



LAY HONG BERHAD

(198301011738 (107129-H) Incorporated in Malaysia)

ANNUAL REPORT 2023

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 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.



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.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Yap Hoong Chai	<i>Executive Chairman</i>
Dato' Yeap Weng Hong	<i>Executive Director</i>
Dato' Yap Chor How	<i>Executive Director</i>
Ng Kim Tian	<i>Executive Director</i>
Tan Chee Hau	<i>Independent Non-Executive Director</i>
Wong Soo Thiam	<i>Independent Non-Executive Director</i>
Tham Wei Mei	<i>Independent Non-Executive Director</i>
Yeap Fock Hoong	<i>Non-Independent Non-Executive Director</i>
Tadaaki Ito	<i>Non-Independent Non-Executive Director</i>
Yasuhito Igarashi	<i>Alternate Director to Tadaaki Ito</i>

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/ 03 2095 0292

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

AUDIT COMMITTEE

Wong Soo Thiam
Chairman
Tan Chee Hau
Tham Wei Mei

COMPANY SECRETARY

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

PRINCIPAL BANKERS

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

NOMINATING COMMITTEE

Tan Chee Hau
Chairman
Wong Soo Thiam
Tham Wei Mei

AUDITORS

Tai, Yapp & Co PLT
No. 25-04-10 & 25-04-15
4th Floor, Plaza Prima, Batu 4 1/2
Jalan Klang Lama
58200 Kuala Lumpur
W. P. Kuala Lumpur

STOCK EXCHANGE LISTING

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

REMUNERATION COMMITTEE

Tan Chee Hau
Chairman
Wong Soo Thiam
Tham Wei Mei

REGISTERED OFFICE

A3-3-8, Solaris Dutamas
No. 1, Jalan Dutamas 1
50480 Kuala Lumpur
W. P. Kuala Lumpur
T: 03 6413 3271
F: 03 6413 3270

WEBSITE

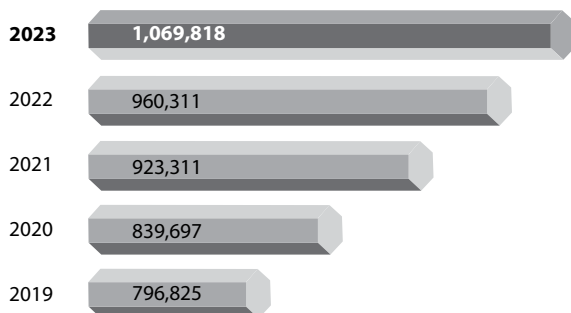
www.layhong.com.my

GROUP FINANCIAL HIGHLIGHTS

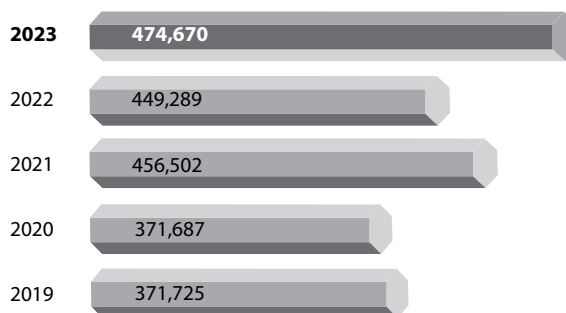
	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000
Revenue	1,069,818	960,311	923,311	839,697	796,825
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	98,877	65,125	65,384	64,531	47,178
Net profit/(loss) for the financial year	28,242	(2,660)	5,242	5,576	1,403
Profit/(loss) attributable to the owners of the Company	28,107	(4,030)	3,182	3,398	7,267
Total assets	952,200	947,654	944,278	850,808	820,196
Net assets (NA)	474,670	449,289	456,502	371,687	371,725
Share capital	173,633	173,633	145,621	145,621	145,621
NA per share (RM) *	0.64	0.61	0.69	0.56	0.56
Basic earnings per share (sen) *	3.80	(0.59)	0.48	0.51	1.11

* Based on number of ordinary shares of RM0.20 each after adjusting for Bonus Issue and Share Split in FY 2017.

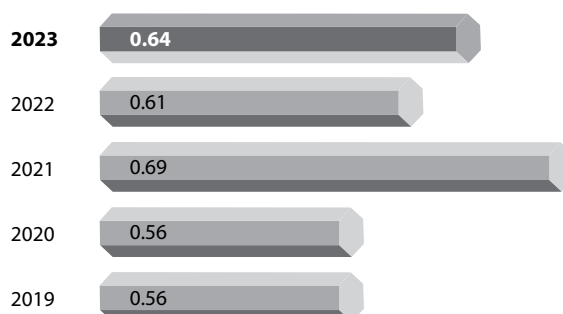
REVENUE (RM'000)



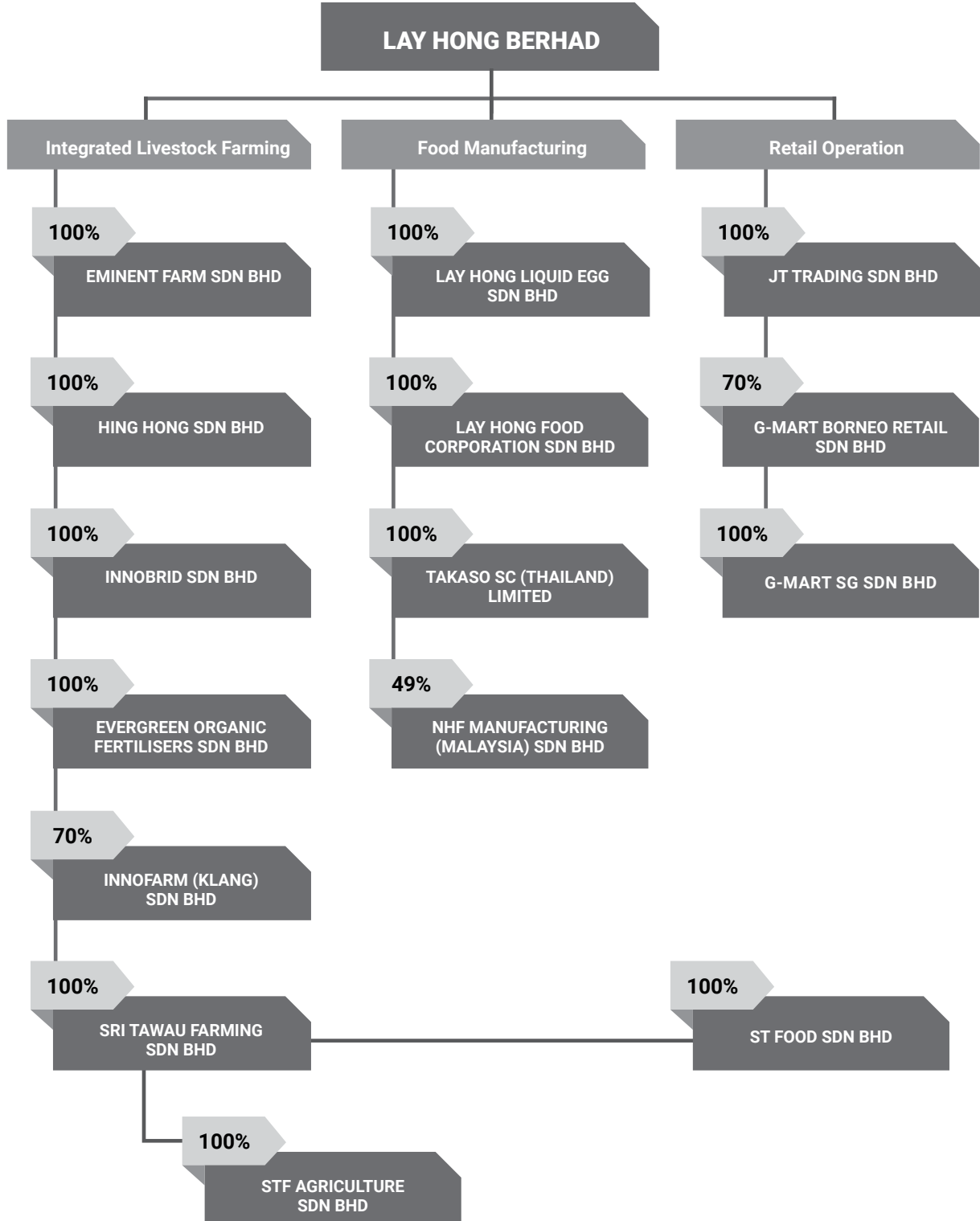
NET ASSETS (RM'000)



NET ASSETS PER SHARE (RM)



GROUP STRUCTURE AND OPERATIONS



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**”) 2023 and the Group’s business expectations for FY2024.*

CORE BUSINESS

There has been no change to the Group’s core activities in FY2023, namely:



**Integrated
livestock farming**



**Food
manufacturing**



**Retail
operation**

EXTERNAL FACTORS

The Covid-19 pandemic which started in March 2020 appears to be continuing though on a much smaller scale with certain variant keeps popping up. Travellers are now free to travel anywhere though they are advised to take safety precautions like wearing mask is an option. The war broke out between Russia and Ukraine in December 2021 seems to be escalating. With this kind of unwarranted events, commodity prices like corn and soya bean meal which are our Group’s main input costs has skyrocketed and has remained high during the year and is expected to remain at this level going forward. At the same time during this period, the emergence of Avian influenza outbreak has hit most part of the world in particular Europe where the main source of Layers and Broilers parent stocks companies are based. With this unexpected event, exports of parent stock day old chicks (DOC) are banned thus creating an acute shortage of layers and broilers worldwide including Malaysia. With chicken breeders unable to source for parent stocks, their breeding processes have been seriously disrupted, thus causing acute supply shortages of table eggs and live broilers in the market. On top of that, the Malaysian Ringgit has also weakened further from RM4.00 to above RM4.60 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 in most part of the financial year. To temporarily lighten the input cost of production of farmers, the government of Malaysia has introduced subsidies which is supposed to end on 30 June, 2023 has been extended beyond 1 July, 2023. Given these unfavourable scenarios, it can be summed up that FY2023 has been a very difficult and challenging year for the Group.

Management Discussion and Analysis (cont'd)

GROUP FINANCIAL RESULTS

	FY2023 RM'000	FY2022 RM'000
Revenue	1,069,818	960,311
Profit before tax ("PBT")	40,214	7,668
Profit/(loss) after tax ("PAT")	28,242	(2,660)
Total borrowings	238,545	273,373
Shareholder funds attributable to owners of the Company	462,916	437,670
Share Capital	173,633	173,633
No. of Shares ('000)	740,319	740,319
Gearing ratio (times)	0.52	0.62
Basic Earnings per share ("EPS") (sen)	3.80	(0.59)
Net asset per share (RM)	0.64	0.61

For the first time, Group's revenue has crossed the RM1 billion mark. For the FY2023 it increased by 11.40% or RM109.51 million from RM960.31 million to RM1,069.82 million. The increase in revenue was primarily due to food manufacturing business segment. Higher sales on further processed downstream poultry products including chicken nuggets and frankfurters have contributed to this increase. Retail business also recorded higher revenue due to the adjustment of its selling prices for inflation.

In line with the higher revenue, PBT has similarly recorded an increase of 424.44% or RM32.55 million from RM7.67 million in FY2022 to RM40.21 million in FY2023. The increase was mainly attributed to increase contribution from all segments of the group's business particularly the manufacturing of downstream chicken products. The chicken and egg subsidies introduced by the government of Malaysia received in FY2023 nonetheless has considerably suppressed the substantial surge in input cost price for corn and soya bean meal.

GROUP FINANCIAL POSITION

Total assets of the Group remained fairly unchanged from RM947.66 million in FY2022 to RM952.20 million in FY2023. Total borrowings in contrast have registered a decrease from RM273.37 million in FY2022 to RM238.55 million in FY2023. The reduction of RM34.83 million was attributed to the cash sale of a portion of live broilers produced directly into the market and the improvement in cash collector from the review of the terms extended to trade debtors. This has led to the improvement of the Group's gearing from 0.62 times to 0.52 times.

CORPORATE EXERCISE

During the year, the company received approval from Bursa Malaysia to implement an Employees' Share Scheme (ESS) and shareholders have approved this proposal on 28 September, 2022. To date, no Option has been granted.

Management Discussion and Analysis (cont'd)

BUSINESS REVIEW



**INTEGRATED
LIVESTOCK
FARMING**

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

Layer

Revenue for table eggs remained considerably flat with minor increase at RM251.06 million for FY2023 as compared to last year at RM246.20 million. This situation was due to the shortage of layers that resulted in the population flocks' laying period being extended from the normal 90 weeks to a maximum of 110 weeks. With this unprecedented strategy adopted by the management as to keep the production of table eggs available for an extended period, it has compromised on the feed conversion ratio on each flock cycle of layers. Even though, the production quantity of table eggs was reduced, the ceiling prices imposed by the government was revised upwards plus the subsidies received have compensated for the reduction in the production quantity.

Revenue for the functional eggs branded under "NUTRIPLUS" was at RM105.19 million at which is 34% higher last year. Higher revenue was mainly contributed by higher quantity of eggs sold as well as higher ASP recovery in response to the higher input cost.

The number of layer farms (Parent stock breeder and layer) now owned by the Group in FY2023 are as follows:

Parent Stock Breeder Farm and Hatchery

	Location	Capacity per month (Day Old Chick)	Type
1.	Lot 1632 & 1633, Ijok, Selangor	180,000	Environment controlled house (ECH)
2.	Lot 1640, Ijok, Selangor	32,000	ECH
		212,000	

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	

Management Discussion and Analysis (cont'd)

BUSINESS REVIEW (CONT'D)

INTEGRATED LIVESTOCK FARMING (CONT'D)

Broiler

In FY2023, the Group sold a total of 36.05 million kilogram ("kg") of broilers compared to 44.53 million kg recorded in the previous year. The lower quantity was due to the lower feed conversion ratio (FCR) achieved in all farms plus the closure of one old farm using the "deep litter" method of breeding. This farm is in the process of being rebuilt with the latest automated equipment when completed. Consistent with the decrease in quantity, revenue has also decreased in tandem by 11.17% from RM237.07 million in FY2022 to RM210.58 million in FY2023 despite the better ASP in the current year.

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	Open House
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	

Management Discussion and Analysis (cont'd)

BUSINESS REVIEW (CONT'D)



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

The division recorded a higher revenue of RM337.59 million for FY2023 compared to RM328.77 million recorded in FY2022. The increase of revenue was primarily due to higher productivity and availability of raw materials for production being restored through imports from a neighbouring country for the manufacturing of our fast-moving anchor products i.e. nuggets and frankfurters. The foreign labour issue has also been normalised in the 4th quarter of the financial year.

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.

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 FY2023, this segment produced 6.76 million kg as compared to 4.73 million kg in FY2022. Production has increased essentially due to higher demand from confectioneries and restaurants which have since re-commenced business post MCO.

The revenue generated from this segment was RM56.21 million compared to that of RM35.79 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	15
2	Myshop	Retail shops	45
3	JT Trading	Retail shops	4
Total Stores			64

Management Discussion and Analysis (cont'd)

BUSINESS REVIEW (CONT'D)

RETAIL OPERATION (CONT'D)

Total revenue generated from the retail business was slightly higher in FY2023 of RM258.80 million compared to that of RM236.82 million in FY2022. The increase in revenue was due to the revision of selling prices of retail items were implemented during the financial year to reflect the current inflation trend affecting the country in addition to the continuous patronage by loyal consumers.

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. The revenue generated from these supermarket outlets continued to be stable.

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.

CAPITAL EXPENDITURE

During the financial year under review a total of RM35.41 million was spent on capital expenditure of which RM27.60 million was expended to increase farms/liquid egg production capacities and manufacturing of downstream chicken related products. The balance of RM7.81 million was mainly spent in the renovation cost of expanding the retail business. The funding for these projects was from a combination of bank borrowings and internal generated funds.

DIRECTORATE

During the year, Mr Lim Teck Seng resigned as an Independent Non Executive Director and at the same time, the board of directors welcome the appointment of Mr Wong Soo Thiam to replace him.

ANTICIPATED OR KNOWN RISKS

Credit Risk and Default In Payment By Customers

Generally, the credit terms granted to customers ranges from cash to 30 days credit term for eggs and chicken and up to 180 days for organic fertiliser. All business in our retail segment were transacted strictly on cash term only. 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.

Management Discussion and Analysis (cont'd)

ANTICIPATED OR KNOWN RISKS (CONT'D)

Foreign Currencies Risk

The Group's certain raw materials such as corn and soya bean are transacted in United State Dollar while approximately less than 1% of our export sales are transacted in Singapore dollars. As such, the Group is exposed to foreign exchange risk primarily on the Group's purchases. 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.

The Group has almost modernised completely all its farms to environment controlled house to minimize the impact of disease transmission except for two old layer farms which are still open houses.

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 embarked on a biogas plant within the cluster of six large closed house layer farms to generate electricity to part-power some of the said farms. It is expected to be fully operational in the current financial year ending 31 March, 2024.

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.

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 in addition to the chicken and egg ceiling price set by the government of Malaysia 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.

Management Discussion and Analysis (cont'd)

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 0.3 sen per share for the financial year ended 31 March 2023. 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 73
Male*

Dato' Yap Hoong Chai is a founder of the Lay Hong Berhad Group. Dato' Yap 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.

Dato' Yap 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.

Dato' Yap is a director and shareholder of Innofarm Sdn Bhd, a major shareholder of the Company.

Dato' Yap has attended all five (5) Board Meetings held during the financial year.

DATO' YEAP WENG HONG

Executive Director

*Malaysian
Aged 65
Male*

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

Dato' Yeap 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.

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

Dato' Yeap is a director and shareholder of Innofarm Sdn Bhd, a major shareholder of the Company.

Dato' Yeap 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 46
Male*

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

Dato' Chor How graduated from University of Melbourne with a Bachelor of Commerce honour degree.

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

Dato' Chor How has attended four (4) out of five (5) Board Meetings held during the financial year.

NG KIM TIAN

Executive Director

*Malaysian
Aged 69
Male*

Mr Ng Kim Tian was appointed as an Executive Director on 3 October 2013. Mr Ng 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.

Mr Ng 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, Mr Ng has served in various capacities in the field of auditing and finance. Mr Ng started his initial career as an Audit Trainee with an accounting practice.

Mr Ng 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 55
Male*

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

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

Mr Tan 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.

Mr Tan 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. Mr Tan has advised many companies on listings, restructuring, mergers and acquisitions, equity and debt issuance, fund raising, etc. Mr Tan is presently involved in corporate finance advisory works.

Presently, Mr Tan sits on the Board of Perak Corporation Berhad as Independent Director.

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

WONG SOO THIAM

Independent Non-Executive Director

*Malaysian
Aged 67
Male*

Mr Wong Soo Thiam was appointed as an Independent Non-Executive Director on 30 November 2022.

Mr Wong is a Chartered Accountant of the Malaysian Institute of Accountants and Member of the Malaysian Institute of Certified Public Accountants.

Mr Wong was trained and qualified as a Chartered Accountant with Price Waterhouse, Kuala Lumpur (now PricewaterhouseCoopers). Mr Wong subsequently joined Ong Boon Bah & Co as a partner and is now the managing partner. In practice for over three

decades, Mr Wong has accumulated a wealth of experience in audit, tax, financial and management consulting and corporate secretarial work. In the course of his work, Mr Wong has extensive exposure and experience over various industries including financial services, manufacturing, trading, construction, property development, retailing and biological.

Mr Wong has attended one (1) out of one (1) Board Meeting held during the financial year since his appointment.

Director's Profile
(cont'd)**THAM WEI MEI**

Independent Non-Executive Director

*Malaysian
Aged 56
Female*

Madam Tham Wei Mei was appointed as an Independent Non-Executive Director on 31 May 2023.

Madam Tham is a Degree in Mass Communications from Universiti Sains Malaysia

Madam Tham has over 30 years of experience in the fields of mass media, communications, journalism, marketing, publishing and public relations, having served companies locally and abroad. Madam Tham career started in Jakarta before she headed to Cambodia.

Based in Phnom Penh, she was a journalist and Assistant Bureau Chief for The Cambodia Times newspapers which were published in English and Khmer languages.

While in Cambodia, Madam Tham was also the principal writer in the publication of a United Nations newsletter, called The Peacekeeper. Madam Tham returned to Malaysia to serve in a US telco services company with clients in Hong Kong, Singapore, Indonesia and Thailand. Madam Tham left to set up Alpha Platform Sdn Bhd, a public relations consultancy where she serves GLCs, MNCs and government agencies, working on national issues, crisis, lobbying, mergers & acquisitions as well as on corporate exercise. Madam Tham is also actively involved in social media campaigns.

Madam Tham is a qualified nutritional therapist and a member of the Association of Nutritional Medicine Practitioners, Malaysia. She is presently an Independent Non-Executive Director with Protasco Berhad.

As Madam Tham is appointed as Director on 31 May 2023, she has not attended any Board Meeting held during the financial year.

YEAP FOCK HOONG

Non-Independent Non-Executive Director

*Singaporean
Aged 69
Male*

Mr Yeap Fock Hoong was appointed as a Non-Independent Non-Executive Director on 18 January 1994. Mr Yeap is currently the Member of Audit Committee.

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

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

Mr Yeap is a director and shareholder of Innofarm Sdn Bhd, a major shareholder of the Company.

Mr Yeap 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 58
Male*

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

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

Mr Tadaaki has attended four (4) out of five (5) Board Meetings held during the financial year.

YASUHITO IGARASHI

Alternate Director to Mr Tadaaki Ito

*Japanese
Aged 52
Male*

Mr Yasuhito Igarashi was appointed as an alternate director of Mr Tadaaki Ito on 1 April 2021.

Mr Yasuhito graduated from Tokyo Institute of Technology with Bachelor Degree of Biological Science. Mr Yasuhito has been responsible in Research and Product Development Department for Ham and Sausages in NH Foods Ltd., Tokyo and Osaka. Formerly Mr Yasuhito 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 Mr 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 2023.
- (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 Mr Tan Chee Hau and Madam Tham Wei Mei, none of the Directors hold any directorships in other public listed companies.

KEY SENIOR MANAGEMENT

YAP CHOR WEN

Director of Operation /
Lay Hong Food Corporation Sdn. Bhd.

*Malaysian
Male
Aged 43*

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

- Mr. Yap is the son of Dato' Yap Hoong Chai, the major shareholder and Executive Chairman of the Company.
- Mr. Yap 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 Company.

BONG KIM FUI

General Manager, Operation /
STF Agriculture Sdn. Bhd.

*Malaysian
Female
Aged 48*

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, Operation

Present Directorship

- Listed Entity: Nil
- Other Public Companies: Nil

Key Senior Management
(cont'd)**WONG YEN TIEN**

General Manager, Operation /
G-mart Borneo Retail Sdn. Bhd.

Malaysian
Male
Aged 55

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, Operation

Present Directorship

- Listed Entity: Nil
- Other Public Companies: Nil

ONG YONG THYE

Senior Manager - Purchasing & Feedmill /
Lay Hong Berhad

Malaysian
Male
Aged 60

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 2023.

SUSTAINABILITY STATEMENT

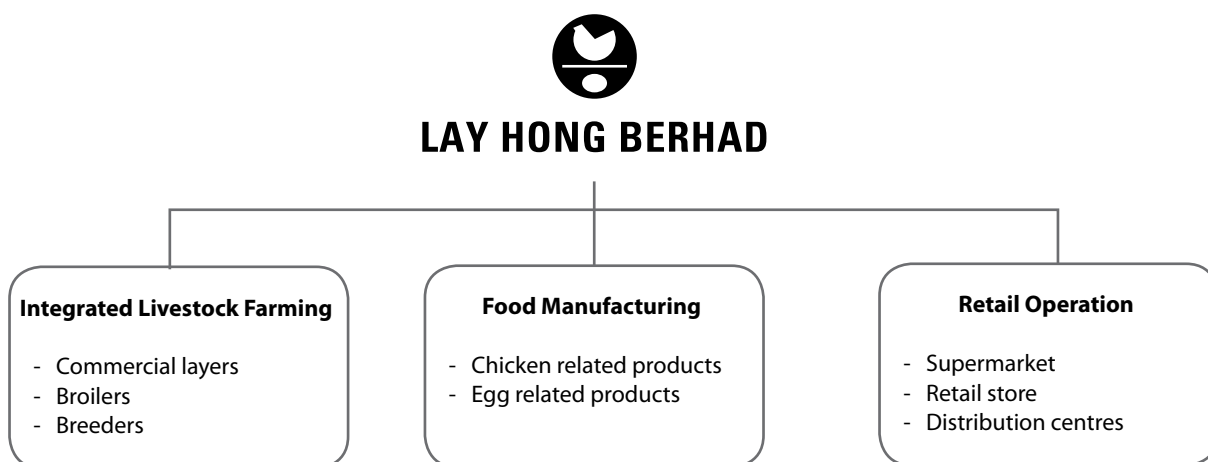
The Report

Since the first Sustainability Report (“**Report**”) was first released in 2018, Lay Hong Berhad (“**Lay Hong**”) has issued the Report for six consecutive years. The Report elaborates the Group’s concepts, practices and achievements of its sustainable development and social responsibility during the financial year ended (“**FYE**”) 31 March 2023 from the economic, environmental and social (“**EES**”) as well as governance aspects.

Sustainability reporting has become an increasingly important aspect of corporate disclosure. EES factors are now recognised as critical components of business performance and long-term sustainability. Investors are increasingly interested in understanding how companies manage EES issues, as they can impact a company’s reputation, financial performance, and ability to attract and retain talent. Sustainability reporting provides transparency and accountability to stakeholders, including investors, customers, employees, and regulators, by disclosing information on a company’s EES practices and performance.

Scope of the Report

The Report covers Lay Hong and its subsidiaries (collectively known as “the Group”). Information disclosed in this Report encompasses our major activities related to integrated livestock farming and food manufacturing. The Report covers the period from 1 April 2022 to 31 March 2023. All information in the Report is disclosed from the Group level.



Reporting principles

The Report is prepared in accordance to the principles of:

- Bursa Malaysia Securities Berhad (“**Bursa Securities**”)’s Sustainability Reporting Guide (2nd Edition);
- Listing Requirements of Bursa Malaysia Securities Berhad [Paragraph 29, Part A of Appendix 9C of the Main Market Listing Requirements (supplemented by Practice Note 9)]; and
- Sustainability Reporting Standards (“**GRI Standards**”) core option published by Global Reporting Initiative (GRI).

The Report follows the reporting principles of:

Materiality

The Group identifies key EES issues through stakeholder engagement and materiality assessment

Quantitative

The Report states the Group’s key environmental and social KPIs on a quantitative basis; quantitative information is accompanied by a narrative, explaining its purpose, impacts, and giving comparative data where appropriate

Balance

The Report provides an unbiased picture of the Group’s environmental and social performance

Sustainability Statement
(cont'd)

COMMITMENT TO SUSTAINABILITY DEVELOPMENT

Lay Hong has always considered sustainability to be a fundamental aspect of our organisational culture, as we aim to attain sustained growth and profitability while prioritising safety, care and environmental sustainability. We acknowledge that sustainability practices are a crucial factor in investors' decisions regarding investments.

In line with Bursa Securities' Sustainability Reporting Guide (2nd Edition), the Group's sustainability practices are to ensure that EES 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.

As a responsible corporate entity, our objective is to uphold high standards of governance throughout our operations. This is in line with our corporate culture, which seeks to promote responsible business practices, manage our environmental footprint and address the social needs of the communities where we operate.



The Group's ability to maintain a sustainable business and create long-term value for its shareholders is subject to various 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.

Sustainability Statement
(cont'd)

COMMITMENT TO SUSTAINABILITY DEVELOPMENT (CONT'D)



ECONOMIC



ENVIRONMENT



SOCIAL

Sustaining our economy

Delivering sustainable returns to our shareholders

Delivering quality products to achieve customers' satisfaction

Conserving our environment

Protecting our environment and improving our environmental performance

Building a resilient workforce

Ensuring a positive workplace for our employees

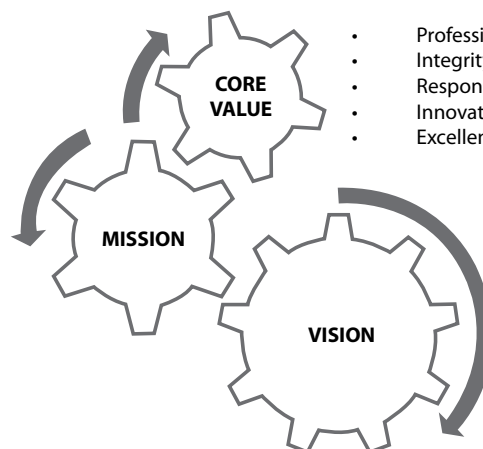
Serving our community
Contributing to the well-being of the community around us

GOVERNANCE FRAMEWORK

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 uphold in day-to-day operations and conduct ourselves to support our vision and shape our culture.

- To promote a healthier lifestyle and diet among Malaysians by developing highly nutritious and hygienic products utilising 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.



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

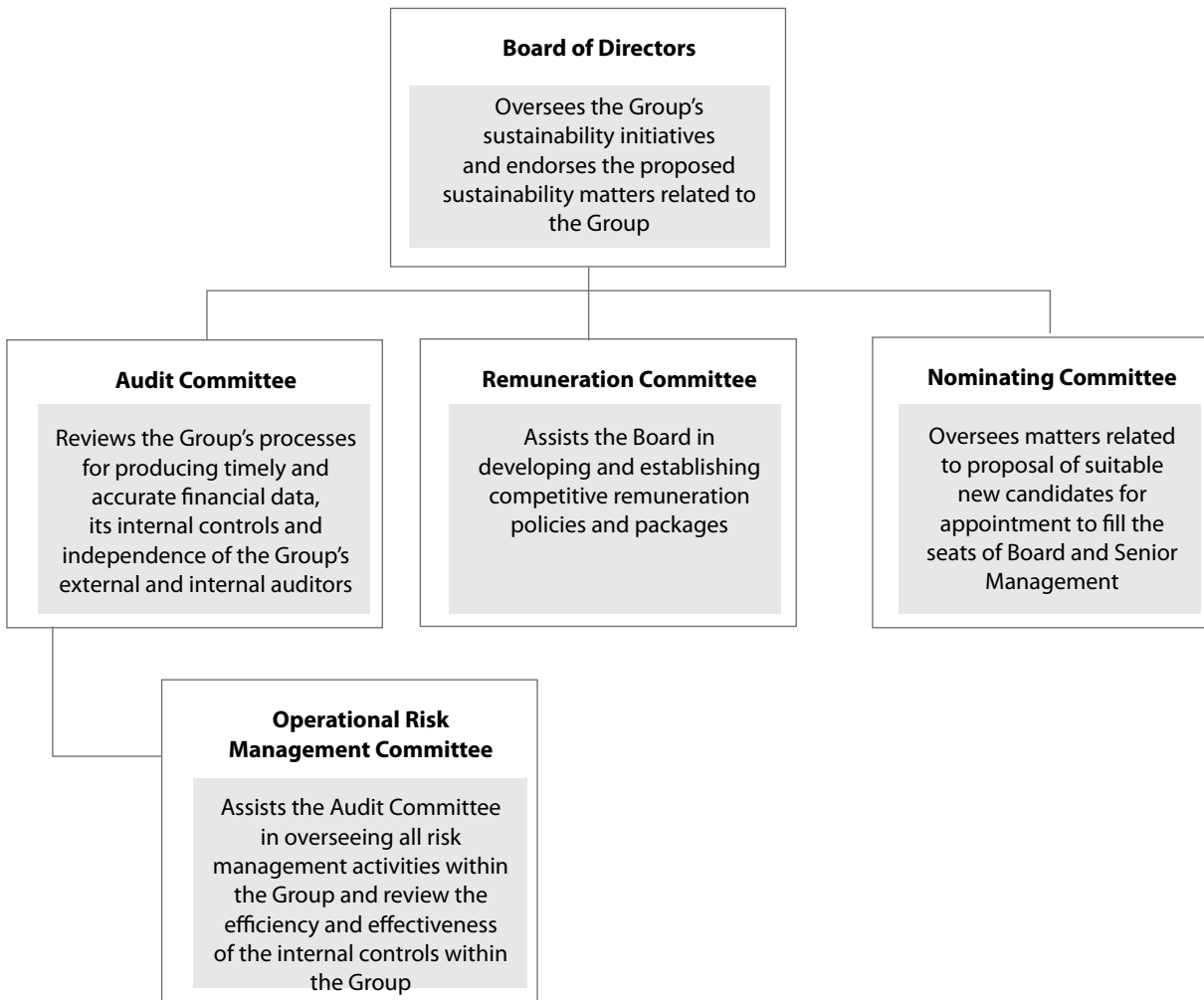
To become one of the leaders in Integrated Livestock Farming and Food Manufacturing in Malaysia

Sustainability Statement
(cont'd)

GOVERNANCE FRAMEWORK (CONT'D)

Corporate Governance

We have integrated sustainability into our organisational approach, which is championed by our top leadership. The Board of Directors (“**Board**”) plays a vital role in guiding and overseeing sustainability initiatives throughout the organisation. It is imperative for the Board to possess a comprehensive understanding of sustainability in order to connect sustainability issues with strategic decision-making for the business. The Board must be familiar with the fundamentals of sustainability to enable them to ask pertinent questions and ultimately link sustainability with the business and strategic decision-making processes.



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
- Tracking and communication of sustainability strategies, priorities and targets as well as performance against targets to internal and external stakeholders

Sustainability Statement
(cont'd)**GOVERNANCE FRAMEWORK (CONT'D)*****Corporate Governance (Cont'd)***

The Board also cascades sustainability matters to their respective teams in the form of policies, internal memos and updates to the Group's Standard Operating Procedures ("SOPs") to continue embedding sustainability in every aspect of the Group's daily operation.

The Board also acknowledges that risk management and internal controls are integral to our corporate governance and 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 internal control system 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 Committee and Remuneration Committee. Performance evaluation of the Board and Senior Management include a review of the performance of the Group in addressing the Group's material sustainability risks and opportunities.

Ethical Business Practices and Anti-Bribery & Corruption Policy

The Board acknowledges the significance of ethical business practices throughout the organisation to preserve the trust of our stakeholders. We uphold the highest standards of integrity in our operations through good governance, as outlined in the Group's Code of Ethics.

At the core of our business lies good governance, which is founded upon ethical business practices and integrity. We have incorporated the highest standards of governance into our business, not only by adhering to the law, but also by implementing processes and guidelines that reinforce these principles.

The Group has established and adopted Anti-Bribery & Corruption Policy as we are committed to a zero-tolerance approach in our efforts to prevent corrupt and bribery practices. We are committed to conduct our business ethically, as well as in conformity with all applicable laws. This Anti-Bribery & Corruption Policy is applicable to the Board, our employees as well as any third parties associated with us.

The Group inducts all new employees on the Company's Anti-Bribery & Corruption Policy as well as Code of Ethics, during the dedicated in-house orientation programme. Any updates to the Employee Handbook are done through the internal network and all employees sign off on the Company's policies on confidentiality and conflict of interest, integrity and prevention of staff fraud once they have attended the Group's internal briefings. All business operations have been assessed for corruption related risks. There was no reported complaints of bribery or corruptions in FYE 2023.

	FYE 2023
Number of complaints of bribery or corruptions reported	Nil

Sustainability Statement
(cont'd)

RESPONSES TO SUSTAINABLE DEVELOPMENT GOALS (“SDG(s)”)

“Agenda 2030” was adopted by all 193 United Nation member states in September 2015. This plan aims to address the world’s most pressing EES problems over the next 15 years. It consists of 17 goals and 169 targets that cover a broad set of challenges such as economic inclusion, geopolitical instability, depleting natural resources, environmental degradation and climate change. Malaysia is dedicated to achieving “Agenda 2030” through its SDG Roadmap.

We endorse the SDGs and acknowledge their significance to our business and the world. As a result, we are determined to aid in achieving them. The Group has implemented well-established initiatives to ensure sustainable and responsible operations, in accordance with our longstanding pledge to ethical corporate citizenship and sustainability promotion in all our endeavors. All of the SDGs are relevant to our operations to varying extents, and we already contribute to several of these objectives.



PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL

Lay Hong Group recognises that stimulating economic growth must be done responsibly and sustainably, without compromising the planet or the welfare of our employees. As part of our commitment to the SDGs, we have identified four out of eleven Material Sustainability Matters that are related to our employees. This highlights the importance of our employees to the success of our business.

At our company, we strive to cultivate a thriving and robust organisation by recruiting and nurturing skilled individuals, strengthening our leadership, and improving employee performance through active engagement. We are committed to providing a safe and healthy work environment for our staff, as well as ensuring equal employment opportunities for all employees, regardless of gender, ethnicity, or physical ability, in areas such as recruitment, career development, promotion, training, and compensation.



ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

By committing to reduce consumption and responsibly use resources, Lay Hong Group is contributing to SDG 12 - Responsible Consumption and Production. The Group can achieve this goal by implementing sustainable practices in its operations, such as reducing energy and water consumption, minimising waste generation, and promoting the circular economy through the reuse and recycling of resources. The Group can also encourage its stakeholders to adopt sustainable practices by promoting awareness and providing education and training programs. Through these efforts, Lay Hong Group can help ensure that resources are used in a responsible and sustainable manner, promoting a more sustainable future for all.

Sustainability Statement
(cont'd)**S**TAKEHOLDERS' ENGAGEMENT AND COMMUNICATION

Throughout the fiscal year, we remained committed to actively engaging with our stakeholders as part of our sustainability assessment process. By engaging with our stakeholders, we are better able to gain a comprehensive understanding of the material issues and concerns they may have. Through this engagement, 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.

STAKEHOLDERS	ENGAGEMENT METHODS	ENGAGEMENT AREAS
Shareholders	<ul style="list-style-type: none"> Annual & Extraordinary General Meetings Press releases Bursa announcements Quarterly report Annual report Timely update on corporate website 	<ul style="list-style-type: none"> Financial and operational performance Dividend policy Return on investments
Government	<ul style="list-style-type: none"> Compliance with laws and regulations 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Board meetings 	<ul style="list-style-type: none"> Corporate strategy Corporate governance
Employees	<ul style="list-style-type: none"> Technical and skills trainings Performance appraisal Dialogues between employers and employees Team building activities 	<ul style="list-style-type: none"> Occupational safety & health Remuneration policy Career development Performance review Fair employment practices
Financial Institutions	<ul style="list-style-type: none"> Bursa announcements Quarterly report Annual report Timely update on corporate website 	<ul style="list-style-type: none"> Financial and operational performance Funding requirement
Customers	<ul style="list-style-type: none"> Marketing activities and campaigns Customer meetings Sponsorship activities 	<ul style="list-style-type: none"> Customer satisfactions After-sales services Quality assurance
Suppliers	<ul style="list-style-type: none"> New supplier evaluation form Regular meetings Quality audit on services and products Contract negotiation 	<ul style="list-style-type: none"> Services and products' quality Supply commitment Legal compliances

Sustainability Statement
(cont'd)

STAKEHOLDERS' ENGAGEMENT AND COMMUNICATION (CONT'D)

STAKEHOLDERS	ENGAGEMENT METHODS	ENGAGEMENT AREAS
Communities	<ul style="list-style-type: none"> Community events 	<ul style="list-style-type: none"> Social contributions Job opportunities Donation and financial aids
Analyst/Media	<ul style="list-style-type: none"> Annual & Extraordinary General Meetings Press conferences and media releases 	<ul style="list-style-type: none"> Financial and operational performance General announcements

SUSTAINABILITY RISKS AND RESPONSES

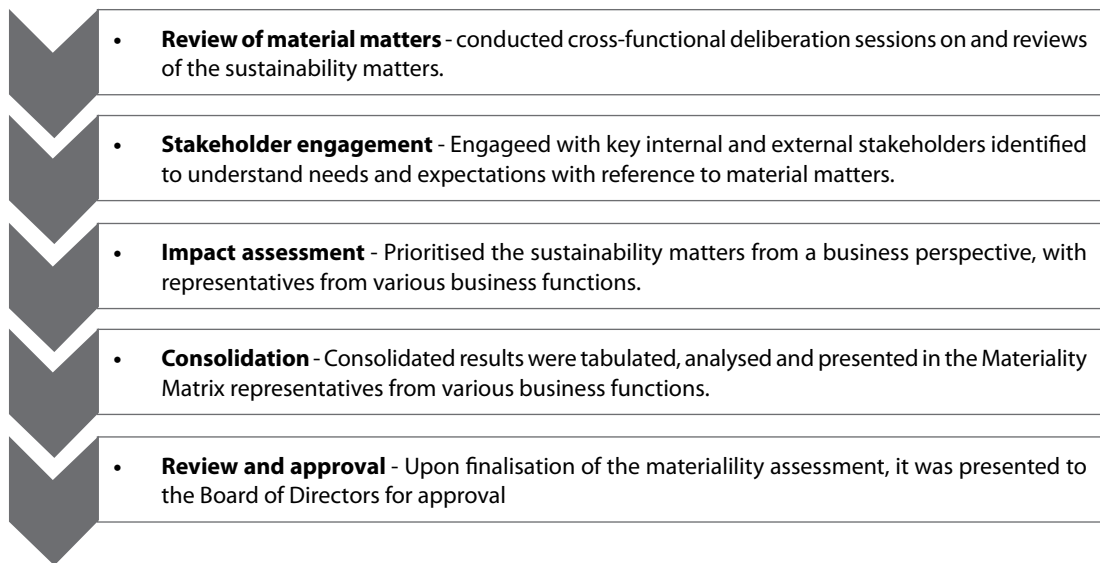
The Board understands the importance of addressing sustainability risks and opportunities in an integrated and strategic manner to support the Group's long-term strategy and success. The Board proactively considers sustainability issues when overseeing the planning, performance and long-term strategy of the Company, to ensure the Company remains resilient, is able to deliver durable and sustainable value as well as maintain the confident of its stakeholders.

RISK	RISK ANALYSIS	RISK RESPONSES
Products quality and safety	<p>Inferior products and safety issues will affect goodwill and brand reputation negatively.</p> <p>Non-compliance with regulations impacting our licences to operate.</p>	<p>The Group strives to heighten and maintain Lay Hong brands' presence amongst customers and the public by acquire and maintain relevant certification and licenses to operate and for quality assurance.</p>
Biosecurity and disease control	<p>Outbreaks of livestock diseases at our farms or facilities could significantly restrict our ability to conduct our operations. Avian Influenza such as H5N1 and H7N9 are highly contagious among birds and can cause sickness or death of domesticated birds, including chickens, geese, ducks and turkeys. In the event that disease afflict our livestock, it will have an adverse impact on our productivity and mortality of our livestock, which would then have an adverse effect on the revenue and profitability of the Group.</p>	<p>Recognizing the importance of this risk, the management team carries out several preventive actions to mitigate the risk. We have implemented measures to mitigate this risk with stringent biosecurity control at our livestock farms.</p> <p>Besides, the Group also continues to upgrade its existing open house farms to environment-controlled house to minimize the impact of disease transmission.</p>
Staff engagement	<p>Staff engagement: Transforming staff to evolving needs and supporting employment with limited resources without compromise is challenging</p> <p>Workplace wellness: Expectation on work-life balance and workplace health and safety are even higher after the pandemic</p>	<p>The Group continues to cultivate a high-performance culture and nurture a vibrant and diverse workforce with robust training and succession plan.</p>

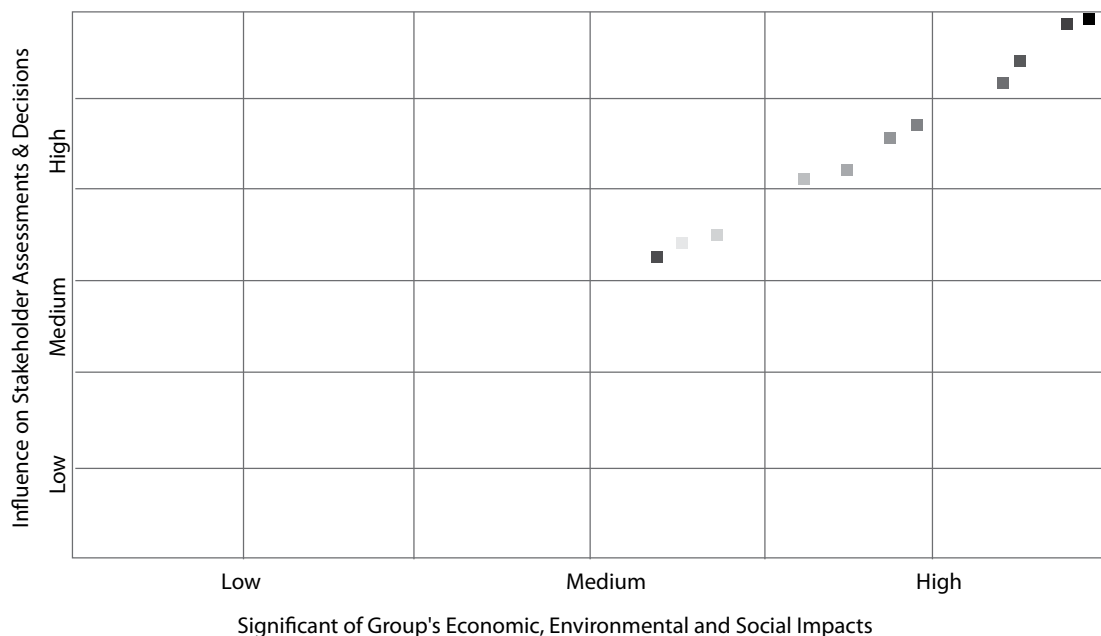
Sustainability Statement
(cont'd)

MATERIALITY ASSESSMENT

We conducted a structured materiality assessment exercise to prioritise our sustainability matters based on both business and stakeholder expectations. Our materiality assessment process was guided by Bursa Malaysia’s Sustainability Reporting Guide (2nd Edition) and Bursa Malaysia Toolkit.



We assess our sustainability material matters annually to fully understand how to manage the risks and opportunities they present. This ensures that we prioritise the issues that have the greatest impact on the economy, society and the environment.

























- Shareholder
- Customers and Products
- Safe Workplace
- Waste Management
- Talent Motivation & Skill Development
- Diversity & Inclusion
- Labour Practices
- Energy Savings
- Water Savings
- Suppliers
- Community Engagement

Sustainability Statement
(cont'd)

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

The table below shows key relationships between the Group's top material sustainability matters, and the related SDGs.

Ranking	Material Sustainability Matters	ESS Pillars	Related SDGs
1.	Shareholders	Economic	
2.	Customers and Products	Economic	  
3.	Safe Workplace	Social	 
4.	Waste Management	Environmental	  
5.	Talent Motivation and Skill Development	Social	
6.	Diversity & Inclusion	Social	  
7.	Labour Practices	Social	
8.	Energy Savings	Environmental	 
9.	Water Savings	Environmental	
10.	Suppliers	Economic	  
11.	Community Engagement	Social	 

Sustainability Statement
(cont'd)

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

ECONOMIC

Shareholders

As the ultimate proprietors of our company, our shareholders' interests are of utmost importance to us. Therefore, one of the significant sustainability concerns for our group is maintaining a robust and sustainable financial performance and position. We are committed to achieving economic growth that is sustainable for the benefit of our shareholder.

The Group recognises the importance of prioritising financial sustainability and considers it a crucial aspect of its operations. Our fundamental principle is that the long-term profitability and value for shareholders are best achieved by taking into account the interests of all stakeholders, including shareholders, employees, suppliers, and the wider community. We believe that by adopting a holistic approach that considers the needs of all stakeholders, we can create sustainable value for our shareholders over the long run.

To promote transparency, our shareholders 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 Senior Management on business operations, and the financial performance and position of the Group, the Group's corporate website at www.layhong.com.my also provides 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.

Customers & Products

The Group is dedicated to ensuring that not only our shareholders' interests but also those of our customers are well-taken care of. For our customers, we are committed to supplying and providing high-quality products and services that meet their satisfaction and expectations. We strive to achieve this by continually improving our technology and processes as required.

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

Food safety and quality control

As a provider of food sources, we hold ourselves accountable to creating nourishing products that are of quality. Lay Hong is dedicated to ensuring the safety of its foods products and being accountable for public safety in relation to food consumption. We consciously enforce stringent quality controls and promote food safety to ensure our products meet the highest food quality and safety requirements to provide value to customers. We subject our products to scrutiny by local and international certification bodies. A number of our production processes are accredited by ISO 9001:2015 Quality Management System as well as ISO 22000:2015 Food Safety Management System.



Sustainability Statement
(cont'd)

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

ECONOMIC (CONT'D)

Customers & Products (Cont'd)

Food safety and quality control (Cont'd)

Food safety controls including risk assessment, hazard analysis, traceability procedures, hygiene controls are established in our operations to ensure systematic management of food safety. We are in compliance with all relevant laws and regulations governing food safety and quality:

- 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



During the financial year under review, none of our products are being recalled for health and safety reasons.

	FYE 2023
Number of recalls issued and total units recalled for health and safety reasons	Nil

Halal certification

We ensure peace-of-mind and safe consumption for all by subjecting our products and processes to halal certification. These comprise hygiene, quality and safety conditions from sourcing to distribution. All of our products are halal certified and complied with requirements of Malaysia Standard (MS1500:2009) 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 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



Sustainability Statement (cont'd)

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

ECONOMIC (CONT'D)

Customers & Products (Cont'd)

Biosecurity

Apart from food safety and quality control, we continue to place stringent biosecurity controls throughout our farming operations encompassing parent stock breeder farms and hatcheries, layer farms and broiler farms. Adhering to good farm management practices and strict biosecurity measures is central to healthy and hygienic poultry. Audits are conducted regularly for continuous identification of improvement areas. We ensure compliance with Malaysian Good Agricultural Practice (myGAP) by Department of Veterinary Services under Ministry of Agriculture and Agro-Based Industry Malaysia for livestock sector.

Awards

We take pride in receiving the prestigious BESTBRANDS Award for "Most Favourite Brand - Consumer Egg" by The BrandLaureate in 2016-2017. Furthermore, in 2022, our NutriPlus brand earned another remarkable achievement, "The BrandLaureate WORLD PROMINENT BUSINESS BESTBRANDS Award 2022" for Consumer Premium Processing Food.



Lay Hong's products are marketed under two brands namely Nutriplus and Wise Choice, which are registered for trademark. Over the years, we have also been honoured with various commendable regional awards and received accreditation from our esteemed business partners. Our products quality with international quality accreditation had gained us as one of the market leaders in this industry.



Trainings

We are committed to develop an employee competency culture. It is important for our employees to have comprehensive knowledge with regards to the processes and practices in place for the purpose of food safety and quality management controls. Hence, we are committed to invest in trainings for employees on subject matters such as the ISO standards, HACCP, GMP, food handling and safety, etc. Relevant employees in our operations receive trainings on food safety and quality control provided by the Group at least on an annual basis.

Technology

In terms of processing, our high technology air-chilled chicken processing facilities can 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.

Data privacy

In today's business environment, ensuring the security and privacy of clients' data is a top priority. The Group recognises the risks associated with cyberattacks and takes measures to minimise or eliminate them. To this end, the Company provides training for its Information Technology ("IT") officers to enhance their skills in addressing cybersecurity concerns. This helps to instil confidence in clients that their data is being protected and that the company is taking appropriate steps to prevent cyberattacks.

In the year under review, similar to last year, there have been no incidence or breach from malware, ransomware, hacking or other cyberattacks on its database. The Group's IT Department has conducted its routine IT audits and has given the Group's assets a clean bill of health, including exposure from unauthorised software usage.

Sustainability Statement (cont'd)

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

ECONOMIC (CONT'D)

Customers & Products (Cont'd)

We conduct our business in compliance with the Personal Data Protection Act 2010 ("PDPA")'s guidance with the collection, use and disclosure of personal data. We have also safeguarded against external attempts to breach any confidential information. There were no reported cases of non-compliance with PDPA in FYE 2023.

	FYE 2023
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Nil

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.

Identification of suitable suppliers relating to the quality of service and product output are among the key determinants during the tender or bid call. There is an internal checklist in the new supplier evaluation form released by the Procurement Department.

Suppliers must be environmentally and operationally sound, in addition to being a good fit with the Group's overall business goals and aspirations. Their good track record should also come with a clean bill of health for human rights and fair labour practices, no corruption or bribery and no pending environmental issues. All suppliers are to adhere to the Supplier Code of Conduct and the Non-Conformance policy defined under ISO 9001:2015 Quality Management Systems. Hence, our suppliers are filtered through careful selection ensuring only the ones with appropriate criteria met are engaged.

The Group focuses its procurement activities on local vendors to support local job creation and price-competitiveness. In the period under review, we have successfully utilised most of our procurement budgets to locate, evaluate and engage local suppliers with a strong service record, free from reputational issues and capable of turning around high-quality work at agreed schedules of delivery.

ENVIRONMENT

Waste Management

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 wastewater. 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 ("DOE"); and
- Communicating clearly to all employees, customers and suppliers to instil in them the environmental awareness culture and values of our Group.

Sustainability Statement
(cont'd)**MATERIAL SUSTAINABILITY MATTERS (CONT'D)****ENVIRONMENT (CONT'D)****Waste Management (Cont'd)**

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.

Across the Group's operations, qualified contractors with valid licences in handling hazardous waste are contracted to safely dispose hazardous waste generated by our operations.

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.

We understand the risk associated with pollution from discharge. We take strict measures to ensure wastewater generated from our sites is compliant with regulatory requirements before being discharged into the environment. The quality of effluents was closely monitored and reported to DOE.

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 Forest Stewardship Council ("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.

Energy Savings

The global commitment and acceleration of efforts to transition to a net zero economy. We have evaluated our operations to enhance energy efficiency to reduce our carbon footprint to support cleaner and sustainable growth. We aspire to protect the environment by integrating environmental considerations into our decision-making process. We implement appropriate measures to advance energy efficiency to minimise the impacts on the environment brought about by our daily operations.

We progressively converted lightings in our farms to energy saving LED lighting system. We also invested into 216kWp Photovoltaic Diesel Hybrid System which already installed at one of our layer farms.

Our initiatives to reduce our energy consumption every year are regular inspection of air-conditioning system of all our office places so that the temperature setting conforms to the range of 22-25 degree Celsius. Each year we install and replace lightings with energy saving LED lights in office. Apart from that, we switch off unnecessary ventilation, air conditioning systems, lighting when not in use and during non-business hours.

Water Savings

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 works hard on, both improving the efficiency with which we use our water, as well as working to educate our employees about the need to conserve it by placing reminders near water taps.

Sustainability Statement (cont'd)

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

SOCIAL

Safe Workplace

The Group believes that the safety and well-being of its employees are 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 with 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, suppliers and the 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 and our Safety Officers are registered with Department of Occupational Safety and Health (“**DOSH**”).

The Group aimed to achieve a zero-accident rate for Occupational Safety and Health. There were no work-related fatalities as well as zero accident on our employees reported in FYE 2023.

In Malaysia, the Occupational Safety and Health Act is the main framework of the Company’s Occupational Safety & Health provisions. Safety Induction Training were conducted for all our newly joined employees in technical fieldwork. 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 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

Labour Practices

We are committed to provide and respect fundamental human rights and safeguard against violation of human rights. We guarantee an anti-discriminatory and anti-harassment workplace, one that is safe and healthy and above all, ethical in conduct. Employees are not restricted from unionising and are afforded the freedom of association per local laws and practice. No complaint concerning human right violations or unfair treatment of all employees has been filed throughout 2023.

FYE 2023

Number of substantiated complaints concerning human rights violations

Nil

In addition to this, all employee benefits provided by the Group is above minimum statutory requirements and includes healthcare and insurance coverage, leaves, statutory payment and career development bonuses. Remuneration packages, while strictly private and confidential, are determined upon the employees’ experience, expertise, qualifications and job grade.

Talent Motivation and Skill Development

The adage, “Our people are our best assets” may sound cliché but it is nonetheless true. At Lay Hong, we have always recognised this and have strived to bring out the best in our people and ensure that they share a vision to always be ahead in all we do. The development of our employees is a key priority which we take seriously as we believe in creating value through the growth of our own people. Our approach is a holistic one that considers learning needs, individual development plans to drive career growth and retention, and the embedding of our culture and values.

Sustainability Statement
(cont'd)

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

SOCIAL (CONT'D)

Talent Motivation and Skill Development (Cont'd)

The Group also recognises that the Industrial Revolution 4.0 will place pressure in organisations to continuously upskill and reskill our 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, human resource management, technical skills, and others.

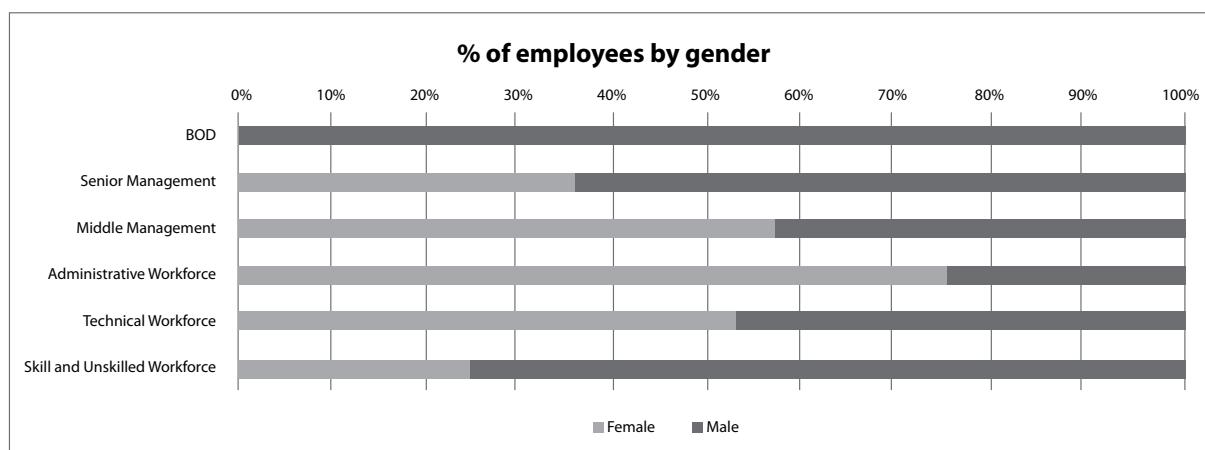
For critical and leadership roles, succession planning is vital to our long-term performance as part of our Group’s sustainability move. Our Nominating Committee will review the Group’s human resources plan including the succession management framework and activities, human resources initiatives such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

For many years, we have recognised the importance of engaging with our workforce. Employees’ engagement is important to an organisation because it motivates employees to do their best. We consider effective engagement a key element of the Company’s ability to create value as we recognise that our people are our greatest asset. Management regularly engages with the workforce through a range of activities such as annual dinner, festive season celebration, sport activities etc.

Diversity and Inclusion

Diversity refers to the differences in workforce by gender, age, ethnicity and disability. This measure is considered across the Board to the management and the rest of the workforce.

In the appointment and recruitment process, we pride ourselves 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.



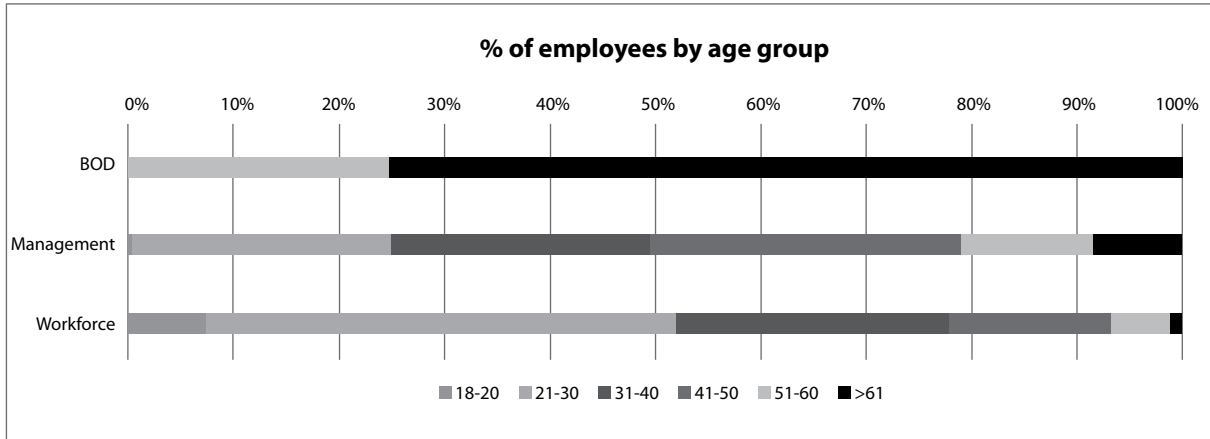
Having a diverse team of employees, across age, gender and industry experience, encourages open-minded dialogues, broadens our positive influence and reach, helps bridge gaps, and brings in new perspectives and strategies.

Sustainability Statement
(cont'd)

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

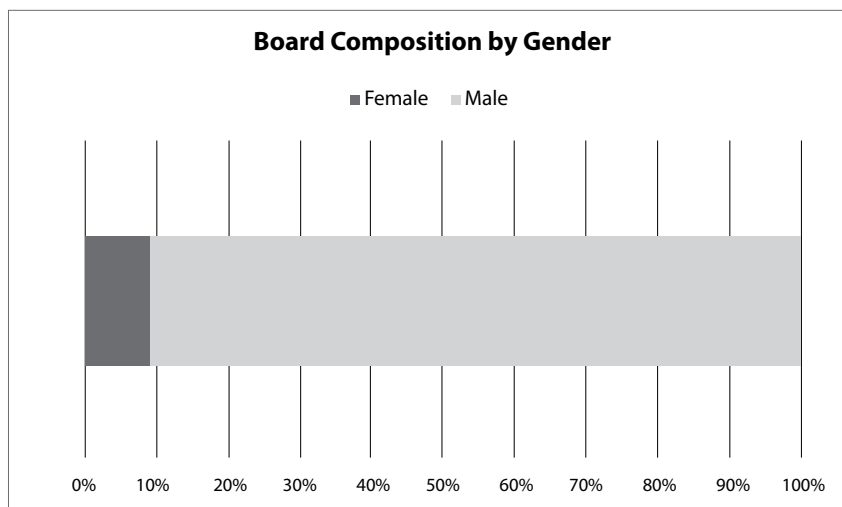
SOCIAL (CONT'D)

Diversity and Inclusion (Cont'd)



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 2023, approximately 1.8% (2022: 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.

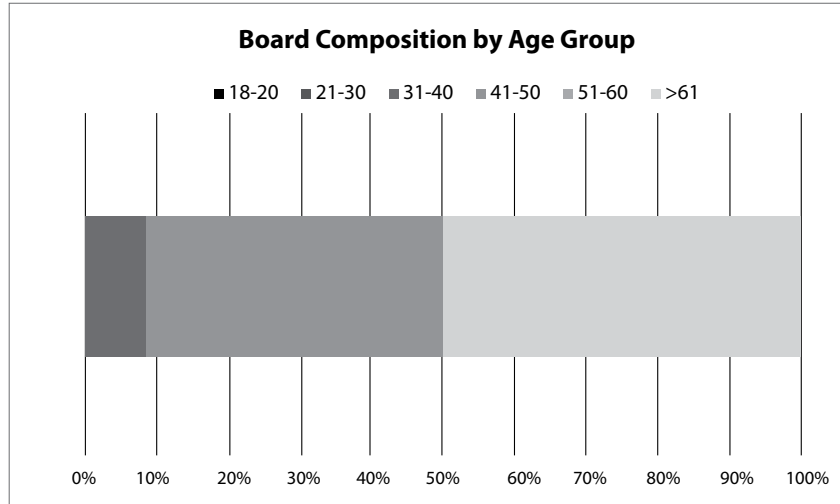
We continue to adopt an approach of strong corporate governance. The Nominating Committee continues to review the composition of the Board and skills and diversity of the Directors and will make further appointments where it considers them necessary, having regard to diversity. The Nominating Committee endeavours to create a diverse pipeline with a good mix of people with varied experiences and backgrounds to enrich the organisation including board composition. It is worth noting that as of the date of this Report, Lay Hong had 9% women directors on its board of the holding company, a positive increase from zero women directors in the previous fiscal year.



MATERIAL SUSTAINABILITY MATTERS (CONT'D)

SOCIAL (CONT'D)

Diversity and Inclusion (Cont'd)



Persons with disabilities have yet to be hired by the Group. However, as an equal-opportunities employer, there is no limitation or obstacle for persons with disabilities to join, as long as it doesn't interfere with the nature of the job that otherwise non-disabled staff are able to perform.

Community Engagement

Community engagement are support especially for those from vulnerable groups is an important part of our outreach activities. We are proud of having the privilege to serve various segments of the community such as those on low incomes, people living with disabilities, senior citizens and etc. 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 various donations and contribution to orphanages, old folks homes, disability homes and non-profit organisations.

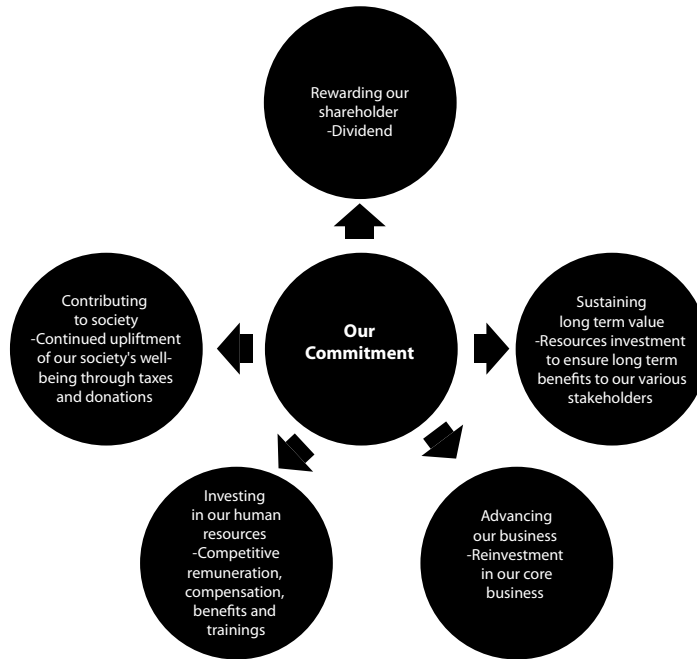
FYE 2023	
Total amount invested in the communities with external beneficiaries	RM11,000



Sustainability Statement (cont'd)

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.



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 2023 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 2023 ("**FYE 2023**").

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**")

Corporate Governance Overview Report (cont'd)

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 2023 were as follows:

No	Name	Training Programmes/Seminars/Conferences
1	Dato'Yap Hoong Chai	<ul style="list-style-type: none"> Employment Act 1955
2	Dato'Yeap Weng Hong	<ul style="list-style-type: none"> VIV Asia 2023
3	Dato'Yap Chor How	<ul style="list-style-type: none"> Crisis Management for Production Workers and Managers Kursus Kebajikan Haiwan Dalam Sistem Pengeluaran Ayam
4	Ng Kim Tian	<ul style="list-style-type: none"> Rabobank's Webinar "Inflation and Beyond" Employment Act 1955 Rabobank's Webinar "Inflation and Beyond" Employment Act 1955
5	Tan Chee Hau	<ul style="list-style-type: none"> Post Pandemic Data & Insights on Challenges, Opportunities and Trends
6	Wong Soo Thiam	<ul style="list-style-type: none"> Companies Act 2016, Directors Statutory Disclosures Companies Act 2016, Dealing with Common Issues
7	Tham Wei Mei	<ul style="list-style-type: none"> Cyber Security: What Directors Need to know Healthy Staff Equals Healthy Profits Wellness Talk
8	Yeap Fock Hoong	<ul style="list-style-type: none"> Ceva Innovation Summit VIV Asia 2023
9	Tadaaki Ito	<ul style="list-style-type: none"> DX seminar Compliance seminar Risk management seminar

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.

Corporate Governance Overview Report
(cont'd)**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 46 to 73 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 2023, 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 2023 AGM, Dato' Yap Chor How, Mr. Yeap Fock Hoong and Mr. Tadaaki Ito are due to retire under Clause 134 of the Constitution of the Company and being eligible have offered themselves for re-election. Mr. Wong Soo Thiam and Madam Tham Wei Mei are due to retire under Clause 119 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. Wong and Madam Tham 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.

At the reporting date, Mr. Gan Lian Peng resigned as a Director to comply with the Board Charter in relation to tenure of independent director shall not exceed a cumulative term of 9 years. The Board, through its NC, had conducted an assessment of the independence of all the Independent Directors, included Mr. Gan, and is satisfied that all the Independent Directors have fulfilled the criteria under the definition of Independent Director as stated in the Listing Requirements and are able to provide objective and independent judgement in deliberation of the Board's agenda.

Corporate Governance Overview Report (cont'd)

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 2023 is as follows:

	Directors' Fees (RM)	Salaries, other emoluments and benefits (RM)	Total (RM)
Executive Directors			
Dato' Yap Hoong Chai	44,000	2,000,997	2,044,997
Dato' Yeap Weng Hong	40,000	922,535	962,535
Dato' Yap Chor How	40,000	1,325,645	1,365,645
Ng Kim Tian	40,000	1,024,998	1,064,998
Subtotal	164,000	5,274,175	5,438,175
Non-Executive Directors			
Gan Lian Peng <i>(Resigned on 13.6.2023)</i>	44,000	–	44,000
Tan Chee Hau	40,000	–	40,000
Lim Teck Seng <i>(Resigned on 10.8.2022)</i>	16,667	–	16,667
Wong Soo Thiam <i>(Appointed on 30.11.2022)</i>	13,333	–	13,333
Tham Wei Mei <i>(Appointed on 31.5.2023)</i>	–	–	–
Yeap Fock Hoong	40,000	–	40,000
Tadaaki Ito	40,000	–	40,000
Subtotal	194,000	0	194,000
Grand Total	358,000	5,274,175	5,632,175

Corporate Governance Overview Report (cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

(a) AUDIT COMMITTEE

The AC currently comprises of three members, all of whom are Independent Directors. AC Chairman is Mr. Wong Soo Thiam. Mr Wong is a former key audit partner of the Group; however, he has observed a cooling-off period of at least three years before being appointed as an AC member.

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 2023, 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 2022, 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 39th 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:

Wong Soo Thiam

(Appointed on 13.6.2023)

Chairman, Independent Non-Executive Director

Tan Chee Hau

Member, Independent Non-Executive Director

Tham Wei Mei

(Appointed on 13.6.2023)

Member, Non-Independent Non-Executive Director

Mr. Wong Soo Thiam is a member of the Malaysian Institute of Accountants.

Mr. Wong 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.

Audit Committee Report (cont'd)

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 2023 ("FYE 2023") are as follows:

AC Member	Designation	Number of Committee Meetings attended
Wong Soo Thiam (Appointed on 13.6.2023)	Independent Non-Executive Director	– (Mr. Wong was appointed as Chairman of the AC on 13 June 2023, he has not attended any AC Meeting held during the financial year.)
Tan Chee Hau	Independent Non-Executive Director	5/5
Tham Wei Mei (Appointed on 13.6.2023)	Independent Non-Executive Director	– (Madam Tham was appointed as a member of the AC on 13 June 2023, she has not attended any AC Meeting held during the financial year.)
Lim Teck Seng (Resigned on 10.8.2022)	Independent Non-Executive Director	2/2
Gan Lian Peng (Ceased on 13.6.2023)	Independent Non-Executive Director	5/5
Yeap Fock Hoong (Resigned on 13.6.2023)	Non-Independent Non-Executive Director	2/2

The quorum of the meeting is two (2).

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, 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.

Audit Committee Report (cont'd)

SUMMARY OF ACTIVITIES

In respect of the FYE 2023, 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 for the Company and its subsidiaries ("**Group**").

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 the following internal audit review were presented to the AC:

- (i) Poultry operation of layer farms & distribution centre
- (ii) Retail operation and Inventory Management of G-Mart Borneo Retail Sdn Bhd
- (iii) Follow-up review on IT general controls, broiler farm, credit control, food manufacturing and poultry operation on layer farms & distribution centre

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 2023 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 2023;
- v. Considered the performance of External Auditors, reviewed the independence of External Auditors and recommended to the Board for re-appointment;

Audit Committee Report
(cont'd)**SUMMARY OF ACTIVITIES (CONT'D)****b) Financial Reporting (cont'd)**

- 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 2023 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.

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 2023 and had declared and confirmed that they were independent and would be independent through their audit engagement.

For FYE 2023, 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 RM14,160.00 for the FYE 2023. 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 2024.

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 (“**Bursa Securities**”)(“**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 (“**Board**”) 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.

Statement on Risk Management and Internal Control (cont'd)

INTERNAL CONTROL (CONT'D)

- **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.

- **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 2023 was as follows:

	Group RM	Company RM
Statutory Audit fees	302,231	80,000
Non-audit fees	14,160	14,160

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 2023 except as disclose in the notes to the financial statements.

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 2023, 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.

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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 2023.

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 for the year	28,241,536	7,969,669
<hr/>		
Attributable to :-		
Owners of the company	28,106,645	-
Non-controlling interests	134,891	-
	28,241,536	-

DIVIDEND

The dividends paid by the Company in respect of the financial year ended 31 March 2023 were as follows:

	RM
Single tier exempt dividend of 0.3 sen per ordinary share, paid on 16 November 2022	2,220,957

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 2023.

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

There were no changes in the issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

Directors' Report (cont'd)

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	
Dato'Yap Chor How	
Ng Kim Tian	
Tan Chee Hau	
Wong Soo Thiam	(Appointed on 30 November 2022)
Tham Wei Mei	(Appointed on 31 May 2023)
Yeap Fock Hoong	
Tadaaki Ito	
Yasuhito Igarashi	
(Alternate Director to Tadaaki Ito)	
Lim Teck Seng	(Resigned on 10 August 2022)
Gan Lian Peng	(Resigned on 13 June 2023)

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	----- Number of Ordinary Shares -----			Balance as at 31.3.23
	Balance as at 1.4.22	Acquired	(Disposed)	
Lay Hong Berhad				
Dato'Yap Hoong Chai				
- direct	9,384,700	47,512,000	-	56,896,700
- indirect *	289,195,660	22,312,000	(83,710,000)	227,797,660
Dato'Yeap Weng Hong	4,072,000	6,240,000	(1,500,000)	8,812,000
Yeap Fock Hoong	270,000	4,640,000	-	4,910,000
Dato'Yap Chor How	6,283,700	-	(5,900,000)	383,700

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

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' Report
(cont'd)**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 24 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.

Directors' Report
(cont'd)

EVENT SUBSEQUENT TO THE REPORTING DATE

Event subsequent to 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 2023 amounted to RM300,231 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: 26 June 2023

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 2023, 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 64 to 150.

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 2023, 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.

Independent Auditors' Report (cont'd)

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
<p><u>Fair Value of Biological Assets</u></p> <p>The value of biological assets of the Group was approximately RM76,004,863. The fair value of biological assets was subject to the livestock's life to maturity, mortality rate, production quantity, selling prices, variable costs and profit margins. In addition, there was a high volume of livestock held at year end.</p> <p>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.</p>	<p><u>Our audit procedures over this area included:</u></p> <p>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;</p> <p>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;</p> <p>We also compared actual expenses and selling prices against assumptions to assess the accuracy of management's estimates;</p> <p>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;</p> <p>We tested the amortisation of layers and breeders in accordance with the Group's policy;</p> <p>We assessed the reasonableness of discount rate used to reflect the time value of money;</p> <p>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.</p> <p>Based on the above procedures performed, we noted no significant exceptions.</p>

Independent Auditors' Report (cont'd)

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

Key Audit Matters (cont'd)

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<u>Impairment on Receivables</u>	<u>Our audit procedures over this area included:</u>
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.	<p>We reviewed the Group policy in relation to the impairment on receivables calculation;</p> <p>We reviewed the ageing analysis of receivables and tested the reliability thereof;</p> <p>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;</p> <p>We assessed the reasonableness and adequacy of the allowance for impairment recognised.</p> <p>Based on the above procedures performed, we noted no significant exception.</p>

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report 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.

Independent Auditors' Report (cont'd)

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.

Independent Auditors' Report
(cont'd)**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
02468/10/2024 J
Chartered Accountant

Date: 26 June 2023
Kuala Lumpur

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2023

	Note	2023 RM	2022 RM
ASSETS			
Non current assets			
Property, plant and equipment	5	589,224,430	601,870,032
Investment properties	6	6,270,000	6,270,000
Other investments	9	583,735	825,515
Intangible assets	10	5,810,490	6,872,679
		<hr/>	<hr/>
		601,888,655	615,838,226
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Current assets			
Biological assets	11	76,004,863	75,683,676
Inventories	12	122,727,535	111,323,995
Trade receivables	13	85,147,899	86,877,702
Other receivables	14	31,370,799	39,538,622
Current tax assets		3,947,742	2,452,242
Deposits with a licensed bank	15	564,977	555,260
Cash and bank balances	16	30,547,686	15,384,170
		<hr/>	<hr/>
		350,311,501	331,815,667
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TOTAL ASSETS		952,200,156	947,653,893

Consolidated Statement of Financial Position (cont'd)

	Note	2023 RM	2022 RM
EQUITY AND LIABILITIES			
Equity			
Share capital	17	173,633,316	173,633,316
Reserves	18	289,282,823	264,037,047
		462,916,139	437,670,363
Non-controlling interest		11,754,001	11,619,110
Total equity		474,670,140	449,289,473
Non current liabilities			
Borrowings	19	65,868,764	71,619,302
Deferred tax liabilities	20	77,312,162	70,502,210
		143,180,926	142,121,512
Current liabilities			
Trade payables	21	84,971,788	92,606,530
Other payables	22	73,067,271	57,165,472
Amount due to an associate	8	3,633,691	4,717,229
Borrowings	19	172,676,340	201,753,677
		334,349,090	356,242,908
Total liabilities		477,530,016	498,364,420
TOTAL EQUITY AND LIABILITIES		952,200,156	947,653,893

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

STATEMENT OF FINANCIAL POSITION

as at 31 March 2023

	Note	2023 RM	2022 RM
ASSETS			
Non current assets			
Property, plant and equipment	5	199,614,788	204,231,308
Investment in subsidiaries	7	90,748,615	90,748,615
Investment in an associate	8	14,700,000	14,700,000
Other investments	9	505,405	747,655
Amount due from subsidiaries	7	61,755,693	61,776,785
		367,324,501	372,204,363
Current assets			
Biological assets	11	52,956,273	56,297,446
Inventories	12	16,928,653	15,764,949
Trade receivables	13	22,516,973	26,501,604
Other receivables	14	22,817,488	27,437,798
Amount due from subsidiaries	7	73,355,775	131,973,416
Amount due from an associate	8	1,118	15,806
Current tax assets		2,145,688	675,272
Cash and bank balances	16	11,359,237	7,599,543
		202,081,205	266,265,834
TOTAL ASSETS		569,405,706	638,470,197

Statement of Financial Position
(cont'd)

	Note	2023 RM	2022 RM
EQUITY AND LIABILITIES			
Equity			
Share capital	17	173,633,316	173,633,316
Reserves	18	146,165,514	140,416,802
Total equity		319,798,830	314,050,118
Non current liabilities			
Borrowings	19	29,480,049	29,796,434
Deferred tax liabilities	20	33,484,044	34,376,233
		62,964,093	64,172,667
Current liabilities			
Trade payables	21	45,645,801	43,125,977
Other payables	22	31,000,441	26,374,555
Amount due to subsidiaries	7	4,112,749	70,217,502
Borrowings	19	105,883,792	120,529,378
		186,642,783	260,247,412
Total liabilities		249,606,876	324,420,079
TOTAL EQUITY AND LIABILITIES		569,405,706	638,470,197

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 2023

	Note	2023 RM	2022 RM
Revenue	23	1,069,817,570	960,311,477
Cost of sales		(897,207,169)	(827,907,324)
Gross profit		172,610,401	132,404,153
Other income		20,230,699	15,322,549
Selling and distribution expenses		(104,940,299)	(91,578,917)
Administrative expenses		(36,249,439)	(37,205,408)
Profit from operations		51,651,362	18,942,377
Finance costs		(11,437,612)	(11,274,162)
Profit before taxation		40,213,750	7,668,215
Taxation	25	(11,972,214)	(10,327,833)
Profit/(Loss) for the year		28,241,536	(2,659,618)
Other comprehensive income:			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(639,912)	1,040,813
Other comprehensive income, net of tax		(639,912)	1,040,813
Total comprehensive income/(expense)		27,601,624	(1,618,805)

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

	Note	2023 RM	2022 RM
Profit/(Loss) for the year attributable to :			
Owners of the Company		28,106,645	(4,030,216)
Non-controlling interests		134,891	1,370,598
		28,241,536	(2,659,618)
Total comprehensive income/(expense) attributable to :			
Owners of the Company		27,466,733	(2,989,403)
Non-controlling interests		134,891	1,370,598
		27,601,624	(1,618,805)
Earning per share:			
- Basic	26	3.80	(0.59)
- Diluted	26	*	*

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

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2023

	Note	2023 RM	2022 RM
Revenue	23	495,030,948	433,855,899
Cost of sales		(456,227,744)	(386,499,941)
Gross profit		38,803,204	47,355,958
Other income		23,352,274	7,752,960
Selling and distribution expenses		(34,707,905)	(25,730,132)
Administrative expenses		(14,376,436)	(14,295,591)
Profit from operations		13,071,137	15,083,195
Finance costs		(5,993,657)	(5,717,606)
Profit before taxation		7,077,480	9,365,589
Taxation	25	892,189	(7,522,791)
Profit for the year		7,969,669	1,842,798
Other comprehensive income		–	–
Total comprehensive income		7,969,669	1,842,798
Dividends per share	27	0.003	–

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2023

	Note	Attributable to owners of the Company		Distributable		Non-Controlling Interest RM	Total Equity RM
		Share Capital RM	Revaluation Reserves RM	Foreign Currency Translation Reserve RM	Retained Profits RM		
Balance at 1 April 2021		145,621,316	141,665,326	285,674	117,765,481	51,164,029	456,501,826
Arising from conversion of warrants	17	12,000	-	-	-	-	12,000
Acquisition of additional interest in subsidiaries	17	28,000,000	13,261,506	-	(620,462)	(40,641,044)	-
Transfer to distributable reserve on realisation of revaluation reserve		-	(1,916,042)	-	2,194,343	(274,473)	3,828
Profit for the year		-	-	-	(4,030,216)	1,370,598	(2,659,618)
Other comprehensive income		-	-	1,040,813	-	-	1,040,813
Total comprehensive loss		-	(1,916,042)	1,040,813	(1,835,873)	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)
Tax effect relating to disposal of asset held for sale		-	-	-	(2,609,376)	-	(2,609,376)
Balance at 31 March 2022		173,633,316	127,759,790	1,326,487	134,950,770	11,619,110	449,289,473

Consolidated Statement of Changes in Equity
(cont'd)

	Attributable to owners of the Company		Non-distributable		Foreign Currency Translation Reserve		Retained Profits		Total		Non-Controlling Interest		Total Equity	
	Share Capital	Revaluation Reserves	Revaluation Reserves	Translation Reserve	Profits	Total	Controlling Interest	Total	Controlling Interest	Total	RM	RM	RM	RM
Balance at 1 April 2022	173,633,316	127,759,790	127,759,790	1,326,487	134,950,770	437,670,363	11,619,110	449,289,473						
Transfer to distributable reserve on realisation of revaluation reserve	-	(3,068,512)	-	-	3,068,512	-	-	-						
Profit for the year	-	-	-	-	28,106,645	28,106,645	134,891	28,241,536						
Other comprehensive expense	-	-	-	(639,912)	-	(639,912)	-	(639,912)						
Total comprehensive (expense)/income	-	(3,068,512)	(3,068,512)	(639,912)	31,175,157	27,466,733	134,891	27,601,624						
Dividends	-	-	-	-	(2,220,957)	(2,220,957)	-	(2,220,957)						
Total transactions with equity owner	-	-	-	-	(2,220,957)	(2,220,957)	-	(2,220,957)						
Balance at 31 March 2023	173,633,316	124,691,278	124,691,278	686,575	163,904,970	462,916,139	11,754,001	474,670,140						

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

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2023

	Share Capital RM	Non-distributable Revaluation Reserve RM	Distributable Retained Profits RM	Total Equity RM
Balance at 1 April 2021	145,621,316	71,548,662	72,634,718	289,804,696
Arising from conversion of warrants	12,000	-	-	12,000
Acquisition of additional interest in subsidiaries	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)	-	(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	314,050,118

Statement of Changes in Equity
(cont'd)

	<----- Non-distributable ----->	Distributable	Total	
Note	Share Capital RM	Revaluation Reserve RM	Retained Profits RM	Equity RM
Balance at 31 March 2022	173,633,316	45,390,395	95,026,407	314,050,118
Transfer to distributable reserve on realisation of revaluation reserve	-	(905,782)	905,782	-
Profit for the year	-	-	7,969,669	7,969,669
Total comprehensive (expense)/income	-	(905,782)	8,875,451	7,969,669
Dividends	-	-	(2,220,957)	(2,220,957)
Total transactions with equity owner	-	-	(2,220,957)	(2,220,957)
Balance at 31 March 2023	173,633,316	44,484,613	101,680,901	319,798,830

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2023

	Note	2023 RM	2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		40,213,750	7,668,215
Adjustments for :-			
Amortisation of intangible assets		1,077,303	1,074,664
Depreciation of property, plant and equipment		46,148,331	45,108,502
Dividend income		(6,599)	(129,455)
(Gain)/Loss on disposal of property, plant and equipment		(486,666)	13,154
Loss on disposal of quoted investment		-	3,142
Property, plant and equipment written off		1,039,892	320,048
Impairment of inventories written back		-	(179,003)
Impairment loss of inventories		10,568	-
Interest expense		11,437,612	11,274,162
Interest income		(127,048)	(72,749)
Net unrealised (gain)/loss on foreign exchange		(1,560,437)	1,759,992
Net impairment losses on trade receivables		(5,466,257)	(231,494)
Bad debts written off		-	21,342
Impairment losses on revaluation on land and building		31,532	-
Changes in fair value on quoted investment		241,780	727,362
Changes in fair value on biological assets		1,862,483	(9,468,884)
Operating profit before working capital changes		94,416,244	57,888,998
Inventories and Biological assets		(13,597,778)	(4,345,276)
Receivables		16,123,990	(17,895,605)
Payables		8,267,057	22,026,158
Associate		(1,083,538)	2,301,668
Cash generated from operations		104,125,975	59,975,943
Interest paid		-	(201,670)
Tax paid		(6,657,762)	(5,365,594)
Tax refunded		-	1,000,000
Net cash generated from operating activities		97,468,213	55,408,679
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(a)	(23,255,164)	(26,202,439)
Addition to intangible assets		(14,788)	(3,800)
Proceeds from disposal of property, plant and equipment		1,353,469	227,655
Purchase of quoted investment		-	(393,985)
Proceeds from disposal of quoted investment		-	120,358
Interest received		127,048	70,364
Dividend received		6,599	129,455
Net proceeds from disposal of asset held for sales		-	21,990,623
Net cash used in investing activities		(21,782,836)	(4,061,769)

Consolidated Statement of Cash Flows (cont'd)

	Note	2023 RM	2022 RM
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of shares		–	28,012,000
Acquisition of shares from non-controlling interest		–	(28,000,000)
Interest paid		(11,437,612)	(11,601,630)
Net (payment)/drawdown of bankers' acceptance		(7,634,000)	8,700,412
Net drawdown of revolving credit facilities		(15,500,000)	(5,000,000)
Repayment of term loans		(7,206,756)	(15,730,955)
Repayment of lease liabilities		(16,992,745)	(16,133,540)
Dividends paid to owners of the parent		(2,220,957)	–
Increase in deposits pledged to licensed banks		(9,717)	(9,546)
Repayment from associate		–	(15,213)
Repayment to corporate shareholder		–	(980,000)
Net cash used in financing activities		(61,001,787)	(40,758,472)
NET INCREASE IN CASH AND CASH EQUIVALENTS		14,683,590	10,588,438
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		128,560	8,095
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		13,885,722	3,289,189
CASH AND CASH EQUIVALENTS CARRIED FORWARD	(b)	28,697,872	13,885,722

Note :**(a) Purchase of property, plant and equipment**

During the year, the Group acquired property, plant and equipment at an aggregate cost of RM35,409,424 (2022 : RM42,603,234) of which RM12,154,260 (2022 : RM16,400,795) was acquired by means of lease arrangements. Cash payment of RM23,255,164 (2022 : RM26,202,439) was made to purchase property, plant and equipment.

	2023 RM	2022 RM
(b) Cash and cash equivalents		
Cash and bank balances	30,547,686	15,384,170
Deposits with a licensed bank	564,977	555,260
Bank overdrafts (Note 19)	(1,849,814)	(1,498,448)
	29,262,849	14,440,982
Deposits pledged to a licensed bank	(564,977)	(555,260)
	28,697,872	13,885,722

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

STATEMENT OF CASH FLOWS

for the year ended 31 March 2023

	Note	2023 RM	2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		7,077,480	9,365,589
Adjustments for :-			
Depreciation of property, plant and equipment		14,170,667	14,089,434
Bad debts written off		4,529,509	-
Dividend income		(15,022,613)	(129,339)
Net (gain)/loss on disposal of property, plant and equipment		(323,792)	31,960
Property, plant and equipment written off		-	123,561
Loss on disposal of quoted investment		-	3,142
Interest expense		5,993,657	5,717,606
Interest income		(854,187)	(519,394)
Net unrealised foreign exchange gain		(161,658)	(32,624)
Reversal impairment losses on trade receivables		(4,615,881)	(51,088)
Changes in fair value on biological assets		3,865,540	(9,656,628)
Changes in fair value on quoted investment		242,250	727,362
Impairment loss on trade receivables		482,796	330,480
Operating profit before working capital changes		15,383,768	20,000,061
Inventories and biological assets		(1,688,071)	1,622,897
Receivables		8,202,441	(22,133,404)
Payables		7,145,798	10,097,514
Subsidiaries		9,068,563	(37,415,474)
Associates		14,688	-
Cash generated from/(absorbed in) operations		38,127,187	(27,828,406)
Interest paid		(24,617)	(91,261)
Tax paid		(1,470,416)	(1,176,384)
Net cash provided by/(used in) operating activities		36,632,154	(29,096,051)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(a)	(7,634,831)	(6,475,553)
Proceeds from disposal of property, plant and equipment		396,301	38,863
Purchase of quoted investment		-	(393,985)
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
Interest received		108,096	21,634
Dividend received		15,022,613	129,339
Net cash provided by/(used in) investing activities		7,892,179	(12,568,721)

Statement of Cash Flows
(cont'd)

	Note	2023 RM	2022 RM
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(5,969,040)	(5,626,345)
Issues of shares		–	28,012,000
Net drawdown of bankers' acceptance		5,377,000	7,651,000
Net repayment of revolving credit facilities		(15,500,000)	(5,000,000)
Repayment of term loans		(1,988,802)	(11,757,346)
Repayment of lease liabilities		(5,056,384)	(5,089,941)
Repayment from subsidiaries companies		(15,788,492)	39,061,688
Repayment to associate		–	(15,213)
Dividends paid to owners of the parent		(2,220,957)	–
Net cash (used in)/provided by financing activities		(41,146,675)	47,235,843
NET INCREASE IN CASH AND CASH EQUIVALENTS		3,377,658	5,571,071
EFFECT OF EXCHANGE RATE CHANGES		167,646	15,530
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		7,267,068	1,680,467
CASH AND CASH EQUIVALENTS CARRIED FORWARD	(b)	10,812,372	7,267,068

Note :**(a) Property, Plant and Equipment**

During the year, the Company acquired property, plant and equipment with an aggregate cost of RM9,626,656 (2022 : RM9,981,844) of which RM1,991,825 (2022 : RM3,506,291) was acquired by means of lease arrangements. Cash payment of RM7,634,831 (2022 : RM6,475,553) was made to acquire the property, plant and equipment.

	2023 RM	2022 RM
(b) Cash and cash equivalents		
Cash and bank balances	11,359,237	7,599,543
Bank overdrafts (Note 19)	(546,865)	(332,475)
	10,812,372	7,267,068

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

NOTES TO THE FINANCIAL STATEMENTS

– 31 March 2023

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 A3-3-8, Solaris Dutamas, No. 1, Jalan Dutamas 1, 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 26 June 2023.

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
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

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

Notes to the Financial Statements (cont'd)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (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 Company's financial statements are disclosed below. The Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
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 101 Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current	1st January 2024
Amendments to MFRS 101 Presentation of Financial Statements – Non-current Liabilities with Covenants	1st January 2024
Amendments to MFRS 16 Leases – Lease Liability in a Sale and Leaseback	1st January 2024
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 in the year of initial application.

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.

2.2 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.

Notes to the Financial Statements (cont'd)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

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 addition, 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.

Notes to the Financial Statements (cont'd)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (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.

Notes to the Financial Statements
(cont'd)**2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (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.

Notes to the Financial Statements (cont'd)

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 or 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.

Notes to the Financial Statements
(cont'd)**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.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Intangible Assets

(a) Goodwill

Goodwill arising 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 cost 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 3.14(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).

Notes to the Financial Statements (cont'd)

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 materially 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.

Notes to the Financial Statements (cont'd)

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.

Notes to the Financial Statements
(cont'd)**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.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

3.11 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.

Notes to the Financial Statements
(cont'd)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.13 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.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Leases (cont'd)

(b) Recognition and initial measurement (cont'd)

(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.

(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.

Notes to the Financial Statements
(cont'd)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.14 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.

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.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Impairment (cont'd)

(b) Non-financial assets (cont'd)

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.

3.15 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.

Notes to the Financial Statements
(cont'd)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.15 Employee Benefit Costs (cont'd)****(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.

3.16 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.

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.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 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 accrues 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.

Notes to the Financial Statements
(cont'd)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.18 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 or 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.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 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 or 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 3.14(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.

Notes to the Financial Statements
(cont'd)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.18 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 3.22.

(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.

3.19 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.

3.20 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.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.21 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.

3.22 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.

3.23 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.

Notes to the Financial Statements
(cont'd)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.24 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.

Notes to the Financial Statements
(cont'd)

5. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold Land		Leasehold Land		Buildings		Infrastructure		Plant and Machinery		Motor vehicles		Office Equipment, Furniture, Fittings and Renovation		Capital Work-In-Progress		Leasehold building		Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
Cost/Valuation																			
At 1 April 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	4,766,463	931,768	2,020,704	16,854,258	10,086,667	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)									
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	377,569,103	36,254,213	43,996,973	14,005,328	15,783,349	916,618,804									
Additions	-	1,089,559	1,981,834	166,791	5,122,622	2,809,888	1,808,362	15,060,953	7,369,415	35,409,424									
Disposals	-	-	-	-	(682,956)	(2,689,744)	(69,631)	-	-	(3,442,331)									
Written off	-	-	-	-	(477,011)	-	(1,648,837)	(45,501)	-	(2,171,349)									
Completion of lease	-	(202,943)	-	-	-	-	-	-	(2,037,109)	(2,240,052)									
Reclassifications	-	-	6,629,658	1,041,887	4,677,650	-	-	(12,349,195)	-	-									
Remeasurement/	-	-	-	-	-	-	-	-	-	-									
Derecognised	-	-	-	-	-	-	-	-	(1,289,884)	(1,289,884)									
Exchange differences	72,469	-	131,429	-	171,570	10,791	17,054	-	-	403,313									
At 31 March 2023	98,595,038	43,867,713	277,635,676	19,822,095	386,380,978	36,385,148	44,103,921	16,671,585	19,825,771	943,287,925									

Notes to the Financial Statements
(cont'd)

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

Group	Freehold Land		Leasehold Land		Buildings	Infrastructure	Plant and Machinery	Motor vehicles	Office Equipment, Furniture, Fittings and Renovation	Capital Work-In-Progress	Leasehold building	Total
	RM	RM	RM	RM								
Accumulated depreciation												
At 1 April 2021	-	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	22,697,876	2,883,355	3,063,277	-	-	4,184,826	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	210,795,284	30,951,689	22,302,618	-	-	4,245,927	312,467,625
Charge for the financial year	-	1,319,099	-	10,530,393	920,159	23,122,908	2,531,101	3,037,022	-	-	4,687,649	46,148,331
Disposals	-	-	-	-	-	(459,472)	(2,689,743)	(6,091)	-	-	-	(3,155,306)
Written off	-	-	-	-	-	(408,557)	-	(722,900)	-	-	-	(1,131,457)
Completion of lease	-	(202,943)	-	-	-	-	-	-	-	-	(2,037,109)	(2,240,052)
Remeasurement/	-	-	-	-	-	-	-	-	-	-	-	-
Derecognised	-	-	-	-	-	-	-	-	-	-	(440,661)	(440,661)
Exchange differences	-	-	-	22,303	-	56,553	8,978	13,605	-	-	-	101,439
At 31 March 2023	-	2,472,749	-	47,940,997	6,347,372	233,106,716	30,802,025	24,624,254	-	-	6,455,806	351,749,919

Notes to the Financial Statements
(cont'd)

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

Group	Freehold Land		Leasehold Land		Buildings	Infrastructure	Plant and Machinery	Motor vehicles	Office Equipment, Furniture, Fittings and Renovation	Capital Work-In-Progress	Leasehold building	Total
	RM	RM	RM	RM								
Accumulated impairment losses												
At 1 April 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
Exchange differences	-	-	-	-	32,429	-	-	-	-	-	-	32,429
At 31 March 2023	38,157	-	-	-	1,598,050	-	677,369	-	-	-	-	2,313,576
Net carrying amount												
Cost	2,370,000	2,047,689	32,510,775	13,474,723	152,596,893	5,583,123	19,479,667	16,671,585	13,369,965	258,104,420		
Valuation	96,186,881	39,347,275	195,585,854	-	-	-	-	-	-	-	-	331,120,010
31 March 2023	98,556,881	41,394,964	228,096,629	13,474,723	152,596,893	5,583,123	19,479,667	16,671,585	13,369,965	589,224,430		
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		

Notes to the Financial Statements
(cont'd)

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

Company	Freehold Land		Leasehold Land		Buildings	Infrastructure	Plant and Machinery	Motor vehicles	Office Equipment, Furniture, Fittings and Renovation	Capital Work-In-Progress	Leasehold building	Total
	RM	RM	RM	RM								
Cost/Valuation												
At 1 April 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		
Additions	-	-	134,620	-	492,737	1,611,441	248,571	7,139,287	-	9,626,656		
Disposals	-	-	-	-	(236,250)	(1,569,217)	(1,840)	-	-	(1,807,307)		
Written off	-	-	-	-	-	-	-	(45,501)	-	(45,501)		
Reclassifications	-	-	511,334	25,559	732,389	-	-	(1,269,282)	-	-		
At 31 March 2023	40,952,000	6,130,000	78,111,482	4,637,230	139,251,301	17,003,159	8,237,391	13,476,972	1,436,071	309,235,606		
Accumulated depreciation												
At 1 April 2021	-	-	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		

Notes to the Financial Statements
(cont'd)

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

Company	Freehold Land		Leasehold Land		Buildings	Infrastructure	Plant and Machinery	Motor vehicles	Office Equipment, Furniture, Fittings and Renovation	Capital Work-In-Progress	Leasehold building	Total
	RM	RM	RM	RM								
Accumulated depreciation												
Balance B/F	-	103,813	-	103,813	3,986,754	1,593,340	69,927,905	13,961,089	6,806,996	-	173,184	96,553,081
Charge for the financial year	-	103,813	-	103,813	3,292,339	221,294	8,434,921	1,529,760	244,263	-	344,277	14,170,667
Disposals	-	-	-	-	-	-	(209,426)	(1,569,217)	(1,656)	-	-	(1,780,299)
At 31 March 2023	-	207,626	-	207,626	7,279,093	1,814,634	78,153,400	13,921,632	7,049,603	-	517,461	108,943,449
Accumulated impairment losses												
At 1 April 2022/ 31 March 2023	-	-	-	-	-	-	677,369	-	-	-	-	677,369
Net carrying amount												
Cost	1,450,000	-	-	-	3,974,055	2,822,596	60,420,532	3,081,527	1,187,788	13,476,972	918,610	87,332,080
Valuation	39,502,000	5,922,374	5,922,374	5,922,374	66,858,334	-	-	-	-	-	-	112,282,708
31 March 2023	40,952,000	5,922,374	5,922,374	5,922,374	70,832,389	2,822,596	60,420,532	3,081,527	1,187,788	13,476,972	918,610	199,614,788
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	6,026,187	6,026,187	69,995,757	-	-	-	-	-	-	115,523,944
31 March 2022	40,952,000	6,026,187	6,026,187	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

Notes to the Financial Statements
(cont'd)

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:-

Group	Leasehold Land RM	Building RM	Plant and Machinery RM	Motor Vehicles RM	Capital Work-in-Progress RM	Leasehold Buildings RM	Total RM
At 1 April 2021	40,727,630	2,187,499	39,349,868	6,543,029	1,695,007	5,650,211	96,153,244
Additions	1,923,154	-	4,172,048	603,165	-	10,525,253	17,223,620
Charge for the financial year	(1,026,280)	(204,093)	(3,551,457)	(2,490,627)	-	(4,638,040)	(11,910,497)
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	1,983,406	38,838,459	4,616,047	214,810	11,537,424	98,814,650
Additions	1,089,558	-	2,294,951	2,201,069	-	6,847,965	12,433,543
Charge for the financial year	(1,319,099)	(80,856)	(4,659,171)	(2,063,574)	-	(4,645,424)	(12,768,124)
Reclassification	-	-	(1,184,495)	197,260	-	-	(987,235)
Written off	-	-	(54,823)	-	-	-	(54,823)
Asset fully settled during the year	-	(1,835,500)	(2,888,856)	(5)	-	-	(4,724,361)
Remeasurement/Derecognised	-	-	-	-	-	(849,223)	(849,223)
Exchange differences	-	-	-	610	-	-	610
At 31 March 2023	41,394,963	67,050	32,346,065	4,951,407	214,810	12,890,742	91,865,037

Notes to the Financial Statements
(cont'd)

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

Leased assets (cont'd)

Company	Leasehold Land RM	Building RM	Plant and Machinery RM	Motor Vehicles RM	Office Equipment, Furniture, Fittings and Renovations RM	Capital Work-in-Progress RM	Leasehold Buildings RM	Total RM
At 1 April 2021	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
Additions	-	-	636,350	1,220,621	-	-	-	1,856,971
Charge for the financial year	(103,813)	-	(1,734,248)	(1,346,576)	-	-	(344,277)	(3,528,914)
Reclassification	-	-	(239,220)	239,220	-	-	-	-
At 31 March 2023	5,922,374	-	11,917,214	3,080,742	-	-	918,610	21,838,940

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 (2022: 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 RM192,671,088 (2022: RM182,026,219) and RM51,936,799 (2022: RM42,810,723) have been pledged to financial institutions as security for borrowings as disclosed in Note 19.

Notes to the Financial Statements
(cont'd)**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				
2023				
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
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
Company				
2023				
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
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

Notes to the Financial Statements (cont'd)

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	
	2023 RM	2022 RM	2023 RM	2022 RM
Leasehold land	13,868,133	13,451,286	1,524,866	1,551,449
Freehold land	37,901,557	37,901,527	11,454,424	11,454,424
Buildings	112,592,749	115,438,491	36,821,269	38,535,536
	164,362,439	166,791,334	49,800,559	51,541,409

The following are the amount recognised in profit or loss :

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Depreciation for:				
- property, plant and equipment	33,455,604	33,505,230	10,641,753	11,241,235
- right-of-use assets	12,692,727	11,603,272	3,528,914	2,848,199
(Gain)/Loss on disposal of				
property, plant and equipment	(486,666)	13,154	(323,792)	31,960
Property, plant and equipment				
written off	1,039,892	320,048	45,501	123,561

Notes to the Financial Statements
(cont'd)**6. INVESTMENT PROPERTIES****Investment properties measured at fair value:**

	2023	Group	2022
	RM		RM
At 1 April/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:

	2023	Group	2022
	RM		RM
Rental income	253,714		226,681
Direct operating expenses	(108,539)		(144,660)

Security

All investment properties have been pledged to financial institutions as security for borrowings as disclosed in Note 19.

Fair value measurement

The leasehold buildings at fair value of RM4,110,000 (2022: RM4,110,000) were revalued on 1 March 2021 (2022: 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.

Notes to the Financial Statements (cont'd)

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
2023				
Leasehold buildings	–	4,110,000	2,160,000	6,270,000
2022				
Leasehold buildings	–	4,110,000	2,160,000	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	
	2023 RM	2022 RM
<u>Unquoted shares in Malaysia, at cost</u>		
At 1 April	90,748,615	62,748,615
Additions	–	28,000,000
At 31 March	90,748,615	90,748,615

Notes to the Financial Statements
(cont'd)**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		Principal activities
		2023 %	2022 %	
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	Malaysia	100	100	Fresh Mart
Sri Tawau Farming Sdn Bhd * ("STF")	Malaysia	100	100	Investment holding

Notes to the Financial Statements
(cont'd)**7. SUBSIDIARY COMPANIES (CONT'D)****A. INVESTMENT IN SUBSIDIARIES (cont'd)**

Name of Company	Place of Incorporation	Effective interest		Principal activities
		2023 %	2022 %	
Subsidiaries held by STF				
STF Agriculture Sdn Bhd	Malaysia	100	100	Integrated livestock farming and chicken processing
ST Food Sdn Bhd	Malaysia	100	100	Retail store

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

Non-controlling interest in subsidiaries

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	
	2023 %	2022 %	2023 RM	2022 RM	2023 RM	2022 RM
Group						
G-Mart Borneo Retail Sdn Bhd	30	30	32,396	44,564	9,521,934	9,489,538

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

Name of Companies	G-Mart Borneo Retail Sdn Bhd	
	2023 RM	2022 RM

Summarised Statement of Financial Position

Total assets	70,568,175	69,150,974
Total liabilities	(38,828,405)	(37,519,191)
Net assets	31,739,770	31,631,783

Notes to the Financial Statements
(cont'd)

7. SUBSIDIARY COMPANIES (CONT'D)

B. AMOUNT DUE FROM/(TO) SUBSIDIARIES

Name of Companies	G-Mart Borneo Retail Sdn Bhd	
	2023 RM	2022 RM
<i>Summarised Statement of Profit or Loss and Other Comprehensive Income</i>		
Revenue	152,092,674	157,698,963
Profit before taxation	404,216	607,363
Taxation	(296,229)	(458,825)
Profit for the year	107,987	148,538
Total comprehensive income	107,987	148,538
<i>Summarised Statement of Cash Flows</i>		
Cash generated from operating activities	6,982,773	10,123,121
Net cash used in investing activities	3,751,907	(1,489,014)
Cash used in financing activities	(6,049,061)	(7,987,683)
Net increase in cash and cash equivalents	4,685,619	646,424
Company		
	2023 RM	2022 RM
Non-current asset		
Non-trade	61,755,693	61,776,785
Current assets		
Trade	51,680,421	64,246,522
Non-trade	21,675,354	67,726,894
	73,355,775	131,973,416

Notes to the Financial Statements (cont'd)

7. SUBSIDIARY COMPANIES (CONT'D)

B. AMOUNT DUE FROM/(TO) SUBSIDIARIES (cont'd)

	Company	
	2023 RM	2022 RM
Current liabilities		
Trade	(3,557,749)	(7,055,287)
Non-trade	(555,000)	(63,162,215)
	(4,112,749)	(70,217,502)

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 Nil (2022: RM8,911,290) which is subject to Nil (2022: 4.07%) 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 Nil (2022: RM320,028) which is subject to Nil (2022: 3.75% to 5.00%) interest per annum.

The amount due from subsidiaries amounting to RM8,500,000 (2022: RM8,500,000) are subordinated to financial institutions as securities for credit facilities granted to certain subsidiary companies as disclosed in Note 19.

8. ASSOCIATED COMPANY

A. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Unquoted shares in Malaysia, at cost	14,700,000	14,700,000	14,700,000	14,700,000
<u>Share of post-acquisition results</u>				
At 1 April	(14,700,000)	(14,700,000)	-	-
Current year's share of results	-	-	-	-
At 31 March	(14,700,000)	(14,700,000)	-	-
Carrying amount	-	-	14,700,000	14,700,000

Notes to the Financial Statements
(cont'd)**8. ASSOCIATED COMPANY (CONT'D)****A. INVESTMENT IN AN ASSOCIATE (cont'd)**

Details of the associate is as follow: -

Name of Company	Place of Incorporation	Effective interest		Principal activity
		2023 %	2022 %	
NHF Manufacturing (Malaysia) Sdn Bhd #	Malaysia	49	49	Food manufacturing

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

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

	2023 RM	2022 RM
<u>Financial position</u>		
Non-current assets	27,832,317	29,926,973
Current assets	10,088,951	11,392,122
Non-current liabilities	(20,033,047)	(20,172,123)
Current liabilities	(39,682,946)	(35,970,435)
Net assets	(21,794,725)	(14,823,463)
<u>Summary of financial performance</u>		
Net loss/total comprehensive loss for the year	(6,971,262)	(4,549,705)
<u>Reconciliation of net assets to carrying amount</u>		
Group's share of net assets	*	*
<u>Group's share of results</u>		
Group's share of loss/comprehensive loss	-	-

* 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.

Notes to the Financial Statements
(cont'd)

8. ASSOCIATED COMPANY (CONT'D)

B. AMOUNT DUE FROM/(TO) AN ASSOCIATE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade	(3,633,691)	(4,751,769)	–	–
Non-trade	–	34,540	1,118	15,806
	(3,633,691)	(4,717,229)	1,118	15,806

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	
	2023 RM	2022 RM	2023 RM	2022 RM
<i>Quoted shares, in Malaysia</i>				
At 1 April	632,515	1,089,392	629,655	1,086,532
Additions	–	393,985	–	393,985
Disposals	–	(123,500)	–	(123,500)
Changes in fair value	(241,780)	(727,362)	(242,250)	(727,362)
At 31 March	390,735	632,515	387,405	629,655
<i>Club membership at cost, in Malaysia</i>	193,000	193,000	118,000	118,000
	583,735	825,515	505,405	747,655

Notes to the Financial Statements
(cont'd)

10. INTANGIBLE ASSETS

	Goodwill RM	Development Costs RM	Total RM
Group			
Cost			
At 1 April 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
Additions	–	14,788	14,788
Exchange differences	–	598	598
At 31 March 2023	3,263,603	5,538,166	8,801,769
Accumulated amortisation			
At 1 April 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
Charge during the year	–	1,077,303	1,077,303
Exchange differences	–	272	272
At 31 March 2023	322,800	2,668,479	2,991,279
Net carrying amount			
At 31 March 2023	2,940,803	2,869,688	5,810,490
At 31 March 2022	2,940,803	3,931,876	6,872,679

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.

Notes to the Financial Statements (cont'd)

10. INTANGIBLE ASSETS (CONT'D)

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	
	2023 RM	2022 RM	2023 RM	2022 RM
<u>At fair value less cost to sell:</u>				
Layer breeders	1,836,438	642,232	3,250	189,189
Broiler breeders	6,080,114	4,922,613	-	-
Commercial layers	68,088,311	70,118,831	52,953,023	56,108,257
	76,004,863	75,683,676	52,956,273	56,297,446

Biological assets movement can be analysed as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At 1 April	75,683,676	70,487,393	56,297,446	48,186,360
Increase due to purchase	15,781,578	12,396,376	7,023,174	6,747,795
Biological asset losses	(8,254,004)	(9,665,848)	(2,593,559)	(3,133,915)
Change in fair value	(1,862,483)	9,468,883	(3,865,540)	9,656,628
Depopulation	(5,343,904)	(7,003,128)	(3,905,248)	(5,159,422)
At 31 March	76,004,863	75,683,676	52,956,273	56,297,446

Notes to the Financial Statements
(cont'd)**11. BIOLOGICAL ASSETS (CONT'D)**

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 RM12,409,546 and RM8,673,661 (2022 : RM11,690,452 and RM10,658,968) 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.

Notes to the Financial Statements
(cont'd)

12. INVENTORIES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<u>At cost:</u>				
Raw materials	31,057,190	38,716,754	11,833,898	13,124,668
Manufactured and trading inventories	88,652,151	69,475,935	5,094,755	2,640,281
	119,709,341	108,192,689	16,928,653	15,764,949
<u>At net realisable value:</u>				
Manufactured and trading inventories	3,018,194	3,131,306	-	-
Total	122,727,535	111,323,995	16,928,653	15,764,949
<u>At cost:</u>				
Inventories recognised as an expense in profit or loss	897,207,169	827,907,324	456,227,744	386,499,941
Impairment loss of inventories	10,568	-	-	-
Impairment loss on inventories write back	-	(179,003)	-	-

Notes to the Financial Statements
(cont'd)**13. TRADE RECEIVABLES**

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade receivables	86,497,758	93,635,440	23,440,184	31,557,900
Impairment losses	(1,349,859)	(6,757,738)	(923,211)	(5,056,296)
	85,147,899	86,877,702	22,516,973	26,501,604

The Group's normal credit term for trade receivables ranges from 45 days to 180 days (2022: 45 days to 180 days). Other credit terms are assessed and approved on a case-by-case basis.

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At 1 April	6,757,738	6,989,232	5,056,296	4,776,904
Recognised in profit or loss	521,502	626,498	482,796	330,480
Reversal of impairment	(5,897,849)	(857,992)	(4,615,881)	(51,088)
Bad debts written off	(31,532)	–	–	–
At 31 March	1,349,859	6,757,738	923,211	5,056,296

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
SGD	3,580,228	2,151,600	–	162,703

Notes to the Financial Statements (cont'd)

14. OTHER RECEIVABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Other receivables	20,720,604	27,599,384	18,379,562	23,273,474
Deposits	8,762,489	9,821,333	4,698,210	4,578,904
Prepayments	3,729,191	4,049,300	1,581,201	1,426,905
	33,212,284	41,470,017	24,658,973	29,279,283
Impairment losses	(1,841,485)	(1,931,395)	(1,841,485)	(1,841,485)
	31,370,799	39,538,622	22,817,488	27,437,798

Group and Company

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At 1 April	1,931,395	1,931,395	1,841,485	1,841,485
Reversal of impairment loss	(89,910)	–	–	–
At 31 March	1,841,485	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 2.50% (2022: 1.75%) per annum. The maturity period of the deposits with a licensed bank at the end of the reporting date is 365 days (2022: 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	
	2023 RM	2022 RM	2023 RM	2022 RM
USD	26,998	34,443	–	–
SGD	1,268,667	1,565,585	1,268,667	1,565,585

Notes to the Financial Statements
(cont'd)

17. SHARE CAPITAL

	Number of shares	Group and Company		
		2023 RM	2022 Number of shares RM	
Issued and fully paid :				
At 1 April	740,319,100	173,633,316	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	740,319,100	173,633,316

In prior financial year 2022, 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 paripassu 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 constituted 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	–

Notes to the Financial Statements (cont'd)

17. 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 paripassu 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.

18. RESERVES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<u>Non-distributable</u>				
Revaluation reserve	124,691,278	127,759,790	44,484,613	45,390,395
Foreign currency translation reserve	686,575	1,326,487	-	-
<u>Distributable</u>				
Retained profits	163,904,970	134,950,770	101,680,901	95,026,407
	289,282,823	264,037,047	146,165,514	140,416,802

(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.

(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.

Notes to the Financial Statements
(cont'd)

19. BORROWINGS

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Current					
<u>Secured</u>					
Bank overdrafts		1,302,949	1,165,973	–	–
Bills payable		51,263,000	64,274,000	–	–
Lease liabilities	19.1	13,860,921	14,896,096	4,536,063	4,556,185
Term loans	19.2	15,066,605	20,326,133	10,164,864	14,881,718
		81,493,475	100,662,202	14,700,927	19,437,903
<u>Unsecured</u>					
Bank overdrafts		546,865	332,475	546,865	332,475
Bills payable		90,636,000	85,259,000	90,636,000	85,259,000
Revolving credit		–	15,500,000	–	15,500,000
		91,182,865	101,091,475	91,182,865	101,091,475
		172,676,340	201,753,677	105,883,792	120,529,378
Non-current					
<u>Secured:</u>					
Lease liabilities	19.1	22,027,338	25,830,648	6,789,138	9,833,575
Term loans	19.2	43,841,426	45,788,654	22,690,911	19,962,859
		65,868,764	71,619,302	29,480,049	29,796,434
Total borrowings					
Bank overdrafts		1,849,814	1,498,448	546,865	332,475
Bills payable		141,899,000	149,533,000	90,636,000	85,259,000
Revolving credit		–	15,500,000	–	15,500,000
Lease liabilities	19.1	35,888,259	40,726,744	11,325,201	14,389,760
Term loans	19.2	58,908,031	66,114,787	32,855,775	34,844,577
		238,545,104	273,372,979	135,363,841	150,325,812

Notes to the Financial Statements (cont'd)

19. BORROWINGS (CONT'D)

19.1 Lease liabilities

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At 1 April	40,726,744	40,471,123	14,389,760	15,973,410
Additions	12,154,260	16,400,795	1,991,825	3,506,291
Interest expense charge during the year	2,487,153	2,568,573	708,924	798,532
Repayment	(18,616,405)	(18,702,112)	(5,765,308)	(5,888,473)
Remeasurement/ Derecognised	(861,687)	–	–	–
Exchange differences	(1,807)	(11,635)	–	–
At 31 March	35,888,258	40,726,744	11,325,201	14,389,760

The following are the amount recognised in profit or loss :

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest expense on lease liabilities	2,487,153	2,568,573	708,924	798,532
Expenses relating to short term lease	5,938,673	6,599,032	255,500	870,810
Expenses relating to low value lease	4,362,388	4,457,596	424,581	1,152,616

19.2 Term loans

The term loans repayment due is as follows:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Within one year	15,066,605	20,326,133	10,164,864	14,881,718
Between one to two years	12,735,776	14,837,281	8,515,143	9,818,681
Between two to five years	16,058,839	19,869,200	7,641,543	9,584,574
After five years	15,046,811	11,082,173	6,534,225	559,604
	58,908,031	66,114,787	32,855,775	34,844,577

Notes to the Financial Statements
(cont'd)**19. 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	
	2023 %	2022 %	2023 %	2022 %
Bank overdrafts	7.58	6.72	7.69	6.61
Bills payable	4.52	2.91	4.44	2.76
Lease liabilities	5.59	5.59	5.59	5.59
Revolving credit	–	3.68	–	3.68
Term loans	5.62	4.30	5.52	4.30

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 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
Addition	14,285,000	–	12,154,260	12,800,000
Repayment	(21,919,000)	(15,500,000)	(16,992,745)	(20,006,756)
At 31 March 2023	141,899,000	–	35,888,259	58,908,031

Notes to the Financial Statements (cont'd)

19. BORROWINGS (CONT'D)

Cash flows reconciliation (cont'd)

	Bills payable RM	Revolving credit RM	Lease liabilities RM	Term loans RM
Company				
At 1 April 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
Addition	5,377,000	–	1,991,825	12,800,000
Repayment	–	(15,500,000)	(5,056,384)	(14,788,802)
At 31 March 2023	90,636,000	–	11,325,201	32,855,775

20. DEFERRED TAX LIABILITIES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At 1 April	70,502,210	62,578,982	34,376,233	26,960,732
Recognised in profit or loss	6,809,952	7,927,044	(892,189)	7,415,501
Recognised in equity	–	(3,816)	–	–
At 31 March	77,312,162	70,502,210	33,484,044	34,376,233

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Accelerated capital allowances	50,817,582	45,575,314	22,911,737	22,353,547
Revaluation reserve	29,134,773	30,164,355	8,881,114	9,167,150
Biological assets	5,538,569	5,985,565	4,349,808	5,277,537
Unutilised tax losses and unabsorbed capital allowance	(4,679,695)	(6,381,697)	(1,041,128)	–
Others	(3,499,067)	(4,841,327)	(1,617,487)	(2,422,001)
	77,312,162	70,502,210	33,484,044	34,376,233

Notes to the Financial Statements
(cont'd)**20. 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	
	2023 RM	2022 RM	2023 RM	2022 RM
Unutilised tax losses	976,687	922,682	-	-
Unabsorbed capital allowance	150,448	422,250	-	-
Others	-	10,312	-	-
	1,127,135	1,355,244	-	-

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.

21. 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	
	2023 RM	2022 RM	2023 RM	2022 RM
USD	558,327	360,109	558,327	360,109
EURO	136,760	183,628	136,760	183,628

22. OTHER PAYABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current				
Other payables	17,350,761	14,353,590	2,789,928	2,043,370
Accruals	55,032,145	42,155,563	27,526,148	23,674,866
Deposit received	684,365	656,319	684,365	656,319
	73,067,271	57,165,472	31,000,441	26,374,555

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
USD	-	77,751	-	-
EURO	-	187,642	-	9,718

Notes to the Financial Statements (cont'd)

23. REVENUE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Revenue represents:				
Sale of goods	1,069,817,570	960,311,477	495,030,948	433,855,899
Timing of revenue recognition:				
At a point in time	1,069,817,570	960,311,477	495,030,948	433,855,899

24. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Staff costs				
Salaries, wages and bonus	90,025,253	76,683,122	17,206,989	19,769,015
Defined contribution plans	7,011,153	6,446,227	1,315,178	1,335,907
Other benefits	9,590,508	8,425,331	809,615	930,132
Directors' emoluments	4,805,101	5,049,988	3,992,031	5,049,988
	111,432,015	96,604,668	23,323,813	27,085,042

The details of directors' emoluments are as follows:-

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Fees	323,000	323,000	323,000	323,000
Salaries and bonus	3,500,308	3,948,882	2,807,070	3,948,882
Defined contribution plans	981,793	778,106	861,961	778,106
	4,805,101	5,049,988	3,992,031	5,049,988

The estimated monetary value of benefits-in-kind received or receivable by the directors of the Group and of the Company was RM28,913 (2022: RM25,400).

Notes to the Financial Statements
(cont'd)

25. TAXATION

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Based on the results for the year:				
Current tax				
Malaysian Income Tax	4,883,599	2,454,008	–	259,396
Deferred taxation	6,809,952	7,927,044	(892,189)	7,415,501
	11,693,551	10,381,052	(892,189)	7,674,897
Under/(Over) estimated in prior year	278,663	(53,219)	–	(152,106)
Tax expense for the year	11,972,214	10,327,833	(892,189)	7,522,791

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit before taxation	40,213,750	7,668,215	7,077,480	9,365,589
Tax at malaysian statutory tax rate of 24% (2022: 24%)	9,651,300	1,840,372	1,698,595	2,247,741
Income not subject to tax	(1,392,322)	(406,250)	(3,605,427)	(63,045)
Expenses not deductible for tax purposes	5,329,049	4,255,457	1,786,274	1,168,673
Underestimated of deferred tax in prior years	(1,574,336)	4,821,842	(771,630)	4,321,528
Utilisation of reinvestment allowance	(268,071)	(5,892)	–	–
Others	–	(108,260)	–	–
Further deduction for employment of senior citizen	(11,146)	(16,217)	–	–
Utilisation of unabsorbed tax losses and capital allowances from prior years	(40,923)	–	–	–
	11,693,551	10,381,052	(892,189)	7,674,897
Under/(Over) estimated in prior year	278,663	(53,219)	–	(152,106)
Tax expense for the year	11,972,214	10,327,833	(892,189)	7,522,791

Notes to the Financial Statements (cont'd)

26. 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	
	2023	2022
	RM	RM
Profit/(Loss) for the year attributable to owners of the Company	28,106,645	(4,030,216)
Weighted average number of ordinary shares in issue	740,319,100	686,385,840
Basic earnings per share (sen)	3.80	(0.59)
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.

27. DIVIDEND

	Group and Company	
	2023	2022
	RM	RM
Final single tier dividend of 0.3 sen (2022: Nil) per ordinary share	2,220,957	-

28. RELATED PARTY DISCLOSURES

Significant Related Party Transactions

	Company	
	2023	2022
	RM	RM
(a) Transactions with Subsidiaries		
Sales	230,035,056	174,857,743
Purchases	(25,471,197)	(30,060,376)
Management fees	1,266,000	1,266,000
Rental income	3,600	3,600
Corporate guarantee fee	-	1,417,790
Interest income	746,091	161,967
Interest expense	(3,455)	(34,171)
Marketing expense	(441,819)	-
Waste management disposal	(3,120,000)	-

Notes to the Financial Statements
(cont'd)**28. RELATED PARTY DISCLOSURES (CONT'D)****Significant Related Party Transactions (cont'd)**

	Company	
	2023	2022
	RM	RM
(b) <u>Transactions with Associate</u>		
<u>Group</u>		
Sales	11,176,271	12,918,055
Rental income	92,580	92,580
<hr/>		
<u>Company</u>		
Rental income	92,580	92,580
<hr/>		

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	
	2023	2022	2023	2022
	RM	RM	RM	RM
Salaries and bonuses	1,235,753	1,274,787	216,865	333,855
Defined contribution	187,121	180,160	27,197	41,652
<hr/>				
	1,422,874	1,454,947	244,062	375,507
<hr/>				

29. 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.

Notes to the Financial Statements (cont'd)

29. SEGMENTAL REPORTING (CONT'D)

2023

	Integrated livestock farming RM	Food manufacturing RM	Retail business RM	Elimination RM	Consolidation RM
Revenue					
External customers	392,560,527	433,531,495	243,725,548	–	1,069,817,570
Inter-segment	409,348,410	118,678,551	–	(528,026,961)	–
Total revenue	801,908,937	552,210,046	243,725,548	(528,026,961)	1,069,817,570
Results					
Segment results	41,525,442	29,931,236	2,780,413	(22,585,729)	51,651,362
Finance costs	9,072,977	(1,965,827)	(1,148,534)	749,726	(11,437,612)
Profit before taxation	32,452,465	27,965,409	1,631,879	(21,836,003)	40,213,750
Taxation	(7,575,385)	(3,693,393)	(703,436)	–	(11,972,214)
Profit for the year	24,877,080	24,272,016	928,443	(21,836,003)	28,241,536
Other information					
Segment assets	1,018,313,701	139,373,019	93,682,716	(299,169,280)	952,200,156
Segment liabilities	485,852,043	117,007,751	54,472,237	(179,802,015)	477,530,016
Capital expenditure	23,275,209	3,739,674	8,394,541	–	35,409,424
Depreciation and amortisation	26,731,976	14,633,334	5,860,324	–	47,225,634
Interest expense	9,153,972	1,884,833	1,148,533	(749,726)	11,437,612
Interest income	857,642	–	19,132	(749,726)	127,048
Other non-cash item					
Non-cash items other than depreciation and amortisation					(4,461,942)

Notes to the Financial Statements
(cont'd)

29. 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	249,716,250	–	960,311,477
Inter-segment	353,051,653	90,483,056	15,371	443,550,080	–
Total revenue	768,360,901	385,769,035	249,731,621	443,550,080	960,311,477
Results					
Segment results	22,073,169	(5,059,047)	2,933,967	(1,005,712)	18,942,377
Finance costs	(8,988,556)	(1,901,782)	(915,010)	531,186	(11,274,162)
Profit/(Loss) before taxation	13,084,613	(6,960,829)	2,018,957	(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)	1,211,663	(470,196)	(2,659,618)
Other information					
Segment assets	1,019,932,753	207,620,071	83,003,844	(362,902,775)	947,653,893
Segment liabilities	512,048,992	184,949,145	44,721,506	(243,355,223)	498,364,420
Capital expenditure	25,209,714	7,627,528	9,765,992	–	42,603,234
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)

Notes to the Financial Statements (cont'd)

30. 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	
	2023 RM	2022 RM	2023 RM	2022 RM
Fixed rate instruments				
Lease liabilities	35,888,259	40,726,744	11,325,201	14,389,760
Term loans	–	320,028	–	–
Floating rate instruments				
Bills payable	141,899,000	149,533,000	90,636,000	85,259,000
Revolving credit	–	15,500,000	–	15,500,000
Bank overdrafts	1,894,814	1,498,448	546,865	332,475
Term loans	58,908,031	65,794,759	32,855,774	34,844,577

Notes to the Financial Statements
(cont'd)**30. 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 RM1,013,509 (2022 : RM1,161,631) and RM620,193 (2022: RM679,680) 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.

Notes to the Financial Statements (cont'd)

30. 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	Carrying amount RM	Contractual undiscounted cash flows RM	Within one year RM	Between two to five years RM	After five years RM
2023					
Financial liabilities:					
Trade and other payables	158,039,059	158,039,059	158,039,059	-	-
Amount due to an associate	3,633,691	3,633,691	3,633,691	-	-
Bank overdrafts	1,849,814	1,849,814	1,849,814	-	-
Bills payable	141,899,000	141,899,000	141,899,000	-	-
Lease liabilities	35,888,259	39,771,224	15,874,747	23,420,175	476,302
Term loans	58,908,031	69,994,015	17,795,550	34,512,347	17,686,118
	400,217,854	415,186,803	339,091,861	57,932,522	18,162,420
Financial guarantee contracts *	-	7,652,570	7,652,570	-	-
2022					
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	-	-

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

Notes to the Financial Statements
(cont'd)

30. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Liquidity Risk (cont'd)

Company	Carrying amount RM	Contractual undiscounted cash flows RM	Within one year RM	Between two to five years RM	After five years RM
2023					
Financial liabilities:					
Trade and other payables	76,646,242	76,646,242	76,646,242	-	-
Amount due to subsidiaries	4,112,749	4,112,749	4,112,749	-	-
Bank overdrafts	546,865	546,865	546,865	-	-
Bills payable	90,636,000	90,636,000	90,636,000	-	-
Lease liabilities	11,325,201	12,263,264	5,018,290	7,159,474	85,500
Term loans	32,855,775	37,369,470	11,593,663	18,507,852	7,267,955
	216,122,832	221,574,590	188,553,809	25,667,326	7,353,455
Financial guarantee contracts *	-	95,751,520	95,751,520	-	-
2022					
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	-	-

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

Notes to the Financial Statements (cont'd)

30. 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.

Notes to the Financial Statements
(cont'd)**30. FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial risk management policies (cont'd)****(iv) Credit Risk (cont'd)**

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

Group	Gross-carrying amount RM	Individual impairment RM	ECL RM	Net balance RM
2023				
Not past due	78,905,058	-	-	78,905,058
Up to 90 days past due	4,413,797	-	-	4,413,797
More than 91 days past due	3,178,903	(1,184,659)	(165,200)	1,829,044
	7,592,700	(1,184,659)	(165,200)	6,242,841
	86,497,758	(1,160,459)	(165,200)	85,147,899
2022				
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

Notes to the Financial Statements
(cont'd)**30. FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial risk management policies (cont'd)****(iv) Credit Risk (cont'd)**

Company	Gross-carrying amount RM	Individual impairment RM	ECL RM	Net balance RM
2023				
Not past due	21,220,347	–	–	21,220,347
Up to 90 days past due	992,819	–	–	992,819
More than 91 days past due	1,227,018	(813,276)	(109,935)	303,807
	2,219,837	(813,276)	(109,935)	1,296,626
	23,440,184	(813,276)	(109,935)	22,516,973
2022				
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

Notes to the Financial Statements (cont'd)

30. FINANCIAL INSTRUMENTS (CONT'D)

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

(iv) Credit Risk (cont'd)

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 2023, the Group and the Company have significant concentration of credit risk in the form of outstanding balances of approximately RM22,789,729 and RM7,577,503 due from a trade receivable (2022: RM31,596,506 and RM8,998,350) which represents 26% and 34% (2022: 36% and 34%) 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 RM95,751,520 (2022 : RM115,877,872) 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 RM7,652,570 (2022 : RM7,012,250) in respect of the corporate guarantees given to utility providers of the Group as at the reporting date.

(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)

Notes to the Financial Statements
(cont'd)**30. FINANCIAL INSTRUMENTS (CONT'D)****(c) Fair Value Hierarchy (cont'd)**

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				
2023				
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
Quoted Shares (Note 9)	31.03.2023	390,735	–	–
Biological assets (Note 11)	31.03.2023	–	–	75,683,676
<hr/>				
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
Quoted Shares (Note 9)	31.03.2022	632,515	–	–
Biological assets (Note 11)	31.03.2022	–	–	75,683,676
<hr/>				
Company				
2023				
Assets measured at fair value :				
Property, plant and equipment (Note 5)	01.03.2021	–	118,776,830	–
Quoted Shares (Note 9)	31.03.2023	387,405	–	–
Biological assets (Note 11)	31.03.2023	–	–	52,956,273
<hr/>				
2022				
Assets measured at fair value :				
Property, plant and equipment (Note 5)	01.03.2021	–	118,776,830	–
Quoted Shares (Note 9)	31.03.2022	629,655	–	–
Biological assets (Note 11)	31.03.2022	–	–	56,297,446
<hr/>				

Notes to the Financial Statements
(cont'd)**30. 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
2023				
Group				
Financial assets				
Other investments	583,735	–	583,735	–
Trade and other receivables	112,789,507	112,789,507	–	–
Deposits with a licensed bank	564,977	564,977	–	–
Cash and bank balances	30,547,686	30,547,686	–	–
	144,485,905	143,902,170	583,735	–
Financial liabilities				
Trade and other payables	158,039,059	–	–	158,039,059
Borrowings	238,545,104	–	–	238,545,104
Amount due to an associate	3,633,691	–	–	3,633,691
	400,217,854	–	–	400,217,854
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

Notes to the Financial Statements
(cont'd)

30. FINANCIAL INSTRUMENTS (CONT'D)

(d) Classification of Financial Instruments (cont'd)

	Carrying amount RM	AC RM	FVPL RM	FL RM
2023				
Company				
Financial assets				
Other investments	505,405	–	505,405	–
Trade and other receivables	43,753,260	43,753,260	–	–
Amount due from subsidiaries	135,111,468	135,111,468	–	–
Amount due from an associate	1,118	1,118	–	–
Cash and bank balances	11,359,237	11,359,237	–	–
	190,730,488	190,225,083	505,405	–
Financial liabilities				
Trade and other payables	76,646,242	–	–	76,646,242
Amount due to subsidiaries	4,112,749	–	–	4,112,749
Borrowings	135,363,841	–	–	135,363,841
	216,122,832	–	–	216,122,832
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

Notes to the Financial Statements
(cont'd)**31. CAPITAL COMMITMENT**

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Capital expenditure for property, plant and equipment:				
Approved and contracted for	11,963,000	9,925,000	7,107,000	7,107,000

32. 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 SdnBhd ("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.

Notes to the Financial Statements (cont'd)

32. CONTINGENT LIABILITIES (CONT'D)

MATERIAL OUTSTANDING LITIGATION (cont'd)

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 1/8/2023.

33. 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	
	2023 RM	2022 RM	2023 RM	2022 RM
Total borrowings (Note 19)	238,545,104	273,372,979	135,363,841	150,325,812
Less : Cash and bank balances	(30,547,686)	(15,384,170)	(11,359,237)	(7,599,543)
	207,997,418	257,988,809	124,024,604	142,726,269
Total equity	474,670,140	449,289,473	319,798,830	314,050,118
Debt-to-equity ratio	0.44	0.57	0.39	0.45

There has been no change in the above capital management objectives, policies and processes compared to the previous year.

34. EVENT SUBSEQUENT TO THE REPORTING DATE

On 3 April 2023, the Company entered into a Sale and Purchase Agreement ("SPA") with NH Foods Ltd (NH Foods), to acquire the remaining 51% equity interest in NHF Manufacturing (Malaysia) Sdn Bhd comprising 15,300,000 ordinary shares owned by NH Foods for a total purchase consideration of RM1.

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 64 to 150 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia as to give a true and fair view of the financial position of the Group and of the Company at 31 MARCH 2023 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 : 26 June 2023

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 64 to 150 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 26 June 2023

Before me,

NG KIM TIAN
(Director)

ANALYSIS OF SHAREHOLDINGS

as at 30 June 2023

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. <i>PLEDGED SECURITIES ACCOUNT FOR NH FOODS LTD</i>	132,500,000	17.90
2. INNOFARM SDN. BHD.	102,350,000	13.83
3. KENANGA NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR INNOFARM SDN. BHD.</i>	47,800,000	6.46
4. YAP HOONG CHAI	47,512,000	6.42
5. AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR CHENG YING YING (CHE3060M)</i>	22,939,390	3.10
6. MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR INNOFARM SDN. BHD. (MARGIN)</i>	20,350,000	2.75
7. YIP KIM HOONG	14,136,770	1.91
8. CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR INNOFARM SDN. BHD. (MY3045)</i>	12,900,000	1.74
9. YAYASAN GURU TUN HUSSEIN ONN	10,000,000	1.35
10. AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR YAP HOONG CHAI (YAP2110M)</i>	9,384,700	1.27
11. YEAP WENG HONG	8,812,000	1.19
12. YEAP FOCK HOONG	4,640,000	0.63
13. NG CHEW KEE	3,730,300	0.50
14. CHNG KIM CHYE	3,682,600	0.50
15. MAYBANK NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR WONG WAH PENG</i>	3,502,300	0.47
16. KONG GOON KHING	3,478,900	0.47
17. TARGETLINK SDN. BHD.	3,176,800	0.43
18. CARTABAN NOMINEES (ASING) SDN. BHD. <i>THE BANK OF NEW YORK MELLON FOR ENSIGN PEAK ADVISORS INC.</i>	3,136,200	0.42
19. SEAH HANG KUAN	2,794,200	0.38
20. TEE CHEE CHONG	2,700,000	0.36
21. ONG JUN JIE	2,500,000	0.34
22. LIM YOKE SIM	2,450,900	0.33

Analysis of Shareholdings
(cont'd)**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	(%)
23. PUBLIC NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR CHONG YIN CHIANG (E-PLT)</i>	2,200,000	0.30
24. OO KWANG TUNG	2,173,600	0.29
25. PUBLIC NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR CHIEW CHIENG SIEW (E-PDG)</i>	2,100,000	0.28
26. RHB NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR CHUA TECK KIM</i>	2,005,900	0.27
27. PUBLIC NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR LIM TIONG HOOI (E-SJA)</i>	1,963,800	0.27
28. BAN SENG GUAN SDN. BHD.	1,927,500	0.26
29. YAP SHOR YEE	1,894,000	0.26
30. HSBC NOMINEES (ASING) SDN. BHD. <i>MORGAN STANLEY & CO. INTERNATIONAL PLC (FIRM A/C)</i>	1,875,800	0.25
TOTAL	480,617,660	64.92

SHAREHOLDINGS DISTRIBUTION SCHEDULE (BASED ON THE RECORD OF DEPOSITORS)

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	NO. OF SHARES HELD	%
1 - 99	144	3,407	0.00*
100 - 1,000	872	507,700	0.07
1,001 - 10,000	3,258	20,199,173	2.73
10,001 - 100,000	3,163	110,247,660	14.89
100,001 to less than 5% of the issued shares	461	279,199,160	37.71
5% and above of the issued shares	4	330,162,000	44.60
TOTAL	7,902	740,319,100	100.00

Remark : * Less than 0.01%

Analysis of Shareholdings (cont'd)

LIST OF SUBSTANTIAL SHAREHOLDERS (BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

NAME OF SUBSTANTIAL SHAREHOLDERS	NO. OF SHARES HELD			
	DIRECT	%	INDIRECT	%
1. Innofarm Sdn. Bhd.	184,789,800	24.96	–	–
2. NH Foods Ltd	132,500,000	17.90	–	–
3. Dato'Yap Hoong Chai	56,896,700	7.69	227,510,860	30.73

Remark : * Deemed interested by virtue of his interest in Innofarm Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

LIST OF DIRECTORS' SHAREHOLDINGS (BASED ON THE REGISTER OF DIRECTORS' SHAREHOLDINGS)

NAME OF DIRECTORS	NO. OF SHARES HELD			
	DIRECT	%	INDIRECT	%
1. Dato'Yap Hoong Chai	56,896,700	7.69	227,510,860	30.73
2. Dato'Yap Chor How	383,700	0.05	–	–
3. Dato'Yeap Weng Hong	8,812,000	1.19	–	–
4. Ng Kim Tian	–	–	–	–
5. Yeap Fock Hoong	4,910,000	0.66	–	–
6. Tan Chee Hau	–	–	–	–
7. Wong Soo Thiam	–	–	–	–
8. Tham Wei Mei	–	–	–	–
9. Tadaaki Ito	–	–	–	–
10. Yasuhito Igarashi (Alternate to Tadaaki Ito)	–	–	–	–

Remark : * Deemed interested in 42,721,060 shares held by his direct family members, 184,789,800 shares by virtue of Innofarm Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016

LIST OF TOP TEN PROPERTIES

as at 31 March 2023

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	3 – 6	17,521	1/3/2021
Lot Nos. 1717/8/9 & 1720 Mukim of Ayer Panas Jasin, Melaka	Layer Farm & Fertiliser Plant & Building	40.4	Freehold	5 – 38	15,364	1/3/2021
Lot Nos. 739/40 & 741 Mukim Api-Api Kuala Selangor	Breeder Farm	15.0	Freehold	3 – 20	14,651	1/3/2021
GM1134, Lot No. 2809, Mukim of Jeram Kuala Selangor	Layer Farm	5.0	Freehold	3 – 7	13,872	1/3/2021
Lot No. 4857 Mukim of Jeram Kuala Selangor	Layer Farm & Feedmill	25.0	Freehold	3 – 39	13,720	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)	4 – 19	13,006	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	14	12,581	1/3/2021
Lot Nos. 1475/6 Lot Nos. 253 & 244 Mukim Pasangan Kuala Selangor	Breeder Farm & Hatchery	18.5	Freehold	7 – 25	11,775	1/3/2021
NT. No. 043081625, Tamparuli, Sabah	Layer Farm	9.1	Leasehold 'Feb 2037	11	10,340	1/3/2021
Lot Nos. 16458/9 Mukim of Tanjung Karang Kuala Selangor	Processing Plant	2.0	Leasehold 'Aug 2080	6 – 9	10,160	1/3/2021

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Ninth Annual General Meeting (“**39th AGM**”) of **LAY HONG BERHAD** (the “**Company**”) will be conducted 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, 27 September 2023** 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 2023 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 2023. **Ordinary Resolution 1 (See Explanatory Note 11)**
3. To approve the payment of Directors’ Fees of RM358,000.00 for the financial year ended 31 March 2023. **Ordinary Resolution 2**
4. To re-elect the following Directors who are retiring under Clause 134 of the Constitution of the Company:
 - i. Dato’ Yap Chor How **Ordinary Resolution 3**
 - ii. Mr Yeap Fock Hoong **Ordinary Resolution 4 (See Explanatory Note 12)**

Mr Tadaaki Ito who retires pursuant to Clause 134 of the Company’s Constitution, indicated his intention of not seeking re-election. Hence, he will remain in office until at the conclusion of this AGM.
5. To re-elect the following Directors who are retiring under Clause 119 of the Constitution of the Company:
 - i. Mr Wong Soo Thiam **Ordinary Resolution 5**
 - ii. Madam Tham Wei Mei **Ordinary Resolution 6 (See Explanatory Note 12)**
6. To re-appoint Messrs. Tai, Yapp & Co. PLT as Auditors for the financial year ending 31 March 2024 and to authorise the Directors to fix their remuneration. **Ordinary Resolution 7**

SPECIAL BUSINESS

To consider and, if thought fit, pass the following ordinary resolutions:

7. **Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016 (“CA 2016”) (“Proposed General Mandate”)** **Ordinary Resolution 8 (See Explanatory Note 13)**

“**THAT** subject always to Sections 75 and 76 of the CA 2016, the Constitution, the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and the approval of any governmental and/or regulatory authorities, the Directors be and are hereby authorised to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company at the time of issuance and such authority under this resolution shall continue in force until the conclusion of the 40th 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.

Notice of Annual General Meeting (cont'd)

THAT the existing shareholders of the Company hereby waive their pre-emptive rights to be offered new shares ranking equally to the existing issued shares in the Company pursuant to Section 85 of the CA 2016 read together with Clause 65 of the Constitution of the Company arising from any issuance of new shares of the Company pursuant to Sections 75 and 76 of the CA 2016.

AND THAT the Directors of the Company be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate."

8. **Proposed Share Buy-Back authority for the Purchase of its own Ordinary Shares ("Proposed Share Buy-Back Authority")**

**Ordinary Resolution 9
(See Explanatory Note 14)**

"THAT subject to the CA 2016, the Constitution of the Company, the MMLR of Bursa Securities and the approval of such relevant governmental and/or regulatory authorities, the Board of Directors of the Company ("**Board**") be and is hereby unconditionally and generally authorised, to the extent permitted by law, to purchase such number of ordinary shares of Lay Hong on the Main Market of Bursa Securities ("**Proposed Share Buy-Back**") at any time through Bursa Securities, upon such terms and conditions as the Board shall in their discretion deem fit and expedient in the best interest of the Company provided that:

- (a) the aggregate number of ordinary shares which may be purchased and/or held by the Company shall not exceed ten percent (10%) of the total number of issued shares of the Company at any point in time; and
- (b) the maximum amount of funds to be allocated by the Company for the Proposed Share Buy-Back shall not exceed the retained profits of the Company at the time of purchase by the Company of its own ordinary shares.

THAT upon the purchase by the Company of the ordinary shares, the Board shall have the absolute discretion to decide whether such shares purchased are to be cancelled and/or retained as treasury shares and distributed as dividends or resold on the Main Market of Bursa Securities or transferred for the purpose of or under the Lay Hong Executives' Share Scheme and any other employees' share scheme which the Company may establish or any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act, the requirements of the Listing Requirements and any other relevant authority for the time being in force.

THAT such authority conferred by this resolution will commence immediately upon the passing of this resolution and may only continue to be in force until:

- (a) the conclusion of the next AGM of the Company, at which time the authority will lapse unless by ordinary resolution passed at the next AGM, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (c) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting

Notice of Annual General Meeting (cont'd)

whichever is the earliest but not as to prejudice the completion of purchase by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Act, the rules and regulations made pursuant thereto and the Listing Requirements and/or any other authorities.

AND THAT authority be and is hereby unconditionally and generally given to the Board to take all such steps that are necessary and expedient (including without limitation, the opening and maintaining of central depository accounts under the Securities Industry (Central Depositories) Act 1991, and the entering into of all agreements, arrangements and guarantees with any party or parties) to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with full power to do all such acts and things thereafter on any part of the shares bought-back in accordance with the Act, the provisions of the Constitution of the Company, the Listing Requirements and all other relevant governmental and/or regulatory authorities."

9. 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: 31 July 2023

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 A3-3-8, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur, W.P. Kuala Lumpur or fax to 03-6413 3270 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, and in default the instrument of proxy shall not be treated as valid.

Notice of Annual General Meeting (cont'd)

Notes:- (cont'd)

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 20 September 2023, 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 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. Audited Financial Statements for financial year ended 31 March 2023

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 39th AGM, a Final Single Tier Dividend of 0.3 sen per share will be paid on 16 November 2023 to the shareholders whose names appear in the Record of Depositors at the close of business on 19 October 2023.

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 2023 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

Re-election of Directors Dato' Yap Chor How, Mr Yeap Fock Hoong, Mr Wong Soo Thiam and Madam Tham Wei Mei 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 Directors of the Company.

The Board (with exception of the retiring Director who abstained) was further satisfied that Mr. Wong and Madam Tham have complied with the criteria of independence based on the MMLR and remain their independent in exercising their judgement and carry out their roles as Independent Directors.

Notice of Annual General Meeting (cont'd)

Explanatory Notes on Special Business

13. Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the CA 2016

The proposed Ordinary Resolution 9 is 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 proposed Ordinary Resolution 9, 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 10% of the total number of issued shares of the Company.

The Proposed 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.

By approving the allotment and issue of the Company's shares pursuant to the Proposed General Mandate which will rank equally with the existing issued shares in the Company, the shareholders of the Company are deemed to have waived their pre-emptive rights pursuant to Section 85 of the CA 2016 and Clause 65 of the Constitution of the Company to be first offered the Company's Shares which will result in a dilution to their shareholdings percentage in the Company.

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 2022 and this authority will lapse at the conclusion of the 39th 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 Proposed General Mandate is in the best interests of the Company and its shareholders.

14. Proposed Share Buy-Back Authority

The proposed Ordinary Resolution 10, if passed, will empower the Directors to buy-back and/or hold up to a maximum of 10% of the Company's issued and paid-up share capital at any point of time, by utilising the funds allocated which shall not exceed the total retained profits and/or share premium of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company, or the expiration of period within which the next AGM is required by law to be held, whichever is earlier. Please refer to the Circular to Shareholders dated 31 July 2023, which is despatched together with the Company's Annual Report 2023, for more information.

15. Personal Data Privacy

By registering for the meeting via remote participation and electronic voting and/or submitting an instrument appointing proxy(ies) and/or representatives to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company: (i) consents to the processing of the member's personal data by the Company (or its agents): (a) for processing and administration of proxies and representatives appointed for the AGM; (b) for preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (which includes any adjournments thereof); and (c) for the Company's ("or its agents") compliance with any applicable laws, listing rules, regulations and/or guidelines (collectively "the Purpose"); (ii) warrants that he/she has obtained such proxy(ies)' and/or representative(s)' prior consent for the Company's ("or its agents") processing of such proxy(ies)' and/or representative(s)' personal data for the Purposes; and (iii) agrees that the member will indemnify the Company for any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Note: The term "processing" and "personal data" shall have the meaning as defined in the Personal Data Protection Act, 2010.



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 39th 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://sshb.net.my/> provided by SS E Solutions Sdn. Bhd. in Malaysia on **Wednesday, 27 September 2023 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' Yap Chor How		
4.	Re-election of Mr Yeap Fock Hoong		
5.	Re-election of Mr Wong Soo Thiam		
6.	Re-election of Madam Tham Wei Mei		
7.	Re-appointment of Auditors		
8.	Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016		
9.	Proposed Share Buy-Back Authority		

(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 2023.

.....
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 A3-3-8, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur, W.P. Kuala Lumpur or fax to 03-6413 3270 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, 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 20 September 2023, 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.

Personal Data Privacy

By submitting an instrument appointing a proxy (ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 31 July 2023.

Please fold here to seal

AFFIX
STAMP

The Company Secretary
LAY HONG BERHAD
Registration No. 198301011738 (107129-H)
A3-3-8, Solaris Dutamas
No. 1, Jalan Dutamas 1
50480 Kuala Lumpur
W.P. Kuala Lumpur

Please fold here to seal

Fold this flap for sealing



A3-3-8, Solaris Dutamas
No. 1, Jalan Dutamas 1
50480 Kuala Lumpur
W.P. Kuala Lumpur
Tel: 03 6413 3271
Fax: 03 6413 3270

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