATION

a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps :-

   i) to ascertain that proper action has been taken in relation to the writing off of bad debts and the making of allowance for impairment of receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts;

   ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.

b) At the date of this report, the Directors are not aware of any circumstances which would render :-

   i) the amount written off for bad debts or the amount of the allowance for impairment of receivables in the Group and the Company inadequate to any substantial extent;

   ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

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

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

e) As at the date of this report there does not exist :-

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

   ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

f) In the opinion of the Directors :-

   i) no contingent liability or other liabilities has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

   ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENT DURING THE REPORTING DATE

Significant event during the reporting date is disclosed in Note 34 to the financial statements.

AUDITORS

The total amount of fee paid to or receivable by the Auditors, as remuneration for their services as auditors of the Group and Company for the financial year ended 31 March 2022 amounted to RM278,000 and RM80,000 respectively.

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

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

DATO' YAP HOONG CHAI

DATO' YEAP WENG HONG

Klang, Selangor
Dated: 27 June 2022

INDEPENDENT AUDITORS' REPORT

to the members of Lay Hong Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Lay Hong Berhad, which comprise the statements of financial position as at 31 March 2022, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 53 to 136.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2022, and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the *International Ethics Standards Board for Accountants' 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.

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

Key Audit Matters (cont'd)

Key audit matter	***How the matter was addressed in our audit***
Fair Value of Biological Assets	Our audit procedures over this area included:
The value of biological assets of the Group was approximately RM75,683,676. The fair value of biological assets was subject to the livestocks' life to maturity, mortality rate, production quantity, selling prices, variable costs and profit margins. In addition, there was a high volume of livestocks held at year end. In determining the fair value of the biological assets, the Group uses the discounted cash flow model. We have identified the valuation of biological assets as a key audit matter due to the significant judgement and estimates that were used in determining the fair value of the layers and breeders, in particular the estimated selling price and expected quantity of the table eggs and day-old-chick to be produced, the cost of feeds for the remaining life and residual values of the layers and breeders.	We gained an understanding of the process in determining the fair value of biological assets including the test of internal controls in respect of the recording of purchase of layers and breeders, feeds and other consumables; We assessed the appropriateness of the key assumptions such as feed costs, projected selling prices and mortality rates used by the management in the valuation model by comparing to the historical data and other collaborative evidence available; We also compared actual expenses and selling prices against assumptions to assess the accuracy of management's estimates; We tested the capitalised cost as part of the valuation method which includes starter cost (Day-old-chick), cost of feed consumed and cost of other consumables; We tested the amortisation of layers and breeders in accordance with the Group's policy; We assessed the reasonableness of discount rate used to reflect the time value of money; We evaluated the adequacy and appropriateness of the disclosures including the disclosure of key assumption in the valuation methodology and estimation made by the management. Based on the above procedures performed, we noted no significant exceptions.

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

Key Audit Matters (cont'd)

Key audit matter	*How the matter was addressed in our audit*
Impairment on Receivables	Our audit procedures over this area included:
This assessment on the recoverability of receivables is significant to our audit as it involves significant management judgement and estimation uncertainty in analysing historical payment pattern and customers' creditworthiness and is also affected by expected future market and economic condition.	We reviewed the Group policy in relation to the impairment on receivables calculation; We reviewed the ageing analysis of receivables and tested the reliability thereof; We also assessed the recoverability of receivables that were past due but not impaired with reference to the past historical repayment trends, customers credit profiles, past year end cash receipts and discussion with management to enquire the status of attempts by management to collect the amounts outstanding; We assessed the reasonableness and adequacy of the allowance for impairment recognised. Based on the above procedures performed, we noted no significant exception.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

OTHER MATTERS

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

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

DOO GHIN SZE
02468/10/2022 J
Chartered Accountant

Date: 27 June 2022
Kuala Lumpur

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2022

	Note	2022 RM	2021 RM
ASSETS			
Non current assets			
Property, plant and equipment	5	601,870,032	606,123,638
Investment properties	6	6,270,000	6,270,000
Other investments	9	825,515	1,282,392
Intangible assets	10	6,872,679	7,944,083
		615,838,226	621,620,113
Current assets			
Biological assets	11	75,683,676	70,487,393
Inventories	12	111,323,995	105,884,209
Trade receivables	13	86,877,702	90,377,465
Other receivables	14	39,538,622	17,578,133
Current tax assets		2,452,242	486,445
Deposits with a licensed bank	15	555,260	545,714
Cash and bank balances	16	15,384,170	9,698,693
		331,815,667	295,058,052
Non-current assets held for sale	17	–	27,600,000
		331,815,667	322,658,052
TOTAL ASSETS		947,653,893	944,278,165

Consolidated Statement of Financial Position (cont'd)

	Note	2022 RM	2021 RM
EQUITY AND LIABILITIES			
Equity			
Share capital	18	173,633,316	145,621,316
Reserves	19	264,037,047	259,716,481
		437,670,363	405,337,797
Non-controlling interest		11,619,110	51,164,029
Total equity		449,289,473	456,501,826
Non current liabilities			
Borrowings	20	71,619,302	88,396,652
Other payables	21	–	1,110,818
Deferred tax liabilities	22	70,502,210	62,578,982
		142,121,512	152,086,452
Current liabilities			
Trade payables	23	92,606,530	78,009,613
Other payables	21	57,165,472	53,602,408
Amount due to an associate	8	4,717,229	2,415,561
Borrowings	20	201,753,677	201,662,305
		356,242,908	335,689,887
Total liabilities		498,364,420	487,776,339
TOTAL EQUITY AND LIABILITIES		947,653,893	944,278,165

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

STATEMENT OF FINANCIAL POSITION
as at 31 March 2022

	Note	2022 RM	2021 RM
ASSETS			
Non current assets			
Property, plant and equipment	5	204,231,308	208,533,282
Investment in subsidiaries	7	90,748,615	62,748,615
Investment in an associate	8	14,700,000	14,700,000
Other investments	9	747,655	1,204,532
Amount due from subsidiaries	7	61,776,785	61,224,746
		372,204,363	348,411,175
Current assets			
Biological assets	11	56,297,446	48,186,360
Inventories	12	15,764,949	15,842,304
Trade receivables	13	26,501,604	23,572,257
Other receivables	14	27,437,798	8,517,990
Amount due from subsidiaries	7	131,973,416	84,191,626
Amount due from an associate	8	15,806	593
Current tax assets		675,272	–
Cash and bank balances	16	7,599,543	3,910,757
		266,265,834	184,221,887
Non-current assets held for sale	17	–	27,600,000
		266,265,834	211,821,887
TOTAL ASSETS		638,470,197	560,233,062

Statement of Financial Position (cont'd)

	Note	2022 RM	2021 RM
EQUITY AND LIABILITIES			
Equity			
Share capital	18	173,633,316	145,621,316
Reserves	19	140,416,802	144,183,380
Total equity		314,050,118	289,804,696
Non current liabilities			
Borrowings	20	29,796,434	43,047,156
Deferred tax liabilities	22	34,376,233	26,960,732
		64,172,667	70,007,888
Current liabilities			
Trade payables	23	43,125,977	35,980,478
Other payables	21	26,374,555	23,444,492
Amount due to subsidiaries	7	70,217,502	20,735,219
Borrowings	20	120,529,378	119,866,467
Current tax liabilities		–	393,822
		260,247,412	200,420,478
Total liabilities		324,420,079	270,428,366
TOTAL EQUITY AND LIABILITIES		638,470,197	560,233,062

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2022

	Note	2022 RM	2021 RM
Revenue	24	960,311,477	923,658,338
Cost of sales		(827,907,324)	(772,950,763)
Gross profit		132,404,153	150,707,575
Other income		15,322,549	8,246,088
Selling and distribution expenses		(91,578,917)	(96,760,366)
Administrative expenses		(37,205,408)	(35,227,672)
Profit from operations		18,942,377	26,965,625
Finance costs		(11,274,162)	(12,165,096)
Share of loss from an associate		–	(5,102,249)
Profit before taxation		7,668,215	9,698,280
Taxation	26	(10,327,833)	(4,456,424)
(Loss)/Profit for the year		(2,659,618)	5,241,856
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		1,040,813	389,549
		1,040,813	389,549
Items that will not be reclassified subsequently to profit or loss :			
Revaluation surplus on land and buildings		–	107,276,317
Tax effects relating to - Revaluation of land and buildings		–	(23,140,844)
		–	84,135,473
Other comprehensive income, net of tax		1,040,813	84,525,022
Total comprehensive (expense)/income		(1,618,805)	89,766,878

Consolidated Statement of Profit or Loss and Other Comprehensive Income (cont'd)

	Note	2022 RM	2021 RM
(Loss)/Profit for the year attributable to :			
Owners of the Company		(4,030,216)	3,182,455
Non-controlling interests		1,370,598	2,059,401
		(2,659,618)	5,241,856
Total comprehensive (expense)/income attributable to :			
Owners of the Company		(2,989,403)	76,082,488
Non-controlling interests		1,370,598	13,684,390
		(1,618,805)	89,766,878
Earning per share:			
- Basic	27	(0.59)	0.48
- Diluted	27	*	*

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2022

	Note	2022 RM	2021 RM
Revenue	24	433,855,899	397,580,287
Cost of sales		(386,499,941)	(348,363,214)
Gross profit		47,355,958	49,217,073
Other income		7,752,960	3,571,791
Selling and distribution expenses		(25,730,132)	(28,425,097)
Administrative expenses		(14,295,591)	(12,459,928)
Profit from operations		15,083,195	11,903,839
Finance costs		(5,717,606)	(6,395,006)
Profit before taxation		9,365,589	5,508,833
Taxation	26	(7,522,791)	(1,908,444)
Profit for the year		1,842,798	3,600,389
Other comprehensive income		–	–
Items that will not be reclassified subsequently to profit or loss :			
Revaluation surplus on land and buildings		–	39,000,990
Tax effects relating to - Revaluation of land and buildings		–	(6,714,574)
		–	32,286,416
Total comprehensive income		1,842,798	35,886,805

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2022

		<---- Attributable to owners of the Company					---->		
			<---- Non-distributable		---->	Distributable			
	Note	Share Capital RM	Share Options RM	Revaluation Reserves RM	Foreign Currency Translation Reserve RM	Retained Profits RM	Total RM	Non-Controlling Interest RM	Total Equity RM
Balance at 1 April 2020		145,621,316	4,111,345	62,892,674	(103,875)	121,686,018	334,207,478	37,479,639	371,687,117
Transfer to distributable reserve on realisation of revaluation reserve		–	–	(910,116)	–	1,038,633	128,517	(128,517)	–
Transfer to distributable reserve on lapse of SIS share option		–	(4,111,345)	–	–	4,111,345	–	–	–
Other transfers		–	–	6,593,977	–	(7,300,801)	(706,824)	706,824	–
Other comprehensive income		–	–	73,088,791	389,549	–	73,478,340	11,046,682	84,525,022
Profit for the year		–	–	–	–	3,182,455	3,182,455	2,059,401	5,241,856
Total comprehensive loss		–	(4,111,345)	78,772,652	389,549	1,031,632	76,082,488	13,684,390	89,766,878
Transactions with owners of the Company									
Dividend	28	–	–	–	–	(4,952,169)	(4,952,169)	–	(4,952,169)
Total transactions with owners of the Company		–	–	–	–	(4,952,169)	(4,952,169)	–	(4,952,169)
Balance at 31 March 2021		145,621,316	–	141,665,326	285,674	117,765,481	405,337,797	51,164,029	456,501,826

Consolidated Statement of Changes in Equity (cont'd)

	Note	Share Capital RM	Share Options RM	Revaluation Reserves RM	Foreign Currency Translation Reserve RM	Retained Profits RM	Total RM	Non-Controlling Interest RM	Total Equity RM
		<---- Attributable to owners of the Company							
			<---- Non-distributable ---->						
Balance at 1 April 2021		145,621,316	–	141,665,326	285,674	117,765,481	405,337,797	51,164,029	456,501,826
Arising from conversion of warrants	18	12,000	–	–	–	–	12,000	–	12,000
Acquisition of additional interest in subsidiaries	18	28,000,000	–	13,261,506	–	(620,462)	40,641,044	(40,641,044)	–
Transfer to distributable reserve on realisation of revaluation reserve		–	–	(1,916,042)	–	2,194,343	278,301	(274,473)	3,828
Loss for the year		–	–	–	–	(4,030,216)	(4,030,216)	1,370,598	(2,659,618)
Other comprehensive income		–	–	–	1,040,813	–	1,040,813	–	1,040,813
Total comprehensive income		–	–	(1,916,042)	1,040,813	(1,835,873)	(2,711,102)	1,096,125	(1,614,977)
Realisation of disposal of asset held for sale		–	–	(22,251,000)	–	22,251,000	–	–	–
Impairment loss on revalued land and building		–	–	(3,000,000)	–	–	(3,000,000)	–	(3,000,000)
Tax effect relating to disposal of asset held for sale		–	–	–	–	(2,609,376)	(2,609,376)	–	(2,609,376)
Balance at 31 March 2022		173,633,316	–	127,759,790	1,326,487	134,950,770	437,670,363	11,619,110	449,289,473

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

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2022

	Note	Share Capital RM	<------- Non–distributable ------- Share Option Reserve RM	Revaluation Reserve RM ------->	Distributable Retained Profits RM	Total Equity RM
Balance at 1 April 2020		145,621,316	4,111,345	40,148,075	68,989,324	258,870,060
Transfer to distributable reserve on realisation of revaluation reserve		–	–	(371,914)	371,914	–
Transfer to distributable reserve on lapse of SIS share option		–	(4,111,345)	–	4,111,345	–
Other transfers		–	–	(513,915)	513,915	–
Other comprehensive income		–	–	32,286,416	–	32,286,416
Profit for the year		–	–	–	3,600,389	3,600,389
Total comprehensive income		–	(4,111,345)	31,400,587	8,597,563	35,886,805
Transactions with owners of the Company						
Dividend	28	–	–	–	(4,952,169)	(4,952,169)
Total transactions with owners of the Company		–	–	–	(4,952,169)	(4,952,169)
Balance at 31 March 2021		145,621,316	–	71,548,662	72,634,718	289,804,696

Statement of Changes in Equity (cont'd)

	Note	Share Capital RM	<------- Non–distributable -------> Share Option Reserve RM	Revaluation Reserve RM	Distributable Retained Profits RM	Total Equity RM
Balance at 31 March 2021		145,621,316	–	71,548,662	72,634,718	289,804,696
Arising from conversion of warrants	18	12,000	–	–	–	12,000
Acquisition of additional interest in subsidiaries	18	28,000,000	–	–	–	28,000,000
Transfer to distributable reserve on realisation of revaluation reserve		–	–	(907,267)	907,267	–
Profit for the year		–	–	–	1,842,798	1,842,798
Total comprehensive income		–	–	(907,267)	2,750,065	1,842,798
Realisation of disposal of asset held for sale		–	–	(22,251,000)	22,251,000	–
Impairment loss on revalued land and building		–	–	(3,000,000)	–	–
Tax effect relating to disposal of asset held for sale		–	–	–	(2,609,376)	(2,609,376)
Balance at 31 March 2022		173,633,316	–	45,390,395	95,026,407	317,050,118

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2022

	Note	2022 RM	2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		7,668,215	9,698,280
Adjustments for :-			
Amortisation of intangible assets		1,074,664	369,096
Depreciation of property, plant and equipment		45,108,502	38,049,287
Dividend income		(129,455)	(17,575)
(Gain)/Loss on disposal of property, plant and equipment		13,154	(582,472)
Loss on disposal of quoted investment		3,142	24,318
Property, plant and equipment written off		320,048	1,062,432
Impairment loss of inventories		–	78,074
Impairment of inventories written back		(179,003)	(9,923)
Interest expense		11,274,162	12,165,096
Interest income		(72,749)	(81,664)
Net unrealised loss on foreign exchange		1,759,992	182,227
Net impairment losses on trade receivables		(231,494)	(4,543,501)
Bad debts written off		21,342	5,899,875
Impairment losses on revaluation on land and building		–	1,690,998
Changes in fair value on quoted investment		727,362	398,263
Changes in fair value on biological assets		(9,468,884)	12,456,563
Changes in fair value on investment property		–	(330,419)
Share of losses from an associate		–	5,102,249
Operating profit before working capital changes		57,888,998	81,611,204
Inventories and Biological assets		(4,345,276)	(15,889,619)
Receivables		(17,895,605)	2,101,727
Payables		22,026,158	(4,667,355)
Associate		2,301,668	(589,537)
Cash generated from operations		59,975,943	62,566,420
Interest paid		(201,670)	(278,414)
Tax paid		(5,365,594)	(2,315,019)
Tax refunded		1,000,000	–
Net cash generated from operating expenses		55,408,679	59,972,987
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(a)	(26,202,439)	(20,219,683)
Addition to intangible assets		(3,800)	(3,582,312)
Proceeds from disposal of property, plant and equipment		227,655	1,065,706
Purchase of quoted investment		(393,985)	(1,654,143)
Proceeds from disposal of quoted investment		120,358	145,682
Interest received		70,364	81,664
Dividend received		129,455	17,575
Net proceeds from disposal of asset held for sales		21,990,623	–
Net cash used in investing activities		(4,061,769)	(24,145,511)

Consolidated Statement of Cash Flows (cont'd)

	Note	2022 RM	2021 RM
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of shares		28,012,000	–
Acquisition of shares from non-controlling interest		(28,000,000)	–
Interest paid		(11,601,630)	(11,886,682)
Net drawdown of bankers' acceptance		8,700,412	1,039,588
Net drawdown/(repayment) of revolving credit facilities		(5,000,000)	5,500,000
Repayment of term loans		(15,730,955)	(18,467,148)
Repayment of lease liabilities		(16,133,540)	(13,381,297)
Dividends paid to owners of the parent		–	(4,952,169)
Increase in deposits pledged to licensed banks		(9,546)	(16,415)
Repayment from associate		(15,213)	–
Repayment to corporate shareholder		(980,000)	–
Net cash used in financing activities		(40,758,472)	(42,164,123)
NET DECREASE IN CASH AND CASH EQUIVALENTS		10,588,438	(6,336,647)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		8,095	(662,636)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		3,289,189	10,288,472
CASH AND CASH EQUIVALENTS CARRIED FORWARD	(b)	13,885,722	3,289,189

Note :

(a) Purchase of property, plant and equipment

During the year, the Group acquired property, plant and equipment at an aggregate cost of RM42,603,234 (2021 : RM34,852,879) of which RM16,400,795 (2021 : RM14,633,196) was acquired by means of lease arrangements. Cash payment of RM26,202,439 (2021 : RM20,219,683) was made to purchase property, plant and equipment.

	2022 RM	2021 RM
(b) Cash and cash equivalents		
Cash and bank balances	15,384,170	9,698,693
Deposits with a licensed bank	555,260	545,714
Bank overdrafts (Note 20)	(1,498,448)	(6,409,504)
	14,440,982	3,834,903
Deposits pledged to a licensed bank	(555,260)	(545,714)
	13,885,722	3,289,189

STATEMENT OF CASH FLOWS

for the year ended 31 March 2022

	Note	2022 RM	2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		9,365,589	5,508,833
Adjustments for :-			
Depreciation of property, plant and equipment		14,089,434	13,118,032
Dividend income		(129,339)	(17,517)
Net loss/(gain) on disposal of property, plant and equipment		31,960	(107,898)
Property, plant and equipment written off		123,561	385,595
Loss on disposal of quoted investment		3,142	24,318
Interest expense		5,717,606	6,395,006
Interest income		(519,394)	(731,757)
Net unrealised foreign exchange gain		(32,624)	–
Net impairment losses on trade receivables		279,392	(1,966,404)
Bad debts written off		–	2,204,800
Changes in fair value on biological assets		(9,656,628)	9,108,652
Changes in fair value on quoted investment		727,362	399,283
Operating profit before working capital changes		20,000,061	34,320,943
Inventories and biological assets		1,622,897	(7,769,124)
Receivables		(22,133,404)	3,231,391
Payables		10,097,514	(6,039,520)
Subsidiaries		(37,415,474)	2,745,294
Cash (absorbed in)/generated from operations		(27,828,406)	26,488,984
Interest paid		(91,261)	(93,076)
Tax paid		(1,176,384)	–
Tax refund		–	432,177
Net cash (used in)/provided by operating activities		(29,096,051)	26,828,085
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(a)	(6,475,553)	(4,166,402)
Proceeds from disposal of property, plant and equipment		38,863	113,900
Purchase of quoted investment		(393,985)	(1,654,143)
Acquisition of additional shares in subsidiary companies		(28,000,000)	–
Proceeds from disposal of asset held for sale		21,990,623	–
Proceeds from disposal of quoted investment		120,358	145,682
Interest received		21,634	7,283
Dividend received		129,339	17,517
Net cash used in investing activities		(12,568,721)	(5,536,163)

Statement of Cash Flows (cont'd)

	Note	2022 RM	2021 RM
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(5,626,345)	(6,301,930)
Issues of shares		28,012,000	–
Net drawdown of bankers' acceptance		7,651,000	3,893,000
Net (repayment)/drawdown of revolving credit facilities		(5,000,000)	5,500,000
Repayment of term loans		(11,757,346)	(12,703,417)
Repayment of lease liabilities		(5,089,941)	(4,526,961)
Repayment from/(to) subsidiaries companies		39,061,688	(7,663,166)
Repayment (to)/from associate		(15,213)	21,473
Dividends paid to owners of the parent		–	(4,952,169)
Net cash provided by/(used in) financing activities		47,235,843	(26,733,170)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		5,571,071	(5,441,248)
EFFECT OF EXCHANGE RATE CHANGES		15,530	–
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		1,680,467	7,121,715
CASH AND CASH EQUIVALENTS CARRIED FORWARD	(b)	7,267,068	1,680,467

Note :

(a) Property, Plant and Equipment

During the year, the Company acquired property, plant and equipment with an aggregate cost of RM9,981,844 (2021 : RM14,191,708) of which RM3,506,291 (2021 : RM10,025,360) was acquired by means of lease arrangements. Cash payment of RM6,475,553 (2021 : RM4,166,402) was made to acquire the property, plant and equipment.

(b) Cash and cash equivalents

	2022 RM	2021 RM
Cash and bank balances	7,599,543	3,910,757
Bank overdrafts (Note 20)	(332,475)	(2,230,290)
	7,267,068	1,680,467

NOTES TO THE FINANCIAL STATEMENTS
– 31 March 2022

1. GENERAL INFORMATION

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

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

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

The financial statements were authorised for issue by the Board of Directors on 27 June 2022.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Statement of Compliance

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

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

Description	**Effective for annual periods beginning on or after**
Amendment to MFRS 16, Leases - Covid-19 - Related Rent Concessions	1st June 2020
Amendment to MFRS 16 Leases - Covid-19 - Related Rent Concessions beyond 30th June 2021	1st April 2021
Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments : Recognition and Measurement, MFRS 7, Financial Instruments : Disclosures, MFRS 4, Insurance Contracts and MFRS 16, Leases - Interest Rate Benchmark Reform - Phase 2	1st January 2021

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

2. BASIS OF PREPARATION (CONT'D)

2.1 Statement of Compliance (cont'd)

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

Description	Effective for annual periods beginning on or after
Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)	1st January 2022
Amendments to MFRS 3, Business Combinations - Reference to the Conceptual Framework	1st January 2022
Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)	1st January 2022
Amendments to Illustrative Examples accompanying MFRS 16, Leases (Annual Improvements to MFRS Standards 2018-2020)	1st January 2022
Amendments to MFRS 116, Property, Plant and Equipment - Proceeds before Intended Use	1st January 2022
Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract	1st January 2022
Amendments to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018-2020)	1st January 2022
MFRS 17, Insurance Contracts	1st January 2023
Amendments to MFRS 17 - Insurance Contracts	1st January 2023
Amendments to MFRS 101, Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies	1st January 2023
Amendment to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	1st January 2023
Amendment to MFRS 112, Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1st January 2023
Amendment to MFRS 17, Insurance Contracts : Initial application of MFRS 17 and MFRS 9 – Comparative Information	1st January 2023
Amendments to MFRS 10 and MFRS 128 : Sale or Contribution of Assets between an investor and its Associate or Joint Venture	Deferred

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

2. BASIS OF PREPARATION (CONT'D)

2.2 Basis of Measurement

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

2.3 Functional and Presentation Currency

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

2.4 Use of Estimates and Judgments

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

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

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

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

(a) Useful lives of Property, Plant and Equipment

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

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

(b) Loss Allowances of Financial assets

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

2. BASIS OF PREPARATION (CONT'D)

2.4 Use of Estimates and Judgments (cont'd)

(c) Measurement of Income Taxes

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

(d) Fair Value of Biological Assets

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

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

(e) Allowance for Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(f) Impairment of Goodwill

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

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

(g) Estimation Uncertainty in Relation to Leases

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

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

2. BASIS OF PREPARATION (CONT'D)

2.4 Use of Estimates and Judgments (cont'd)

Significant management judgement

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

Research and development costs

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Equity Instruments

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

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

3.2 Basis of Consolidation

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Basis of Consolidation (cont'd)

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

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

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

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

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

Transactions with non-controlling interest

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

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

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

Loss of control

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Subsidiary Companies

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

Control exists when the Group is exposed or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive.

The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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

3.4 Associates

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Intangible Assets

(a) Goodwill

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

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

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

(b) Research and development cost

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

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

3.6 Property, Plant and Equipment

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Property, Plant and Equipment (Cont'd)

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

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

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

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

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

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Investment Property

(a) Investment property carried at fair value

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

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

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

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

(b) Reclassification to/from investment property

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

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

3.8 Income Taxes

(a) Current tax

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Income Taxes (cont'd)

(b) Deferred tax

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

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

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

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

3.9 Provision

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

3.10 Cash and Cash Equivalents

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Biological assets

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

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

Breeders

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

Commercial Layers

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

3.12 Inventories

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

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

3.13 Non-current assets held for sale

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Leases

(a) Definition of Lease

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

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the Group and the Company have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the Group and the Company have the right to direct the use of the asset. The Group and the Company have this right when they have the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group and the Company have the right to direct the use of the asset if either the Group and the Company have the right to operate the asset; or the Group and the Company designed the asset in a way that predetermines how and for what purpose it will be used.

(b) Recognition and initial measurement

(i) As a lessee

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

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

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

(ii) As a lessor

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Leases (cont'd)

(c) Subsequent measurement

(i) As a lessee

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

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

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

(ii) As a lessor

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

3.15 Impairment

(a) Financial assets

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Impairment (cont'd)

(a) Financial assets (cont'd)

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

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

(b) Non-financial assets

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Employee Benefit Costs

(a) Short term benefits

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

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

(b) Defined contribution plan

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

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

(c) Share-based payment transactions

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

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

3.17 Foreign Currency Transactions

(a) Functional and presentation currency

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

(b) Foreign currency translations

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Foreign Currency Transactions (cont'd)

(b) Foreign currency translations (cont'd)

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

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

3.18 Revenue Recognition

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

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

(a) Sales of goods

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

(b) Interest income

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

(c) Rental income

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

(d) Management fee

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

(e) Serviced rendered

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

(f) Dividend income

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Financial Instruments

(a) Initial Recognition and Measurement

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

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

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

(b) Derecognition of Financial Instruments

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Financial Instruments (cont'd)

(d) Financial Assets

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

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

(i) Financial Assets at Amortised Cost (AC) – A financial asset is measured at amortised cost if : (a) it is held within the Group's and the Company's business objective to hold the asset only to collect contractual cash flows, and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest in principal outstanding.

(ii) Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) – A financial asset is measured at FVOCI if : (a) it is held within the Group's and the Company's business objective to hold the asset both to collect contractual cash flows and selling the financial assets, and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest in principal outstanding.

(iii) Financial Assets at Fair Value through Profit or Loss (FVPL) – A financial asset is measured at FVPL if it is an equity investment, held for trading (including derivative assets) or if it does not meet any of the condition specified for the AC or FVOCI model.

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

(e) Financial Liabilities

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

(i) Financial liabilities at fair value through profit or loss (including derivatives that are liabilities) are measured at fair value.

(ii) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

(iii) Financial guarantee 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 issued, and commitments to provide loans at a below-market interest rate given by the Group or the Company, if any, are measured at the higher of : (a) the amount of impairment loss determined and (b) the amount initially recognised less, when appropriate, the cumulative of income recognised in accordance with the principles in MFRS 15 Revenue from Contracts with Customers.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Financial Instruments (cont'd)

(f) Fair Value Measurement

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique as described in Note 3.23.

(g) Recognition of Gains and Losses

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

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

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

3.20 Government Grant

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

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

3.21 Borrowing Costs

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.22 Contingencies

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

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

3.23 Fair Value Measurements

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

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

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

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

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

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

3.24 Segment Information

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.25 Related Parties

A party is related to an entity (referred to as the "reporting entity") if :-

(a) A person or a close member of that person's family is related to a reporting entity if that person :-

(i) has control or joint control over the reporting entity;

(ii) has significant influence over the reporting entity; or

(iii) is a member of the key management personnel of the reporting entity of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies :-

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(vi) The entity is controlled or jointly controlled by a person identified in (a) above.

(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with entity.

4. PRINCIPAL ACTIVITIES

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

5. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold Land RM	Leasehold Land RM	Buildings RM	Infrastructure RM	Plant and Machinery RM	Motor vehicles RM	Office Equipment, Furniture, Fittings and Renovation RM	Capital Work-In-Progress RM	Leasehold building RM	Total RM
Cost/Valuation										
At 1 April 2020	67,489,059	28,725,528	271,380,094	4,841,477	341,719,733	33,570,980	40,324,712	30,403,250	12,694,968	831,149,801
Additions	2,265,150	–	3,022,679	681,283	5,375,814	2,926,099	997,290	19,448,365	136,199	34,852,879
Disposals	–	(67,407)	–	–	(1,072,386)	(1,309,424)	(128,923)	–	–	(2,578,140)
Written off	(36,300)	–	(338,796)	–	(4,847,492)	(2)	(113,236)	(882,427)	–	(6,218,253)
Reclassifications	(952,175)	–	1,001,326	12,567,307	26,136,775	170,900	1,434,957	(40,359,090)	–	–
Revaluation	25,913,446	12,399,822	(12,754,817)	–	–	–	–	–	–	25,558,451
Exchange differences	1,622,100	–	(154,122)	–	(237,525)	(13,964)	(18,835)	10,646	–	1,208,300
At 31 March 2021	96,301,280	41,057,943	262,156,364	18,090,067	367,074,919	35,344,589	42,495,965	8,620,744	12,831,167	883,973,038
Additions	2,370,000	1,923,154	3,261,191	389,029	4,327,877	931,768	2,020,704	16,854,258	10,525,253	42,603,234
Disposals	–	–	(24,280)	–	(1,241,483)	–	(163,915)	–	–	(1,429,678)
Written off	–	–	–	–	(194,223)	–	(323,880)	(32,670)	–	(550,773)
Completion of lease	–	–	–	–	–	–	–	–	(7,134,485)	(7,134,485)
Reclassifications	–	–	3,118,584	134,321	8,181,097	–	3,000	(11,437,002)	–	–
Exchange differences	(148,711)	–	380,896	–	(1,017,670)	(22,144)	(34,901)	(2)	–	(842,532)
At 31 March 2022	98,522,569	42,981,097	268,892,755	18,613,417	377,130,517	36,254,213	43,996,973	14,005,328	16,221,935	916,618,804
Accumulated depreciation										
At 1 April 2020	–	4,311,407	98,956,537	829,119	173,258,349	26,101,278	17,665,954	–	5,424,474	326,547,118
Charge for the financial year	–	509,747	8,722,471	515,063	21,329,511	3,168,133	2,033,250	–	1,771,112	38,049,287
Disposals	–	(1,288)	–	–	(840,689)	(1,178,244)	(76,535)	–	–	(2,096,756)
Written off	–	–	(275,765)	–	(4,794,358)	–	(85,698)	–	–	(5,155,821)
Revaluation	–	–	(3,044,600)	3,198,821	(87,483)	–	(66,738)	–	–	–
Exchange differences	–	(4,631,553)	(77,086,313)	–	–	–	–	–	–	(81,717,866)
	–	–	(67,485)	–	(40,185)	(7,436)	(9,149)	–	–	(124,255)
At 31 March 2021	–	188,313	27,204,845	4,543,003	188,825,145	28,083,731	19,461,084	–	7,195,586	275,501,707

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

Group	Freehold Land RM	Leasehold Land RM	Buildings RM	Infrastructure RM	Plant and Machinery RM	Motor vehicles RM	Office Equipment, Furniture, Fittings and Renovation RM	Capital Work-In-Progress RM	Leasehold building RM	Total RM
Accumulated depreciation										
Balance B/F	–	188,313	27,204,845	4,543,003	188,825,145	28,083,731	19,461,084	–	7,195,586	275,501,707
Charge for the financial year	–	1,168,280	10,226,678	884,210	22,496,859	2,883,355	3,063,277	–	4,385,843	45,108,502
Disposals	–	–	(7,273)	–	(532,415)	–	(75,715)	–	–	(615,403)
Written off	–	–	–	–	(106,138)	–	(124,587)	–	–	(230,725)
Completion of lease	–	–	–	–	–	–	–	–	(7,134,485)	(7,134,485)
Reclassification	–	–	(172,667)	–	172,667	–	–	–	–	–
Exchange differences	–	–	136,718	–	(261,851)	(15,397)	(21,441)	–	–	(161,971)
At 31 March 2022	–	1,356,593	37,388,301	5,427,213	210,594,267	30,951,689	22,302,618	–	4,446,944	312,467,625
Accumulated impairment losses										
At 1 April 2020	–	–	–	–	677,369	–	–	–	–	677,369
Charge for the financial year	38,157	–	1,652,841	–	–	–	–	–	–	1,690,998
Exchange differences	–	–	(20,674)	–	–	–	–	–	–	(20,674)
At 31 March 2021	38,157	–	1,632,167	–	677,369	–	–	–	–	2,347,693
Exchange differences	–	–	(66,546)	–	–	–	–	–	–	(66,546)
At 31 March 2022	38,157	–	1,565,621	–	677,369	–	–	–	–	2,281,147
Net carrying amount										
Cost	2,370,000	1,538,249	48,789,584	13,186,204	165,858,881	5,302,524	21,694,355	14,005,328	11,774,991	284,520,116
Valuation	96,114,412	40,086,255	181,149,249	–	–	–	–	–	–	317,349,916
31 March 2022	98,484,412	41,624,504	229,938,833	13,186,204	165,858,881	5,302,524	21,694,355	14,005,328	11,774,991	601,870,032
Cost	–	14,630	21,065,419	13,547,064	177,572,405	7,260,858	23,034,881	8,620,744	5,635,581	256,751,582
Valuation	96,263,123	40,855,000	212,253,933	–	–	–	–	–	–	349,372,056
31 March 2021	96,263,123	40,869,630	233,319,352	13,547,064	177,572,405	7,260,858	23,034,881	8,620,744	5,635,581	606,123,638

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

Company	Freehold Land RM	Leasehold Land RM	Buildings RM	Infrastructure RM	Plant and Machinery RM	Motor vehicles RM	Office Equipment, Furniture, Fittings and Renovation RM	Capital Work-In-Progress RM	Leasehold building RM	Total RM
Cost/Valuation										
At 1 April 2020	20,490,322	2,211,821	89,013,249	2,419,406	130,978,694	15,532,679	8,200,460	3,930,200	–	272,776,831
Additions	–	–	727,850	216,315	763,821	2,145,169	110,633	10,227,920	–	14,191,708
Disposals	–	–	–	–	(90,050)	(716,913)	(2,200)	–	–	(809,163)
Written off	(36,300)	–	–	–	(3,452,807)	–	(10,450)	(292,698)	–	(3,792,255)
Reclassifications	737,923	–	(1,003,967)	1,885,474	7,331,444		(336,144)	(8,614,730)	–	–
Revaluation	18,310,055	3,918,179	(12,624,743)	–	–	–	–	–	–	9,603,491
At 31 March 2021	39,502,000	6,130,000	76,112,389	4,521,195	135,531,102	16,960,935	7,962,299	5,250,692	–	291,970,612
Additions	1,450,000	–	1,086,494	43,428	522,749	–	125,495	5,317,607	1,436,071	9,981,844
Disposals	–	–	–	–	(165,800)	–	(51,505)	–	–	(217,305)
Written off	–	–	–	–	(192,094)	–	(48,629)	(32,670)	–	(273,393)
Reclassifications	–	–	266,645	47,048	2,566,468	–	3,000	(2,883,161)	–	–
At 31 March 2022	40,952,000	6,130,000	77,465,528	4,611,671	138,262,425	16,960,935	7,990,660	7,652,468	1,436,071	301,461,758
Accumulated depreciation										
At 1 April 2020	–	218,131	28,077,715	293,272	57,021,666	11,234,349	6,404,016	–	–	103,249,149
Charge for the financial year	–	33,075	2,647,068	141,690	8,190,826	1,805,740	299,633	–	–	13,118,032
Disposals	–	–	–	–	(85,297)	(716,911)	(953)	–	–	(803,161)
Written off	–	–	–	–	(3,399,673)	–	(6,987)	–	–	(3,406,660)
Reclassification	–	–	(866,759)	933,497	–	–	(66,738)	–	–	–
Revaluation	–	(251,206)	(29,146,193)	–	–	–	–	–	–	(29,397,399)
At 31 March 2021	–	–	711,831	1,368,459	61,727,522	12,323,178	6,628,971	–	–	82,759,961

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

Company	Freehold Land RM	Leasehold Land RM	Buildings RM	Infrastructure RM	Plant and Machinery RM	Motor vehicles RM	Office Equipment, Furniture, Fittings and Renovation RM	Capital Work-In-Progress RM	Leasehold building RM	Total RM
Accumulated depreciation										
Balance B/F	–	–	711,831	1,368,459	61,727,522	12,323,178	6,628,971	–	–	82,759,961
Charge for the financial year	–	103,813	3,274,923	224,881	8,408,677	1,637,911	266,045	–	173,184	14,089,434
Disposals	–	–	–	–	(102,244)	–	(44,240)	–	–	(146,484)
Written off	–	–	–	–	(106,050)	–	(43,780)	–	–	(149,830)
At 31 March 2022	–	103,813	3,986,754	1,593,340	69,927,905	13,961,089	6,806,996	–	173,184	96,553,081
Accumulated impairment losses										
At 1 April 2021/ 31 March 2022	–	–	–	–	677,369	–	–	–	–	677,369
Net carrying amount										
Cost	1,450,000	–	3,483,017	3,018,331	67,657,151	2,999,846	1,183,664	7,652,468	1,262,887	88,707,364
Valuation	39,502,000	6,026,187	69,995,757	–	–	–	–	–	–	115,523,944
31 March 2022	40,952,000	6,026,187	73,478,774	3,018,331	67,657,151	2,999,846	1,183,664	7,652,468	1,262,887	204,231,308
Cost	–	–	2,255,728	3,152,736	73,126,211	4,637,757	1,333,328	5,250,692	–	89,756,452
Valuation	39,502,000	6,130,000	73,144,830	–	–	–	–	–	–	118,776,830
31 March 2021	39,502,000	6,130,000	75,400,558	3,152,736	73,126,211	4,637,757	1,333,328	5,250,692	–	208,533,282

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

Leased assets

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

	Leasehold Land RM	Plant and Machinery RM	Motor vehicles RM	Office Equipment, Furniture, Fittings and Renovation RM	Capital Work-In-Progress RM	Leasehold Buildings RM	Total RM
Group							
At 1 April 2020	24,414,121	22,711,119	6,508,239	58,403	9,834,365	7,270,494	70,796,741
Additions	–	9,251,024	3,003,836	–	3,795,332	136,199	16,186,391
Charge for the financial year	(509,747)	(3,188,657)	(3,002,725)	(4,533)	–	(1,771,112)	(8,476,774)
Reclassification	–	10,338,816	35,371	–	(11,934,690)	–	(1,560,503)
Disposal	(66,119)	–	(1)	–	–	–	(66,120)
Revaluation	12,399,822	–	–	–	–	–	12,399,822
Exchange differences	4,631,553	–	(1,691)	–	–	–	4,629,862
At 31 March 2021	40,869,630	39,112,302	6,543,029	53,870	1,695,007	5,635,581	93,909,419
Additions	1,923,154	4,172,048	603,165	–	–	10,525,253	17,223,620
Charge for the financial year	(1,168,280)	(3,551,457)	(2,490,627)	(7,065)	–	(4,385,843)	(11,603,272)
Reclassification	–	(1,132,000)	(37,466)	–	(1,480,197)	–	(2,649,663)
Asset fully settled during the year	–	–	(3)	–	–	–	(3)
Exchange differences	–	–	(2,051)	–	–	–	(2,051)
At 31 March 2022	41,624,504	38,600,893	4,616,047	46,805	214,810	11,774,991	96,878,050
Company							
At 1 April 2020	1,993,690	6,859,895	4,002,181	1,000	–	–	12,856,766
Additions	–	7,561,291	2,509,676	-	1,480,197	–	11,551,164
Charge for the financial year	(33,075)	(946,342)	(1,956,549)	(1,000)	–	–	(2,936,966)
Reclassification	–	(1,035,661)	–	–	–	–	(1,035,661)
Revaluation	4,169,385	–	–	–	–	–	4,169,385
At 31 March 2021	6,130,000	12,439,183	4,555,308	–	1,480,197	–	24,604,688

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

Leased assets (cont'd)

	Leasehold Land RM	Plant and Machinery RM	Motor vehicles RM	Capital Work-In-Progress RM	Leasehold Buildings RM	Total RM
Company						
Balance B/F	6,130,000	12,439,183	4,555,308	1,480,197	–	24,604,688
Additions	–	1,798,520	–	–	1,436,071	3,234,591
Charge for the financial year	(103,813)	(983,371)	(1,587,831)	–	(173,184)	(2,848,199)
Reclassification	–	–	–	(1,480,197)	–	(1,480,197)
At 31 March 2022	6,026,187	13,254,332	2,967,477	–	1,262,887	23,510,883

The Group and Company entered into non-cancellable operating lease agreements for the use of land and building. The Group's and Company's leases are for a period of 1 to 999 years (2021 :1 to 999 years), with no purchase option.

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

Security

Freehold land, leasehold land and buildings of the Group and Company with net carrying amount of RM182,026,219 (2021: RM183,092,583) and RM42,810,723 (2021: RM 57,429,344) have been pledged to financial institutions as security for borrowings as disclosed in Note 20.

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

Valuation

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

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
2022				
Leasehold land	–	40,855,000	–	40,855,000
Freehold land	–	96,263,123	–	96,263,123
Buildings	–	212,253,933	–	212,253,933
	–	349,372,056	–	349,372,056
2021				
Leasehold land	–	40,855,000	–	40,855,000
Freehold land	–	96,263,123	–	96,263,123
Buildings	–	212,253,933	–	212,253,933
	–	349,372,056	–	349,372,056
Company				
2022				
Leasehold land	–	6,130,000	–	6,130,000
Freehold land	–	39,502,000	–	39,502,000
Buildings	–	73,144,830	–	73,144,830
	–	118,776,830	–	118,776,830
2021				
Leasehold land	–	6,130,000	–	6,130,000
Freehold land	–	39,502,000	–	39,502,000
Buildings	–	73,144,830	–	73,144,830
	–	118,776,830	–	118,776,830

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

Valuation (cont'd)

(i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

(ii) Level 2 fair value of freehold land, leasehold land and buildings (at valuation) was determined by external and independent property valuers, having appropriate recognised professional qualifications and recent transactions in the location and category of property being valued. The property valuers provide the fair value of the freehold land, leasehold land and buildings (at valuation) of the Group and of the Company on every five years.

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

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Leasehold land	23,380,844	30,211,612	1,551,449	1,664,420
Freehold land	27,998,582	13,851,950	11,454,424	11,454,424
Buildings	115,438,491	127,231,749	38,535,536	47,965,426
	166,817,917	171,295,311	51,541,409	61,084,270

The following are the amount recognised in profit or loss :

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Depreciation for:				
- property, plant and equipment	33,505,230	29,572,513	11,241,235	10,181,066
- right-of-use assets	11,603,272	8,476,774	2,848,199	2,936,966
(Gain)/Loss on disposal of property, plant and equipment	13,154	(582,472)	31,960	(107,898)
Property, plant and equipment written off	320,046	1,062,432	123,561	385,595
Impairment losses on revaluation of property, plant and equipment	–	1,690,998	–	–

6. INVESTMENT PROPERTIES

Investment properties measured at fair value:

	Group	
	2022	**2021**
	RM	**RM**
At 1 April	6,270,000	5,939,581
Fair value recognised in profit or loss	–	330,419
At 31 March	6,270,000	6,270,000

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

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

	Group	
	2022	**2021**
	RM	**RM**
Rental income	226,681	230,509
Direct operating expenses	(144,660)	(161,754)

Security

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

Fair value measurement

The leasehold buildings at fair value of RM4,110,000 (2021 : RM1,630,000) were revalued on 1 March 2021 (2021 : 1 March 2021) by Irhamy & Co, an independent professional valuer. Fair value is determined by reference to open market values on an existing use basis.

(i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

(ii) Level 2 fair value of leasehold buildings (at valuation) was determined by external and independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The property valuers provide the fair value of the leasehold buildings (at valuation) of the Group on every five years basis.

6. INVESTMENT PROPERTIES (CONT'D)

Fair value measurement (cont'd)

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2022				
Leasehold buildings	–	4,110,000	2,160,000	6,270,000
2021				
Leasehold buildings	–	1,630,000	4,640,000	6,270,000

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

7. SUBSIDIARY COMPANIES

A. INVESTMENT IN SUBSIDIARIES

	Company 2022 RM	Company 2021 RM
Unquoted shares in Malaysia, at cost		
At 1 April	62,748,615	62,748,615
Additions	28,000,000	–
At 31 March	90,748,615	62,748,615

7. SUBSIDIARY COMPANIES (CONT'D)

A. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:-

Name of Company	Place of Incorporation	Effective interest 2022 %	Effective interest 2021 %	Principal activities
Hing Hong Sdn Berhad	Malaysia	100	100	Parent stock breeder farm & hatchery
Innofarm (Klang) Sdn Bhd	Malaysia	70	70	Layer farm
Evergreen Organic Fertilisers Sdn Berhad ("EOF")	Malaysia	100	100	Organic fertiliser production
Innobrid Sdn Bhd	Malaysia	100	100	Broiler farm
G-Mart Borneo Retail Sdn Bhd	Malaysia	70	70	Retail supermarkets
Eminent Farm Sdn Bhd	Malaysia	100	100	Parent stock breeder farm, hatchery and broiler farm
Lay Hong Liquid Egg Sdn Bhd	Malaysia	100	100	Liquid and processed eggs production
Lay Hong Food Corporation Sdn Bhd	Malaysia	100	100	processing and manufacturing of chicken related products
JT Trading Sdn Bhd	Malaysia	100	100	Retail store
Takaso SC (Thailand) Limited **	Thailand	100	100	Food manufacturing
Gmart SG Sdn Bhd (Formerly known as Lay Hong Development Sdn Bhd)#	Malaysia	100	100	Fresh Mart
Sri Tawau Farming Sdn Bhd* ("STF")	Malaysia	100	50	Investment holding

7. SUBSIDIARY COMPANIES (CONT'D)

A. INVESTMENT IN SUBSIDIARIES (cont'd)

Name of Company	Place of Incorporation	Effective interest 2022 %	Effective interest 2021 %	Principal activities
Subsidiaries held by STF				
STF Agriculture Sdn Bhd	Malaysia	100	50	Integrated livestock farming and chicken processing
ST Food Sdn Bhd	Malaysia	100	50	Retail store

* Equity interest of 50% plus one special right ordinary share in the financial year ended 31 March 2021.

The financial statements for the financial year ended 31 March 2021 not audited by Tai, Yapp & Co PLT.

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

<u>Acquisition of additional stake in a subsidiary</u>

During the financial year, the Company acquired the remaining 50% equity interest in Sri Tawau Farming Sdn Bhd for a total purchase consideration of RM28 million by the way of issuance of 80,000,000 new ordinary shares in the Company at an issue price of RM0.35 each, thus the Group's effective equity interest in the said subsidiary had been increased from 50% to 100%.

<u>Non-controlling interest in subsidiaries</u>

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

Name of Company	Equity interest		Profit/(loss) allocated of NCI		Carrying amount to NCI	
	2022 %	2021 %	2022 RM	2021 RM	2022 RM	2021 RM
Group						
Sri Tawau Farming Sdn Bhd and its subsidiaries	–	50	1,127,841	1,728,222	–	39,787,678
G-Mart Borneo Retail Sdn Bhd	30	30	44,564	12,186	9,489,538	9,444,974

7. SUBSIDIARY COMPANIES (CONT'D)

A. INVESTMENT IN SUBSIDIARIES (cont'd)

Non-controlling interest in subsidiaries (cont'd)

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

Name of Companies	Sri Tawau Farming Sdn Bhd and its subsidiaries 2022 RM	2021 RM	G-Mart Borneo Retail Sdn Bhd 2022 RM	2021 RM
Summarised Statement of Financial Position				
Total assets	–	177,363,531	69,150,974	59,910,318
Total liabilities	–	(99,186,215)	(37,519,191)	(28,427,073)
Net assets	–	78,177,316	31,631,783	31,483,245
Summarised Statement of Profit or Loss and Other Comprehensive income				
Revenue	–	216,646,562	157,698,963	155,017,611
Profit before taxation	–	4,495,242	607,363	225,617
Taxation	–	(1,038,798)	(458,825)	(184,999)
Profit for the year	–	3,456,444	148,538	40,618
Other comprehensive income	–	22,093,367	–	–
Total comprehensive income	–	25,549,811	148,538	40,618
Summarised Statement of Cash Flows				
Cash generated from operating activities	–	11,455,704	10,123,121	2,182,469
Cash used in investing activities	–	(2,349,659)	(1,489,014)	(361,281)
Cash used in financing activities	–	(6,196,509)	(7,987,683)	(3,140,022)
Net increase/ (decrease) in cash and cash equivalents	–	2,909,536	646,424	(1,318,834)

7. SUBSIDIARY COMPANIES (CONT'D)

B. AMOUNT DUE FROM/(TO) SUBSIDIARIES

	Company	
	2022 RM	2021 RM
Non-current asset		
Non-trade	61,776,785	61,224,746
Current assets		
Trade	64,246,522	24,585,098
Non-trade	67,726,894	59,606,528
	131,973,416	84,191,626
Current liabilities		
Trade	(7,055,287)	(4,809,337)
Non-trade	(63,162,215)	(15,925,882)
	(70,217,502)	(20,735,219)

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

The non-trade balance due from subsidiaries are unsecured, interest free advances and receivables on demand except for non-trade balance amounted to RM8,911,290 (2021: RM11,881,326) which is subject to 4.07% (2021: 4.18%) interest per annum.

The non-trade balance due to subsidiaries are unsecured interest free advances and repayable on demand except for non-trade balance amounted to RM320,028 (2021: RM1,134,769) which is subject to 3.75% to 5.00% (2021: 3.75% to 5.00%) interest per annum.

The amount due from subsidiaries amounting to RM8,500,000 (2021: RM8,500,000) are subordinated to financial institutions as securities for credit facilities granted to certain subsidiary companies as disclosed in Note 20.

8. ASSOCIATED COMPANY

A. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Unquoted shares in Malaysia, at cost	14,700,000	14,700,000	14,700,000	14,700,000
Share of post-acquisition results				
At 1 April	(14,700,000)	(9,597,751)	–	–
Current year's share of results	–	(5,102,249)	–	–
At 31 March	(14,700,000)	(14,700,000)	–	–
Carrying amount	–	–	14,700,000	14,700,000

Details of the associate is as follow: -

Name of Company	Place of Incorporation	Effective interest 2022 %	Effective interest 2021 %	Principal activity
NHF Manufacturing (Malaysia) Sdn Bhd#	Malaysia	49	49	Food manufacturing

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

8. ASSOCIATED COMPANY (CONT'D)

A. INVESTMENT IN AN ASSOCIATE (cont'd)

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

	2022 RM	2021 RM
Financial position		
Non-current assets	29,926,973	32,159,201
Current assets	11,392,122	6,585,374
Non-current liabilities	(20,172,123)	(399,185)
Current liabilities	(35,970,435)	(48,619,148)
Net assets	(14,823,463)	(10,273,758)
Summary of financial performance		
Net loss/total comprehensive loss for the year	(4,549,705)	(20,686,510)
Reconciliation of net assets to carrying amount		
Group's share of net assets	*	*
Group's share of results		
Group 's share of loss/comprehensive loss	–	(5,102,249)

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

Contingent liabilities and capital commitments

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

B. AMOUNT DUE FROM/(TO) AN ASSOCIATE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade	(4,751,769)	(2,462,281)	–	–
Non-trade	34,540	46,720	15,806	593
	(4,717,229)	(2,415,561)	15,806	593

Group and Company

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

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

9. OTHER INVESTMENTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Quoted shares, in Malaysia				
At 1 April	1,089,392	3,512	1,086,532	1,672
Additions	393,985	1,654,143	393,985	1,654,143
Disposals	(123,500)	(170,000)	(123,500)	(170,000)
Changes in fair value	(727,362)	(398,263)	(727,362)	(399,283)
At 31 March	632,515	1,089,392	629,655	1,086,532
Investment at cost, in Malaysia	193,000	193,000	118,000	118,000
	825,515	1,282,392	747,655	1,204,532

10. INTANGIBLE ASSETS

	Goodwill RM	Development Costs RM	Total RM
Group			
Cost			
At 1 April 2020	3,263,603	1,937,978	5,201,581
Additions	–	3,582,312	3,582,312
Exchange differences	–	(446)	(446)
At 31 March 2021	3,263,603	5,519,844	8,783,447
Additions	–	3,800	3,800
Exchange differences	–	(864)	(864)
At 31 March 2022	3,263,603	5,522,780	8,786,383
Accumulated amortisation			
At 1 April 2020	322,800	147,554	470,354
Charge during the year	–	369,096	369,096
Exchange differences	–	(86)	(86)
At 31 March 2021	322,800	516,564	839,364
Charge during the year	–	1,074,664	1,074,664
Exchange differences	–	(324)	(324)
At 31 March 2022	322,800	1,590,904	1,913,704

10. INTANGIBLE ASSETS (CONT'D)

	Goodwill RM	Development Costs RM	Total RM
Group			
Net carrying amount			
At 31 March 2022	2,940,803	3,931,876	6,872,679
At 31 March 2021	2,940,803	5,003,280	7,944,083

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

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

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

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

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

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

11. BIOLOGICAL ASSETS

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
At fair value less cost to sell:				
Layer breeders	642,232	251,855	189,189	–
Broiler breeders	4,922,613	6,539,911	–	–
Commercial layers	70,118,831	63,695,627	56,108,257	48,186,360
	75,683,676	70,487,393	56,297,446	48,186,360

11. BIOLOGICAL ASSETS (CONT'D)

Biological assets movement can be analysed as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
At 1 April	70,487,393	72,999,588	48,186,360	51,319,583
Increase due to purchase	12,396,376	22,394,044	6,747,795	12,806,321
Biological asset losses	(9,665,848)	(6,579,990)	(3,133,915)	(2,546,122)
Change in fair value	9,468,883	(12,456,563)	9,656,628	(9,108,652)
Depopulation	(7,003,128)	(5,869,686)	(5,159,422)	(4,284,770)
At 31 March	75,683,676	70,487,393	56,297,446	48,186,360

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

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

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

Sensitivity analysis

If the estimated projected selling prices of the biological assets of the Group and of the Company had been 5% higher/lower than management estimates, the fair value of the biological assets would have increased/decreased by RM11,690,452 and RM10,658,968 respectively (2021 : RM11,725,557 and RM9,169,834 respectively).

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

12. INVENTORIES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At cost:				
Raw materials	38,716,754	34,645,940	13,124,668	12,041,092
Manufactured and trading inventories	69,475,935	67,591,536	2,640,281	3,801,212
	108,192,689	102,237,476	15,764,949	15,842,304
At net realisable value:				
Manufactured and trading inventories	3,131,306	3,646,733	–	–
Total	111,323,995	105,884,209	15,764,949	15,842,304
At cost:				
Inventories recognised as an expense in profit or loss	827,907,324	772,950,763	386,499,941	348,363,214
Impairment loss of inventories	–	78,074	–	–
Impairment loss on inventories write back	(179,003)	(9,923)	-	-

13. TRADE RECEIVABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade receivables	93,635,440	97,366,697	31,557,900	28,349,161
Impairment losses	(6,757,738)	(6,989,232)	(5,056,296)	(4,776,904)
	86,877,702	90,377,465	26,501,604	23,572,257

The Group's normal credit term for trade receivables ranges from 45 days to 180 days (2021: 45 days to 180 days). Other credit terms are assessed and approved on a case-by-case basis.

13. TRADE RECEIVABLES (CONT'D)

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

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
At 1 April	6,989,232	11,532,733	4,776,904	6,743,308
Recognised in profit or loss	626,498	649,720	330,480	590,789
Reversal of impairment	(857,992)	(5,193,221)	(51,088)	(2,557,193)
At 31 March	6,757,738	6,989,232	5,056,296	4,776,904

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

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
USD	–	106,467	–	106,467
SGD	2,151,600	1,506,631	162,703	494,006

14. OTHER RECEIVABLES

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Other receivables	27,599,384	1,814,164	23,273,474	52,164
Deposits	9,821,333	10,821,731	4,578,904	6,009,916
Prepayments	4,049,300	6,873,633	1,426,905	4,297,395
	41,470,017	19,509,528	29,279,283	10,359,475
Impairment losses	(1,931,395)	(1,931,395)	(1,841,485)	(1,841,485)
	39,538,622	17,578,133	27,437,798	8,517,990

Group and Company

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

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
At 1 April/31 March	1,931,395	1,931,395	1,841,485	1,841,485

15. DEPOSITS WITH A LICENSED BANK

Group

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

The effective interest rate of the deposits with a licensed bank at the end of the reporting date is 1.75% (2021: 1.75%) per annum. The maturity period of the deposits with a licensed bank at the end of the reporting date is 365 days (2021: 365 days).

16. CASH AND BANK BALANCES

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

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
USD	34,443	28,718	–	–
SGD	1,565,585	875,475	1,565,585	875,475

17. NON-CURRENT ASSETS HELD FOR SALE

	Group and Company	
	2022	**2021**
	RM	**RM**
Assets classified as held for sale		
At 1 April	27,600,000	27,600,000
Less :		
Impairment loss	(3,000,000)	–
Disposal	(24,600,000)	–
At 31 March	–	27,600,000
Represented by:		
Cost	–	1,020,000
Valuation	–	26,580,000
	–	27,600,000

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

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

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

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

The SPA was completed during the year with revised sale consideration of RM24,600,000.

18. SHARE CAPITAL

	Group and Company			
	2022		2021	
	Number of shares	RM	Number of shares	RM
Issued and fully paid :				
At 1 April	660,289,100	145,621,316	660,289,100	145,621,316
Arising from conversion of warrants	30,000	12,000	–	–
Allotment during the year	80,000,000	28,000,000	–	–
At 31 March	740,319,100	173,633,316	660,289,100	145,621,316

During the financial year, the Company's issued and fully paid share capital was increased from RM145,621,316 to RM173,633,316 by way of :

(i) Issuance of 30,000 new ordinary shares of RM0.40 per share for a cash consideration of RM12,000 via the exercise of warrants 2016/2021;

(ii) Issuance of 80,000,000 ordinary shares of RM0.35 per share for a cash consideration of RM28,000,000 pursuant to acquisition of the remaining 50% equity interest in Sri Tawau Farming Sdn Bhd.

The new ordinary shares issued during the year ranked pari passu in all aspects with the existing ordinary shares of the Company.

Warrants 2016/2021

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

The Warrants 2016/2021 were expired on 13 October 2021 and removed from the Official List of Bursa Securities on 14 October 2021.

The movements during the year in these warrants were as follows:

	Number of warrants
At 1 April 2021	259,785,900
Exercised	(30,000)
Lapsed	(259,755,900
31 March 2022	–

18. SHARE CAPITAL (CONT'D)

The salient terms of the warrants are as follows:

(i) The warrants were issued in registered form and constituted by a Deed Poll executed on 28 September 2016. For the purpose of trading of the warrants on Bursa Securities, a board lot of warrants shall be 100 warrants carrying the rights to subscribe for 100 ordinary shares in the Company;

(ii) The exercise price is RM0.40 per ordinary share of the Company and each warrant will entitle the registered holder to subscribe for 1 new ordinary share in the Company during the exercise period;

(iii) The exercise period is for a period of 5 years commencing on and including the date of allotment of the warrants. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid;

(iv) The new ordinary shares to be issued pursuant to the exercise of the warrants will, upon allotment and issuance, rank pari passu in all respects with the existing ordinary shares of the Company, save and except that the holders of the new ordinary shares of the Company shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is on or before the date of allotment of the ordinary shares of the Company pursuant to the exercise of the warrants;

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

The warrant holders are not entitled to any voting rights or to participate in any distribution and / or offer of further securities in the Company until and unless such warrant holders exercise their warrants for new ordinary shares of the Company.

19. RESERVES

	Group		Company	
	2022 **RM**	**2021** **RM**	**2022** **RM**	**2021** **RM**
Non-distributable				
Revaluation reserve	127,759,790	141,665,326	45,390,395	71,548,662
Foreign currency translation reserve	1,326,487	285,674	–	–
Distributable				
Retained profits	134,950,770	117,765,481	95,026,407	72,634,718
	264,037,047	259,716,481	140,416,802	144,183,380

(a) Revaluation reserve

The revaluation reserve represents the surplus arising from the revaluation of the freehold land, leasehold land and buildings, net of deferred tax effect.

19. RESERVES (CONT'D)

(b) Foreign currency translation reserve

Foreign currency reserve comprises exchange differences arising from the translation of the financial statements of a foreign operation whose functional currency is different from that of the Group's presentation currency, and exchange differences arising from monetary items which form part of the Group's net investment in a foreign operation, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

20. BORROWINGS

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Current					
Secured					
Bank overdrafts		1,165,973	4,179,214	–	–
Bills payable		64,274,000	63,224,588	–	–
Lease liabilities	20.1	14,896,096	13,233,743	4,556,185	4,875,800
Term loans	20.2	20,326,133	20,686,470	14,881,718	14,652,377
		100,662,202	101,324,015	19,437,903	19,528,177
Unsecured					
Bank overdrafts		332,475	2,230,290	332,475	2,230,290
Bills payable		85,259,000	77,608,000	85,259,000	77,608,000
Revolving credit		15,500,000	20,500,000	15,500,000	20,500,000
		101,091,475	100,338,290	101,091,475	100,338,290
		201,753,677	201,662,305	120,529,378	119,866,467
Non-current					
Secured:					
Lease liabilities	20.1	25,830,648	27,237,380	9,833,575	11,097,610
Term loans	20.2	45,788,654	61,159,272	19,962,859	31,949,546
		71,619,302	88,396,652	29,796,434	43,047,156
Total borrowings					
Bank overdrafts		1,498,448	6,409,504	332,475	2,230,290
Bills payable		149,533,000	140,832,588	85,259,000	77,608,000
Revolving credit		15,500,000	20,500,000	15,500,000	20,500,000
Lease liabilities	20.1	40,726,744	40,471,123	14,389,760	15,973,410
Term loans	20.2	66,114,787	81,845,742	34,844,577	46,601,923
		273,372,979	290,058,957	150,325,812	162,913,623

20. BORROWINGS (CONT'D)

20.1 Lease liabilities

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
At 1 April	40,471,123	39,219,224	15,973,410	10,475,065
Additions	16,400,795	14,633,196	3,506,291	10,025,306
Interest expense charge during the year	2,568,573	2,282,701	798,532	764,842
Repayment	(18,702,112)	(15,663,998)	(5,888,473)	(5,291,803)
Exchange differences	(11,635)	–	–	–
At 31 March	40,726,744	40,471,123	14,389,760	15,973,410

The following are the amount recognised in profit or loss :

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Interest expense on lease liabilities	2,568,573	2,282,701	798,532	764,842
Expenses relating to short term lease	6,599,032	11,509,624	870,810	488,016
Expenses relating to low value lease	4,457,596	3,981,278	1,152,616	1,112,990

20.2 Term loans

The term loans repayment due is as follows:-

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Within one year	20,326,133	20,686,470	14,881,718	14,652,377
Between one to two years	14,837,281	19,795,280	9,818,681	14,481,974
Between two to five years	19,869,200	29,351,892	9,584,574	17,096,565
After five years	11,082,173	12,012,100	559,604	371,007
	66,114,787	81,845,742	34,844,577	46,601,923

20. BORROWINGS (CONT'D)

Securities

The bank overdrafts, bills payable, revolving credit and term loans are secured by way of:

(i) Debenture over the current and future asset of the Group;
(ii) Legal charge over certain freehold land, leasehold land and buildings as disclosed in Note 5;
(iii) Legal charge over the investment properties as disclosed in Note 6;
(iv) Deposits with a licensed bank as disclosed in Note 15;
(v) Amount due from subsidiaries as disclosed in Note 7; and
(vi) Corporate guarantee by the Company.

Weighted average effective interest

The weighted average effective interest rates per annum at the end of the reporting date for the borrowings were as follows :

	Group		**Company**	
	2022	**2021**	**2022**	**2021**
	%	**%**	**%**	**%**
Bank overdrafts	6.72	6.70	6.61	6.72
Bills payable	2.91	2.88	2.76	2.70
Lease liabilities	5.59	5.36	5.59	5.33
Revolving credit	3.68	3.67	3.68	3.67
Term loans	4.30	4.59	4.30	4.34

Cash flows reconciliation

Reconciliation of movements of liabilities to cash flows of the Group and of the Company arising from financing activities:

	Bills payable RM	**Revolving credit RM**	**Lease liabilities RM**	**Term loans RM**
Group				
At 1 April 2020	139,793,000	15,000,000	39,219,224	100,312,890
Addition	1,039,588	5,500,000	14,633,196	–
Repayment	–	–	(13,381,297)	(18,467,148)
At 31 March 2021	140,832,588	20,500,000	40,471,123	81,845,742
Addition	8,700,412	–	16,400,795	–
Repayment	–	(5,000,000)	(16,133,539)	(15,730,955)
Exchange differences	–	–	(11,635)	–
At 31 March 2022	149,533,000	15,500,000	40,726,744	66,114,787

20. BORROWINGS (CONT'D)

Cash flows reconciliation (cont'd)

	Bills payable RM	Revolving credit RM	Lease liabilities RM	Term loans RM
Company				
At 1 April 2020	73,715,000	15,000,000	10,475,065	59,305,340
Addition	3,893,000	5,500,000	10,025,306	–
Repayment	–	–	(4,526,961)	(12,703,417)
At 31 March 2021	77,608,000	20,500,000	15,973,410	46,601,923
Addition	7,651,000	–	3,506,291	–
Repayment	–	(5,000,000)	(5,089,941)	(11,757,346)
At 31 March 2022	85,259,000	15,500,000	14,389,760	34,844,577

21. OTHER PAYABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Non- current				
Other payables	–	17,600	–	–
Corporate shareholders	–	1,093,218	–	–
	–	1,110,818	–	–
Current				
Other payables	14,353,590	11,412,414	2,043,370	592,580
Accruals	42,155,563	41,160,849	23,674,866	21,822,767
Deposit received	656,319	1,029,145	656,319	1,029,145
	57,165,472	53,602,408	26,374,555	23,444,492
	57,165,472	54,713,226	26,374,555	23,444,492

The amount owing to corporate shareholders are unsecured, interest free advances and are repayable after the next twelve months.

Included in deposit received is Nil (2021 : RM1,000,000) represents deposit for disposal of land as disclose in Note 17.

21. OTHER PAYABLES (CONT'D)

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

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
USD	77,751	–	–	–
EURO	190,157	187,642	9,718	2,093

22. DEFERRED TAX LIABILITIES

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
At 1 April	62,578,982	39,671,619	26,960,732	19,567,047
Recognised in profit or loss	7,927,044	(233,481)	7,415,501	679,111
Recognised in equity	(3,816)	23,140,844	–	6,714,574
At 31 March	70,502,210	62,578,982	34,376,233	26,960,732

The components and movements of deferred tax liabilities and assets are as follows :

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Accelerated capital allowances	45,575,314	35,894,096	22,353,547	15,285,075
Revaluation reserve	30,164,355	32,536,243	9,167,150	10,870,882
Biological assets	5,985,565	3,713,034	5,277,537	2,959,947
Unutilised tax losses and unabsorbed capital allowance	(6,381,697)	(5,278,145)	–	–
Others	(4,841,327)	(4,286,246)	(2,422,001)	(2,155,172)
	70,502,210	62,578,982	34,376,233	26,960,732

22. DEFERRED TAX LIABILITIES (CONT'D)

Deferred tax assets that have not been recognised in respect of the following items due to uncertainty of probable future taxable profit will be available against which can utilise the benefits:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Unutilised tax losses	922,682	355,131	–	–
Unabsorbed capital allowance	422,250	481,922	–	–
Others	10,312	10,312	–	–
	1,355,244	847,365	–	–

With effective from year of assessment 2019, the unabsorbed tax losses are available for offset against future taxable profit of the Group for a maximum period of ten consecutive years of assessment under the current tax legislation.

23. TRADE PAYABLES

The credit terms of trade payables range from 30 to 90 days.

The foreign exposure profile of trade payables other than functional currency is as follows:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
USD	360,109	391,587	360,109	391,587
EURO	183,628	–	183,628	–

24. REVENUE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Revenue represents:				
Sale of goods	960,311,477	923,658,338	433,855,899	397,580,287
Timing of revenue recognition:				
At a point in time	960,311,477	923,658,338	433,855,899	397,580,287

25. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Staff costs				
Salaries, wages and bonus	76,683,122	84,079,308	19,769,015	22,822,168
Defined contribution plans	6,446,227	6,701,917	1,335,907	1,626,823
Other benefits	8,425,331	8,784,780	930,132	963,748
Directors' emoluments	5,049,988	4,684,728	5,049,988	4,684,728
	96,604,668	104,250,733	27,085,042	30,097,467

The details of directors' emoluments are as follows:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Fees	323,000	323,000	323,000	323,000
Salaries and bonus	3,948,882	3,609,090	3,948,882	3,609,090
Defined contribution plans	778,106	752,638	778,106	752,638
	5,049,988	4,684,728	5,049,988	4,684,728

The estimated monetary value of benefits-in-kind received or receivable by the directors of the Group and of the Company was RM25,400 (2022: RM27,483).

26. TAXATION

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Based on the results for the year:				
Current tax				
Malaysian Income Tax	2,454,008	4,860,827	259,396	1,408,754
Deferred taxation	7,927,044	(233,481)	7,415,501	679,111
	10,381,052	4,627,346	7,674,897	2,087,865
Overestimated in prior year	(53,219)	(170,922)	(152,106)	(179,421)
Tax expense for the year	10,327,833	4,456,424	7,522,791	1,908,444

Reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate :

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Profit before taxation	7,668,215	9,698,280	9,365,589	5,508,833
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	1,840,372	2,327,587	2,247,741	1,322,120
Income not subject to tax	(406,250)	(1,082,491)	(63,045)	(3,573)
Expenses not deductible for tax purposes	4,255,457	3,494,534	1,168,673	757,299
Under/(Over)estimated of deferred tax in prior years	4,821,842	(634,812)	4,321,528	137,238
Utilisation of investment tax allowance	–	(125,219)	–	(125,219)
Utilisation of reinvestment allowance	(5,892)	(245,713)	–	–
Others	(108,260)	893,460	–	–
Further deduction for employment of senior citizen	(16,217)	–	–	–
	10,381,052	4,627,346	7,674,897	2,087,865
Overestimated in prior year	(53,219)	(170,922)	(152,106)	(179,421)
Tax expense for the year	10,327,833	4,456,424	7,522,791	1,908,444

27. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share :-

The basic earnings per ordinary share for the financial year has been calculated based on the consolidated profit for the year attributable to owners of the Company divided by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2022	**2021**
	RM	**RM**
(Loss)/Profit for the year attributable to owners of the Company	(4,030,216)	3,182,455
Weighted average number of ordinary shares in issue	686,385,840	660,289,100
Basic earnings per share (sen)	(0.59)	0.48
Diluted earnings per share (sen)	*	*

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

28. DIVIDEND

	Group and Company	
	2022	**2021**
	RM	**RM**
Final single tier dividend of Nil (2021: 0.75 sen) per ordinary share	–	4,952,169

29. RELATED PARTY DISCLOSURES

Significant Related Party Transactions

	Company	
	2022	**2021**
	RM	**RM**
(a) Transactions with Subsidiaries		
Sales	174,857,743	157,823,488
Purchases	(30,060,376)	(24,787,149)
Management fees	1,266,000	1,266,000
Rental income	3,600	3,600
Corporate guarantee fee	1,417,790	1,080,816
Interest income	161,967	728,197
Interest expense	(34,171)	(71,533)

29. RELATED PARTY DISCLOSURES (CONT'D)

Significant Related Party Transactions (cont'd)

	Company	
	2022	**2021**
	RM	**RM**
(b) Transactions with Associate		
Group		
Sales	12,918,055	10,064,584
Rental income	92,580	92,580
Company		
Rental income	92,580	92,580

Compensation of the key management personnel

Key management personnel are defined as a person having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group.

The compensation of other members of key management personnel during the financial year besides the Directors are as follows:-:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Salaries and bonuses	1,274,787	1,353,679	333,855	381,621
Defined contribution	180,160	201,606	41,652	46,524
	1,454,947	1,555,285	375,507	428,145

30. SEGMENTAL REPORTING

The Group has reportable segments that are based on information reported internally to the Group Managing Director. The reportable segments are summarised as follows :-

(i) Integrated livestock farming

(ii) Food manufacturing

(ii) Retail business

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets and income taxes.

The inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

30. SEGMENTAL REPORTING (CONT'D)

2022

	Integrated livestock farming RM	Food manufacturing RM	Retail business RM	Elimination RM	Consolidation RM
Revenue					
External customers	415,309,248	295,285,979	249,718,250	–	960,311,477
Inter-segment	353,051,653	90,483,056	15,371	443,550,080	–
Total revenue	768,360,901	385,769,035	249,733,621	443,550,080	960,311,477
Results					
Segment results	22,073,169	(5,059,047)	2,933,942	(1,005,712)	18,942,377
Finance costs	(8,988,556)	(1,901,782)	(915,011)	531,186	(11,274,162)
Profit/(Loss) before taxation	13,084,613	(6,960,829)	2,018,931	(474,526)	7,668,215
Taxation	(9,224,274)	(300,595)	(807,294)	4,330	(10,327,833)
Profit/(Loss) for the year	3,860,339	(7,261,424)	1,211,637	(470,196)	(2,659,618)
Other information					
Segment assets	1,019,932,753	207,620,071	82,999,615	(362,902,775)	947,653,893
Segment liabilities	512,048,992	184,949,145	44,717,303	(243,355,223)	498,364,420
Capital expenditure	25,209,714	7,569,017	9,765,992	–	45,108,502
Depreciation and amortisation	29,933,708	9,713,364	6,536,094	–	46,183,166
Interest expense	8,988,555	1,901,782	915,011	(531,186)	11,274,162
Interest income	555,206	–	48,731	(531,186)	72,751
Other non-cash item					
Non-cash items other than depreciation and amortisation					(7,041,429)

30. SEGMENTAL REPORTING (CONT'D)

2021

	Integrated livestock farming RM	Food manufacturing RM	Retail business RM	Elimination RM	Consolidation RM
Revenue					
External customers	359,847,348	333,219,246	230,591,744	–	923,658,338
Inter-segment	342,824,949	92,162,501	7,478	(434,994,928)	–
Total revenue	702,672,297	425,381,747	230,599,222	(434,994,928)	923,658,338
Results					
Segment results	22,792,222	1,531,017	2,681,662	(39,276)	26,965,625
Finance costs	(10,289,159)	(1,943,728)	(735,079)	802,870	(12,165,096)
Share of loss of associate	–	(5,102,249)	–	–	(5,102,249)
Profit before taxation	12,503,063	(5,514,960)	1,946,583	763,594	9,698,280
Taxation	(5,119,950)	(373,497)	(244,903)	1,281,926	(4,456,424)
Profit for the year	7,383,113	(5,888,457)	1,701,680	2,045,520	5,241,856
Other information					
Segment assets	795,170,887	167,949,901	69,073,828	(87,916,451)	944,278,165
Segment liabilities	376,143,854	84,679,001	27,173,685	(220,201)	487,776,339
Capital expenditure	24,473,225	12,937,951	1,024,015	–	38,435,191
Depreciation and amortisation	27,433,441	7,463,054	3,521,888	–	38,418,383
Interest expense	10,289,159	1,943,728	735,079	(802,870)	12,165,096
Interest income	806,645	–	77,889	(802,870)	81,664
Other non-cash item					
Non-cash items other than depreciation and amortisation					16,326,435
Share of loss of an associate					5,102,249

31. FINANCIAL INSTRUMENTS

(a) Financial risk management policies

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and the Company's business whilst managing its risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy are not to engage in speculative transactions.

The main risks and corresponding management policies arising from the Group's and the Company's normal course of business are as follows :-

(i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group and the Company manage the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. The management does not enter into interest rate hedging transactions as the cost of such instruments outweighs the potential risk of interest rate fluctuation.

The interest rate profile of the Group and the Company significant interest bearing financial instruments, based on the carrying amount as at the end of the reporting year were :

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Fixed rate instruments				
Lease liabilities	40,726,744	40,471,123	14,389,760	15,973,410
Term loans	320,028	1,134,769	–	–
Floating rate instruments				
Bills payable	149,533,000	140,832,588	85,259,000	77,608,000
Revolving credit	15,500,000	20,500,000	15,500,000	20,500,000
Bank overdrafts	1,498,448	6,409,504	332,475	2,230,290
Term loans	65,794,759	80,710,973	34,844,577	46,601,923

31. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management policies (cont'd)

(i) Interest rate risk (cont'd)

Sensitivity analysis

Sensitivity analysis is not disclosed on fixed rate financial liabilities as fixed rate financial liabilities are not exposed to interest rate risk and are measured at amortised cost.

At the reporting date, if the interest rate of floating rate instruments had been 50 basis points lower/higher, with all other variables were held constant, the Group's and the Company's profit before tax would have been RM1,161,631 (2021 : RM1,242,265) and RM679,680 (2021: RM734,701) higher/lower. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(ii) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group and the Company are exposed to foreign currency risk mostly on its sales, bank balances and purchases that are denominated in currencies other than the functional currency of the Group and of the Company. The currency giving rise to this risk is primarily in USD and SGD.

Sensitivity analysis

At the end of the reporting date, the management of the Group and of the Company determined that the effects of sensitivity of the Group's and of the Company's profit for the financial year to a reasonably possible change in other currencies exchange rates to be insignificant to the financial statements.

(iii) Liquidity Risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of credit facilities.

31. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management policies (cont'd)

(iii) Liquidity Risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of reporting date based on undiscounted contractual payments.

Group 2022	Carrying amount RM	Contractual undiscounted cash flows RM	Within one year RM	Between two to five years RM	After five years RM
Financial liabilities:					
Trade and other payables	149,772,002	149,772,002	149,772,002	–	–
Amount due to an associate	4,717,229	4,717,229	4,717,229	–	–
Bank overdrafts	1,498,448	1,498,448	1,498,448	–	–
Bills payable	149,533,000	149,533,000	149,533,000	–	–
Lease liabilities	40,726,744	44,868,630	17,216,300	27,051,030	601,300
Term loans	66,114,787	91,644,382	22,304,876	37,597,214	31,742,292
Revolving credit	15,500,000	15,500,000	15,500,000	–	–
	427,862,210	457,533,691	360,541,855	64,648,244	32,343,592
Financial guarantee contracts*	–	7,012,250	7,012,250	–	–
2021					
Financial liabilities:					
Trade and other payables	131,693,694	131,693,694	130,582,876	1,110,818	–
Amount due to an associate	2,415,561	2,415,561	2,415,561	–	–
Bank overdrafts	6,409,504	6,409,504	6,409,504	–	–
Bills payable	140,832,588	140,832,588	140,832,588	–	–
Lease liabilities	40,471,123	45,989,089	14,388,597	28,718,492	2,882,000
Term loans	81,845,742	90,830,156	23,701,036	52,853,559	14,275,561
Revolving credit	20,500,000	20,500,000	20,500,000	–	–
	424,168,212	438,670,592	338,830,162	82,682,869	17,157,561
Financial guarantee contracts*	–	6,527,040	6,527,040	–	–

* The disclosure represents the maximum amount that is required to be settled by the Group if the defaults have occurred.

31. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management policies (cont'd)

(iii) Liquidity Risk (cont'd)

Company 2022	Carrying amount RM	Contractual undiscounted cash flows RM	Within one year RM	Between two to five years RM	After five years RM
Financial liabilities:					
Trade and other payables	69,500,532	69,500,532	69,500,532	–	–
Amount due to an associate	70,217,502	70,217,502	70,217,502	–	–
Bank overdrafts	332,475	332,475	332,475	–	–
Bills payable	85,259,000	85,259,000	85,259,000	–	–
Lease liabilities	14,389,760	15,804,661	5,533,946	10,077,215	193,500
Term loans	34,844,577	36,125,042	15,699,485	19,356,705	1,068,852
Revolving credit	15,500,000	15,500,000	15,500,000	–	–
	290,043,846	292,739,212	262,042,940	29,433,920	1,262,352
Financial guarantee contracts*	–	115,877,872	115,877,872	–	–
2021					
Financial liabilities:					
Trade and other payables	58,395,825	58,395,825	58,395,825	–	–
Amount due to an associate	20,735,219	20,735,219	20,735,219	–	–
Bank overdrafts	2,230,290	2,230,290	2,230,290	–	–
Bills payable	77,608,000	77,608,000	77,608,000	–	–
Lease liabilities	15,973,410	17,572,039	4,702,055	12,869,984	–
Term loans	46,601,923	49,181,064	16,336,804	31,621,865	1,222,395
Revolving credit	20,500,000	20,500,000	20,500,000	–	–
	242,044,667	246,222,437	200,508,193	44,491,849	1,222,395
Financial guarantee contracts*	–	124,965,875	124,965,875	–	–

* The disclosure represents the maximum amount that is required to be settled by the Company if the defaults have occurred.

31. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management policies (cont'd)

(iv) Credit Risk

Credit risk is the risk of a financial loss to the Group and Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from their trade and other receivables and advances to subsidiaries.

The credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's and the Company's associations to business partners with high creditworthiness. The Group and Company also have an internal credit review which is conducted if the credit risk is material. Trade receivables are monitored on an ongoing basis via the Group and the Company management reporting procedures.

Concentration of credit risk

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group and Company. The Group and Company use ageing analysis to monitor the credit quality of the receivables. Any past due receivables having significant balances, which are deemed to have higher credit risk, are monitor individually.

The Group and Company applied the simplified approach to measure the loss allowance at lifetime expected credit losses for all trade receivables. The Group and Company determine the Expected Credit Loss ("ECL") on these items by using a provision matrix, where applicable, estimated based on historical credit loss experience based on the past due status of the receivables, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The following ageing of trade receivables provides information about the exposure to credit risk and ECLs for trade receivables:

Group 2022	Gross-carrying amount RM	Individual impairment RM	ECL RM	Net balance RM
Not past due	72,007,001	–	–	72,007,001
Up to 90 days past due	11,526,836	–	(9,850)	11,516,986
More than 91 days past due	10,101,603	(6,303,130)	(444,758)	3,353,715
	21,628,439	(6,303,130)	(454,608)	14,870,701
	93,635,440	(6,303,130)	(454,608)	86,877,702
2021				
Not past due	73,428,055	–	(15)	73,428,040
Up to 90 days past due	14,982,517	(99,489)	(34,377)	14,848,651
More than 91 days past due	8,956,125	(5,854,630)	(1,000,721)	2,100,774
	23,938,642	(5,954,119)	(1,035,098)	16,949,425
	97,366,697	(5,954,119)	(1,035,113)	90,377,465

31. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial risk management policies (cont'd)

(iv) Credit Risk (cont'd)

Company 2022	Gross-carrying amount RM	Individual impairment RM	ECL RM	Net balance RM
Not past due	19,570,253	–	–	19,570,253
Up to 90 days past due	5,878,998	–	–	5,878,998
More than 91 days past due	6,108,649	(4,753,910)	(302,386)	1,052,353
	11,987,647	(4,753,910)	(302,386)	6,931,351
	31,557,900	(4,753,910)	(302,386)	26,501,604
2021				
Not past due	12,713,312	–	–	12,713,312
Up to 90 days past due	10,601,234	–	–	10,601,234
More than 91 days past due	5,034,615	(4,423,430)	(353,474)	257,711
	15,635,849	(4,423,430)	(353,474)	10,858,945
	28,349,161	(4,423,430)	(353,474)	23,572,257

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. None of the Group's and the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

As at 31 March 2021, the Group and the Company have significant concentration of credit risk in the form of outstanding balances of approximately RM31,596,506 and RM8,998,350 due from a trade receivable (2021: RM15,690,156 and RM7,150,412) which represents 36% and 34% (2021: 17% and 30%) of the total trade receivables of the Group and Company respectively. However, the Directors are of the opinion that these amount outstanding is fully recoverable. Credit risk and receivables are monitored on an ongoing basis. These procedures substantially mitigate credit risk of the Group and of the Company.

The trade receivables are not secured by any collateral or supported by any other credit enhancements.

In respect of other receivables, the Group and the Company is not subjected to any significant credit risk exposure to any single counterparty or a group of counterparties having similar characteristics.

The Company provides unsecured loans and advances to subsidiaries. As at the end of the reporting date, the maximum exposure to credit risk is represented by its carrying amounts in the statements of financial position.

The maximum exposure to credit risk is RM115,877,872 (2021 : RM124,965,875) in respect of the corporate guarantees given to financial institutions for banking facilities granted to and utilised by the subsidiaries as at the reporting date.

The maximum exposure to credit risk is RM7,012,250 (2021 : RM6,527,040) in respect of the corporate guarantees given to utility providers of the Group as at the reporting date.

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair Values of Financial Instruments

The carrying amount of the financial assets and financial liabilities of the Group and of the Company as at the reporting date are approximate fair value due to the relative short term maturity.

The fair values of the Group's and of the Company's floating interest rates borrowings approximated their carrying amounts as they are repriced to market interest rate nearer to reporting date.

(c) Fair Value Hierarchy

The Group and the Company measure fair values using fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (ie. prices) or indirectly (ie. derived from prices)

Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The following table provide the fair value measurement hierarchy of the Group's and the Company's assets :

	Date of valuation	Level 1 RM	Level 2 RM	Level 3 RM
Group				
2022				
Assets measured at fair value :				
Property, plant and equipment (Note 5)	01.03.2021	–	349,372,056	–
Investment properties (Note 6)	01.03.2021	–	4,110,000	2,160,000
Biological assets (Note 11)	31.03.2022	–	–	75,683,676
2021				
Assets measured at fair value :				
Property, plant and equipment (Note 5)	01.03.2021	–	349,372,056	–
Investment properties (Note 6)	01.03.2021	–	1,630,000	4,640,000
Biological assets (Note 11)	31.03.2021	–	–	70,487,393
Company				
2022				
Assets measured at fair value :				
Property, plant and equipment (Note 5)	01.03.2021	–	118,776,830	–
Biological assets (Note 11)	31.03.2022	–	–	56,297,446
2021				
Assets measured at fair value :				
Property, plant and equipment (Note 5)	01.03.2021	–	118,776,830	–
Biological assets (Note 11)	31.03.2021	–	–	48,186,360

31. FINANCIAL INSTRUMENTS (CONT'D)

(d) Classification of Financial Instruments

The table below provides an analysis of financial instruments categorised under MFRS 9 as follows :

(i) Financial assets at amortised cost (AC)

(ii) Financial assets at fair value through profit or loss (FVPL)

(iii) Financial liabilities at amortised cost (FL)

	Carrying amount RM	AC RM	FVPL RM	FL RM
2022				
Group				
Financial assets				
Other investments	825,515	–	825,515	–
Trade and other receivables	122,367,024	122,367,024	–	–
Deposits with a licensed bank	555,260	555,260	–	–
Cash and bank balances	15,384,170	15,384,170	–	–
	139,131,969	138,306,454	825,515	–
Financial liabilities				
Trade and other payables	149,772,002	–	–	149,772,002
Borrowings	273,372,979	–	–	273,372,979
Amount due to an associate	4,717,229	–	–	4,717,229
	427,862,210	–	–	427,862,210
2021				
Group				
Financial assets				
Other investments	1,282,392	–	1,282,392	–
Trade and other receivables	101,081,965	101,081,965	–	–
Deposits with a licensed bank	545,714	545,714	–	–
Cash and bank balances	9,698,693	9,698,693	–	–
	112,608,764	111,326,372	1,282,392	-
Financial liabilities				
Trade and other payables	131,693,694	–	–	131,693,694
Borrowings	290,058,957	–	–	290,058,957
Amount due to an associate	2,415,561	–	–	2,415,561
	424,168,212	–	–	424,168,212

31. FINANCIAL INSTRUMENTS (CONT'D)

(d) Classification of Financial Instruments (cont'd)

	Carrying amount RM	AC RM	FVPL RM	FL RM
2022				
Company				
Financial assets				
Other investments	747,655	–	747,655	–
Trade and other receivables	52,512,497	52,512,497	–	–
Amount due from subsidiaries	131,973,416	131,973,416	–	–
Amount due from an associate	15,806	15,806	–	–
Cash and bank balances	7,599,543	7,599,543	–	–
	192,848,917	192,101,262	747,655	–
Financial liabilities				
Trade and other payables	69,500,532	–	–	69,500,532
Amount due to subsidiaries	70,217,502	–	–	70,217,502
Borrowings	150,325,812	–	–	150,325,812
	290,043,846	–	–	290,043,846
2021				
Company				
Financial assets				
Other investments	1,204,532	–	1,204,532	–
Trade and other receivables	27,792,852	27,792,852	–	–
Amount due from subsidiaries	145,416,372	145,416,372	–	–
Amount due from an associate	593	593	–	–
Cash and bank balances	3,910,757	3,910,757	–	–
	178,325,106	177,120,574	1,204,532	-
Financial liabilities				
Trade and other payables	58,395,825	–	–	58,395,825
Amount due to subsidiaries	20,735,219	–	–	20,735,219
Borrowings	162,913,623	–	–	162,913,623
	242,044,667	–	–	242,044,667

32. CAPITAL COMMITMENT

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Capital expenditure for property, plant and equipment:				
Approved and contracted for	9,925,000	12,882,000	7,107,000	4,899,000

33. CONTINGENT LIABILITIES

MATERIAL OUTSTANDING LITIGATION

On 2 July 2018, Lay Hong Berhad ("Plaintiff") had filed a claim against Loke Chee Min ("1st defendant"), Beh Yong Hock ("2nd defendant"), Leong Sze Seng ("3rd defendant") and The Roof Realty Sdn Bhd ("4th Defendant") for a special damages of RM3,256,904.84 with interest and costs.

Pursuant to the claim, the Plaintiff is seeking the special damages upon the recommendation/misrepresentation of the 3rd defendant (a real estate negotiator employed by the 4th defendant, a register real estate agent) wherein 3rd defendant represented inter alia to the plaintiff that the owners of the land held under Grant Mukim 6469 for Lot 31982 and Grant Mukim 6470 for Lot 31983 both in the Mukim of Kapar, District of Klang, Selangor (the said lands) wish to sell the lands and that the 1st defendant is the solicitor representing the land owner. The 2nd defendant is the solicitor appointed by the plaintiff to handle the sale and purchase transaction on its behalf while the 1st defendant purportedly acted for the owners of the said lands. The plaintiff paid the monies to the 1st defendant as stakeholder based on the sale and purchase agreement terms executed between the parties.

Subsequently, the plaintiff found out that the owners of the said lands did not appoint the first defendant as their solicitors and neither did they sell their said lands.

The plaintiff claims against the defendants inter alia for the loss and damage suffered by it:-

i) against the 1st defendant for breach of fiduciary duty and/or trust as the stakeholder of the purchase price of the said lands and wrongfully deprived the plaintiff the said payments;

ii) against the 2nd defendant for breach of contract and negligence;

iii) against the 3rd defendant for fraudulent and/or negligent misrepresentation; and

iv) against the 4th defendant as the principal and/or employer of the 3rd defendant for vicarious liability in respect of the act and/or omission of the 3rd defendant.

The court proceeded with the trial on 12/11/2019, 13/11/2019, 14/11/2019, 21/11/2019, 31/1/2020, 9/9/2020, 10/9/2020 and on 19/9/2020, the Court delivered its decision as follows :

1) the plaintiff's claim against the 1st defendant was allowed in totality;
2) the plaintiff claim against the 2nd defendant was allowed in the sum of approximately RM600k, being 20% of total damage;
3) the plaintiff claim against the 3rd defendant was allowed in the sum of approximately 75k, being commission received;
4) the plaintiff claim against 4th defendant was dismissed;
5) In view of (4) above, no order was made in respect of 4th defendant's third party claim against the 1st and 3rd defendants.

The plaintiff has filed an appeal to the Court of Appeal on 4/3/2021 against part of the decision of the High Court in respect of (2),(3) and (4) above and case management date has been rescheduled to 13/10/2022.

34. SIGNIFICANT EVENT DURING THE REPORTING DATE

On 8 June 2021, the Company entered into a conditional share sale agreement with Innofarm Sdn Bhd ("Innofarm") and Mackan Holding Sdn Bhd ("**Mackan**"), to acquire the remaining 50% equity interest in Sri Tawau Farming Sdn Bhd not already owned by the Company from Mackan, for a total purchase consideration of RM28,000,000 ("Proposed Acquisition"). The purchase consideration in respect of the Proposed Acquisition shall be satisfied via the issuance of 80,000,000 new ordinary shares of the Company to Mackan at an issue price of RM0.35 per share.

35. CAPITAL MANAGEMENT

The Group and Company's primary objective in managing their capital is to maximise the value by optimising its capital structure and enhancing capital efficiency while maintaining a sufficient level of liquidity. The Group and Company targets a capital structure of an optimal mix of debt and equity to achieve an efficient cost of capital vis-à-vis maintaining financial flexibility for their business requirement and investing for future growth. The Group and Company regularly reviews and manage its capital structure in accordance with the changes in economic conditions and its future business plan.

The Group and Company manages their capital based on debt-to-equity ratio, which is total debt divided by total equity attributable to equity holders of the Group and Company. The debt-to-equity ratio at the end of the reporting period were as follows :

	Group		**Company**	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Total borrowings (Note 20)	273,372,979	290,058,957	150,325,812	162,913,623
Less : Cash and bank balances	(15,384,170)	(9,698,693)	(7,599,543)	(3,910,757)
	257,988,809	280,360,264	142,726,269	159,002,866
Total equity	449,289,473	456,501,826	314,050,118	289,804,696
Debt-to-equity ratio	**0.57**	**0.61**	**0.45**	**0.55**

There has been no change in the above capital management objectives, policies and processes compared to the previous year.

STATEMENT BY DIRECTORS
pursuant to Section 251 (2) of the Companies Act 2016

We, **DATO' YAP HOONG CHAI** and **DATO' YEAP WENG HONG**, being two of the directors of **LAY HONG BERHAD**, do hereby state on behalf of the directors that, in our opinion the financial statements set out on pages 53 to 136 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 MARCH 2022 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

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

DATO' YAP HOONG CHAI

DATO' YEAP WENG HONG

Klang, Selangor
Dated : 27 June 2022

STATUTORY DECLARATION
pursuant to Section 251 (1) (b) of the Companies Act 2016

I, **NG KIM TIAN**, being the director primarily responsible for the financial management of **LAY HONG BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 53 to 136 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly
declared at Klang in the state of Selangor
this day of 27 June 2022

Before me,

NG KIM TIAN
(Director)

ANALYSIS OF SHAREHOLDINGS
as at 30 June 2022

Issued & Fully Paid-up Capital	:	740,319,100 ordinary shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

30 LARGEST SECURITIES ACCOUNT HOLDERS (BASED ON THE RECORD OF DEPOSITORS) (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME PERSON)

	NAME OF SHAREHOLDERS	NO. OF SHARES HELD	(%)
1.	MAYBANK SECURITIES NOMINEES (ASING) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR NH FOODS LTD*	132,500,000	17.90
2.	INNOFARM SDN. BHD.	102,350,000	13.83
3.	MACKAN HOLDING SDN. BHD.	80,000,000	10.81
4.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR INNOFARM SDN. BHD.*	47,800,000	6.46
5.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR CHENG YING YING (CHE3060M)*	22,939,390	3.10
6.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR INNOFARM SDN. BHD. (MARGIN)*	20,350,000	2.75
7.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR INNOFARM SDN. BHD. (MY3045)*	10,000,000	1.35
8.	YAYASAN GURU TUN HUSSEIN ONN	10,000,000	1.35
9.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR YAP HOONG CHAI (YAP2110M)*	9,384,700	1.27
10.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. *MAYBANK TRUSTEES BERHAD FOR BIMB I GROWTH FUND (940160)*	4,370,000	0.59
11.	YEAP WENG HONG	4,072,000	0.55
12.	NG CHEW KEE	3,730,300	0.50
13.	CHNG KIM CHYE	3,062,600	0.41
14.	SEAH HANG KUAN	2,794,200	0.38
15.	TEE CHEE CHONG	2,700,000	0.36
16.	ONG JUN JIE	2,500,000	0.34
17.	OO KWANG TUNG	2,173,600	0.29
18.	LIM YOKE SIM	1,960,900	0.26
19.	BAN SENG GUAN SDN. BHD.	1,927,500	0.26
20.	UOB KAY HIAN NOMINEES (ASING) SDN. BHD. *EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)*	1,906,100	0.26
21.	YAP SHOR YEE	1,894,000	0.26
22.	RENAISSANCE TECHNOLOGIES (M) SDN. BHD.	1,820,800	0.25
23.	CHIN VIC LEE	1,633,000	0.22

30 LARGEST SECURITIES ACCOUNT HOLDERS (BASED ON THE RECORD OF DEPOSITORS) (CONT'D) (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME PERSON)

	NAME OF SHAREHOLDERS	NO. OF SHARES HELD	(%)
24.	HONG CHOON HAU	1,575,900	0.21
25.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR TAN LEONG KIAT (M02)*	1,500,000	0.20
26.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR CHAN JIAN CHERN (E-TSA/KTI)*	1,500,000	0.20
27.	YAP CHOR HOW	1,500,000	0.20
28.	ANG BOON GUAN	1,480,000	0.20
29.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR YAP CHOR HOW (YAP2107M)*	1,434,700	0.19
30.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR INNOFARM SDN. BHD.*	1,389,800	0.19
	TOTAL	**482,249,490**	**65.14**

SHAREHOLDINGS DISTRIBUTION SCHEDULE (BASED ON THE RECORD OF DEPOSITORS)

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	NO. OF SHARES HELD	%
1 - 99	143	3,328	0.00*
100 - 1,000	931	545,800	0.07
1,001 - 10,000	3,890	24,163,052	3.26
10,001 - 100,000	3,541	122,705,230	16.57
100,001 to less than 5% of the issued shares	454	230,251,690	31.10
5% and above of the issued shares	4	362,650,000	49.00
TOTAL	**8,963**	**740,319,100**	**100.00**

Remark : * Less than 0.01%

LIST OF SUBSTANTIAL SHAREHOLDERS (BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

		NO. OF SHARES HELD			
	NAME OF SUBSTANTIAL SHAREHOLDERS	DIRECT	%	INDIRECT	%
1.	Innofarm Sdn. Bhd.	181,889,800	24.57	–	–
2.	NH Foods Ltd	132,500,000	17.90	–	–
3.	Mackan Holding Sdn. Bhd.	80,000,000	10.81	–	–
4.	Dato' Yap Hoong Chai	9,384,700	1.27	261,889,800	35.38*

Remark : * Deemed interested by virtue of his interest in Innofarm Sdn. Bhd. and Mackan Holding Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

LIST OF DIRECTORS' SHAREHOLDINGS (BASED ON THE REGISTER OF DIRECTORS' SHAREHOLDINGS)

		NO. OF SHARES HELD			
	NAME OF DIRECTORS	DIRECT	%	INDIRECT	%
1.	Dato' Yap Hoong Chai	9,384,700	1.27	289,999,660	39.17*
2.	Dato' Yap Chor How	3,283,700	0.44	–	–
3.	Dato' Yeap Weng Hong	4,072,000	0.55	–	–
4.	Ng Kim Tian	–	–	–	–
5.	Yeap Fock Hoong	270,000	0.04	–	–
6.	Gan Lian Peng	–	–	–	–
7.	Tan Chee Hau	–	–	–	–
8.	Lim Teck Seng	–	–	–	–
9.	Tadaaki Ito	–	–	–	–
10.	Yasuhito Igarashi (Alternate to Tadaaki Ito)	–	–	–	–

Remark : * Deemed interested in 28,109,860 shares held by his direct family members, 181,889,800 shares by virtue of Innofarm Sdn. Bhd. and 80,000,000 shares by virtue of Mackan Holding Sdn.Bhd. pursuant to Section 8 of the Companies Act 2016.

LIST OF TOP TEN PROPERTIES

as at 31 March 2022

Location	Description & Existing Use	Approximate Area (Acres)	Tenure & Expiry Date	Age of building (Years)	NBV (RM'000)	Date of acquisition/ Revaluation
GM1706, Lot No. 1822 Mukim of Jeram Kuala Selangor	Layer Farm	5.0	Freehold	2-5	17,339	1/3/2021
Lot Nos. 739/40 & 741 Mukim Api-Api Kuala Selangor	Breeder Farm	15.0	Freehold	2-19	15,095	1/3/2021
Lot Nos. 1717/8/9 & 1720 Mukim of Ayer Panas Jasin, Melaka	Layer Farm & Fertiliser Plant & Building	40.4	Freehold	4-37	14,964	1/3/2021
GM1134, Lot No. 2809, Mukim of Jeram Kuala Selangor	Layer Farm	5.0	Freehold	2-6	13,788	1/3/2021
Lot Nos.16456/7 & 16486 Mukim Tanjong Karang Kuala Selangor	Processing Plant	3.0	Leasehold 'Nov 2080 (16456/7), July 2080 (16486)	3-18	13,580	1/3/2021
Lot No. 4857 Mukim of Jeram Kuala Selangor	Layer Farm & Feedmill	25.0	Freehold	2-38	13,570	1/3/2021
No. 2, Level 10-12, Wisma Lay Hong, Jalan Empayar Off Persiaran, Sultan Ibrahim/KU1, 41150 Klang	Corporate Office	31,212 sq. ft.	Freehold	13	12,991	1/3/2021
NT. No. 043081625, Tamparuli, Sabah	Layer Farm	9.1	Leasehold 'Feb 2037	10	12,550	1/3/2021
Lot Nos. 1475/6 Lot Nos. 253 & 244 Mukim Pasangan Kuala Selangor	Breeder Farm & Hatchery	18.5	Freehold	6-24	12,138	1/3/2021
Lot Nos. 16458/9 Mukim of Tanjung Karang Kuala Selangor	Processing Plant	2.0	Leasehold 'Aug 2080	5-8	10,434	1/3/2021

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Eighth Annual General Meeting ("**38th AGM**") of **LAY HONG BERHAD** (the "**Company**") will be held on a fully virtual basis via online meeting platform of Securities Services e-Portal at https://sshsb.net.my/ provided by SS E Solutions Sdn. Bhd. in Malaysia on **Wednesday, 28 September 2022** at **11.00 a.m.** or at any adjournment thereof to consider and if thought fit, to pass the following resolutions with or without modifications:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2022 together with the Reports of the Directors and Auditors thereon. **(See Explanatory Note 10)**

2. To approve the payment of a Final Single Tier Dividend of 0.3 sen per ordinary share for the financial year ended 31 March 2022. **Ordinary Resolution 1** **(See Explanatory Note 11)**

3. To approve the payment of Directors' Fees of RM323,000.00 for the financial year ended 31 March 2022. **Ordinary Resolution 2**

4. To re-elect the following Directors who are retiring under Clause 134 of the Constitution of the Company: -

   i. Dato' Yeap Weng Hong **Ordinary Resolution 3**
   ii. Mr. Lim Teck Seng **Ordinary Resolution 4**
   iii. Mr. Tan Chee Hau **Ordinary Resolution 5**
   (See Explanatory Note 12)

5. To re-appoint Messrs. Tai, Yapp & Co. PLT as Auditors for the financial year ending 31 March 2023 and to authorise the Directors to fix their remuneration. **Ordinary Resolution 6**

SPECIAL BUSINESS

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

6. **Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016 ("CA 2016")** **Ordinary Resolution 7** **(See Explanatory Note 13)**

   "**THAT** pursuant to Sections 75 and 76 of the CA 2016 and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to allot and issue shares of the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided always that the aggregate number of shares issued pursuant to this resolution does not exceed twenty percent (20%) of the total number of issued shares of the Company for the time being to be utilised until 31 December 2022 as empowered by Bursa Malaysia Securities Berhad ("**Bursa Securities**") pursuant to Bursa Malaysia Berhad's ("**Bursa Malaysia**") letter dated 23 December 2021 to grant an extension for the additional temporary relief measures to listed issuers and thereafter does not exceed ten percent (10%) of the total number of issued shares of the Company for the time of issuance and such authority under this resolution shall continue in force until the conclusion of the 39th AGM or when it is required by law to be held, whichever is earlier, **AND THAT** the Directors be and are empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities."

7. To transact any other business for which due notice shall have been given in accordance with the Constitution of the Company and/or the CA 2016.

BY ORDER OF THE BOARD

WONG YUET CHYN (MAICSA 7047163)
(SSM PC 202008002451)
Company Secretary

Kuala Lumpur
Date: 29 July 2022

Notes:-

1. A member of the Company entitled to attend and vote is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.
2. A member of the Company may appoint not more than two (2) proxies to attend the meeting, provided that the member specifies the proportion of the members shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.
3. A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.
4. Where a member is an Authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**") there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the registered office at A1-2-2, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) or fax to 03-6413 3271 or email to infosr@wscs.com.my not less than forty-eight (48) hours before the time appointed for holding this meeting or adjourned meeting at which the person named in such instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
6. An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.
7. In respect of deposited securities, only members whose names appear on the Record of Depositors on 21 September 2022, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements ("**MMLR**") of Bursa Securities, all resolutions set out in this Notice will be put to vote by way of poll.
9. The members are encouraged to refer the Administrative Guide on registration and voting for the meeting.

Explanatory Notes on Ordinary Business

10. The audited financial statements are laid in accordance with Section 340(1) (a) of the CA 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

11. **Notice of Dividend Entitlement and Payment**

    Notice is also hereby given that subject to the approval of the shareholders at the forthcoming 38th AGM, a Final Single Tier Dividend of 0.3 sen per share will be paid on 16 November 2022 to the shareholders whose names appear in the Record of Depositors at the close of business on 19 October 2022.

    A depositor shall qualify for entitlement only in respect of: -

    a) shares transferred to the Depositors' Securities Account before 4.30 p.m. on 19 October 2022 in respect of ordinary transfers; and

    b) shares bought on Bursa Securities on a cum entitlement basis according to the Paragraphs of Bursa Securities.

12. Re-election of Directors Dato' Yeap, Mr. Lim and Mr. Tan being eligible, have offered themselves for re-election at this AGM pursuant to the Constitution of the Company. The Board (with exception of the retiring Directors who abstained) recommended the retiring directors be re-elected as the Directors of the Company as they have character, experience, integrity, competence and time to effectively discharge their role as a Director of the Company.

    The Board was further satisfied that Mr. Lim and Mr. Tan complied with their criteria of independence based on the Listing Requirements and remain independent in exercising their judgement and carry out their roles as independent non-executive director.

Explanatory Note on Special Business

13. **Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the CA 2016**

    The proposed Ordinary Resolution 7 is proposed for the purpose of renewing the general mandate for issuance of shares by the Company under Sections 75 and 76 of the CA 2016. The Ordinary Resolution 7, if passed, will give the Directors of the Company authority to allot and issue shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 20% of the total number of issued shares of the Company for the time being to be utilised until 31 December 2022, after that, the 10% limit under Paragraph 6.03 of MMLR of Bursa Securities will be reinstated (hereinafter referred to as the "**General Mandate**").

    As part of the initiative from Bursa Securities to aid and facilitate listed issuers in sustaining their business or easing their compliance with Bursa Securities' rules, amid the unprecedented uncertainty surrounding the recovery of the COVID-19 outbreak and Movement Control Order imposed by the Government, Bursa Securities had vide Bursa Malaysia's letter dated 23 December 2021 allow a listed issuer to seek a higher general mandate under Paragraph 6.03 of MMLR of Bursa Securities of not more than 20% of the total number of issued shares (excluding treasury shares) for the general issue of new securities.

    The General Mandate will provide flexibility to the Company to raise additional funds expeditiously and efficiently during this challenging time, to meet its funding requirements including but not limited to funding future investment project(s), working capital and/or acquisitions.

    As at the date of this notice, no shares had been allotted and issued since the General Mandate granted to the Directors at the last AGM held on 28 September 2021 and this authority will lapse at the conclusion of the 38th AGM of the Company.

    The Board, having considered the current and prospective financial position, needs and capacity of the Group, is of the opinion that the General Mandate is in the best interests of the Company and its shareholders.

LAY HONG BERHAD

Registration No. 198301011738 (107129-H)
(Incorporated in Malaysia)

CDS ACCOUNT NO.				-				-									
NO. OF SHARES HELD																	

FORM OF PROXY

I/We ....
(FULL NAME IN BLOCK LETTERS)

(NRIC No./Passport No./Company Registration No. ....)

of ....
(FULL ADDRESS)

Email Address .... Contact No. ....

being a member/members of **LAY HONG BERHAD**, hereby appoint

Name of Proxy	**NRIC No./Passport No.**	**% of Shareholding to be Represented**
Address		
Email Address	**Contact No.**	

and/or failing him/her

Name of Proxy	**NRIC No./Passport No.**	**% of Shareholding to be Represented**
Address		
Email Address	**Contact No.**	

or failing him/her, the **CHAIRMAN OF THE MEETING** as my/our proxy to vote for me/us on my/our behalf at the 38th Annual General Meeting of the Company will be held on a fully virtual basis via online meeting platform of Securities Services e-Portal at https://sshsb.net.my/ provided by SS E Solutions Sdn. Bhd. in Malaysia on **Wednesday, 28 September 2022** at **11.00 a.m.** or at any adjournment thereof.

ORDINARY RESOLUTIONS		**FOR**	**AGAINST**
1.	Payment of Final Single Tier Dividend		
2.	Payment of Directors' Fees		
3.	Re-election of Dato' Yeap Weng Hong		
4.	Re-election of Mr. Lim Teck Seng		
5.	Re-election of Mr. Tan Chee Hau		
6.	Re-appointment of Auditors		
7.	Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016		

(Please indicate with an "X" in the space provided on how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)

Dated this.................... day of.. 2022.

....
Signature(s) of member(s)

Notes: -

1. A member of the Company entitled to attend and vote is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.
2. A member of the Company may appoint not more than two (2) proxies to attend the meeting, provided that the member specifies the proportion of the members shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.
3. A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.
4. Where a member is an Authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**") there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the registered office at A1-2-2, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) or fax to 03-6413 3271 or email to infosr@wscs.com.my not less than forty-eight (48) hours before the time appointed for holding this meeting or adjourned meeting at which the person named in such instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
6. An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.
7. In respect of deposited securities, only members whose names appear on the Record of Depositors on 21 September 2022, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all resolutions set out in this Notice will be put to vote by way of poll.
9. The members are encouraged to refer the Administrative Guide on registration and voting for the meeting.

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AFFIX
STAMP

The Company Secretary

LAY HONG BERHAD

Registration No. 198301011738 (107129-H)
A1-2-2, Solaris Dutamas
No. 1, Jalan Dutamas 1
50480 Kuala Lumpur
Wilayah Persekutuan (KL)

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LAY HONG BERHAD
(198301011738 (107129-H))
Incorporated in Malaysia

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No.1, Jalan Dutamas 1
50480 Kuala Lumpur
Wilayah Persekutuan (KL)
Tel : 03-6413 3271
Fax : 03-6413 3271

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